

AGENDA
ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY

September 9th, 2024
3 p.m.

Executive Board Conference Room
County Commission Office of the Administration Building
500 San Sebastian View
St. Augustine, FL 32084

****Regular Meeting****

1. Roll Call

2. Public Comment

Each person addressing the Board shall state their name and address for the public record and limit comments to three (3) minutes. Public comment will also be provided for each item containing a proposition (other than ministerial acts) before the Board.

3. Additions and/or Deletions to Agenda

4. Vicar's Landing Bond Issuance

- TEFRA Hearing – Life Care Ponte Vedra, Inc.
Randall Clement, Bryant Miller Olive, P.A.
- Consideration of Resolution Relating to Life Care Ponte Vedra, Inc. Bond Issuance
Randall Clement, Bryant Miller Olive, P.A.

5. Approval of Minutes

- May 13th, July 7th, & August 12th Meetings

6. Treasurer's Report

7. New Business

- IDA Board Recommendations
- Approval of Amended Budget, 2023-24
Henry O'Connell, IDA CPA
- Approval of 2024-25 Budget
Henry O'Connell, IDA CPA
- TPC Agreement
Mike McCabe, IDA Attorney

8. Reports

IDA Members

9. Adjournment (Next Meeting on October 14, 2024)

St Johns County Industrial Development Authority

APPLICATION INSTRUCTIONS

REQUIREMENTS. An Industrial Development Revenue Bond application shall be made in letter form via Email addressed to the Authority as follows: one copy must be sent to St. Johns County's IDA Staff Liaison and County Economic Development office, at scamp@sjcfl.us, a second copy to the Authority's accountant, Henry O'Connell, at Henry@whocpa.com, and a third copy to the Authority's legal counsel, Mike McCabe, at mccabe@jaxlandlaw.com. If hard copies of documents are to be sent to the Authority, they may be sent to the Authority in care of the St. Johns County Board of County Commissioners Economic Development Department, 500 San Sebastian View, St. Augustine, FL 32084. The application shall include the following information:

1. The nature of the proposed issuance including size; underwriter or purchaser of the proposed obligations; brief description of the structure of the issuance; credit enhancement (if any); name and contract information for proposed bond counsel, borrower's counsel, and borrower's financial advisor (if any). The copy sent to the Authority's accountant shall initially include: the last three years' worth of audited statements, interim financial statements for the current calendar or fiscal year, and details of any third party credit enhancers. A statement disclosing the applicant's estimate of operations resulting from the new investment, summary of Significant Accounting Policies, and Summary of Significant Forecast Assumptions shall also be included. Following initial review, additional information may be required, dependent upon financial variables based on the type and nature of the bonds.
2. The issuance fees of the Authority of ten basis points of the entire issuance size shall be paid from the proceeds of the issuance. The Authority's application fee of \$1,000 shall be paid at the time of or prior to any TEFRA hearing. A county conduit financing review fee of \$1,000 shall also be paid at the time of the Authority application fee. The check shall be made payable to: St. Johns County Board of County Commissioners. Please consult with Mr. O'Connell as to his timing requirements. The Authority requires approval by Mr. O'Connell at or prior to any TEFRA hearing. Mr. O'Connell's and the Authority's bond counsel fees are dependent upon the nature and complexity of the proposed financing.

3. A brief description of the borrower, its history and operation, and the public benefit to be derived.
4. A specific statement of the use to which bond proceeds will be put, including the contribution the project will make to the local economy, expected economic impact of the project including such items as existing employment, new jobs to be created, amount of local purchases for operation of the project, increase in the property tax base of the County, new capital investments, and socio-economic impact on the local area.
5. Proposed timing of the issuance, including any special timing constraints. In this regard, note should be made that normally the Authority meets on the second Monday of each month, and generally requires the submitted application and associated documents at least 14 days prior to the scheduled meeting for its agendas. The Authority reserves the right to adjust the timeframe requirement for submitting documents to the Authority on a per project basis. Timing of proposed TEFRA hearings should take the 14-day timeframe into account. **The St. Augustine Record** normally requires approximately five days' notice for legal advertisements. The applicant should request published record by the St. Augustine Record to provide the Proof of Publication to the Authority's counsel.
6. Requests for approval of Resolutions by the Board of County Commissioners of actions taken by the Authority requires four weeks' notice of proposed agenda items. The Board of County Commissioners generally meets on the first and third Tuesdays of each month. The County Attorney's office requires seven days advance review before submittal of agenda items. Copies of documents submitted to the Authority for approval should be submitted via email at least 14 days in advance in the manner described in the initial paragraph for distribution to members of the Authority. Members do not require hard copies in advance since the information shall be provided to them in their meeting agenda packet sent a minimum of three days prior to the meeting.
7. The applicant may be required to furnish sufficient information to allow St. Johns County to determine if local government will be able to cope satisfactorily with the impact of the project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the project, or due to any increases in population or other circumstances resulting from the project. The applicant must also show that the project meets all applicable codes and zoning regulations of St. Johns County.

8. The attached bond application should be completed and submitted with the application letter.

<p>Schedule <i>It is recommended to allow at least 60 to 90 days for the bond application process and approval.</i></p>	
<p>Bond Application to IDA</p>	<p>The bond application should be submitted to the Authority at least 14 days prior to the scheduled meeting.* The Authority generally meets on the second Monday of each month. This timeframe takes into account the time needed to advertise a TEFRA hearing should such a hearing be required. The St. Augustine Record normally requires approximately five days' notice for legal advertisements.</p>
<p>Resolution to Board of County Commissioners</p>	<p>Once a resolution has been signed by the Authority, then the resolution will be presented to the St. Johns County Board of County Commissioners. The resolution should be submitted for the Board agenda at least four weeks before the next Board meeting. The Board generally meets on the first and third Tuesday of each month. This timeframe takes into account the seven days advance review needed by the County Attorney's office.</p>

**The Authority reserves the right to adjust the timeframe requirement for submitting documents to the Authority on a project-by-project basis.*

**ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

BOND APPLICATION

APPLICANT:

Name: Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing

EIN: 59-2555812

Entity: Corporation: X Limited Partnership: _____ General Partnership: _____
Other (describe): 501(c)3

Physical Address: Street: 100 Vicar's Landing Way
City: Ponte Vedra Beach State: FL ZIP: 32082

Mail: P.O. Box: _____
(if different) City: _____ State: _____ ZIP: _____

Telephone: (904) 273-1700 Facsimile: ()

Parents/5% owners:

(1)	<u>Life Care Pastoral Services, Inc.</u>	(6)	_____
(2)	_____	(7)	_____
(3)	_____	(8)	_____
(4)	_____	(9)	_____
(5)	_____	(10)	_____

Principal Officers:

	<u>Name</u>	<u>Title/Position</u>
(1)	<u>Bruce Jones</u>	<u>Chief Executive Officer</u>
(2)	<u>Darren Roy</u>	<u>Chief Financial Officer</u>
(3)	<u>Dale Pirkle</u>	<u>Chief Operating Officer</u>
(4)	_____	_____
(5)	_____	_____

Bond Counsel: Name: Will Milford
Firm: Bryant Miller Olive
Address: 1301 Riverplace Blvd, Suite 2101
City: Jacksonville State: FL ZIP: 32207
Telephone: (904) 384-1264 Facsimile: ()
E-mail: wmilford@bmolaw.com

N/AA

**ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

BOND APPLICATION

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PUBLIC HEARING AND APPROVAL BY ELECTED OFFICIALS REQUIRED? YES () NO ()

PRIVATE ACTIVITY BOND LIMITATION APPLIES? YES () NO ()

HISTORY OF COMPANY: Incorporated in 1983, specifically for the purpose of developing and operating the
continuing care retirement community known as Vicar's Landing. Construction of the Community began in 1987
with the first occupancy occurring in 1988. Construction of the Oak Bridge expansion began in 2021. The Community
currently operates 373 independent living units, 36 assisted living units and 60 skilled nursing beds. Phase 3
will add 43 assisted living units and 18 memory care units. (Use additional pages if necessary)

ENCLOSURES:	✓	COMMENTS			
		2023	2022	2021	2020
Letter of Bond Counsel	✓				
Application Fee (\$1,000.00 to IDA) (\$1,000.00 to St. Johns County)	✓				
IDA Bond Issuance Fee (see Attachment A)	✓				
Financial statement (state years)	✓				
Form 10K Reports		Enclosed ()		Not applicable ()	
Zoning and utility letters					
Others (list)					

Applicant certifies that it is financially responsible and fully capable and willing to fulfill its obligations under the financing agreement, including the obligation to make payments in the amounts and at the times required; to operate, maintain and repair at its own expense the Project; and to serve the purposes of the Florida Industrial Development Financing Act and such other responsibilities as may be imposed under the financing agreement.

Date of Application: September 3, 2024

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing
 (Name of Applicant - Please Print)


 (Signature)

September 3, 2024
 (Print Name)

Chief Financial Officer
 (Title)

**ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

Application for Declaration of Official Intent

Application No.	_____
Date Received:	_____

Applicant requests that the Authority declare its official intent to reimburse Original Expenditures for the Project described herein with proceeds of an issue of the Authority's industrial development revenue bonds, pursuant to the Treasury Department Regulations § 1.150-2 ("Reimbursement Regulations") under the Internal Revenue Code of 1986, as amended ("Code"). "Original Expenditure" means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond, as defined in paragraph (c) of the Reimbursement Regulations, which is paid by or on behalf of the Applicant.

Applicant has consulted Bond Counsel and believes that it is capable of satisfying, and it is willing to satisfy, applicable requirements of law, including federal income tax laws. If the Authority makes the declaration of official intent, Applicant intends to proceed with the Project and with the Bond financing. However, it is understood that Applicant may not proceed or continue if the Bonds are not issued and the proceeds made available to finance the Project. If the declaration of Official intent is made, the Authority's intentions will be subject to satisfaction of all applicable criteria and requirements of law, including federal income tax laws, and the Authority's guidelines, procedures and policies. Neither Applicant nor the Authority shall have any legal obligation by reason of this Application or the declaration of official intent, except the Applicant's obligations for indemnification set forth below.

The Authority shall have no obligation to advance costs or expenses in connection with the Project or any proceedings for the authorization and issuance of the Bonds. Applicant shall be responsible for payment of all required governmental fees; obligations to contractors, subcontractors, materialmen and suppliers; reasonable fees, expenses and disbursements of the Authority's legal counsel; and all fees, expenses and disbursements due or becoming due to other professional consultants and advisers, including, without limitation, company counsel, bond counsel, accountants, architects, engineers, financial consultants and investment bankers, and commissions, fees and other compensation (including reimbursement of expenses) to underwriters, placement agents, trustees, brokers and other parties engaged by or on behalf of applicant or with its consent.

Neither this application nor any declaration of official intent shall preclude Applicant from requesting other incentives to economic development or benefits, nor shall this application or any declaration of official intent preclude any governmental unit or agency from making any such other incentives or benefits available to Applicant.

Applicant hereby indemnifies and holds the Authority and its members, officers and agents harmless from and against any and all liabilities, obligations, losses, costs and expenses, including claims and amounts paid in settlement of thereof, and including attorneys fees and costs incurred in connection with legal proceedings and settlements (whether or not any action, suit or other proceeding is filed), arising out of or predicated upon this application, and if the declaration of official intent is made, the declaration of official intent, the Project or the Bonds. This paragraph shall survive the execution and any expiration or termination of the declaration of official intent.

**ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

Application No. _____

Date received: _____

Declaration of Official Intent

Pursuant to Regulation § 1.150-2 of the Treasury Department Regulations under the Internal Revenue Code of 1986, as amended (the "Code"), and a Resolution of the St. Johns County Industrial Development Authority (the "Authority"), the undersigned authorized representatives of the Authority hereby declare official intent on behalf of the Authority to reimburse expenditures made by or on behalf of the Applicant with respect to the Project, and any reasonable deviations therein ("Original Expenditures"), with proceeds of the Authority's industrial development revenue bonds, as follows:

Applicant: _____

Project: _____

Amount of Bonds: _____

This Declaration of Official Intent is based upon the Applicant's statements that it intends to proceed with the Project and financing costs of the Project with the proceeds of the Authority's industrial development revenue bonds, and is made with the Authority's reasonable expectation that the bonds will be issued and a portion of the proceeds used to reimburse and Original Expenditures. The Applicant shall notify the Authority promptly if it determines not to proceed with the Project or the Bonds. This Declaration does not constitute an approval of the Project or approval or authorization of the Bonds, or a commitment of an allocation of the state volume limitation for the Bonds, and is subject to satisfaction of and compliance with all applicable requirements of the Florida Industrial Development Financing Act and other provisions of law, applicable requirements of the Code and the Regulations thereunder and the Authority's guidelines, procedures and policies.

Dated this _____ day of _____ 20_____

**ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

By: _____
(Signature)

(Print name) (Title)

By: _____
(Signature)

(Print name) (Title)

Attachment "A"

Application Fee	Closing Fees	Refinancing Fees
\$1,000 to SJCIDA	1/10% of bond issuance (\$1,000 per million)	1/10% of bond issuance (\$1,000 per million)
\$1,000 to St. Johns County	N/A	N/A

** Review fees for SJCIDA legal counsel and SJCIDA CPA are negotiable dependent upon the nature and complexity of the proposed financing.*

**LIFE CARE PONTE VEDRA, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Life Care Ponte Vedra, Inc. and Subsidiary
Ponte Vedra Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of Life Care Ponte Vedra, Inc. and Subsidiary (the "Organization"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and changes in net deficit, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2024

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,450,996	\$ 4,520,771
Investments - unrestricted	11,002,401	9,538,763
Assets whose use is limited, current portion	18,826,280	31,787,033
Accounts receivable	918,521	420,533
Entrance fees receivable	-	333,900
Prepaid expenses and other current assets	817,101	729,304
Related-party receivable, net	2,707	623
TOTAL CURRENT ASSETS	36,018,006	47,330,927
OTHER ASSETS, net	-	55,987
ASSETS WHOSE USE IS LIMITED, less current portion	13,420,659	15,018,060
RIGHT OF USE LEASE ASSET, net	36,680,254	38,038,782
PROPERTY AND EQUIPMENT, net	170,623,530	143,293,860
TOTAL ASSETS	\$ 256,742,449	\$ 243,737,616

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,551,307	\$ 5,976,246
Current portion of lines of credit	-	6,319,443
Current portion of bonds payable	1,720,000	1,931,076
Current portion of retainage payable	1,464,009	4,770,537
Entrance fee refunds payable	1,906,550	1,435,312
Entrance fee and wait list deposits	3,401,370	7,314,707
TOTAL CURRENT LIABILITIES	12,043,236	27,747,321
OTHER LIABILITIES AND DEFERRED REVENUE		
Construction retainage payable, net	-	142,257
Lines of credit, net	-	8,093,328
Bonds payable, net	107,835,662	117,096,498
Lease liability, net	42,379,328	42,381,768
Deferred revenue from entrance fees	97,984,305	57,692,180
Refundable entrance fees	27,880,253	28,653,409
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES	276,079,548	254,059,440
TOTAL LIABILITIES	288,122,784	281,806,761
COMMITMENTS AND CONTINGENCIES		
NET ASSETS (DEFICIT)		
Without donor restrictions	(31,481,964)	(38,136,884)
With donor restrictions	101,629	67,739
TOTAL NET DEFICIT	(31,380,335)	(38,069,145)
TOTAL LIABILITIES AND NET DEFICIT	\$ 256,742,449	\$ 243,737,616

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET DEFICIT**

Years Ended December 31, 2023 and 2022

	2023	2022
REVENUES, GAINS, AND OTHER SUPPORT		
Residential service fees	\$ 23,685,171	\$ 15,605,157
Earned entrance fees	11,409,649	5,351,403
Healthcare service fees	4,394,240	3,484,211
Assisted living service fees	1,921,521	1,443,221
Home health service fees	1,138,278	264,480
Employee retention tax credit	3,350,820	-
Investment income (loss), net	3,450,185	(3,624,347)
	49,349,864	22,524,125
TOTAL REVENUES, GAINS, AND OTHER SUPPORT		
OPERATING EXPENSES		
Depreciation and amortization	12,339,978	8,232,670
General and administrative	8,294,884	5,911,612
Dietary services	6,255,099	4,075,338
Healthcare services	4,882,316	4,202,174
Facility operations	3,687,871	2,530,723
Interest	2,315,767	925,887
Housekeeping	1,773,019	1,278,303
Home health services	1,079,460	285,478
Security and transportation	1,070,771	724,217
Assisted living	640,059	607,046
Marketing	308,138	367,727
	42,647,362	29,141,175
TOTAL OPERATING EXPENSES		
INCOME (LOSS) FROM OPERATIONS	6,702,502	(6,617,050)
OTHER CHANGES IN NET DEFICIT		
Contributions	32,630	128,600
Change in unrealized gains and losses on debt securities	372,497	(3,737)
Loss on refunding of debt	(497,652)	-
Other non-operating revenue	37,148	26,273
Contribution expense	(10,000)	-
Net assets released from restrictions	17,795	-
	6,654,920	(6,465,914)
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS		
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	51,685	16,137
Net assets released from restrictions	(17,795)	-
	33,890	16,137
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
CHANGE IN NET DEFICIT	6,688,810	(6,449,777)
NET DEFICIT AT BEGINNING OF YEAR	(38,069,145)	(31,619,368)
NET DEFICIT AT END OF YEAR	\$ (31,380,335)	\$ (38,069,145)

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2023 and 2022

Year Ended December 31, 2023

	Program Services	Support Services		Total
	Senior Living and Care	Management and General	Fundraising and Development	
Salaries and related expenses	\$ 13,513,521	\$ 718,263	\$ -	\$ 14,231,784
Depreciation and amortization	12,210,454	129,524	-	12,339,978
Occupancy	3,945,183	46,627	-	3,991,810
Professional and contract services	1,432,467	1,083,881	-	2,516,348
Interest	2,300,180	15,587	-	2,315,767
Food and beverage supplies	2,073,885	-	-	2,073,885
Taxes and insurance	798,352	1,068,632	-	1,866,984
Management fees	561,706	1,080,086	-	1,641,792
Supplies and equipment	1,058,529	80,402	13,720	1,152,651
Other	169,974	290,093	10,255	470,322
Marketing and advertising	6,868	39,173	-	46,041
TOTAL OPERATING EXPENSES	\$ 38,071,119	\$ 4,552,268	\$ 23,975	\$ 42,647,362

Year Ended December 31, 2022

	Program Services	Support Services		Total
	Senior Living and Care	Management and General	Fundraising and Development	
Salaries and related expenses	\$ 10,238,817	\$ 631,368	\$ -	\$ 10,870,185
Depreciation and amortization	8,121,758	110,912	-	8,232,670
Occupancy	2,602,915	32,513	-	2,635,428
Professional and contract services	723,792	789,403	-	1,513,195
Food and beverage supplies	1,342,271	-	-	1,342,271
Supplies and equipment	991,473	129,189	4,501	1,125,163
Management fees	372,817	712,611	26,940	1,112,368
Taxes and insurance	339,913	642,584	-	982,497
Interest	919,655	6,232	-	925,887
Other	67,334	203,762	-	271,096
Marketing and advertising	16,459	113,956	-	130,415
TOTAL OPERATING EXPENSES	\$ 25,737,204	\$ 3,372,530	\$ 31,441	\$ 29,141,175

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net deficit	\$ 6,688,810	\$ (6,449,777)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Change in unrealized gains and losses on investments	(2,314,873)	4,368,566
Depreciation and amortization	12,339,978	8,232,670
Amortization of deferred charges and bond premium	(52,643)	(26,230)
Loss on refunding of debt	497,652	-
Earned entrance fees	(11,409,649)	(5,351,403)
Non-cash use of refundable entrance fees	(107,605)	(152,408)
Initial entrance fees received	44,823,000	20,930,358
Entrance fees received on re-occupied units	12,935,470	6,612,700
Entrance fees refunded	(5,917,109)	(3,512,869)
Changes in operating assets and liabilities:		
Accounts receivable	(497,988)	(57,318)
Prepaid expenses and other current assets	(87,797)	(7,837)
Accounts payable and accrued expenses	(2,424,939)	1,313,966
Entrance fee and wait list deposits	(3,913,337)	747,767
Construction retainage payable	(3,448,785)	3,526,252
NET CASH PROVIDED BY OPERATING ACTIVITIES	47,110,185	30,174,437
INVESTING ACTIVITIES		
Purchase of property and equipment and construction costs	(37,201,352)	(69,114,321)
Change in investments - unrestricted	(373,021)	4,288,597
Change in investments - limited use	15,782,410	19,213,762
NET CASH USED IN INVESTING ACTIVITIES	(21,791,963)	(45,611,962)
FINANCING ACTIVITIES		
Change in lines of credit	(14,454,103)	(5,284,430)
Amount due to/from related party	(2,084)	1,424
Payment of financing costs	-	(687,911)
Repayment of bonds payable	(31,591,220)	(1,335,000)
Proceeds from issuance of debt	21,715,631	25,044,014
Payments on lease liability	(1,056,221)	(1,899,071)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(25,387,997)	15,839,026
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(69,775)	401,501
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,520,771	4,119,270
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,450,996	\$ 4,520,771

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Life Care Ponte Vedra, Inc. (“LCPV”) is a not-for-profit corporation, which provides housing, healthcare, and other related services to senior adults through the operation of a retirement community known as Vicar’s Landing in Ponte Vedra Beach, Florida. The Vicar’s Landing at Sawgrass (“Sawgrass”) campus consists of 227 independent residential units, 38 assisted living units, and a 60-bed skilled nursing center. The Vicar’s Landing at Oak Bridge (“Oak Bridge”) campus is located less than one mile from the Sawgrass campus and began opening in August 2022. Phase I of Oak Bridge was completed during 2023 and includes 109 independent residential units, Clubhouse, Gatehouse, and related common areas. Phase II of Oak Bridge commenced in 2022, includes an additional 38 independent residential units, and is anticipated to be completed by the Summer of 2024. The remaining phase of Oak Bridge will include 60 assisted living /memory care units and related common areas. LCPV is the sole corporate member of Vicar’s Landing Foundation, Inc. (the “Foundation”). The Foundation was organized in May 2017 to raise funds to support LCPV and its residents. These consolidated financial statements include the accounts of LCPV and the Foundation (collectively, the “Organization”). All significant inter-company accounts and transactions have been eliminated in the consolidation.

The sole corporate member of LCPV is Life Care Pastoral Services, Inc. (“LCPS”). LCPS is also the sole corporate member of other not-for-profit organizations, including LCPS Management, Inc. (“LCPS Management”). LCPS Management provides management, operational, and administrative services for the Organization and other LCPS entities.

The Organization operates under the “continuing care” concept in which residents enter into an occupancy agreement, which requires payment of a one-time entrance fee and a monthly service fee. Generally, these payments entitle residents to the use and privileges of Vicar’s Landing for life, including certain nursing services in the Organization’s skilled nursing facility. The occupancy agreement does not entitle the residents to an interest in the real estate or any property owned by the Organization.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Assets

Net assets are presented based on the existence or absence of donor-imposed restrictions. In these consolidated financial statements, net assets are reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets whose use is subject to donor-imposed stipulations for a particular purpose or period of time. Donor restrictions can be temporary in nature and fulfilled by actions or the passage of time, or can be perpetual and be maintained permanently by the Organization.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates, and such differences could be material.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents, except those classified as investments and assets whose use is limited. The Organization does not include cash or cash equivalents classified as investments or assets whose use is limited as restricted cash when preparing its consolidated statements of cash flows.

Investments and Assets Whose Use is Limited

The Organization's investments, including assets whose use is limited, are reported at fair value. Fair value is determined using the quoted closing or latest bid prices on active exchanges, if available. Realized gains and losses are calculated based on proceeds received less carrying value at the beginning of the reporting period. The cost of securities sold is based on the average cost method. Changes in unrealized gains and losses represent the change in the market value of investment holdings during the period.

Accounts Receivable

Accounts receivable represent amounts due from the Medicare program, private insurance carriers, and private-pay residents, as well as residents with co-insurance provisions. Third-party reimbursement is a complex process which involves submission of claims to multiple payors, each having its own claims requirements. In some cases, the ultimate collection of accounts receivable subsequent to the service dates may not be known for several months.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accounts Receivable *(Continued)*

Accounts receivable are recognized at the net amount expected to be collected based on an established collection history and review of individual balances. Amounts charged for goods and services that are not expected to be received representing contractual adjustments and implicit price concessions are recognized as a reduction of the related revenue. The Organization recognizes a separate allowance when circumstances have changed the resident's ability to pay subsequent to the delivery of goods and services and is recognized in the period the change is determined as a reduction of revenue. Individual account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. Additions, renewals, and betterments that extend the life of an asset and have a cost basis greater than \$5,000 are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	<u>Estimated Useful Lives</u>
Land improvements	5–20 years
Buildings and improvements	5–40 years
Furniture and equipment	3–15 years
Vehicles	5–10 years

Entrance Fee and Wait List Deposits

Generally, prospective residents are required to make a \$2,500 deposit to be placed on a waiting list. Entrance fee deposits represent amounts paid by prospective residents who have signed an occupancy agreement to reserve a living unit. Generally, a deposit of 10% of the entrance fee is collected when the occupancy agreement is signed. The balance of the fee is payable at the time of occupancy. Prospective residents may cancel their occupancy agreements at any time prior to occupancy and receive a refund of their deposit, less 4% of the total entrance fee and any costs specifically incurred by the Organization at the request of the prospective residents. As of December 31, 2023 and 2022, the Organization had approximately \$840,000 and \$704,000 in wait list deposits and approximately \$2,561,000 and \$6,611,000 in entrance fee deposits, respectively. Approximately \$2,040,000 and \$5,066,000 of the entrance fee deposits for 2023 and 2022, respectively, are for Oak Bridge.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Financing Costs and Original Issue Premium

Costs of obtaining long-term financing are netted against the related debt and amortized over the debt's term (see Note 6) as a component of interest expense.

The Series 2021A Bonds were issued at a premium to their face value of approximately \$8,568,000. The original issue premium is added to the face amount of the bonds and is being amortized over the term of the related issue as a reduction to interest expense (see Note 6).

Approximately \$498,000 of unamortized financing costs were expensed during 2023 with the early refunding of the Series 2021B Bond and 2020 line of credit.

Obligation to Provide Future Services and Use of Facilities

The Organization annually reviews the present value of the net cost of future services and use of facilities to be provided to current residents, and it compares that amount with the balance of deferred revenue from entrance fees. If the present value of the estimated net cost of future services and 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 recorded at December 31, 2023 and 2022 because the present value of the estimated net cost of future services (based on a discount rate of 5%) and use of facilities is less than deferred revenue from entrance fees.

Revenue Recognition

The Organization recognizes the amount of revenue it expects to collect for the transfer of goods or services to residents over the period in which its performance obligations are satisfied, net of implicit price concessions. The implicit price concession represents the difference between amounts billed and amounts expected to be collected. The estimates for implicit price concessions are based upon the assessment of historical write-offs and net collections, business and economic conditions, trends in federal, state, and private employer healthcare coverage, and other collection indicators. Revenues related to uninsured patients (including self-pay portions of coinsurance) are a principal source of implicit price concessions. There were no implicit price concessions recorded as a reduction to revenue for the years ended December 31, 2023 and 2022.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

The composition of revenues for services is as follows for the years ended December 31, 2023 and 2022:

Revenue Component	2023	2022
Residential service fees		
Monthly service fees – private pay	\$ 23,685,171	\$ 15,605,157
Healthcare service fees:		
Private and commercial insurance	2,666,986	2,372,833
Medicare	1,727,254	1,111,378
Total healthcare services	4,394,240	3,484,211
Assisted living fees		
Monthly service fees – private pay	1,921,521	1,443,221
Home health service fees		
Private pay	1,138,278	264,480
	\$ 31,139,210	\$ 20,797,069

Residential Service Fees and Assisted Living Fees

Service fees paid by residents for maintenance, meals, nursing supplies, assisted living, and other services are assessed monthly and are recognized as revenue in the period services are performed and occupancy rights are utilized. Performance obligations for service fees are generally satisfied over a month or portion thereof based on length of residency.

Entrance Fees

Entrance fees paid by residents upon entering into standard continuing care contracts are separated into distinct nonrefundable and refundable portions. Performance obligations are satisfied over the period of residency. The nonrefundable portion represents advance payment for future services and is accounted for as deferred revenue and is amortized to income each month using a time-based measurement based upon the remaining actuarial life expectancy of the continuing care resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit. The refundable portion of entrance fees is recorded as a liability and is not recognized as revenue at any time.

The Organization offered residency agreements with two types of payment plans during 2023 and 2022. One plan provides a minimum refund of 75% or 50% of the entrance fee, regardless of the passage of time, while the other plan has no minimum refund.

Nonrefundable entrance fees and entrance fee amounts in excess of the minimum refund obligation are recorded as “deferred revenue from entrance fees” and are amortized to income over future periods based on the life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

Entrance Fees *(Continued)*

Residency agreements may be canceled by residents at any time, for any reason, and, under certain circumstances, a portion of the entrance fee may be refundable. The 75% and 50% minimum refund plan provides for a declining refund over a 21-month and 46-month period, with the Organization retaining a 4% administrative fee and 1% per month. After 21 or 46 months, the refundable amount remains at 75% or 50% and is refunded from the proceeds of the next entrance fees received for which there are no prior claims. The nonrefundable plan provides for a declining refund over a 48-month period, with the Organization retaining a 4% administrative fee and 2% per month for 48 months. After 48 months, there is no refund due. In the event of a resident's death, after four months of residency, the obligations of the Organization are considered to be fulfilled, and the unamortized portion of the entrance fee in excess of any minimum refund amount is recognized as revenue.

Based on historical experience, entrance fees expected to be refunded to current residents in future years is approximately \$29,137,000 and \$30,029,000 at December 31, 2023 and 2022, respectively. The Organization's contractual, as opposed to expected, refund obligation, assuming all contracts were terminated, approximated \$87,097,000 and \$60,087,000 at December 31, 2023 and 2022, respectively.

Healthcare Revenue

Healthcare revenue is reported at the estimated net realizable amounts receivable from residents, third-party payors, and others at the time services are rendered. The performance obligation is generally satisfied over the period of a day.

The Centers for Medicare & Medicaid Services ("CMS") reimburse for services rendered to Medicare program beneficiaries using prospectively determined case-mix rates ("PPS"). The PPS model, the Patient-Driven Payment Model ("PDPM"), classifies patients into payment groups based on clinically relevant factors using diagnosis codes derived from a patient's condition and care needs.

Revenue under third-party payor agreements is generally subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements, if any, are made in the period the related services are rendered to recognize any implicit price concessions. Differences between any estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Revenues from providing home health services are recognized ratably over the period of care and are reported at the estimated amounts to be collected from residents and patients, third-party payors, and others at the time the care is provided. The performance obligation period varies based upon the care plan.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

Contributions

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions in that period.

Fair Value of Financial Instruments

The carrying amounts of the Organization's short-term financial instruments approximate their fair value.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Depreciation, interest, utilities, and property and flood insurance is allocated based on square footage; management fees based on relative time spent; and certain employee benefits based on wages.

Income Taxes

LCPV and the Foundation have been recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income earned in furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes, and, therefore, these consolidated financial statements include no provision or liability for income taxes.

Performance Indicator

To segregate the financial results of operating activities from the financial results of other activities, the consolidated statements of operations and changes in net deficit include a performance indicator described as "income (loss) from operations."

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through March 28, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Assets whose use is limited by provisions of the trust indenture (see Note 6) and other contractual or regulatory obligations at December 31, 2023 and 2022 are summarized as follows:

Fund	Purpose	2023	2022
Operating Reserve	Reserve to fund potential deficiencies in operations.	\$ 4,012,181	\$ 3,401,454
Renewal and Replacement	To fund renewal and replacement of assets.	3,582,017	3,025,891
Debt Service Reserve	Reserve to fund potential deficiencies in debt service payments.	5,824,123	6,625,449
Bond Funds	To pay interest and principal on the bonds payable.	12,374,555	1,876,940
Entrance Fee and Wait List Escrows	Entrance fee and future resident deposits.	6,451,725	22,901,554
Project Fund	To fund construction costs of the expansion project.	2,338	8,973,805
		32,246,939	46,805,093
Less current portion		(18,826,280)	(31,787,033)
		<u>\$ 13,420,659</u>	<u>\$ 15,018,060</u>

Amounts in the bond funds, entrance fee and wait list escrows, and part of the project fund are expected to be used to meet current obligations of the Organization for debt service and entrance fee deposits or refundable on prospective resident demand, and are classified as current in the consolidated balance sheets. Amounts in the operating reserve, and renewal and replacement are used to meet the Minimum Liquid Reserve (see Note 12).

The composition of investments and assets whose use is limited was as follows at December 31, 2023 and 2022:

	2023		2022	
	Fair Value	Costs	Fair Value	Cost
Cash and cash equivalents	\$ 23,498,542	\$ 23,498,542	\$ 29,991,686	\$ 29,991,686
Equities - domestic	3,324,865	2,657,726	2,878,243	2,389,334
Equities - foreign	1,889,421	1,649,679	1,720,646	1,624,565
Mutual funds:				
Equities	6,714,222	6,051,109	5,029,275	5,916,286
Bonds	3,107,086	3,656,338	2,997,537	3,612,774
Debt securities - domestic	4,422,747	4,461,939	9,369,585	9,636,047
Debt securities - foreign	292,007	289,345	4,356,434	4,499,299
Accrued interest	450	450	450	450
Total	<u>\$ 43,249,340</u>	<u>\$ 42,265,128</u>	<u>\$ 56,343,856</u>	<u>\$ 57,670,441</u>

NOTE 2 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (Continued)

Investment earnings for the years ended December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income, net of expenses	\$ 1,373,327	\$ 836,557
Net realized gain (loss) on investments	134,482	(96,075)
Change in net unrealized gains and losses on equity investments	<u>1,942,376</u>	<u>(4,364,829)</u>
Investment income (loss), net	3,450,185	(3,624,347)
Change in net unrealized gains and losses on debt obligations	<u>372,497</u>	<u>(3,737)</u>
Total investment earnings (losses), net	<u>\$ 3,822,682</u>	<u>\$ (3,628,084)</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

The fair value of financial instruments is presented based upon a hierarchy of levels that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

If available, quoted market prices are used to value investments. Equity and debt securities are valued at the closing price reported on the major market on which the individual securities are traded. Money market funds and mutual funds are valued at the net asset value ("NAV") of shares held by the Organization at year end. The NAV is based on the value of the underlying assets owned by the mutual fund, minus its liabilities, and then divided by the number of shares outstanding.

The following tables set forth, by level, within the fair value hierarchy, the Organization's investments and assets whose use is limited measured at fair value as of December 31, 2023 and 2022:

	December 31, 2023			
	Fair Value Measurements			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments and Assets Whose Use is Limited:				
Cash and cash equivalents	\$ 23,498,542	\$ -	\$ -	\$ 23,498,542
Equities - domestic	3,324,865	-	-	3,324,865
Equities - foreign	1,889,421	-	-	1,889,421
Mutual funds:				
Equities	6,714,222	-	-	6,714,222
Bonds	3,107,086	-	-	3,107,086
Debt securities - domestic	4,422,747	-	-	4,422,747
Debt securities - foreign	292,007	-	-	292,007
Accrued interest	-	450	-	450
Total	<u>\$ 43,248,890</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 43,249,340</u>

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2022			
	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Investments and Assets Whose Use is Limited:				
Cash and cash equivalents	\$29,991,686	\$ -	\$ -	\$29,991,686
Equities - domestic	2,878,243	-	-	2,878,243
Equities - foreign	1,720,646	-	-	1,720,646
Mutual funds:				
Equities	5,029,275	-	-	5,029,275
Bonds	2,997,537	-	-	2,997,537
Debt securities - domestic	9,369,585	-	-	9,369,585
Debt securities - foreign	4,356,434	-	-	4,356,434
Accrued interest	-	450	-	450
Total	<u>\$ 56,343,406</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 56,343,856</u>

NOTE 4 - LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year of the consolidated balance sheet date consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,450,996	\$ 4,520,771
Investments	11,002,401	9,538,763
Accounts receivable	918,521	420,533
Entrance fees receivable	-	333,900
Related-party receivable	2,707	623
	<u>\$ 16,374,625</u>	<u>\$ 14,814,590</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, excess cash is routinely invested in a portfolio of investment instruments to increase earnings. The investment portfolio includes investments readily convertible into cash to manage any unanticipated liquidity needs, if needed. The Organization also has a line of credit available to access for any short-term cash needs.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 29,699,104	\$ 9,297,312
Buildings and improvements	128,010,800	75,918,121
Furniture and equipment	41,106,741	19,797,480
Vehicles	178,932	270,940
	<u>198,995,577</u>	<u>105,283,853</u>
Less accumulated depreciation	(66,045,664)	(59,928,765)
	<u>132,949,913</u>	<u>45,355,088</u>
Construction in progress	37,673,617	97,938,772
	<u>37,673,617</u>	<u>97,938,772</u>
Property and equipment, net	<u>\$ 170,623,530</u>	<u>\$ 143,293,860</u>

Construction in progress consist of costs associated with unit renovations, building improvements, and costs related to the Oak Bridge construction.

NOTE 6 - BONDS PAYABLE

The Organization's bonds payable consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Series 2022 Bonds	\$ 23,010,564	\$ 4,382,634
Series 2021 Bonds	81,020,000	109,463,777
Total bonds outstanding	<u>104,030,564</u>	<u>113,846,411</u>
Net unamortized bond premium	7,354,808	7,833,500
Net unamortized cost of issuance	(1,829,710)	(2,652,337)
Total bonds outstanding, net	<u>109,555,662</u>	<u>119,027,574</u>
Less current portion	(1,720,000)	(1,931,076)
Long-term portion bonds outstanding, net	<u>\$ 107,835,662</u>	<u>\$ 117,096,498</u>

In July 2021, the St. Johns County Industrial Development Authority issued on behalf of the Organization \$84,430,000 Senior Living Revenue Bonds (the "Series 2021A Bonds") and not to exceed \$31,200,000 Senior Living Revenue Bond (the "Series 2021B Bond"), collectively, the "Series 2021 Bonds," to refund previous bond issuances, to finance part of the Oak Bridge expansion project, to fund a debt service reserve account and a funded interest account, and to pay certain costs of issuing the Series 2021 Bonds.

The Series 2021A Bonds issued at a premium of approximately \$8,568,000 and have a fixed annual interest rate of 4.0%. Interest on the Series 2021A Bonds is payable semi-annually on June 15 and December 15. Principal is payable annually on December 15 and matures in increasing amounts through December 2050. The Series 2021B Bond had a variable interest rate equal to 79% of LIBOR plus 1.18% and paid principal and interest quarterly with principal payments set to begin in September 2023. The Series 2021B Bond was paid in full in March 2023 using a portion of the initial entrance fees from Oak Bridge.

NOTE 6 - BONDS PAYABLE (Continued)

In September 2022, the St. Johns County Industrial Development Authority issued on behalf of the Organization \$29,750,000 Senior Living Revenue Bond (the “Series 2022A Bond”) and \$250,000 Senior Living Revenue Bond (the “Series 2022B Bond”), collectively, the “Series 2022 Bonds,” to finance part of the Oak Bridge expansion project, to fund a debt service reserve account, and to pay certain costs of issuing the Series 2022 Bonds. The Series 2022 Bonds were issued in not to exceed amounts with proceeds obtained through construction related draws and the entire outstanding principal balance due at maturity on August 31, 2026. The Series 2022A Bond has a variable interest rate equal to 80% of the AMERIBOR Term-30 Index rate plus 1.20% (5.5% at December 31, 2023) and the Series 2022B Bond has a variable interest rate equal to the AMERIBOR Term-30 Index rate plus 1.50% (5.8% at December 31, 2023).

Repayment of the Series 2022 Bonds is to be made from a portion of the entrance fee amounts received from the initial residents of Oak Bridge. The Series 2021 Bonds and Series 2022 Bonds are collateralized by assets in trust, a mortgage on the property and equipment, and gross revenues of the Organization.

Scheduled maturities of the bonds payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 1,720,000
2025	1,790,000
2026	24,870,564
2027	1,935,000
2028	2,015,000
Thereafter	71,700,000
	<u>\$ 104,030,564</u>

The Series 2021 Bonds and Series 2022 were issued pursuant to a master trust indenture and supplemental indentures, and note and loan agreements, which provide, among other things, that the Organization maintain certain minimum financial ratios and minimum reserve account balances classified herein as “assets whose use is limited.” The Organization is not aware of any violations of the covenants at December 31, 2023.

Cash paid for interest for the years ended December 31, 2023 and 2022 was approximately \$3,684,000 and \$3,791,000, respectively. Approximately \$2,227,000 and \$2,169,000 of interest and amortization of bond premium and issuance costs was capitalized during 2023 and 2022, respectively.

NOTE 7 - LINES OF CREDIT

The Organization established a non-revolving line of credit with a financial institution to a maximum amount of \$20 million, bearing interest at LIBOR plus 1.66% which was reset at the beginning of each month. Principal and interest were payable monthly through maturity in July 2025. The line of credit was paid in full in March 2023.

The Organization's line of credit consisted of the following at December 31, 2022:

Line of credit	\$ 14,478,635
Less net unamortized cost of issuance	(65,864)
Line of credit, net	<u>14,412,771</u>
Less current portion	<u>(6,319,443)</u>
Long-term portion line of credit, net	<u>\$ 8,093,328</u>

Cash paid for interest on the line of credit for the years ended December 31, 2023 and 2022, was approximately \$206,000 and \$588,000, respectively, all of which was capitalized related to the Oak Bridge expansion costs.

In October 2023, the Organization established a revolving line of credit with a financial institution to a maximum amount of \$2 million, bearing interest at AMERIBOR 30T plus 1.95% which is reset at the beginning of each month. The outstanding principal balance and accrued interest is payable in full at maturity in October 2024. The revolving line of credit had no advances during the year and no outstanding balance on December 31, 2023.

NOTE 8 - RELATED-PARTY TRANSACTIONS

The Organization is affiliated with other not-for-profit organizations through common ownership by LCPS. Amounts are advanced and reimbursed between the related organizations for certain transactions and services. Amounts due from related organizations approximated \$3,000 and \$1,000 at December 31, 2023 and 2022, respectively. These advances bear no interest and have no stated terms of repayment.

The Organization has a management agreement with LCPS Management to provide, among other things, management, administration, staffing, and operating services. The agreement automatically renews annually and provides for a management fee of 5% of the Organization's gross revenues. Under the agreement, the Organization was charged a management fee of approximately \$1,642,000 and \$1,112,000 by LCPS Management for the years ended December 31, 2023 and 2022, respectively. The management fee is included in general and administrative expenses. In addition, the Organization has an agreement with LCPS for development services related to the Oak Bridge expansion project. The development fee is a fixed amount of approximately \$4,089,000 with \$936,000 remaining to be paid with the final certificate of occupancy for Phase II of Oak Bridge. The Organization capitalized development fee costs of approximately \$1,729,000 and \$417,000 during the years ended December 31, 2023 and 2022, respectively.

NOTE 9 - DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions that are temporary in nature and available for the following purposes at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Healthcare center	\$ 40,343	\$ 39,343
Assisted living facility	4,970	4,970
Aquatic center	20,007	-
Chapel, scholarships, and other activities	36,309	23,426
	<u>\$ 101,629</u>	<u>\$ 67,739</u>

NOTE 10 - LEASE COMMITMENT

In February 2020, the Organization entered into an approximate thirty-one (31) year ground lease, with renewal options for two additional thirty (30) year periods, for land near its existing campus in Ponte Vedra for the Oak Bridge campus expansion. The lease terms include minimum base rent payments of \$1,500,000 for the first eleven (11) months, and \$1,800,000 for the second year, with an annual escalation thereafter. At the end of each 30-year period, the lease provides an option to purchase the land at fair market value.

The lease is classified as a financing lease and is initially measured at the present value of future lease payments over the lease term using an estimated average incremental borrowing rate of 4.5% and resulted in a right-of-use (“ROU”) lease asset and lease liability of approximately \$42 million. It is uncertain which, if any, of the options, purchase or renewal, will be economically or financially beneficial to take in the future and therefore are not included in the present value calculation for the ROU lease asset or lease liability. The ROU lease asset is amortized over the approximate 31-year lease period using the straight-line method and the lease liability is reduced by the principal portion of the lease payments. The Organization paid \$2,011,000 and \$1,899,000 in lease payments during 2023 and 2022, respectively. Amortization expense for the ROU lease asset was approximately \$1,359,000 for each of the years ended December 31, 2023 and 2022.

NOTE 10 - LEASE COMMITMENT

Future minimum lease payments under the finance lease as of December 31, 2023 are approximately as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 2,063,000
2025	2,125,000
2026	2,189,000
2027	2,254,000
2028	2,322,000
Thereafter	<u>73,030,000</u>
Total future minimum payments	83,983,000
Less imputed interest	<u>(41,604,000)</u>
Present value of lease liabilities	<u>\$ 42,379,000</u>

Approximately \$1,058,000 and \$1,913,000 of interest expense for the finance lease was capitalized during the years ended December 31, 2023 and 2022, respectively.

NOTE 11 - EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (“ERC”) was enacted by the CARES Act in March 2020, as an incentive to employers to keep their labor force intact during the COVID-19 pandemic. The Consolidated Appropriations Act of 2020 (“CAA”), enacted December 27, 2020, and the American Rescue Plan Act enacted March 11, 2021, made a number of changes to the employee retention tax credit including providing eligible employers with an employee retention tax credit equal to 70% of the qualified wages paid to employees after December 31, 2020. The American Rescue Plan Act enacted March 11, 2021 further expanded the eligibility and the credit amount to December 31, 2021 and extended the statute of limitations for the Internal Revenue Service to evaluate ERC claims. The Organization determined that it met the qualifications for the ERC and received approximately \$3.4 million in ERC that was recorded as revenues during the year ended December 31, 2023.

Laws and regulations concerning government programs, including the ERC established by the CARES Act and other legislation, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retro-active audit and review. There can be no assurance that regulatory authorities will not challenge the Organization’s claim to the ERC, and it is not possible to determine the impact (if any) this would have on the Organization.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Minimum Liquid Reserve

The Organization is required by Florida Statute (the “Statute”) to maintain in an escrow account an amount equal to the principal, interest, and property tax payments due during the fiscal year. In addition, an operating reserve is required in an amount equal to 15% of the average annual operating expenses, as defined by the Statute, for the preceding three years. The Organization is also required to maintain in an escrow account a renewal and replacement reserve equal to 15% of total accumulated depreciation, but not to exceed 15% of the average annual operating expenses for the preceding three years. Collectively, these reserves are referred to as the Minimum Liquid Reserve. The Organization has complied with the Minimum Liquid Reserve requirement.

Medicare Program

Approximately 39% and 32% of the Organization’s healthcare services revenue resulted from reimbursement from the Medicare program during the years ended December 31, 2023 and 2022, respectively. Laws and regulations governing the Medicare program are complex and are subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare program.

Governmental funding for healthcare programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions, all of which may affect program reimbursement to healthcare facilities. Changes in the reimbursement policies of the Medicare program, as a result of legislative and regulatory actions, could adversely affect the revenues of the Organization.

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, principally consist of cash and cash equivalents held in financial institutions in excess of federally insured limits, investments, and accounts receivable. Concentrations of credit risk with respect to private-pay accounts receivable are somewhat mitigated by the number of private-pay residents. Credit risk with respect to Medicare program receivables is mitigated by the taxing authority of the governmental entities funding the programs.

Investments and investments of assets whose use is limited are subject to the risk of market fluctuations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and market volatility, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

NOTE 12 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Employee Benefit Plan

The Organization has a defined contribution employee benefit plan (the “Plan”), which covers its participating employees. The employees may elect to defer a portion of their salary, and the Organization will match a percentage of the employees’ voluntary contributions to the Plan. The Organization charged approximately \$187,000 and \$167,000 to operations for its contribution to the Plan for the years ended December 31, 2023 and 2022, respectively.

Insurance and Litigation

The Organization has professional liability insurance coverage under a claims-made policy. The Organization uses this insurance program to provide coverage to comply with state of Florida regulatory requirements. Management is not aware of any claims or incidents considered probable to result in claims that would exceed the insurance policy limits. However, such matters are subject to many uncertainties, and the outcomes are not predictable with assurance. These consolidated financial statements include no provision or liability for such losses. If the Organization were to incur losses from claims in excess of insured amounts, such losses could have an adverse impact on its financial condition.

Construction Commitments

The Organization entered into construction contracts related to the Oak Bridge expansion project for approximately \$18,180,000, of which approximately \$12,920,000 has been paid as of December 31, 2023. At December 31, 2023, the Organization had Oak Bridge construction related payables of approximately \$1,106,000 in accounts payable and accrued expenses, and a construction retainage payable of approximately \$1,464,000.

SUPPLEMENTAL INFORMATION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION

Board of Directors
Life Care Ponte Vedra, Inc. and Subsidiary
Ponte Vedra Beach, Florida

We have audited the accompanying consolidated financial statements of Life Care Ponte Vedra, Inc. and Subsidiary as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated March 28, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplemental consolidating information on pages 25 through 30 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2024

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

December 31, 2023

ASSETS

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,202,114	\$ 248,882	\$ -	\$ 4,450,996
Investments - unrestricted	11,002,401	-	-	11,002,401
Assets whose use is limited, current portion	18,826,280	-	-	18,826,280
Accounts receivable	918,521	-	-	918,521
Prepaid expenses and other current assets	817,101	-	-	817,101
Related-party receivable, net	2,707	-	-	2,707
TOTAL CURRENT ASSETS	35,769,124	248,882	-	36,018,006
ASSETS WHOSE USE IS LIMITED, less current portion	13,420,659	-	-	13,420,659
RIGHT OF USE LEASE ASSET, net	36,680,254	-	-	36,680,254
PROPERTY AND EQUIPMENT, net	170,623,530	-	-	170,623,530
TOTAL ASSETS	\$ 256,493,567	\$ 248,882	\$ -	\$ 256,742,449

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 3,551,307	\$ -	\$ -	\$ 3,551,307
Current portion of bonds payable	1,720,000	-	-	1,720,000
Current portion of retainage payable	1,464,009	-	-	1,464,009
Entrance fee refunds payable	1,906,550	-	-	1,906,550
Entrance fee and wait list deposits	3,401,370	-	-	3,401,370
TOTAL CURRENT LIABILITIES	12,043,236	-	-	12,043,236
OTHER LIABILITIES AND DEFERRED REVENUE				
Bonds payable, net	107,835,662	-	-	107,835,662
Lease liability, net	42,379,328	-	-	42,379,328
Deferred revenue from entrance fees	97,984,305	-	-	97,984,305
Refundable entrance fees	27,880,253	-	-	27,880,253
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES	276,079,548	-	-	276,079,548
TOTAL LIABILITIES	288,122,784	-	-	288,122,784
COMMITMENTS AND CONTINGENCIES				
NET ASSETS (DEFICIT)				
Without donor restrictions	(31,629,217)	147,253	-	(31,481,964)
With donor restrictions	-	101,629	-	101,629
TOTAL NET ASSETS (DEFICIT)	(31,629,217)	248,882	-	(31,380,335)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 256,493,567	\$ 248,882	\$ -	\$ 256,742,449

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT

Year Ended December 31, 2023

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT				
Residential service fees	\$ 23,685,171	\$ -	\$ -	\$ 23,685,171
Earned entrance fees	11,409,649	-	-	11,409,649
Healthcare service fees	4,394,240	-	-	4,394,240
Assisted living service fees	1,921,521	-	-	1,921,521
Home health service fees	1,138,278	-	-	1,138,278
Employee retention credit grant	3,350,820	-	-	3,350,820
Investment income, net	3,444,883	5,302	-	3,450,185
	<u>49,344,562</u>	<u>5,302</u>	<u>-</u>	<u>49,349,864</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT				
OPERATING EXPENSES				
Depreciation and amortization	12,339,978	-	-	12,339,978
General and administrative	8,270,909	23,975	-	8,294,884
Dietary services	6,255,099	-	-	6,255,099
Healthcare services	4,882,316	-	-	4,882,316
Facility operations	3,687,871	-	-	3,687,871
Interest	2,315,767	-	-	2,315,767
Housekeeping	1,773,019	-	-	1,773,019
Home health services	1,079,460	-	-	1,079,460
Security and transportation	1,070,771	-	-	1,070,771
Assisted living	640,059	-	-	640,059
Marketing	308,138	-	-	308,138
	<u>42,623,387</u>	<u>23,975</u>	<u>-</u>	<u>42,647,362</u>
TOTAL OPERATING EXPENSES				
	6,721,175	(18,673)	-	6,702,502
LOSS FROM OPERATIONS				
OTHER CHANGES IN NET DEFICIT				
Contributions	-	32,630	-	32,630
Change in unrealized gains and losses on debt securities	372,497	-	-	372,497
Loss on refunding of debt	(497,652)	-	-	(497,652)
Other non-operating revenue	37,148	-	-	37,148
Contribution expense	-	(10,000)	-	(10,000)
Net assets released from restrictions	-	17,795	-	17,795
	<u>6,633,168</u>	<u>21,752</u>	<u>-</u>	<u>6,654,920</u>
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS				
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	51,685	-	51,685
Net assets released from restrictions	-	(17,795)	-	(17,795)
	<u>-</u>	<u>33,890</u>	<u>-</u>	<u>33,890</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
	6,633,168	55,642	-	6,688,810
CHANGE IN NET DEFICIT				
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	(38,253,290)	184,145	-	(38,069,145)
NET ASSET TRANSFERS	(9,095)	9,095	-	-
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (31,629,217)</u>	<u>\$ 248,882</u>	<u>\$ -</u>	<u>\$ (31,380,335)</u>

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
OPERATING ACTIVITIES				
Change in net deficit	\$ 6,633,168	\$ 55,642	\$ -	\$ 6,688,810
Adjustments to reconcile change in net deficit to net cash provided by operating activities:				
Change in unrealized gains and losses on investments	(2,314,873)	-	-	(2,314,873)
Depreciation and amortization	12,339,978	-	-	12,339,978
Amortization of deferred charges	(52,643)	-	-	(52,643)
Loss on refunding of debt	497,652	-	-	497,652
Earned entrance fees	(11,409,649)	-	-	(11,409,649)
Initial entrance fees received	44,823,000	-	-	44,823,000
Entrance fees received on re-occupied units	12,935,470	-	-	12,935,470
Entrance fees refunded	(5,917,109)	-	-	(5,917,109)
Non-cash use of refundable entrance fees	(107,605)	-	-	(107,605)
Changes in operating assets and liabilities:				
Accounts receivable	(497,988)	-	-	(497,988)
Prepaid expenses and other current assets	(87,797)	-	-	(87,797)
Accounts payable and accrued expenses	(2,424,939)	-	-	(2,424,939)
Entrance fee and wait list deposits	(3,913,337)	-	-	(3,913,337)
Construction retainage payable	(3,448,785)	-	-	(3,448,785)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>47,054,543</u>	<u>55,642</u>	<u>-</u>	<u>47,110,185</u>
INVESTING ACTIVITIES				
Purchase of property and equipment and construction costs	(37,201,352)	-	-	(37,201,352)
Change in investments - unrestricted	(373,021)	-	-	(373,021)
Change in investments - limited use	15,782,410	-	-	15,782,410
NET CASH USED IN INVESTING ACTIVITIES	<u>(21,791,963)</u>	<u>-</u>	<u>-</u>	<u>(21,791,963)</u>
FINANCING ACTIVITIES				
Change in lines of credit	(14,454,103)	-	-	(14,454,103)
Amount due to/from related party	(2,084)	-	-	(2,084)
Repayment of bonds payable	(31,591,220)	-	-	(31,591,220)
Proceeds from issuance of debt	21,715,631	-	-	21,715,631
Payments on lease liability	(1,056,221)	-	-	(1,056,221)
Net asset transfers	(9,095)	9,095	-	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(25,397,092)</u>	<u>9,095</u>	<u>-</u>	<u>(25,387,997)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(134,512)</u>	<u>64,737</u>	<u>-</u>	<u>(69,775)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,336,626</u>	<u>184,145</u>	<u>-</u>	<u>4,520,771</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,202,114</u>	<u>\$ 248,882</u>	<u>\$ -</u>	<u>\$ 4,450,996</u>

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

December 31, 2022

ASSETS

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,336,626	\$ 184,145	\$ -	\$ 4,520,771
Investments - unrestricted	9,538,763	-	-	9,538,763
Assets whose use is limited, current portion	31,787,033	-	-	31,787,033
Accounts receivable	420,533	-	-	420,533
Entrance fees receivable	333,900	-	-	333,900
Prepaid expenses and other current assets	729,304	-	-	729,304
Related-party receivable, net	623	-	-	623
TOTAL CURRENT ASSETS	47,146,782	184,145	-	47,330,927
OTHER ASSETS, net	55,987	-	-	55,987
ASSETS WHOSE USE IS LIMITED, less current portion	15,018,060	-	-	15,018,060
RIGHT OF USE LEASE ASSET, net	38,038,782	-	-	38,038,782
PROPERTY AND EQUIPMENT, net	143,293,860	-	-	143,293,860
TOTAL ASSETS	\$ 243,553,471	\$ 184,145	\$ -	\$ 243,737,616

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 5,976,246	\$ -	\$ -	\$ 5,976,246
Current portion of line of credit	6,319,443	-	-	6,319,443
Current portion of bonds payable	1,931,076	-	-	1,931,076
Current portion of retainage payable	4,770,537	-	-	4,770,537
Entrance fee refunds payable	1,435,312	-	-	1,435,312
Entrance fee and wait list deposits	7,314,707	-	-	7,314,707
TOTAL CURRENT LIABILITIES	27,747,321	-	-	27,747,321
OTHER LIABILITIES AND DEFERRED REVENUE				
Construction retainage payable	142,257	-	-	142,257
Line of credit	8,093,328	-	-	8,093,328
Bonds payable, net	117,096,498	-	-	117,096,498
Lease liability, net	42,381,768	-	-	42,381,768
Deferred revenue from entrance fees	57,692,180	-	-	57,692,180
Refundable entrance fees	28,653,409	-	-	28,653,409
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES	254,059,440	-	-	254,059,440
TOTAL LIABILITIES	281,806,761	-	-	281,806,761
COMMITMENTS AND CONTINGENCIES				
NET ASSETS (DEFICIT)				
Without donor restrictions	(38,253,290)	116,406	-	(38,136,884)
With donor restrictions	-	67,739	-	67,739
TOTAL NET ASSETS (DEFICIT)	(38,253,290)	184,145	-	(38,069,145)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 243,553,471	\$ 184,145	\$ -	\$ 243,737,616

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT

Year Ended December 31, 2022

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Residential service fees	\$ 15,605,157	\$ -	\$ -	\$ 15,605,157
Earned entrance fees	5,351,403	-	-	5,351,403
Healthcare service fees	3,484,211	-	-	3,484,211
Assisted living service fees	1,443,221	-	-	1,443,221
Home health service fees	264,480	-	-	264,480
Investment income (loss), net	(3,625,277)	930	-	(3,624,347)
	<u>22,523,195</u>	<u>930</u>	<u>-</u>	<u>22,524,125</u>
OPERATING EXPENSES				
Depreciation and amortization	8,232,670	-	-	8,232,670
General and administrative	5,880,171	31,441	-	5,911,612
Dietary services	4,075,338	-	-	4,075,338
Healthcare services	4,202,174	-	-	4,202,174
Facility operations	2,530,723	-	-	2,530,723
Interest	925,887	-	-	925,887
Housekeeping	1,278,303	-	-	1,278,303
Home health services	285,478	-	-	285,478
Security and transportation	724,217	-	-	724,217
Assisted living	607,046	-	-	607,046
Marketing	367,727	-	-	367,727
	<u>29,109,734</u>	<u>31,441</u>	<u>-</u>	<u>29,141,175</u>
	<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>(6,586,539)</u>	<u>(30,511)</u>	<u>(6,617,050)</u>
OTHER CHANGES IN NET DEFICIT				
Contributions	18,146	128,675	(18,221)	128,600
Change in unrealized gains and losses on debt securities	(3,737)	-	-	(3,737)
Other non-operating revenue (expenses)	26,273	-	-	26,273
Contribution expense	-	(18,221)	18,221	-
	<u>(6,545,857)</u>	<u>79,943</u>	<u>-</u>	<u>(6,465,914)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	16,137	-	16,137
	<u>-</u>	<u>16,137</u>	<u>-</u>	<u>16,137</u>
	<u>CHANGE IN NET DEFICIT</u>	<u>(6,545,857)</u>	<u>96,080</u>	<u>(6,449,777)</u>
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	<u>(31,713,897)</u>	<u>94,529</u>	<u>-</u>	<u>(31,619,368)</u>
NET ASSET TRANSFERS	<u>6,464</u>	<u>(6,464)</u>	<u>-</u>	<u>-</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (38,253,290)</u>	<u>\$ 184,145</u>	<u>\$ -</u>	<u>\$ (38,069,145)</u>

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
OPERATING ACTIVITIES				
Change in net deficit	\$ (6,545,857)	\$ 96,080	\$ -	\$ (6,449,777)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:				
Change in unrealized gains and losses on investments	4,368,566	-	-	4,368,566
Depreciation and amortization	8,232,670	-	-	8,232,670
Amortization of deferred charges	(26,230)	-	-	(26,230)
Earned entrance fees	(5,351,403)	-	-	(5,351,403)
Non-cash use of refundable entrance fees	(152,408)	-	-	(152,408)
Initial entrance fees received	20,930,358	-	-	20,930,358
Entrance fees received on re-occupied units	6,612,700	-	-	6,612,700
Entrance fees refunded	(3,512,869)	-	-	(3,512,869)
Changes in operating assets and liabilities:				
Accounts receivable	(57,318)	-	-	(57,318)
Prepaid expenses and other current assets	(7,837)	-	-	(7,837)
Accounts payable and accrued expenses	1,313,966	-	-	1,313,966
Entrance fee and wait list deposits	747,767	-	-	747,767
Construction retainage payable	3,526,252	-	-	3,526,252
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,078,357	96,080	-	30,174,437
INVESTING ACTIVITIES				
Purchase of property and equipment and expansion costs	(69,114,321)	-	-	(69,114,321)
Change in investments - unrestricted	4,288,597	-	-	4,288,597
Change in investments - limited use	19,213,762	-	-	19,213,762
NET CASH USED IN INVESTING ACTIVITIES	(45,611,962)	-	-	(45,611,962)
FINANCING ACTIVITIES				
Change in line of credit	(5,284,430)	-	-	(5,284,430)
Amount due to/from related party	1,424	-	-	1,424
Payment of financing costs	(687,911)	-	-	(687,911)
Repayment of bonds payable	(1,335,000)	-	-	(1,335,000)
Proceeds from issuance of debt	25,044,014	-	-	25,044,014
Payments on lease liability	(1,899,071)	-	-	(1,899,071)
Net asset transfers	6,464	(6,464)	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	15,845,490	(6,464)	-	15,839,026
INCREASE IN CASH AND CASH EQUIVALENTS	311,885	89,616	-	401,501
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,024,741	94,529	-	4,119,270
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,336,626	\$ 184,145	\$ -	\$ 4,520,771

See Report of Independent Certified Public Accountants on Supplemental Information.

**LIFE CARE PONTE VEDRA, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Life Care Ponte Vedra, Inc. and Subsidiary
Ponte Vedra Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of Life Care Ponte Vedra, Inc. and Subsidiary (the "Organization"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net deficit, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2023

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,520,771	\$ 4,119,270
Investments - unrestricted	9,538,763	13,827,360
Assets whose use is limited, current portion	31,787,033	13,088,737
Accounts receivable	420,533	363,215
Entrance fees receivable	333,900	-
Prepaid expenses and other current assets	729,304	721,467
Related-party receivable	623	2,047
	47,330,927	32,122,096
TOTAL CURRENT ASSETS		
OTHER ASSETS, net	55,987	111,864
ASSETS WHOSE USE IS LIMITED, less current portion	15,018,060	57,298,684
RIGHT OF USE LEASE ASSET, net	38,038,782	39,397,310
PROPERTY AND EQUIPMENT, net	143,293,860	79,278,340
	243,737,616	208,208,294
TOTAL ASSETS	\$ 243,737,616	\$ 208,208,294

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 5,976,246	\$ 4,662,281
Current portion of line of credit	6,319,443	800,585
Current portion of bonds payable	1,931,076	1,335,000
Current portion of retainage payable	4,770,537	-
Entrance fee refunds payable	1,435,312	1,391,678
Entrance fee and wait list deposits	7,314,707	6,566,940
	27,747,321	14,756,484
TOTAL CURRENT LIABILITIES		
OTHER LIABILITIES AND DEFERRED REVENUE		
Construction retainage payable, net	142,257	1,386,542
Line of credit, net	8,093,328	18,834,989
Bonds payable, net	117,096,498	94,989,823
Lease liability, net	42,381,768	42,330,879
Deferred revenue from entrance fees	57,692,180	36,376,000
Refundable entrance fees	28,653,409	31,152,945
	254,059,440	225,071,178
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES		
TOTAL LIABILITIES	281,806,761	239,827,662
COMMITMENTS AND CONTINGENCIES		
NET ASSETS (DEFICIT)		
Without donor restrictions	(38,136,884)	(31,670,970)
With donor restrictions	67,739	51,602
	(38,069,145)	(31,619,368)
TOTAL NET DEFICIT		
TOTAL LIABILITIES AND NET DEFICIT	\$ 243,737,616	\$ 208,208,294

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT

Years Ended December 31, 2022 and 2021

	2022	2021
REVENUES, GAINS, AND OTHER SUPPORT		
Residential service fees	\$ 15,605,157	\$ 14,780,325
Earned entrance fees	5,351,403	5,161,057
Healthcare service fees	3,484,211	1,741,705
Assisted living service fees	1,443,221	1,547,685
Home health service fees	264,480	370,124
Investment income (loss), net	<u>(3,624,347)</u>	<u>2,454,985</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	22,524,125	26,055,881
OPERATING EXPENSES		
Depreciation and amortization	8,232,670	7,985,197
General and administrative	5,911,612	5,224,469
Healthcare services	4,487,652	3,383,335
Dietary services	4,075,338	3,341,352
Facility operations	2,530,723	2,218,603
Housekeeping	1,278,303	1,035,339
Interest	925,887	831,679
Security and transportation	724,217	522,629
Assisted living	607,046	509,392
Marketing	<u>367,727</u>	<u>269,513</u>
TOTAL OPERATING EXPENSES	29,141,175	25,321,508
INCOME (LOSS) FROM OPERATIONS	(6,617,050)	734,373
OTHER CHANGES IN NET DEFICIT		
Contributions	128,600	23,784
Change in unrealized gains and losses on debt securities	(3,737)	(405,591)
Change in fair value of interest rate swap agreements	-	186,288
Other non-operating revenue	26,273	400,589
Loss on refunding of debt	-	(294,274)
Termination fee on refunding of debt	-	(287,373)
Contribution expense	<u>-</u>	<u>(91,023)</u>
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	(6,465,914)	266,773
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	<u>16,137</u>	<u>13,500</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	16,137	13,500
CHANGE IN NET DEFICIT	(6,449,777)	280,273
NET DEFICIT AT BEGINNING OF YEAR	<u>(31,619,368)</u>	<u>(31,899,641)</u>
NET DEFICIT AT END OF YEAR	\$ (38,069,145)	\$ (31,619,368)

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2022 and 2021

Year Ended December 31, 2022

	Program Services	Support Services		Total
	Senior Living and Care	Management and General	Fundraising and Development	
Salaries and related expenses	\$ 10,238,817	\$ 631,368	\$ -	\$ 10,870,185
Depreciation and amortization	8,121,758	110,912	-	8,232,670
Occupancy	2,602,915	32,513	-	2,635,428
Professional and contract services	723,792	789,403	-	1,513,195
Food and beverage supplies	1,342,271	-	-	1,342,271
Supplies and equipment	991,473	129,189	4,501	1,125,163
Management fees	372,817	712,611	26,940	1,112,368
Taxes and insurance	339,913	642,584	-	982,497
Interest	919,655	6,232	-	925,887
Other	67,334	203,762	-	271,096
Marketing and advertising	16,459	113,956	-	130,415
TOTAL OPERATING EXPENSES	\$ 25,737,204	\$ 3,372,530	\$ 31,441	\$ 29,141,175

Year Ended December 31, 2021

	Program Services	Support Services		Total
	Senior Living and Care	Management and General	Fundraising and Development	
Salaries and related expenses	\$ 8,311,265	\$ 574,866	\$ -	\$ 8,886,131
Depreciation and amortization	7,872,866	112,331	-	7,985,197
Occupancy	2,355,115	26,732	-	2,381,847
Food and beverage supplies	1,207,488	-	-	1,207,488
Professional and contract services	417,099	746,760	-	1,163,859
Management fees	350,542	581,539	17,446	949,527
Taxes and insurance	370,437	551,768	-	922,205
Interest	825,449	6,230	-	831,679
Supplies and equipment	652,723	79,262	418	732,403
Other	51,449	163,316	-	214,765
Marketing and advertising	13,665	32,742	-	46,407
TOTAL OPERATING EXPENSES	\$ 22,428,098	\$ 2,875,546	\$ 17,864	\$ 25,321,508

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net deficit	\$ (6,449,777)	\$ 280,273
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Change in unrealized gains and losses on investments	4,368,566	785,975
Depreciation and amortization	8,232,670	7,985,197
Amortization of deferred charges and bond premium	(26,230)	53,842
Change in fair value of interest rate swap agreements	-	(186,288)
Loss on refunding of debt	-	294,274
Earned entrance fees	(5,351,403)	(5,161,057)
Non-cash use of refundable entrance fees	(152,408)	(152,466)
Initial entrance fees received	20,930,358	-
Entrance fees received on re-occupied units	6,612,700	7,170,450
Entrance fees refunded	(3,512,869)	(5,366,719)
Changes in operating assets and liabilities:		
Accounts receivable	(57,318)	55,969
Prepaid expenses and other current assets	(7,837)	(242,415)
Accounts payable and accrued expenses	1,313,966	3,452,676
Entrance fee and wait list deposits	747,767	2,360,042
Construction retainage payable	3,526,252	1,386,542
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,174,437	12,716,295
INVESTING ACTIVITIES		
Purchase of property and equipment and construction costs	(69,114,321)	(33,229,076)
Change in investments - unrestricted	4,288,597	(1,194,206)
Change in investments - limited use	19,213,762	(56,477,241)
NET CASH USED IN INVESTING ACTIVITIES	(45,611,962)	(90,900,523)
FINANCING ACTIVITIES		
Change in lines of credit	(5,284,430)	8,855,335
Amount due to/from related party	1,424	1,650
Payment of financing costs	(687,911)	(2,218,243)
Repayment of bonds payable	(1,335,000)	(25,267,487)
Proceeds from issuance of debt	25,044,014	99,390,196
Payment for termination of interest rate swap agreements	-	(583,500)
Payments on lease liability	(1,899,071)	(1,800,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	15,839,026	78,377,951
INCREASE IN CASH AND CASH EQUIVALENTS	401,501	193,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,119,270	3,925,547
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,520,771	\$ 4,119,270

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Life Care Ponte Vedra, Inc. (“LCPV”) is a not-for-profit corporation, which provides housing, healthcare, and other related services to senior adults through the operation of a retirement community known as Vicar’s Landing in Ponte Vedra Beach, Florida. The Vicar’s Landing at Sawgrass campus consists of 227 independent residential units, 38 assisted living units, and a 60-bed skilled nursing center. The Vicar’s Landing at Oak Bridge campus (“Oak Bridge”) opened in August 2022 and when phase I of the expansion is completed will include 109 independent living units. Phase II of the Oak Bridge campus commenced in 2022 and includes an additional 33 independent units anticipated to be completed in the Spring of 2024, and remaining phases will include independent living units and assisted living/memory care units and related common areas on an approximately 42-acre parcel of land located less than one mile from the Vicar’s Landing at Sawgrass campus. LCPV is the sole corporate member of Vicar’s Landing Foundation, Inc. (the “Foundation”). The Foundation was organized in May 2017 to raise funds to support LCPV and its residents. These consolidated financial statements include the accounts of LCPV and the Foundation (collectively, the “Organization”). All significant inter-company accounts and transactions have been eliminated in the consolidation.

The sole corporate member of LCPV is Life Care Pastoral Services, Inc. (“LCPS”). LCPS is also the sole corporate member of other not-for-profit organizations, including LCPS Management, Inc. (“LCPS Management”). LCPS Management provides management, operational, and administrative services for the Organization and other LCPS entities.

The Organization operates under the “continuing care” concept in which residents enter into an occupancy agreement, which requires payment of a one-time entrance fee and a monthly service fee. Generally, these payments entitle residents to the use and privileges of Vicar’s Landing for life, including certain nursing services in the Organization’s skilled nursing facility. The occupancy agreement does not entitle the residents to an interest in the real estate or any property owned by the Organization.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Assets

Net assets are presented based on the existence or absence of donor-imposed restrictions. In these consolidated financial statements, net assets are reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets whose use is subject to donor-imposed stipulations for a particular purpose or period of time. Donor restrictions can be temporary in nature and fulfilled by actions or the passage of time, or can be perpetual and be maintained permanently by the Organization.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates, and such differences could be material.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents, except those classified as investments and assets whose use is limited. The Organization does not include cash or cash equivalents classified as investments or assets whose use is limited as restricted cash when preparing its consolidated statements of cash flows.

Investments and Assets Whose Use is Limited

The Organization's investments, including assets whose use is limited, are reported at fair value. Fair value is determined using the quoted closing or latest bid prices on active exchanges, if available. Realized gains and losses are calculated based on proceeds received less carrying value at the beginning of the reporting period. The cost of securities sold is based on the average cost method. Changes in unrealized gains and losses represent the change in the market value of investment holdings during the period.

Accounts Receivable

Accounts receivable represent amounts due from the Medicare program, private insurance carriers, and private-pay residents, as well as residents with co-insurance provisions. Third-party reimbursement is a complex process which involves submission of claims to multiple payors, each having its own claims requirements. In some cases, the ultimate collection of accounts receivable subsequent to the service dates may not be known for several months.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accounts Receivable *(Continued)*

Accounts receivable are recognized at the net amount expected to be collected based on an established collection history and review of individual balances. Amounts charged for goods and services that are not expected to be received representing contractual adjustments and implicit price concessions are recognized as a reduction of the related revenue. The Organization recognizes a separate allowance when circumstances have changed the resident's ability to pay subsequent to the delivery of goods and services and is recognized in the period the change is determined as a reduction of revenue. Individual account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. Additions, renewals, and betterments that extend the life of an asset and have a cost basis greater than \$5,000 are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	<u>Estimated Useful Lives</u>
Land improvements	5–20 years
Buildings and improvements	5–40 years
Furniture and equipment	3–15 years
Vehicles	5–10 years

Entrance Fee and Wait List Deposits

Generally, prospective residents are required to make a \$2,500 deposit to be placed on a waiting list. Entrance fee deposits represent amounts paid by prospective residents who have signed an occupancy agreement to reserve a living unit. Generally, a deposit of 10% of the entrance fee is collected when the occupancy agreement is signed. The balance of the fee is payable at the time of occupancy. Prospective residents may cancel their occupancy agreements at any time prior to occupancy and receive a refund of their deposit, less 4% of the total entrance fee and any costs specifically incurred by the Organization at the request of the prospective residents. As of December 31, 2022 and 2021, the Organization had approximately \$704,000 and \$645,000 in wait list deposits and approximately \$6,611,000 and \$5,922,000 in entrance fee deposits, respectively. Approximately \$5,066,000 and \$5,747,000 of the entrance fee deposits for 2022 and 2021, respectively, are for Oak Bridge.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Financing Costs and Original Issue Premium

Costs of obtaining long-term financing are netted against the related debt and amortized over the debt's term (see Note 6). Amortization of deferred financing costs is included in interest expense.

The Series 2021A Bonds were issued at a premium to their face value of approximately \$8,568,000. The original issue premium is added to the face amount of the bonds and is being amortized over the term of the related issue as a reduction to interest expense (see Note 6).

Obligation to Provide Future Services and Use of Facilities

The Organization annually reviews the present value of the net cost of future services and use of facilities to be provided to current residents, and it compares that amount with the balance of deferred revenue from entrance fees. If the present value of the estimated net cost of future services and 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 recorded at December 31, 2022 and 2021 because the present value of the estimated net cost of future services (based on a discount rate of 5%) and use of facilities is less than deferred revenue from entrance fees.

Revenue Recognition

The Organization recognizes the amount of revenue it expects to collect for the transfer of goods or services to residents over the period in which its performance obligations are satisfied, net of implicit price concessions. The implicit price concession represents the difference between amounts billed and amounts expected to be collected. The estimates for implicit price concessions are based upon the assessment of historical write-offs and net collections, business and economic conditions, trends in federal, state, and private employer healthcare coverage, and other collection indicators. Revenues related to uninsured patients (including self-pay portions of coinsurance) are a principal source of implicit price concessions. There were no implicit price concessions recorded as a reduction to revenue for the years ended December 31, 2022 and 2021.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

The composition of revenues for services is as follows for the years ended December 31, 2022 and 2021:

<u>Revenue Component</u>	<u>2022</u>	<u>2021</u>
Residential service fees		
Monthly service fees – private pay	\$ 15,605,157	\$ 14,780,325
Healthcare service fees:		
Private and commercial insurance	2,372,833	1,361,420
Medicare	1,111,378	380,285
Total healthcare services	<u>3,484,211</u>	<u>1,741,705</u>
Assisted living fees		
Monthly service fees – private pay	1,443,221	1,547,685
Home health service fees		
Private pay	<u>264,480</u>	<u>370,124</u>
	<u>\$ 20,797,069</u>	<u>\$ 18,439,839</u>

Residential Service Fees and Assisted Living Fees

Service fees paid by residents for maintenance, meals, nursing supplies, assisted living, and other services are assessed monthly and are recognized as revenue in the period services are performed and occupancy rights are utilized. Performance obligations for service fees are generally satisfied over a month or portion thereof based on length of residency.

Entrance Fees

Entrance fees paid by residents upon entering into standard continuing care contracts are separated into distinct nonrefundable and refundable portions. Performance obligations are satisfied over the period of residency. The nonrefundable portion represents advance payment for future services and is accounted for as deferred revenue and is amortized to income each month using a time-based measurement based upon the remaining actuarial life expectancy of the continuing care resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit. The refundable portion of entrance fees is recorded as a liability and is not recognized as revenue at any time.

The Organization offered residency agreements with two types of payment plans during 2022 and 2021. One plan provides a minimum refund of 75% or 50% of the entrance fee, regardless of the passage of time, while the other plan has no minimum refund.

Nonrefundable entrance fees and entrance fee amounts in excess of the minimum refund obligation are recorded as “deferred revenue from entrance fees” and are amortized to income over future periods based on the life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

Entrance Fees *(Continued)*

Residency agreements may be canceled by residents at any time, for any reason, and, under certain circumstances, a portion of the entrance fee may be refundable. The 75% and 50% minimum refund plan provides for a declining refund over a 21-month and 46-month period, with the Organization retaining a 4% administrative fee and 1% per month. After 21 or 46 months, the refundable amount remains at 75% or 50% and is refunded from the proceeds of the next entrance fees received for which there are no prior claims. The nonrefundable plan provides for a declining refund over a 48-month period, with the Organization retaining a 4% administrative fee and 2% per month for 48 months. After 48 months, there is no refund due. In the event of a resident's death, after four months of residency, the obligations of the Organization are considered to be fulfilled, and the unamortized portion of the entrance fee in excess of any minimum refund amount is recognized as revenue.

Based on historical experience, entrance fees expected to be refunded to current residents in future years is approximately \$30,029,000 and \$33,561,000 at December 31, 2022 and 2021, respectively. The Organization's contractual, as opposed to expected, refund obligation, assuming all contracts were terminated, approximated \$60,087,000 and \$45,489,000 at December 31, 2022 and 2021, respectively.

Healthcare Revenue

Healthcare revenue is reported at the estimated net realizable amounts receivable from residents, third-party payors, and others at the time services are rendered. The performance obligation is generally satisfied over the period of a day.

The Centers for Medicare & Medicaid Services ("CMS") reimburse for services rendered to Medicare program beneficiaries using prospectively determined case-mix rates ("PPS"). The PPS model, the Patient-Driven Payment Model ("PDPM"), classifies patients into payment groups based on clinically relevant factors using diagnosis codes derived from a patient's condition and care needs.

Revenue under third-party payor agreements is generally subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements, if any, are made in the period the related services are rendered to recognize any implicit price concessions. Differences between any estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Revenues from providing home health services are recognized ratably over the period of care and are reported at the estimated amounts to be collected from residents and patients, third-party payors, and others at the time the care is provided. The performance obligation period varies based upon the care plan.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

Contributions

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions in that period.

Fair Value of Financial Instruments

The carrying amounts of the Organization's short-term financial instruments approximate their fair value.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Depreciation, interest, utilities, and property and flood insurance is allocated based on square footage; management fees based on relative time spent; and certain employee benefits based on wages.

Income Taxes

LCPV and the Foundation have been recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income earned in furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes, and, therefore, these consolidated financial statements include no provision or liability for income taxes.

Performance Indicator

To segregate the financial results of operating activities from the financial results of other activities, the consolidated statements of operations and changes in net deficit include a performance indicator described as "income (loss) from operations."

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through March 27, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Assets whose use is limited by provisions of the trust indenture (see Note 6) and other contractual or regulatory obligations at December 31, 2022 and 2021 are summarized as follows:

Fund	Purpose	2022	2021
Operating Reserve	Reserve to fund potential deficiencies in operations.	\$ 3,401,454	\$ 4,181,590
Renewal and Replacement	To fund renewal and replacement of assets.	3,025,891	3,731,601
Debt Service Reserve	Reserve to fund potential deficiencies in debt service payments.	6,625,449	6,006,286
Bond Funds	To pay interest and principal on the bonds payable.	1,876,940	4,187,442
Entrance Fee and Wait List Escrows	Entrance fee and future resident deposits.	22,901,554	6,422,285
Project Fund	To fund construction costs of the expansion project.	8,973,805	45,858,217
		<u>46,805,093</u>	<u>70,387,421</u>
Less current portion		<u>(31,787,033)</u>	<u>(13,088,737)</u>
		<u>\$ 15,018,060</u>	<u>\$ 57,298,684</u>

Amounts in the bond funds, entrance fee and wait list escrows, and part of the project fund are expected to be used to meet current obligations of the Organization for debt service and entrance fee deposits or refundable on prospective resident demand, and are classified as current in the consolidated balance sheets. Amounts in the operating reserve, and renewal and replacement are used to meet the Minimum Liquid Reserve (see Note 12).

The composition of investments and assets whose use is limited was as follows at December 31, 2022 and 2021:

	2022		2021	
	Fair Value	Costs	Fair Value	Cost
Cash and cash equivalents	\$ 29,991,686	\$ 29,991,686	\$ 16,411,968	\$ 16,411,968
Equities - domestic	2,878,243	2,389,334	3,375,203	2,472,842
Equities - foreign	1,720,646	1,624,565	2,037,359	1,761,474
Mutual funds:				
Equities	5,029,275	5,916,286	8,146,639	6,026,712
Bonds	2,997,537	3,612,774	7,723,371	7,573,598
Debt securities - domestic	9,369,585	9,636,047	32,834,026	33,100,683
Debt securities - foreign	4,356,434	4,499,299	13,598,430	13,737,364
Accrued interest	450	450	87,785	87,785
Total	<u>\$ 56,343,856</u>	<u>\$ 57,670,441</u>	<u>\$ 84,214,781</u>	<u>\$ 81,172,426</u>

NOTE 2 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (Continued)

Investment earnings for the years ended December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividend income, net of expenses	\$ 836,557	\$ 310,967
Net realized (loss) gain on investments	(96,075)	2,524,402
Change in net unrealized gains and losses on equity investments	<u>(4,364,829)</u>	<u>(380,384)</u>
Investment (loss) income, net	(3,624,347)	2,454,985
Change in net unrealized gains and losses on debt obligations	<u>(3,737)</u>	<u>(405,591)</u>
Total investment (losses) earnings, net	<u>\$ (3,628,084)</u>	<u>\$ 2,049,394</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

The fair value of financial instruments is presented based upon a hierarchy of levels that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

If available, quoted market prices are used to value investments. Equity and debt securities are valued at the closing price reported on the major market on which the individual securities are traded. Money market funds and mutual funds are valued at the net asset value ("NAV") of shares held by the Organization at year end. The NAV is based on the value of the underlying assets owned by the mutual fund, minus its liabilities, and then divided by the number of shares outstanding.

The following tables set forth, by level, within the fair value hierarchy, the Organization's investments and assets whose use is limited measured at fair value as of December 31, 2022 and 2021:

	December 31, 2022			Total
	Fair Value Measurements			
	Level 1	Level 2	Level 3	
Investments and Assets Whose Use is Limited:				
Cash and cash equivalents	\$ 29,991,686	\$ -	\$ -	\$ 29,991,686
Equities - domestic	2,878,243	-	-	2,878,243
Equities - foreign	1,720,646	-	-	1,720,646
Mutual funds:				
Equities	5,029,275	-	-	5,029,275
Bonds	2,997,537	-	-	2,997,537
Debt securities - domestic	9,369,585	-	-	9,369,585
Debt securities - foreign	4,356,434	-	-	4,356,434
Accrued interest	-	450	-	450
Total	<u>\$ 56,343,406</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 56,343,856</u>

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2021			Total
	Fair Value Measurements			
	Level 1	Level 2	Level 3	
Investments and Assets Whose Use is Limited:				
Cash and cash equivalents	\$ 16,411,968	\$ -	\$ -	\$ 16,411,968
Equities - domestic	3,375,203	-	-	3,375,203
Equities - foreign	2,037,359	-	-	2,037,359
Mutual funds:				
Equities	8,146,639	-	-	8,146,639
Bonds	7,723,371	-	-	7,723,371
Debt securities - domestic	32,834,026	-	-	32,834,026
Debt securities - foreign	13,598,430	-	-	13,598,430
Accrued interest	-	87,785	-	87,785
Total	<u>\$ 84,126,996</u>	<u>\$ 87,785</u>	<u>\$ -</u>	<u>\$ 84,214,781</u>

NOTE 4 - LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year of the consolidated balance sheet date consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,520,771	\$ 4,119,270
Investments	9,538,763	13,827,360
Accounts receivable	420,533	363,215
Entrance fees receivable	333,900	-
Related-party receivable	623	2,047
	<u>\$ 14,814,590</u>	<u>\$ 18,311,892</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, excess cash is routinely invested in a portfolio of investment instruments to increase earnings. The investment portfolio includes investments readily convertible into cash to manage any unanticipated liquidity needs, if needed.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 9,297,312	\$ 9,151,773
Buildings and improvements	75,918,121	69,599,834
Furniture and equipment	19,797,480	18,256,916
Vehicles	270,940	389,268
	<u>105,283,853</u>	<u>97,397,791</u>
Less accumulated depreciation	(59,928,765)	(56,439,081)
	<u>45,355,088</u>	<u>40,958,710</u>
Construction in progress	97,938,772	38,169,630
	<u>97,938,772</u>	<u>38,169,630</u>
Property and equipment, net	<u>\$ 143,293,860</u>	<u>\$ 79,128,340</u>

Construction in progress consist of costs associated with unit renovations, building improvements, and costs related to the Oak Bridge expansion.

NOTE 6 - BONDS PAYABLE

The Organization's bonds payable consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Series 2022 Bonds	\$ 4,382,634	\$ -
Series 2021 Bonds	109,463,777	90,137,397
Total bonds outstanding	<u>113,846,411</u>	<u>90,137,397</u>
Net unamortized bond premium	7,833,500	8,320,403
Net unamortized cost of issuance	(2,652,337)	(2,132,977)
Total bonds outstanding, net	<u>119,027,574</u>	<u>96,324,823</u>
Less current portion	(1,931,076)	(1,335,000)
Long-term portion bonds outstanding, net	<u>\$ 117,096,498</u>	<u>\$ 94,989,823</u>

In July 2021, the St. Johns County Industrial Development Authority issued on behalf of the Organization \$84,430,000 Senior Living Revenue Bonds (the "Series 2021A Bonds") and not to exceed \$31,200,000 Senior Living Revenue Bond (the "Series 2021B Bond"), collectively, the "Series 2021 Bonds," to refund previous bond issuances, to finance part of the Oak Bridge expansion project, to fund a debt service reserve account and a funded interest account, and to pay certain costs of issuing the Series 2021 Bonds.

The Series 2021A Bonds issued at a premium of approximately \$8,568,000 and have a fixed annual interest rate of 4.0%. Interest on the Series 2021A Bonds is payable semi-annually on June 15 and December 15. Principal is payable annually on December 15 and matures in increasing amounts through December 2050. The Series 2021B Bond has a variable interest rate equal to 79% of LIBOR plus 1.18% (4.43% at December 31, 2022) and pay principal and interest quarterly with principal payments beginning in September 2023. The Series 2021B Bond has a balloon payment at maturity in July 2025. Approximately \$23,000,000 of principal payments were made on the Series 2021B Bond in February and March of 2023.

NOTE 6 - BONDS PAYABLE (Continued)

In September 2022, the St. Johns County Industrial Development Authority issued on behalf of the Organization \$29,750,000 Senior Living Revenue Bond (the “Series 2022A Bond”) and \$250,000 Senior Living Revenue Bond (the “Series 2022B Bond”), collectively, the “Series 2022 Bonds,” to finance part of the Oak Bridge expansion project, to fund a debt service reserve account, and to pay certain costs of issuing the Series 2022 Bonds. The Series 2022 Bonds were issued in not to exceed amounts with proceeds obtained through construction related draws and the entire outstanding principal balance due at maturity on August 31, 2026. The Series 2022A Bond has a variable interest rate equal to 80% of the AMERIBOR Term-30 Index rate plus 1.20% (4.31% at December 31, 2022) and the Series 2022B Bond has a variable interest rate equal to the AMERIBOR Term-30 Index rate plus 1.50% (5.39% at December 31, 2022).

Repayment of the Series 2021B Bonds and the Series 2022 Bonds is to be made from a portion of the entrance fee amounts received from the initial residents of Oak Bridge. The Series 2021 Bonds and Series 2022 Bonds are collateralized by assets in trust, a mortgage on the property and equipment, and gross revenues of the Organization.

Scheduled maturities of the bonds payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,931,076
2024	2,802,151
2025	27,220,550
2026	6,242,634
2027	1,935,000
Thereafter	73,715,000
	<u>\$ 113,846,411</u>

The Series 2021 Bonds and Series 2022 were issued pursuant to a master trust indenture and supplemental indentures, and note and loan agreements, which provide, among other things, that the Organization maintain certain minimum financial ratios and minimum reserve account balances classified herein as “assets whose use is limited.” The Organization is not aware of any violations of the covenants at December 31, 2022.

Cash paid for interest for the years ended December 31, 2022 and 2021 was approximately \$3,791,000 and \$1,952,000, respectively. Approximately \$2,169,000 and \$1,019,000 of interest and amortization of bond premium and issuance costs was capitalized during 2022 and 2021, respectively.

NOTE 7 - LINE OF CREDIT

The Organization established a non-revolving line of credit with a financial institution to a maximum amount of \$20 million, bearing interest at LIBOR plus 1.66% (5.78% at December 31, 2022) and is reset at the beginning of each month. Principal and interest are payable monthly through maturity in July 2025, with principal payments beginning in August 2022. Borrowings under the line of credit are collateralized by property and equipment, and gross revenues of the Organization.

The Organization's line of credit consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Line of credit	\$ 14,478,635	\$ 19,763,065
Less net unamortized cost of issuance	(65,864)	(127,491)
Line of credit, net	<u>14,412,771</u>	<u>19,635,974</u>
Less current portion	(6,319,443)	(800,585)
Long-term portion line of credit, net	<u>\$ 8,093,328</u>	<u>\$ 18,834,989</u>

Scheduled maturities of the line of credit are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 6,319,443
2024	7,777,776
2025	381,416
	<u>\$ 14,478,635</u>

Cash paid for interest on the line of credit for the years ended December 31, 2022 and 2021, was approximately \$588,000 and \$277,000, respectively, all of which was capitalized related to the Oak Bridge expansion costs.

The line of credit was paid in full in March 2023.

NOTE 8 - RELATED-PARTY TRANSACTIONS

The Organization is affiliated with other not-for-profit organizations through common ownership by LCPS. Amounts are advanced and reimbursed between the related organizations for certain transactions and services. Amounts due from related organizations approximated \$1,000 and \$2,000 at December 31, 2022 and 2021, respectively. These advances bear no interest and have no stated terms of repayment.

The Organization has a management agreement with LCPS Management to provide, among other things, management, administration, staffing, and operating services. The agreement automatically renews annually and provides for a management fee of 5% of the Organization's gross revenues. Under the agreement, the Organization was charged a management fee of approximately \$1,112,000 and \$950,000 by LCPS Management for the years ended December 31, 2022 and 2021, respectively. The management fee is included in general and administrative expenses. In addition, the Organization has an agreement with LCPS for development services related to the Oak Bridge expansion project. The development fee is a fixed amount of approximately \$4,089,000 with a portion deferred and the remaining \$2.5 million paid out in thirds, with one third paid with the closing of the Series 2021 Bonds, one third paid out over 24 consecutive months, and the remaining one third paid with final certificate of occupancy for Oak Bridge. The Organization capitalized the entire development fee costs of approximately \$417,000 and \$1,007,000 during the years ended December 31, 2022 and 2021, respectively.

NOTE 9 - DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions that are temporary in nature and available for the following purposes at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Healthcare center	\$ 39,343	\$ 38,342
Assisted living facility	4,970	4,970
Chapel and other activities	<u>23,426</u>	<u>8,290</u>
	<u>\$ 67,739</u>	<u>\$ 51,602</u>

NOTE 10 - LEASE COMMITMENT

In February 2020, the Organization entered into an approximate thirty-one (31) year ground lease, with renewal options for two additional thirty (30) year periods, for land near its existing campus in Ponte Vedra for the Oak Bridge campus expansion. The lease terms include minimum base rent payments of \$1,500,000 for the first eleven (11) months, and \$1,800,000 for the second year, with an annual escalation thereafter. At the end of each 30-year period, the lease provides an option to purchase the land at fair market value.

The lease is classified as a financing lease and is initially measured at the present value of future lease payments over the lease term using an estimated average incremental borrowing rate of 4.5% and resulted in a right-of-use (“ROU”) lease asset and lease liability of approximately \$42 million. It is uncertain which, if any, of the options, purchase or renewal, will be economically or financially beneficial to take in the future and therefore are not included in the present value calculation for the ROU lease asset or lease liability. The ROU lease asset is amortized over the approximate 31-year lease period using the straight-line method and the lease liability is reduced by the principal portion of the lease payments. The Organization paid \$1,899,000 and \$1,800,000 in lease payments during 2022 and 2021, respectively. Amortization expense for the ROU lease asset was approximately \$1,359,000 and \$1,333,000 for the years ended December 31, 2022 and 2021, respectively.

Future minimum lease payments under the finance lease as of December 31, 2022 are approximately as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 2,003,000
2024	2,063,000
2025	2,125,000
2026	2,189,000
2027	2,254,000
Thereafter	<u>75,353,000</u>
Total future minimum payments	85,987,000
Less imputed interest	<u>(43,605,000)</u>
Present value of lease liabilities	<u>\$ 42,382,000</u>

Approximately \$1,913,000 and \$1,847,000 of interest expense for the finance lease was capitalized during the years ended December 31, 2022 and 2021, respectively.

NOTE 11 - COVID-19 AND THE EMPLOYEE RETENTION CREDIT

In 2019, a new coronavirus (“COVID-19”) was identified as the cause of a disease outbreak. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The Families First Coronavirus Response Act (“FFCRA”) and the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act were signed into law on March 18, 2020 and March 27, 2020, respectively, to address the impact of COVID-19. The Employee Retention Credit (“ERC”) was enacted by the CARES Act in March 2020, as an incentive to employers to keep their labor force intact during the COVID-19 pandemic. The Consolidated Appropriations Act of 2020 (“CAA”), enacted December 27, 2020, and the American Rescue Plan Act enacted March 11, 2021, made a number of changes to the employee retention tax credit including providing eligible employers with an employee retention tax credit equal to 70% of the qualified wages paid to employees after December 31, 2020. The Organization believes that it has met the qualifications for the ERC and in January 2023 applied for approximately \$3.5 million in ERC that will be recorded as grant revenues in the year ending December 31, 2023.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Minimum Liquid Reserve

The Organization is required by Florida Statute (the “Statute”) to maintain in an escrow account an amount equal to the principal, interest, and property tax payments due during the fiscal year. In addition, an operating reserve is required in an amount equal to 15% of the average annual operating expenses, as defined by the Statute, for the preceding three years. The Organization is also required to maintain in an escrow account a renewal and replacement reserve equal to 15% of total accumulated depreciation, but not to exceed 15% of the average annual operating expenses for the preceding three years. Collectively, these reserves are referred to as the Minimum Liquid Reserve. The Organization has complied with the Minimum Liquid Reserve requirement.

Medicare Program

Approximately 32% and 22% of the Organization’s healthcare services revenue resulted from reimbursement from the Medicare program during the years ended December 31, 2022 and 2021, respectively. Laws and regulations governing the Medicare program are complex and are subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare program.

Governmental funding for healthcare programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions, all of which may affect program reimbursement to healthcare facilities. Changes in the reimbursement policies of the Medicare program, as a result of legislative and regulatory actions, could adversely affect the revenues of the Organization.

NOTE 12 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, principally consist of cash and cash equivalents held in financial institutions in excess of federally insured limits, investments, and accounts receivable. Concentrations of credit risk with respect to private-pay accounts receivable are somewhat mitigated by the number of private-pay residents. Credit risk with respect to Medicare program receivables is mitigated by the taxing authority of the governmental entities funding the programs.

Investments and investments of assets whose use is limited are subject to the risk of market fluctuations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and market volatility, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Employee Benefit Plan

The Organization has a defined contribution employee benefit plan (the "Plan"), which covers its participating employees. The employees may elect to defer a portion of their salary, and the Organization will match a percentage of the employees' voluntary contributions to the Plan. The Organization charged approximately \$167,000 and \$135,000 to operations for its contribution to the Plan for the years ended December 31, 2022 and 2021, respectively.

Insurance and Litigation

The Organization has professional liability insurance coverage under a claims-made policy. The Organization uses this insurance program to provide coverage to comply with state of Florida regulatory requirements. Management is not aware of any claims or incidents considered probable to result in claims that would exceed the insurance policy limits. However, such matters are subject to many uncertainties, and the outcomes are not predictable with assurance. These consolidated financial statements include no provision or liability for such losses. If the Organization were to incur losses from claims in excess of insured amounts, such losses could have an adverse impact on its financial condition.

Construction Commitments

The Organization entered into construction contracts related to the Oak Bridge expansion project for approximately \$81,000,000, of which approximately \$47,500,000 has been paid as of December 31, 2022. At December 31, 2022, the Organization had Oak Bridge construction related payables of approximately \$2,200,000 in accounts payable and accrued expenses, and a construction retainage payable of approximately \$4,900,000.

SUPPLEMENTAL INFORMATION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION

Board of Directors
Life Care Ponte Vedra, Inc. and Subsidiary
Ponte Vedra Beach, Florida

We have audited the accompanying consolidated financial statements of Life Care Ponte Vedra, Inc. and Subsidiary as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated March 27, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplemental consolidating information on pages 25 through 30 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2023

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

December 31, 2022

ASSETS

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,336,626	\$ 184,145	\$ -	\$ 4,520,771
Investments - unrestricted	9,538,763	-	-	9,538,763
Assets whose use is limited, current portion	31,787,033	-	-	31,787,033
Accounts receivable	420,533	-	-	420,533
Entrance fees receivable	333,900	-	-	333,900
Prepaid expenses and other current assets	729,304	-	-	729,304
Related-party receivable	623	-	-	623
TOTAL CURRENT ASSETS	47,146,782	184,145	-	47,330,927
OTHER ASSETS, net	55,987	-	-	55,987
ASSETS WHOSE USE IS LIMITED, less current portion	15,018,060	-	-	15,018,060
RIGHT OF USE LEASE ASSET, net	38,038,782	-	-	38,038,782
PROPERTY AND EQUIPMENT, net	143,293,860	-	-	143,293,860
TOTAL ASSETS	\$ 243,553,471	\$ 184,145	\$ -	\$ 243,737,616

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 5,976,246	\$ -	\$ -	\$ 5,976,246
Current portion of line of credit	6,319,443	-	-	6,319,443
Current portion of bonds payable	1,931,076	-	-	1,931,076
Current portion of retainage payable	4,770,537	-	-	4,770,537
Entrance fee refunds payable	1,435,312	-	-	1,435,312
Entrance fee and wait list deposits	7,314,707	-	-	7,314,707
TOTAL CURRENT LIABILITIES	27,747,321	-	-	27,747,321
OTHER LIABILITIES AND DEFERRED REVENUE				
Construction retainage payable, net	142,257	-	-	142,257
Line of credit, net	8,093,328	-	-	8,093,328
Bonds payable, net	117,096,498	-	-	117,096,498
Lease liability, net	42,381,768	-	-	42,381,768
Deferred revenue from entrance fees	57,692,180	-	-	57,692,180
Refundable entrance fees	28,653,409	-	-	28,653,409
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES	254,059,440	-	-	254,059,440
TOTAL LIABILITIES	281,806,761	-	-	281,806,761
COMMITMENTS AND CONTINGENCIES				
NET ASSETS (DEFICIT)				
Without donor restrictions	(38,253,290)	116,406	-	(38,136,884)
With donor restrictions	-	67,739	-	67,739
TOTAL NET ASSETS (DEFICIT)	(38,253,290)	184,145	-	(38,069,145)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 243,553,471	\$ 184,145	\$ -	\$ 243,737,616

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT

Year Ended December 31, 2022

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT				
Residential service fees	\$ 15,605,157	\$ -	\$ -	\$ 15,605,157
Earned entrance fees	5,351,403	-	-	5,351,403
Healthcare service fees	3,484,211	-	-	3,484,211
Assisted living service fees	1,443,221	-	-	1,443,221
Home health service fees	264,480	-	-	264,480
Investment loss, net	(3,625,277)	930	-	(3,624,347)
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	22,523,195	930	-	22,524,125
OPERATING EXPENSES				
Depreciation and amortization	8,232,670	-	-	8,232,670
General and administrative	5,880,171	31,441	-	5,911,612
Healthcare services	4,487,652	-	-	4,487,652
Dietary services	4,075,338	-	-	4,075,338
Facility operations	2,530,723	-	-	2,530,723
Housekeeping	1,278,303	-	-	1,278,303
Interest	925,887	-	-	925,887
Security and transportation	724,217	-	-	724,217
Assisted living	607,046	-	-	607,046
Marketing	367,727	-	-	367,727
TOTAL OPERATING EXPENSES	29,109,734	31,441	-	29,141,175
LOSS FROM OPERATIONS	(6,586,539)	(30,511)	-	(6,617,050)
OTHER CHANGES IN NET DEFICIT				
Contributions	18,146	128,675	(18,221)	128,600
Change in unrealized gains and losses on debt securities	(3,737)	-	-	(3,737)
Other non-operating revenue	26,273	-	-	26,273
Contribution expense	-	(18,221)	18,221	-
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	(6,545,857)	79,943	-	(6,465,914)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	16,137	-	16,137
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	16,137	-	16,137
CHANGE IN NET DEFICIT	(6,545,857)	96,080	-	(6,449,777)
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	(31,713,897)	94,529	-	(31,619,368)
NET ASSET TRANSFERS	6,464	(6,464)	-	-
NET ASSETS (DEFICIT) AT END OF YEAR	\$ (38,253,290)	\$ 184,145	\$ -	\$ (38,069,145)

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
OPERATING ACTIVITIES				
Change in net deficit	\$ (6,545,857)	\$ 96,080	\$ -	\$ (6,449,777)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:				
Change in unrealized gains and losses on investments	4,368,566	-	-	4,368,566
Depreciation and amortization	8,232,670	-	-	8,232,670
Amortization of deferred charges	(26,230)	-	-	(26,230)
Earned entrance fees	(5,351,403)	-	-	(5,351,403)
Initial entrance fees received	20,930,358	-	-	20,930,358
Entrance fees received on re-occupied units	6,612,700	-	-	6,612,700
Entrance fees refunded	(3,512,869)	-	-	(3,512,869)
Non-cash use of refundable entrance fees	(152,408)	-	-	(152,408)
Changes in operating assets and liabilities:				
Accounts receivable	(57,318)	-	-	(57,318)
Prepaid expenses and other current assets	(7,837)	-	-	(7,837)
Accounts payable and accrued expenses	1,313,966	-	-	1,313,966
Entrance fee and wait list deposits	747,767	-	-	747,767
Construction retainage payable	3,526,252	-	-	3,526,252
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,078,357	96,080	-	30,174,437
INVESTING ACTIVITIES				
Purchase of property and equipment and construction costs	(69,114,321)	-	-	(69,114,321)
Change in investments - unrestricted	4,288,597	-	-	4,288,597
Change in investments - limited use	19,213,762	-	-	19,213,762
NET CASH USED IN INVESTING ACTIVITIES	(45,611,962)	-	-	(45,611,962)
FINANCING ACTIVITIES				
Change in lines of credit	(5,284,430)	-	-	(5,284,430)
Amount due to/from related party	1,424	-	-	1,424
Payment of financing costs	(687,911)	-	-	(687,911)
Repayment of bonds payable	(1,335,000)	-	-	(1,335,000)
Proceeds from issuance of debt	25,044,014	-	-	25,044,014
Payments on lease liability	(1,899,071)	-	-	(1,899,071)
Net asset transfers	6,464	(6,464)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	15,845,490	(6,464)	-	15,839,026
INCREASE IN CASH AND CASH EQUIVALENTS	311,885	89,616	-	401,501
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,024,741	94,529	-	4,119,270
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,336,626	\$ 184,145	\$ -	\$ 4,520,771

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

December 31, 2021

ASSETS

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,024,741	\$ 94,529	\$ -	\$ 4,119,270
Investments - unrestricted	13,827,360	-	-	13,827,360
Assets whose use is limited, current portion	13,088,737	-	-	13,088,737
Accounts receivable	363,215	-	-	363,215
Prepaid expenses and other current assets	721,467	-	-	721,467
Related-party receivable	2,047	-	-	2,047
	32,027,567	94,529	-	32,122,096
TOTAL CURRENT ASSETS				
OTHER ASSETS, net	111,864	-	-	111,864
ASSETS WHOSE USE IS LIMITED, less current portion	57,298,684	-	-	57,298,684
RIGHT OF USE LEASE ASSET, net	39,397,310	-	-	39,397,310
PROPERTY AND EQUIPMENT, net	79,278,340	-	-	79,278,340
	208,113,765	94,529	-	208,208,294
TOTAL ASSETS	\$ 208,113,765	\$ 94,529	\$ -	\$ 208,208,294

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 4,662,281	\$ -	\$ -	\$ 4,662,281
Current portion of line of credit	800,585	-	-	800,585
Current portion of bonds payable	1,335,000	-	-	1,335,000
Entrance fee refunds payable	1,391,678	-	-	1,391,678
Entrance fee and wait list deposits	6,566,940	-	-	6,566,940
	14,756,484	-	-	14,756,484
TOTAL CURRENT LIABILITIES				
OTHER LIABILITIES AND DEFERRED REVENUE				
Construction retainage payable	1,386,542	-	-	1,386,542
Line of credit	18,834,989	-	-	18,834,989
Bonds payable, net	94,989,823	-	-	94,989,823
Lease liability, net	42,330,879	-	-	42,330,879
Deferred revenue from entrance fees	36,376,000	-	-	36,376,000
Refundable entrance fees	31,152,945	-	-	31,152,945
	225,071,178	-	-	225,071,178
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES				
TOTAL LIABILITIES	239,827,662	-	-	239,827,662
COMMITMENTS AND CONTINGENCIES				
NET ASSETS (DEFICIT)				
Without donor restrictions	(31,713,897)	42,927	-	(31,670,970)
With donor restrictions	-	51,602	-	51,602
	(31,713,897)	94,529	-	(31,619,368)
TOTAL NET ASSETS (DEFICIT)				
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 208,113,765	\$ 94,529	\$ -	\$ 208,208,294

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT

Year Ended December 31, 2021

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Residential service fees	\$ 14,780,325	\$ -	\$ -	\$ 14,780,325
Earned entrance fees	5,161,057	-	-	5,161,057
Healthcare service fees	1,741,705	-	-	1,741,705
Assisted living service fees	1,547,685	-	-	1,547,685
Home health service fees	370,124	-	-	370,124
Investment income, net	2,454,949	36	-	2,454,985
	<u>26,055,845</u>	<u>36</u>	<u>-</u>	<u>26,055,881</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	26,055,845	36	-	26,055,881
OPERATING EXPENSES				
Depreciation and amortization	7,985,197	-	-	7,985,197
General and administrative	5,206,605	17,864	-	5,224,469
Healthcare services	3,383,335	-	-	3,383,335
Dietary services	3,341,352	-	-	3,341,352
Facility operations	2,218,603	-	-	2,218,603
Housekeeping	1,035,339	-	-	1,035,339
Interest	831,679	-	-	831,679
Security and transportation	522,629	-	-	522,629
Assisted living	509,392	-	-	509,392
Marketing	269,513	-	-	269,513
	<u>25,303,644</u>	<u>17,864</u>	<u>-</u>	<u>25,321,508</u>
TOTAL OPERATING EXPENSES	25,303,644	17,864	-	25,321,508
INCOME (LOSS) FROM OPERATIONS	752,201	(17,828)	-	734,373
OTHER CHANGES IN NET DEFICIT				
Contributions	8,034	15,750	-	23,784
Change in unrealized gains and losses on debt securities	(405,591)	-	-	(405,591)
Change in fair value of interest rate swap agreements	186,288	-	-	186,288
Other non-operating revenue (expenses)	382,725	17,864	-	400,589
Loss on refunding of debt	(294,274)	-	-	(294,274)
Termination fee on refunding of debt	(287,373)	-	-	(287,373)
Contribution expense	(91,023)	-	-	(91,023)
	<u>250,987</u>	<u>15,786</u>	<u>-</u>	<u>266,773</u>
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	250,987	15,786	-	266,773
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	13,500	-	13,500
	<u>-</u>	<u>13,500</u>	<u>-</u>	<u>13,500</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	13,500	-	13,500
CHANGE IN NET DEFICIT	250,987	29,286	-	280,273
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	(31,964,884)	65,243	-	(31,899,641)
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (31,713,897)</u>	<u>\$ 94,529</u>	<u>\$ -</u>	<u>\$ (31,619,368)</u>

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
OPERATING ACTIVITIES				
Change in net deficit	\$ 250,987	\$ 29,286	\$ -	\$ 280,273
Adjustments to reconcile change in net deficit to net cash provided by operating activities:				
Change in unrealized gains and losses on investments	785,975	-	-	785,975
Depreciation and amortization	7,985,197	-	-	7,985,197
Amortization of deferred charges	53,842	-	-	53,842
Change in fair value of interest rate swap agreements	(186,288)	-	-	(186,288)
Loss on refunding of debt	294,274	-	-	294,274
Earned entrance fees	(5,161,057)	-	-	(5,161,057)
Non-cash use of refundable entrance fees	(152,466)	-	-	(152,466)
Entrance fees received on re-occupied units	7,170,450	-	-	7,170,450
Entrance fees refunded	(5,366,719)	-	-	(5,366,719)
Changes in operating assets and liabilities:				
Accounts receivable	55,969	-	-	55,969
Prepaid expenses and other current assets	(242,415)	-	-	(242,415)
Accounts payable and accrued expenses	3,452,676	-	-	3,452,676
Entrance fee and wait list deposits	2,360,042	-	-	2,360,042
Construction retainage payable	1,386,542	-	-	1,386,542
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,687,009	29,286	-	12,716,295
INVESTING ACTIVITIES				
Purchase of property and equipment and expansion costs	(33,229,076)	-	-	(33,229,076)
Change in investments - unrestricted	(1,194,206)	-	-	(1,194,206)
Change in investments - limited use	(56,477,241)	-	-	(56,477,241)
NET CASH USED IN INVESTING ACTIVITIES	(90,900,523)	-	-	(90,900,523)
FINANCING ACTIVITIES				
Change in line of credit	8,855,335	-	-	8,855,335
Amount due to/from related party	1,650	-	-	1,650
Payment of financing costs	(2,218,243)	-	-	(2,218,243)
Repayment of bonds payable	(25,267,487)	-	-	(25,267,487)
Proceeds from issuance of debt	99,390,196	-	-	99,390,196
Payment for termination of interest rate swap agreements	(583,500)	-	-	(583,500)
Payments on lease liability	(1,800,000)	-	-	(1,800,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	78,377,951	-	-	78,377,951
INCREASE IN CASH AND CASH EQUIVALENTS	164,437	29,286	-	193,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,860,304	65,243	-	3,925,547
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,024,741	\$ 94,529	\$ -	\$ 4,119,270

See Report of Independent Certified Public Accountants on Supplemental Information.

**LIFE CARE PONTE VEDRA, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2021 and 2020

**LIFE CARE PONTE VEDRA, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Life Care Ponte Vedra, Inc. and Subsidiaries
Ponte Vedra Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of Life Care Ponte Vedra, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net deficit, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 21, 2022

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,119,270	\$ 3,925,547
Investments - unrestricted	13,827,360	13,015,282
Assets whose use is limited, current portion	13,088,737	4,165,253
Accounts receivable	363,215	419,184
Entrance fees receivable	-	120,150
Prepaid expenses and other current assets	721,467	479,052
Related-party receivable	2,047	3,697
TOTAL CURRENT ASSETS	32,122,096	22,128,165
OTHER ASSETS, net		
ASSETS WHOSE USE IS LIMITED, less current portion	111,864	174,832
RIGHT OF USE LEASE ASSET, net	57,298,684	10,148,774
PROPERTY AND EQUIPMENT, net	39,547,310	40,693,704
	79,128,340	50,862,426
TOTAL ASSETS	\$ 208,208,294	\$ 124,007,901

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,662,281	\$ 1,209,604
Current portion of line of credit	800,585	-
Current portion of bonds payable	1,335,000	1,549,700
Entrance fee refunds payable	1,391,678	1,915,200
Entrance fee and wait list deposits	6,566,940	4,206,898
TOTAL CURRENT LIABILITIES	14,756,484	8,881,402
OTHER LIABILITIES AND DEFERRED REVENUE		
Construction retainage payable	1,386,542	-
Line of credit, net	18,834,989	10,683,896
Bonds payable, net	94,989,823	22,738,513
Interest rate swaps	-	769,788
Lease liability, net	42,330,879	42,198,578
Deferred revenue from entrance fees	36,376,000	35,361,464
Refundable entrance fees	31,152,945	35,273,901
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES	225,071,178	147,026,140
TOTAL LIABILITIES	239,827,662	155,907,542
COMMITMENTS AND CONTINGENCIES		
NET ASSETS (DEFICIT)		
Without donor restrictions	(31,670,970)	(31,937,743)
With donor restrictions	51,602	38,102
TOTAL NET DEFICIT	(31,619,368)	(31,899,641)
TOTAL LIABILITIES AND NET DEFICIT	\$ 208,208,294	\$ 124,007,901

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT

Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES, GAINS, AND OTHER SUPPORT		
Residential service fees	\$ 14,780,325	\$ 14,270,397
Earned entrance fees	5,161,057	5,153,488
Healthcare service fees	1,741,705	2,239,345
Assisted living service fees	1,547,685	1,732,931
Home health service fees	370,124	611,842
Investment income, net	2,454,985	2,281,410
Grant revenue	-	1,739,756
	26,055,881	28,029,169
TOTAL REVENUES, GAINS, AND OTHER SUPPORT		
OPERATING EXPENSES		
Depreciation and amortization	7,985,197	7,867,336
General and administrative	5,224,469	5,032,064
Dietary services	3,341,352	3,422,191
Healthcare services	3,383,335	3,726,450
Facility operations	2,218,603	2,134,011
Housekeeping	1,035,339	957,664
Interest	831,679	857,167
Security and transportation	522,629	499,289
Assisted living	509,392	515,457
Marketing	269,513	281,364
	25,321,508	25,292,993
TOTAL OPERATING EXPENSES		
INCOME FROM OPERATIONS	734,373	2,736,176
OTHER CHANGES IN NET DEFICIT		
Contributions	23,784	56,000
Change in unrealized gains and losses on debt securities	(405,591)	-
Change in fair value of interest rate swap agreements	186,288	(458,892)
Other non-operating revenue	400,589	14,920
Loss on refunding of debt	(294,274)	-
Termination fee on refunding of debt	(287,373)	-
Contribution expense	(91,023)	-
	266,773	2,348,204
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS		
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	13,500	12,200
	13,500	12,200
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
CHANGE IN NET DEFICIT	280,273	2,360,404
NET DEFICIT AT BEGINNING OF YEAR	(31,899,641)	(34,260,045)
NET DEFICIT AT END OF YEAR	\$ (31,619,368)	\$ (31,899,641)

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2021 and 2020

Year Ended December 31, 2021

	<u>Program Services</u>		<u>Support Services</u>		Total
	<u>Senior Living and Care</u>	<u>Management and General</u>	<u>Fundraising and Development</u>		
Salaries and related expenses	\$ 8,311,265	\$ 574,866	\$ -		\$ 8,886,131
Depreciation and amortization	7,872,866	112,331	-		7,985,197
Occupancy	2,410,155	29,896	-		2,440,051
Food and beverage supplies	1,207,488	-	-		1,207,488
Professional and contract services	417,099	746,760	-		1,163,859
Management fees	350,542	581,539	17,446		949,527
Taxes and insurance	370,437	551,768	-		922,205
Interest	825,449	6,230	-		831,679
Supplies and equipment	632,029	41,752	418		674,199
Other	51,449	163,316	-		214,765
Marketing and advertising	13,665	32,742	-		46,407
TOTAL OPERATING EXPENSES	<u>\$ 22,462,444</u>	<u>\$ 2,841,200</u>	<u>\$ 17,864</u>		<u>\$ 25,321,508</u>

Year Ended December 31, 2020

	<u>Program Services</u>		<u>Support Services</u>		Total
	<u>Senior Living and Care</u>	<u>Management and General</u>	<u>Fundraising and Development</u>		
Salaries and related expenses	\$ 8,589,457	\$ 522,124	\$ -		\$ 9,111,581
Depreciation and amortization	7,664,069	203,267	-		7,867,336
Occupancy	2,226,183	29,695	-		2,255,878
Food and beverage supplies	1,258,761	-	-		1,258,761
Professional and contract services	406,482	768,537	-		1,175,019
Management fees	364,006	586,552	17,597		968,155
Interest	850,746	6,421	-		857,167
Taxes and insurance	309,552	527,249	-		836,801
Supplies and equipment	654,139	36,169	553		690,861
Other	37,719	178,491	-		216,210
Marketing and advertising	2,285	52,939	-		55,224
TOTAL OPERATING EXPENSES	<u>\$ 22,363,399</u>	<u>\$ 2,911,444</u>	<u>\$ 18,150</u>		<u>\$ 25,292,993</u>

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Change in net deficit	\$ 280,273	\$ 2,360,404
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Change in unrealized gains and losses on investments	785,975	(1,810,637)
Depreciation and amortization	7,985,197	7,867,336
Amortization of deferred charges and bond premium	53,842	79,754
Change in fair value of interest rate swap agreements	(186,288)	458,892
Loss on refunding of debt	294,274	-
Earned entrance fees	(5,161,057)	(5,153,488)
Non-cash use of refundable entrance fees	(152,466)	(107,061)
Entrance fees received	7,170,450	7,406,605
Changes in operating assets and liabilities:		
Accounts receivable	55,969	41,070
Prepaid expenses and other current assets	(242,415)	289,983
Accounts payable and accrued expenses	3,452,676	(120,290)
Entrance fee and wait list deposits	2,360,042	3,233,212
Construction retainage payable	1,386,542	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,083,014	14,545,780
INVESTING ACTIVITIES		
Purchase of property and equipment and construction costs	(33,229,076)	(12,886,883)
Change in investments - unrestricted	(1,194,206)	1,889,762
Change in investments - limited use	(56,477,241)	(4,105,245)
NET CASH USED IN INVESTING ACTIVITIES	(90,900,523)	(15,102,366)
FINANCING ACTIVITIES		
Change in lines of credit	8,855,335	9,307,730
Amount due to/from related party	1,650	(8,298)
Entrance fees refunded	(5,366,719)	(4,886,007)
Payment of financing costs	(2,218,243)	(223,834)
Repayment of bonds payable	(25,267,487)	(1,498,100)
Proceeds from issuance of debt	99,390,196	-
Payment for termination of interest rate swap agreements	(583,500)	-
Payments on lease liability	(1,800,000)	(1,650,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	73,011,232	1,041,491
INCREASE IN CASH AND CASH EQUIVALENTS	193,723	484,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,925,547	3,440,642
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,119,270	\$ 3,925,547

The accompanying notes are an integral part of the consolidated financial statements.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Life Care Ponte Vedra, Inc. (“LCPV”) is a not-for-profit corporation, which provides housing, healthcare, and other related services to senior adults through the operation of a retirement community known as Vicar’s Landing in Ponte Vedra Beach, Florida. The retirement community consists of 227 independent residential units, 38 assisted living units, and a 60-bed skilled nursing center. LCPV is the sole corporate member of Vicar’s Landing Foundation, Inc. (the “Foundation”) and Vicar’s Landing at Oak Bridge, LLC (“VLOB”). The Foundation was organized in May 2017 to raise funds to support LCPV and its residents. VLOB was organized in May 2018 to own and operate a planned campus expansion project. VLOB never commenced operations and was merged into LCPV in April 2021. The LCPV expansion project is called Vicar’s Landing at Oak Bridge (“Oak Bridge”) and began construction in July 2021. Oak Bridge will initially include approximately 109 independent living units (planned for additional phases adding another 66 independent living units and 60 assisted living/memory care units) and related common areas on an approximately 42-acre parcel of land located less than one mile from the existing campus. These consolidated financial statements include the accounts of LCPV, the Foundation, and VLOB (collectively, the “Organization”). All significant inter-company accounts and transactions have been eliminated in the consolidation.

The sole corporate member of LCPV is Life Care Pastoral Services, Inc. (“LCPS”). LCPS is also the sole corporate member of other not-for-profit organizations, including LCPS Management, Inc. (“LCPS Management”). LCPS Management provides management, operational, and administrative services for the Organization and other LCPS entities.

The Organization operates under the “continuing care” concept in which residents enter into an occupancy agreement, which requires payment of a one-time entrance fee and a monthly service fee. Generally, these payments entitle residents to the use and privileges of Vicar’s Landing for life, including certain nursing services in the Organization’s skilled nursing facility. The occupancy agreement does not entitle the residents to an interest in the real estate or any property owned by the Organization.

Accounting Standards Adoption

On January 1, 2020, the Organization adopted Accounting Standards Update ASU No. 2016-02, *Leases* (Topic 842) (“ASC Topic 842”). This guidance requires an entity to recognize lease liabilities and a right-of-use (“ROU”) asset for all leases on the balance sheet and to disclose key information about the entity’s leasing arrangements. As a result of adopting ASC Topic 842, the Organization recognized a ROU assets and corresponding financing lease liability of approximately \$42 million in February 2020 with entering into a 31-year ground lease for the Oak Bridge campus expansion (see Note 11).

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Assets

Net assets are presented based on the existence or absence of donor-imposed restrictions. In these consolidated financial statements, net assets are reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets whose use is subject to donor-imposed stipulations for a particular purpose or period of time. Donor restrictions can be temporary in nature and fulfilled by actions or the passage of time, or can be perpetual and be maintained permanently by the Organization.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates, and such differences could be material.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents, except those classified as investments and assets whose use is limited. The Organization does not include cash or cash equivalents classified as investments or assets whose use is limited as restricted cash when preparing its consolidated statements of cash flows.

Investments and Assets Whose Use is Limited

The Organization's investments, including assets whose use is limited, are reported at fair value. Fair value is determined using the quoted closing or latest bid prices on active exchanges, if available. Realized gains and losses are calculated based on proceeds received less carrying value at the beginning of the reporting period. The cost of securities sold is based on the average cost method. Changes in unrealized gains and losses represent the change in the market value of investment holdings during the period.

Accounts Receivable

Accounts receivable represent amounts due from the Medicare program, private insurance carriers, and private-pay residents, as well as residents with co-insurance provisions. Third-party reimbursement is a complex process which involves submission of claims to multiple payors, each having its own claims requirements. In some cases, the ultimate collection of accounts receivable subsequent to the service dates may not be known for several months.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accounts Receivable (Continued)

Accounts receivable are recognized at the net amount expected to be collected based on an established collection history and review of individual balances. Amounts charged for goods and services that are not expected to be received representing contractual adjustments and implicit price concessions are recognized as a reduction of the related revenue. The Organization recognizes a separate allowance when circumstances have changed the resident's ability to pay subsequent to the delivery of goods and services and is recognized in the period the change is determined as a reduction of revenue. Individual account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Contract Acquisition Costs

The incremental costs to acquire a resident agreement that are expected to be recovered, which otherwise would not have been incurred had an agreement not been executed, are capitalized and amortized systematically over the average expected residency of the residents. Contract acquisition costs are presented in the consolidated balance sheets in other assets net of accumulated amortization at December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Contract acquisition costs	\$ 334,050	\$ 421,575
Less accumulated amortization	<u>(222,186)</u>	<u>(246,743)</u>
Contract acquisition costs, net	<u>\$ 111,864</u>	<u>\$ 174,832</u>

Amortization expense approximated \$63,000 and \$155,000 for the years ended December 31, 2021 and 2020, respectively, and are included in depreciation and amortization expense.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. Additions, renewals, and betterments that extend the life of an asset and have a cost basis greater than \$5,000 are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	<u>Estimated Useful Lives</u>
Land improvements	5–20 years
Buildings and improvements	5–40 years
Furniture and equipment	3–15 years
Vehicles	5–10 years

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Entrance Fee and Wait List Deposits

Generally, prospective residents are required to make a \$2,500 deposit to be placed on a waiting list. Entrance fee deposits represent amounts paid by prospective residents who have signed an occupancy agreement to reserve a living unit. Generally, a deposit of 10% of the entrance fee is collected when the occupancy agreement is signed. The balance of the fee is payable at the time of occupancy. Prospective residents may cancel their occupancy agreements at any time prior to occupancy and receive a refund of their deposit, less 4% of the total entrance fee and any costs specifically incurred by the Organization at the request of the prospective residents. As of December 31, 2021 and 2020, the Organization had approximately \$645,000 and \$595,000 in wait list deposits and approximately \$5,922,000 and \$3,612,000 in entrance fee deposits, respectively. Approximately \$5,747,000 and \$3,543,000 of the entrance fee deposits for 2021 and 2020, respectively, are for Oak Bridge.

Deferred Financing Costs and Original Issue Premium

Costs of obtaining long-term financing are netted against the related debt and amortized over the debt's term (see Note 6). Amortization of deferred financing costs is included in interest expense.

The Series 2021A Bonds were issued at a premium to their face value of approximately \$8,568,000. The original issue premium is added to the face amount of the bonds and is being amortized over the term of the related issue as a reduction to interest expense (see Note 6).

Obligation to Provide Future Services and Use of Facilities

The Organization annually reviews the present value of the net cost of future services and use of facilities to be provided to current residents, and it compares that amount with the balance of deferred revenue from entrance fees. If the present value of the estimated net cost of future services and 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 recorded at December 31, 2021 and 2020 because the present value of the estimated net cost of future services (based on a discount rate of 5%) and use of facilities is less than deferred revenue from entrance fees.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition

The Organization recognizes the amount of revenue it expects to collect for the transfer of goods or services to residents over the period in which its performance obligations are satisfied, net of implicit price concessions. The implicit price concession represents the difference between amounts billed and amounts expected to be collected. The estimates for implicit price concessions are based upon the assessment of historical write-offs and net collections, business and economic conditions, trends in federal, state, and private employer healthcare coverage, and other collection indicators. Revenues related to uninsured patients (including self-pay portions of coinsurance) are a principal source of implicit price concessions. There were no implicit price concessions recorded as a reduction to revenue for the years ended December 31, 2021 and 2020.

The composition of revenues for services is as follows for the years ended December 31, 2021 and 2020:

<u>Revenue Component</u>	<u>2021</u>	<u>2020</u>
Residential service fees		
Monthly service fees – private pay	\$ 14,780,325	\$ 14,270,397
Healthcare service fees:		
Private and commercial insurance	1,361,420	1,824,784
Medicare	380,285	414,561
Total healthcare services	1,741,705	2,239,345
Assisted living fees		
Monthly service fees – private pay	1,547,685	1,723,931
Home health service fees		
Private pay	370,124	611,842
	<u>\$ 18,439,839</u>	<u>\$ 18,845,515</u>

Residential Service Fees and Assisted Living Fees

Service fees paid by residents for maintenance, meals, nursing supplies, assisted living, and other services are assessed monthly and are recognized as revenue in the period services are performed and occupancy rights are utilized. Performance obligations for service fees are generally satisfied over a month or portion thereof based on length of residency.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

Entrance Fees

Entrance fees paid by residents upon entering into standard continuing care contracts are separated into distinct nonrefundable and refundable portions. Performance obligations are satisfied over the period of residency. The nonrefundable portion represents advance payment for future services and is accounted for as deferred revenue and is amortized to income each month using a time-based measurement based upon the remaining actuarial life expectancy of the continuing care resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit. The refundable portion of entrance fees is recorded as a liability and is not recognized as revenue at any time.

The Organization offered residency agreements with two types of payment plans during 2021 and 2020. One plan provides a minimum refund of 75% or 50% of the entrance fee, regardless of the passage of time, while the other plan has no minimum refund.

Nonrefundable entrance fees and entrance fee amounts in excess of the minimum refund obligation are recorded as “deferred revenue from entrance fees” and are amortized to income over future periods based on the life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

Residency agreements may be canceled by residents at any time, for any reason, and, under certain circumstances, a portion of the entrance fee may be refundable. The 75% and 50% minimum refund plan provides for a declining refund over a 21-month and 46-month period, with the Organization retaining a 4% administrative fee and 1% per month. After 21 or 46 months, the refundable amount remains at 75% or 50% and is refunded from the proceeds of the next entrance fees received for which there are no prior claims. The nonrefundable plan provides for a declining refund over a 48-month period, with the Organization retaining a 4% administrative fee and 2% per month for 48 months. After 48 months, there is no refund due. In the event of a resident’s death, after four months of residency, the obligations of the Organization are considered to be fulfilled, and the unamortized portion of the entrance fee in excess of any minimum refund amount is recognized as revenue.

Based on historical experience, entrance fees expected to be refunded to current residents in future years is approximately \$33,561,000 and \$38,526,000 at December 31, 2021 and 2020, respectively. The Organization’s contractual, as opposed to expected, refund obligation, assuming all contracts were terminated, approximated \$45,489,000 and \$50,201,000 at December 31, 2021 and 2020, respectively.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition *(Continued)*

Healthcare Revenue

Healthcare revenue is reported at the estimated net realizable amounts receivable from residents, third-party payors, and others at the time services are rendered. The performance obligation is generally satisfied over the period of a day.

The Centers for Medicare & Medicaid Services (“CMS”) reimbursed for services rendered to Medicare program beneficiaries using prospectively determined case-mix rates (“PPS”). The PPS model, the Patient-Driven Payment Model (“PDPM”), classifies patients into payment groups based on clinically relevant factors using diagnosis codes derived from a patient’s condition and care needs.

Revenue under third-party payor agreements is generally subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements, if any, are made in the period the related services are rendered to recognize any implicit price concessions. Differences between any estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Home Health Revenue

Revenues from providing home health services are recognized ratably over the period of care and are reported at the estimated amounts to be collected from residents and patients, third-party payors, and others at the time the care is provided. The performance obligation period varies based upon the care plan.

Contributions

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions in that period.

Fair Value of Financial Instruments

The carrying amounts of the Organization’s short-term financial instruments approximate their fair value.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Interest Rate Swap Agreements

The Organization used variable-to-fixed interest rate swap agreements to hedge against increases in short-term interest rates. The fair value of the swap is recorded as either an asset or a liability, depending on changes in interest rates. The change in the fair value between balance sheet dates is recognized as a component of the change in net deficit without donor restrictions in the period of change. Interest payments made or received under the swap agreement are reflected as a decrease or increase in interest expense.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Depreciation, interest, utilities, and property and flood insurance is allocated based on square footage; management fees based on relative time spent; and certain employee benefits based on wages.

Income Taxes

LCPV and the Foundation have been recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. VLOB was a disregarded entity for federal income tax purposes. Accordingly, income earned in furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes, and, therefore, these consolidated financial statements include no provision or liability for income taxes.

Performance Indicator

To segregate the financial results of operating activities from the financial results of other activities, the consolidated statements of operations and changes in net deficit include a performance indicator described as "income from operations."

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through March 21, 2022, the date the consolidated financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Assets whose use is limited by provisions of the trust indenture (see Note 6) and other contractual or regulatory obligations at December 31, 2021 and 2020 are summarized as follows:

<u>Fund</u>	<u>Purpose</u>	<u>2021</u>	<u>2020</u>
Operating Reserve	Reserve to fund potential deficiencies in operations.	\$ 4,181,590	\$ 3,708,649
Renewal and Replacement	To fund renewal and replacement of assets.	3,731,601	3,302,908
Debt Service Reserve	Reserve to fund potential deficiencies in debt service payments.	6,006,286	3,137,217
Bond Funds	To pay interest and principal on the bonds payable.	4,187,442	17,428
Entrance Fee and Wait List Escrows	Entrance fee and future resident deposits.	6,422,285	4,147,825
Project Fund	To fund construction costs of the expansion project.	45,858,217	-
		<u>70,387,421</u>	<u>14,314,027</u>
Less current portion		<u>(13,088,737)</u>	<u>(4,165,253)</u>
		<u>\$ 57,298,684</u>	<u>\$ 10,148,774</u>

Amounts in the bond funds, entrance fee and wait list escrows, and part of the project fund are expected to be used to meet current obligations of the Organization for debt service and entrance fee deposits or refundable on prospective resident demand, and are classified as current in the consolidated balance sheets. Amounts in the operating reserve, and renewal and replacement are used to meet the Minimum Liquid Reserve (see Note 13).

The composition of investments and assets whose use is limited was as follows at December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Fair Value</u>	<u>Costs</u>	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$16,411,968	\$16,411,968	\$ 7,559,363	\$ 7,559,363
Equities - domestic	3,375,203	2,472,842	4,523,764	3,724,387
Equities - foreign	2,037,359	1,761,474	1,876,497	1,600,415
Mutual funds:				
Equities	8,146,639	6,026,712	5,878,149	3,623,325
Bonds	7,723,371	7,573,598	7,491,536	6,993,475
Debt securities - domestic	32,834,026	33,100,683	-	-
Debt securities - foreign	13,598,430	13,737,364	-	-
Accrued interest	87,785	87,785	-	-
Total	<u>\$84,214,781</u>	<u>\$81,172,426</u>	<u>\$27,329,309</u>	<u>\$23,500,965</u>

NOTE 2 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (Continued)

Investment earnings for the years ended December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income, net of expenses	\$ 310,967	\$ 219,799
Net realized gain on investments	2,524,402	250,974
Change in net unrealized gains and losses on equity investments	<u>(380,384)</u>	<u>1,810,637</u>
Investment income, net	2,454,985	2,281,410
Change in net unrealized gains and losses on debt obligations	<u>(405,591)</u>	<u>-</u>
Total investment earnings, net	<u>\$2,049,394</u>	<u>\$2,281,410</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

The fair value of financial instruments is presented based upon a hierarchy of levels that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

If available, quoted market prices are used to value investments. Equity and debt securities are valued at the closing price reported on the major market on which the individual securities are traded. Money market funds and mutual funds are valued at the net asset value ("NAV") of shares held by the Organization at year-end. The NAV is based on the value of the underlying assets owned by the mutual fund, minus its liabilities, and then divided by the number of shares outstanding.

The following tables set forth, by level, within the fair value hierarchy, the Organization's investments and assets whose use is limited measured at fair value as of December 31, 2021 and 2020:

	December 31, 2021			Total
	Fair Value Measurements			
	Level 1	Level 2	Level 3	
Investments and Assets Whose Use is Limited:				
Cash and cash equivalents	\$ 16,411,968	\$ -	\$ -	\$ 16,411,968
Equities - domestic	3,375,203	-	-	3,375,203
Equities - foreign	2,037,359	-	-	2,037,359
Mutual funds:				
Equities	8,146,639	-	-	8,146,639
Bonds	7,723,371	-	-	7,723,371
Debt securities - domestic	32,834,026	-	-	32,834,026
Debt securities - foreign	13,598,430	-	-	13,598,430
Accrued interest	-	87,785	-	87,785
Total	<u>\$ 84,126,996</u>	<u>\$ 87,785</u>	<u>\$ -</u>	<u>\$ 84,214,781</u>

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2020			Total
	Fair Value Measurements			
	Level 1	Level 2	Level 3	
Investments and Assets Whose Use is Limited:				
Cash and cash equivalents	\$ 7,559,363	\$ -	\$ -	\$ 7,559,363
Equities - domestic	4,523,764	-	-	4,523,764
Equities - foreign	1,876,497	-	-	1,876,497
Mutual funds:				
Equities	5,878,149	-	-	5,878,149
Bonds	7,491,536	-	-	7,491,536
Total	<u>\$ 27,329,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,329,309</u>

The interest rate swap agreements were valued based on quoted data from the counterparty or a swap consultant, derived with mathematical approximations of indirectly observable market data (Level 2).

NOTE 4 - LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year of the consolidated balance sheet date consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,119,270	\$ 3,925,547
Investments	13,827,360	13,015,282
Accounts receivable	363,215	419,184
Entrance fees receivable	-	120,150
Related-party receivable	2,047	3,697
	<u>\$ 18,311,892</u>	<u>\$ 17,483,860</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, excess cash is routinely invested in a portfolio of investment instruments to increase earnings. The investment portfolio includes investments readily convertible into cash to manage any unanticipated liquidity needs, if needed.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 9,151,773	\$ 8,964,671
Buildings and improvements	69,599,834	68,615,574
Furniture and equipment	18,256,916	19,236,512
Vehicles	389,268	377,283
	<u>97,397,791</u>	<u>97,194,040</u>
Less accumulated depreciation	<u>(56,439,081)</u>	<u>(53,425,094)</u>
	40,958,710	43,768,946
Construction in progress	<u>38,169,630</u>	<u>7,093,480</u>
Property and equipment, net	<u>\$ 79,128,340</u>	<u>\$ 50,862,426</u>

Construction in progress consist of costs associated with unit renovations, building improvements, and costs related to the Oak Bridge expansion project.

NOTE 6 - BONDS PAYABLE

The Organization's bonds payable consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Series 2021 Bonds	\$ 90,137,397	\$ -
Series 2016 Bonds	-	13,285,200
Series 2014 Bonds	-	11,302,500
Total bonds outstanding	<u>90,137,397</u>	<u>24,587,700</u>
Net unamortized bond premium	8,320,403	-
Net unamortized cost of issuance	<u>(2,132,977)</u>	<u>(299,487)</u>
Total bonds outstanding, net	96,324,823	24,288,213
Less current portion	<u>(1,335,000)</u>	<u>(1,549,700)</u>
Long-term portion bonds outstanding, net	<u>\$ 94,989,823</u>	<u>\$ 22,738,513</u>

In January 2014, the St. Johns County Industrial Development Authority issued, on behalf of the Organization, \$8,000,000 Health Care Revenue Bonds (the "Series 2014A Bonds") and not to exceed \$8,000,000 Health Care Revenue Bonds (the "Series 2014B Bonds"), collectively, the "Series 2014 Bonds," for renovations and capital improvements to the Vicar's Landing campus, to fund a debt service reserve account, and to pay certain costs of issuing the Series 2014 Bonds.

The Series 2014A Bonds had a fixed annual interest rate of 3.55% and the Series 2014B Bonds had a variable rate equal to 65% of LIBOR plus 1.48% (1.583% at December 31, 2020). The Organization had a variable-to-fixed interest rate swap agreement to effectively fix the annual interest rate on the Series 2014B Bonds at 3.035% (see Note 7). Principal and interest payments on the Series 2014 Bonds were payable monthly. The Series 2014 Bonds were paid in full in July 2021.

NOTE 6 - BONDS PAYABLE (Continued)

In November 2016, the St. Johns County Industrial Development Authority issued on behalf of the Organization \$15,725,000 Health Care Revenue and Revenue Refunding Bonds (the “Series 2016 Bonds”) to refund a prior bond issuance, pay for certain capital improvements, and pay certain costs of issuing the Series 2016 Bonds. The Series 2016 Bonds had an annual variable interest rate equal to the sum of 65% of LIBOR plus 1.23% (1.333% at December 31, 2020). The Organization had a variable-to-fixed interest rate swap agreement to effectively fix the annual interest rate on the Series 2016 Bonds at 2.76% (see Note 7). Principal and interest payments on the Series 2016 Bonds were payable monthly. The Series 2016 Bonds were paid in full in July 2021.

In July 2021, the St. Johns County Industrial Development Authority issued on behalf of the Organization \$84,430,000 Senior Living Revenue Bonds (the “Series 2021A Bonds”) and not to exceed \$31,200,000 Senior Living Revenue Bond (the “Series 2021B Bond”), collectively, the “Series 2021 Bonds,” to refund the Series 2014 Bonds and Series 2016 Bonds, to finance part of the Oak Bridge expansion project, to fund a debt service reserve account and a funded interest account, and to pay certain costs of issuing the Series 2021 Bonds.

The Series 2021A Bonds issued at a premium of approximately \$8,568,000 and have a fixed annual interest rate of 4.0%. Interest on the Series 2021A Bonds is payable semi-annually on June 15 and December 15. Principal is payable annually on December 15 and matures in increasing amounts through December 2050. The Series 2021B Bond has a variable interest rate equal to 79% of LIBOR plus 1.18% (1.26% at December 31, 2021) and pay principal and interest quarterly with principal payments beginning in September 2023. The Series 2021B Bond has a balloon payment at maturity in July 2025.

The Series 2021 Bonds are collateralized by assets in trust, a mortgage on the property and equipment, and gross revenues of the Organization.

Scheduled maturities of the bonds payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,335,000
2023	1,517,848
2024	1,975,696
2025	7,798,853
2026	1,860,000
Thereafter	75,650,000
	<u>\$ 90,137,397</u>

The Series 2021 Bonds were issued pursuant to a master trust indenture and supplemental indentures, and a note and loan agreement, which provide, among other things, that the Organization maintain certain minimum financial ratios and minimum reserve account balances classified herein as “assets whose use is limited.” The Organization is not aware of any violations of the covenants at December 31, 2021.

NOTE 6 - BONDS PAYABLE (Continued)

Cash paid for interest for the years ended December 31, 2021 and 2020 was approximately \$1,952,000 and \$776,000, respectively. Approximately \$1,019,000 of interest and amortization of bond premium and issuance costs was capitalized during 2021.

NOTE 7 - INTEREST RATE SWAP AGREEMENTS

Effective November 2016, the Organization entered into a variable-to-fixed interest rate swap agreement with a financial institution (the “2016 Swap”), to hedge against increases in short-term interest rates related to the Series 2016 Bonds. Under the 2016 Swap, the Organization paid a fixed rate of 2.76% and received interest at 65% of LIBOR plus 1.23%. The fair value of the 2016 Swap resulted in a liability of approximately \$547,000 at December 31, 2020.

Effective May 2017, the Organization entered into a variable-to-fixed interest rate swap agreement with a financial institution (the “2017 Swap”), to hedge against increases in short-term interest rates related to the Series 2014B Bonds. Under the 2017 Swap, the Organization paid a fixed rate of 3.035% and received interest at 65% of LIBOR plus 1.48%. The fair value of the 2017 Swap resulted in a liability of approximately \$223,000 at December 31, 2020.

The 2016 Swap and the 2017 Swap were terminated with the issuance of the Series 2021 Bonds and the refunding of the Series 2014 Bonds and Series 2016 Bonds. Approximately \$584,000 was paid to terminate the swap agreements.

NOTE 8 - LINE OF CREDIT

The Organization established a non-revolving line of credit with a financial institution to a maximum amount of \$20 million, bearing interest at LIBOR plus 1.66% (1.759% at December 31, 2021) and is reset at the beginning of each month. Principal and interest are payable monthly through maturity in July 2025, with principal payments beginning in August 2022. Borrowings under the line of credit are collateralized by property and equipment, and gross revenues of the Organization.

The Organization’s line of credit consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Line of credit	\$ 19,763,065	\$ 10,907,730
Less net unamortized cost of issuance	(127,491)	(223,834)
Line of credit, net	<u>19,635,974</u>	<u>10,683,896</u>
Less current portion	(800,585)	-
Long-term portion line of credit, net	<u>\$ 18,834,989</u>	<u>\$ 10,683,896</u>

NOTE 8 - LINE OF CREDIT (Continued)

Scheduled maturities of the line of credit are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 800,585
2023	6,244,579
2024	7,685,640
2025	5,032,261
	<u>\$ 19,763,065</u>

Cash paid for interest on the line of credit for the years ended December 31, 2021 and 2020, was approximately \$277,000 and \$57,000, respectively, all of which was capitalized related to the Oak Bridge expansion costs.

NOTE 9 - RELATED-PARTY TRANSACTIONS

The Organization is affiliated with other not-for-profit organizations through common ownership by LCPS. Amounts are advanced and reimbursed between the related organizations for certain transactions and services. Amounts due from related organizations approximated \$2,000 and \$4,000 at December 31, 2021 and 2020, respectively. These advances bear no interest and have no stated terms of repayment.

The Organization has a management agreement with LCPS Management to provide, among other things, management, administration, staffing, and operating services. The agreement automatically renews annually and provides for a management fee of 5% of the Organization's gross revenues. Under the agreement, the Organization was charged a management fee of approximately \$950,000 and \$968,000 by LCPS Management for the years ended December 31, 2021 and 2020, respectively. The management fee is included in general and administrative expenses. In addition, the Organization has an agreement with LCPS for development services related to the Oak Bridge expansion project. The development fee is a fixed amount of approximately \$3,188,000 with a portion deferred and the remaining \$2.5 million paid out in thirds, with one third paid on closing of the Series 2021 Bonds, one third paid out over 24 consecutive months, and the remaining one third paid with final certificate of occupancy for Oak Bridge. The Organization capitalized the entire development fee costs of approximately \$1,007,000 during the year ended December 31, 2021.

NOTE 10 - DONOR-RESTRICTED NET ASSETS

Net assets with donor restrictions that are temporary in nature and available for the following purposes at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Healthcare center	\$ 38,342	\$ 24,842
Assisted living facility	4,970	4,970
Other projects and activities	8,290	8,290
	<u>\$ 51,602</u>	<u>\$ 38,102</u>

NOTE 11 - LEASE COMMITMENT

In February 2020, the Organization entered into an approximate thirty-one (31) year ground lease, with renewal options for two additional thirty (30) year periods, for land near its existing campus in Ponte Vedra for the Oak Bridge campus expansion. The lease terms include minimum base rent payments of \$1,500,000 for the first eleven (11) months, and \$1,800,000 for the second year, with an annual escalation thereafter. At the end of each 30-year period, the lease provides an option to purchase the land at fair market value.

The lease is classified as a financing lease and is initially measured at the present value of future lease payments over the lease term using an estimated average incremental borrowing rate of 4.5% and resulted in a ROU lease asset and lease liability of approximately \$42 million. It is uncertain which, if any, of the options, purchase or renewal, will be economically or financially beneficial to take in the future and therefore are not included in the present value calculation for the ROU lease asset or lease liability. The ROU lease asset is amortized over the approximate 31-year lease period using the straight-line method and the lease liability is reduced by the principal portion of the lease payments. The Organization paid \$1,800,000 and \$1,650,000 in lease payments during 2021 and 2020, respectively. Amortization expense for the ROU lease asset was approximately \$1,333,000 and \$1,279,000 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under the finance lease as of December 31, 2021 are approximately as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,899,000
2023	1,956,000
2024	2,015,000
2025	2,075,000
2026	2,138,000
Thereafter	<u>75,791,000</u>
Total future minimum payments	85,874,000
Less imputed interest	<u>(43,543,000)</u>
Present value of lease liabilities	<u>\$ 42,331,000</u>

Approximately \$1,847,000 and \$1,726,000 of interest expense for the finance lease was capitalized during the years ended December 31, 2021 and 2020, respectively.

NOTE 12 - COVID-19 AND FEDERAL FUNDING

In 2019, a new coronavirus (“COVID-19”) was identified as the cause of a disease outbreak. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The effect of COVID-19 on the Organization’s operational and financial performance will depend on future developments associated with this disease, which are uncertain and difficult to predict.

The Families First Coronavirus Response Act (“FFCRA”) and the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act were signed into law on March 18, 2020 and March 27, 2020, respectively, to address the impact of COVID-19. As part of the CARES Act, the Department of Health and Human Services (“HHS”) Provider Relief Fund distributes funds to health care providers to help cover the costs of preparing for, preventing, and treating patients with COVID-19. During the year ended December 31, 2020, the Organization received approximately \$334,000 through the HHS Provider Relief Fund. The Organization estimated that all of these funds were used for qualifying health care related expenses attributable to COVID-19. These earned funds have been recognized and included in grant revenue in the consolidated statements of operations and changes in net deficit. Amounts recognized for the HHS Provider Relief funds are subject to future reporting, review and interpretation and the actual results could differ from the estimated amounts.

As part of the CARES Act, the Organization was granted funding through the Paycheck Protection Program (the “PPP”) in the form of a loan which may be forgiven if used for qualifying expenses as described in the CARES Act. During the year ended December 31, 2020, the Organization received approximately \$1,406,000 through the PPP, all of which was used for qualifying expenses. These earned funds have been recognized as revenue and included in grant revenue in the consolidated statements of operations and changes in net deficit.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Minimum Liquid Reserve

The Organization is required by Florida Statute (the “Statute”) to maintain in an escrow account an amount equal to the principal, interest, and property tax payments due during the fiscal year. In addition, an operating reserve is required in an amount equal to 15% of the average annual operating expenses, as defined by the Statute, for the preceding three years. The Organization is also required to maintain in an escrow account a renewal and replacement reserve equal to 15% of total accumulated depreciation, but not to exceed 15% of the average annual operating expenses for the preceding three years. Collectively, these reserves are referred to as the Minimum Liquid Reserve. The Organization has complied with the Minimum Liquid Reserve requirement.

NOTE 13 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Medicare Program

Approximately 22% and 19% of the Organization's healthcare services revenue resulted from reimbursement from the Medicare program during the years ended December 31, 2021 and 2020, respectively. Laws and regulations governing the Medicare program are complex and are subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare program.

Governmental funding for healthcare programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions, all of which may affect program reimbursement to healthcare facilities. Changes in the reimbursement policies of the Medicare program, as a result of legislative and regulatory actions, could adversely affect the revenues of the Organization.

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, principally consist of cash and cash equivalents held in financial institutions in excess of federally insured limits, investments, accounts receivable, and interest rate swap agreements. Concentrations of credit risk with respect to private-pay accounts receivable are somewhat mitigated by the number of private-pay residents. Credit risk with respect to Medicare program receivables is mitigated by the taxing authority of the governmental entities funding the programs.

Investments and investments of assets whose use is limited are subject to the risk of market fluctuations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and market volatility, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Employee Benefit Plan

The Organization has a defined contribution employee benefit plan (the "Plan"), which covers its participating employees. The employees may elect to defer a portion of their salary, and the Organization will match a percentage of the employees' voluntary contributions to the Plan. The Organization charged approximately \$135,000 and \$146,000 to operations for its contribution to the Plan for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Insurance and Litigation

The Organization has professional liability insurance coverage under a claims-made policy. The Organization uses this insurance program to provide coverage to comply with state of Florida regulatory requirements. Management is not aware of any claims or incidents considered probable to result in claims that would exceed the insurance policy limits. However, such matters are subject to many uncertainties, and the outcomes are not predictable with assurance. These consolidated financial statements include no provision or liability for such losses. If the Organization were to incur losses from claims in excess of insured amounts, such losses could have an adverse impact on its financial condition.

Construction Commitments

The Organization entered into construction contracts related to the Oak Bridge expansion project for approximately \$66,600,000, of which approximately \$12,800,000 has been paid as of December 31, 2021. At December 31, 2021, the Organization had Oak Bridge construction related payables of approximately \$2,500,000 in accounts payable and accrued expenses, and a construction retainage payable of approximately \$1,400,000.

SUPPLEMENTAL INFORMATION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION

Board of Directors
Life Care Ponte Vedra, Inc. and Subsidiaries
Ponte Vedra Beach, Florida

We have audited the accompanying consolidated financial statements of Life Care Ponte Vedra, Inc. and Subsidiaries as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 21, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplemental consolidating information on pages 27 through 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 21, 2022

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

December 31, 2021

ASSETS

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,024,741	\$ 94,529	\$ -	\$ 4,119,270
Investments - unrestricted	13,827,360	-	-	13,827,360
Assets whose use is limited, current portion	13,088,737	-	-	13,088,737
Accounts receivable	363,215	-	-	363,215
Prepaid expenses and other current assets	721,467	-	-	721,467
Related-party receivable	2,047	-	-	2,047
	32,027,567	94,529	-	32,122,096
TOTAL CURRENT ASSETS				
OTHER ASSETS, net	111,864	-	-	111,864
ASSETS WHOSE USE IS LIMITED, less current portion	57,298,684	-	-	57,298,684
RIGHT OF USE LEASE ASSET, net	39,547,310	-	-	39,547,310
PROPERTY AND EQUIPMENT, net	79,128,340	-	-	79,128,340
	208,113,765	94,529	-	208,208,294
TOTAL ASSETS				

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 4,662,281	\$ -	\$ -	\$ 4,662,281
Current portion of line of credit	800,585	-	-	800,585
Current portion of bonds payable	1,335,000	-	-	1,335,000
Related-party payable	-	-	-	-
Entrance fee refunds payable	1,391,678	-	-	1,391,678
Entrance fee and wait list deposits	6,566,940	-	-	6,566,940
	14,756,484	-	-	14,756,484
TOTAL CURRENT LIABILITIES				
OTHER LIABILITIES AND DEFERRED REVENUE				
Construction retainage payable	1,386,542	-	-	1,386,542
Line of credit, net	18,834,989	-	-	18,834,989
Bonds payable, net	94,989,823	-	-	94,989,823
Lease liability, net	42,330,879	-	-	42,330,879
Deferred revenue from entrance fees	36,376,000	-	-	36,376,000
Refundable entrance fees	31,152,945	-	-	31,152,945
	225,071,178	-	-	225,071,178
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES				
TOTAL LIABILITIES				
	239,827,662	-	-	239,827,662
COMMITMENTS AND CONTINGENCIES				
NET ASSETS (DEFICIT)				
Without donor restrictions	(31,713,897)	42,927	-	(31,670,970)
With donor restrictions	-	51,602	-	51,602
	(31,713,897)	94,529	-	(31,619,368)
TOTAL NET ASSETS (DEFICIT)				
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)				
	\$ 208,113,765	\$ 94,529	\$ -	\$ 208,208,294

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT

Year Ended December 31, 2021

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT				
Residential service fees	\$ 14,780,325	\$ -	\$ -	\$ 14,780,325
Earned entrance fees	5,161,057	-	-	5,161,057
Healthcare service fees	1,741,705	-	-	1,741,705
Assisted living service fees	1,547,685	-	-	1,547,685
Home health service fees	370,124	-	-	370,124
Investment income, net	2,454,949	36	-	2,454,985
	<u>26,055,845</u>	<u>36</u>	<u>-</u>	<u>26,055,881</u>
OPERATING EXPENSES				
Depreciation and amortization	7,985,197	-	-	7,985,197
General and administrative	5,206,605	17,864	-	5,224,469
Dietary services	3,341,352	-	-	3,341,352
Healthcare services	3,383,335	-	-	3,383,335
Facility operations	2,218,603	-	-	2,218,603
Housekeeping	1,035,339	-	-	1,035,339
Interest	831,679	-	-	831,679
Security and transportation	522,629	-	-	522,629
Assisted living	509,392	-	-	509,392
Marketing	269,513	-	-	269,513
	<u>25,303,644</u>	<u>17,864</u>	<u>-</u>	<u>25,321,508</u>
INCOME FROM OPERATIONS				
	752,201	(17,828)	-	734,373
OTHER CHANGES IN NET DEFICIT				
Contributions	8,034	15,750	-	23,784
Change in unrealized gains and losses on debt securities	(405,591)	-	-	(405,591)
Change in fair value of interest rate swap agreements	186,288	-	-	186,288
Other non-operating revenue	382,725	17,864	-	400,589
Loss on refunding of debt	(294,274)	-	-	(294,274)
Termination fee on refunding of debt	(287,373)	-	-	(287,373)
Contribution expense	(91,023)	-	-	(91,023)
	<u>250,987</u>	<u>15,786</u>	<u>-</u>	<u>266,773</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	13,500	-	13,500
	<u>-</u>	<u>13,500</u>	<u>-</u>	<u>13,500</u>
CHANGE IN NET DEFICIT				
	250,987	29,286	-	280,273
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR				
	(31,964,884)	65,243	-	(31,899,641)
NET ASSETS (DEFICIT) AT END OF YEAR				
	<u>\$ (31,713,897)</u>	<u>\$ 94,529</u>	<u>\$ -</u>	<u>\$ (31,619,368)</u>

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
OPERATING ACTIVITIES				
Change in net deficit	\$ 250,987	\$ 29,286	\$ -	\$ 280,273
Adjustments to reconcile change in net deficit to net cash provided by operating activities:				
Change in unrealized gains and losses on investments	785,975	-	-	785,975
Depreciation and amortization	7,985,197	-	-	7,985,197
Amortization of deferred charges	53,842	-	-	53,842
Change in fair value of interest rate swap agreements	(186,288)	-	-	(186,288)
Loss on refunding of debt	294,274	-	-	294,274
Earned entrance fees	(5,161,057)	-	-	(5,161,057)
Non-cash use of refundable entrance fees	(152,466)	-	-	(152,466)
Entrance fees received	7,170,450	-	-	7,170,450
Changes in operating assets and liabilities:				
Accounts receivable	55,969	-	-	55,969
Prepaid expenses and other current assets	(242,415)	-	-	(242,415)
Accounts payable and accrued expenses	3,452,676	-	-	3,452,676
Entrance fee and wait list deposits	2,360,042	-	-	2,360,042
Construction retainage payable	1,386,542	-	-	1,386,542
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,053,728	29,286	-	18,083,014
INVESTING ACTIVITIES				
Purchase of property and equipment and construction costs	(33,229,076)	-	-	(33,229,076)
Change in investments - unrestricted	(1,194,206)	-	-	(1,194,206)
Change in investments - limited use	(56,477,241)	-	-	(56,477,241)
NET CASH USED IN INVESTING ACTIVITIES	(90,900,523)	-	-	(90,900,523)
FINANCING ACTIVITIES				
Change in lines of credit	8,855,335	-	-	8,855,335
Amount due to/from related party	1,650	-	-	1,650
Entrance fees refunded	(5,366,719)	-	-	(5,366,719)
Payment of financing costs	(2,218,243)	-	-	(2,218,243)
Repayment of bonds payable	(25,267,487)	-	-	(25,267,487)
Proceeds from issuance of debt	99,390,196	-	-	99,390,196
Payment for termination in interest rate swap agreements	(583,500)	-	-	(583,500)
Payments on lease liability	(1,800,000)	-	-	(1,800,000)
NET PROVIDED BY FINANCING ACTIVITIES	73,011,232	-	-	73,011,232
INCREASE IN CASH AND CASH EQUIVALENTS	164,437	29,286	-	193,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,860,304	65,243	-	3,925,547
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,024,741	\$ 94,529	\$ -	\$ 4,119,270

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

December 31, 2020

ASSETS

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,860,304	\$ 65,243	\$ -	\$ 3,925,547
Investments - unrestricted	13,015,282	-	-	13,015,282
Assets whose use is limited, current portion	4,165,253	-	-	4,165,253
Accounts receivable	419,184	-	-	419,184
Entrance fees receivable	120,150	-	-	120,150
Prepaid expenses and other current assets	479,052	-	-	479,052
Related-party receivable	3,697	-	-	3,697
	22,062,922	65,243	-	22,128,165
TOTAL CURRENT ASSETS				
OTHER ASSETS, net	174,832	-	-	174,832
ASSETS WHOSE USE IS LIMITED, less current portion	10,148,774	-	-	10,148,774
RIGHT OF USE LEASE ASSET, net	40,693,704	-	-	40,693,704
PROPERTY AND EQUIPMENT, net	50,862,426	-	-	50,862,426
	\$ 123,942,658	\$ 65,243	\$ -	\$ 124,007,901
TOTAL ASSETS				

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 1,209,604	\$ -	\$ -	\$ 1,209,604
Current portion of bonds payable	1,549,700	-	-	1,549,700
Related-party payable	-	-	-	-
Entrance fee refunds payable	1,915,200	-	-	1,915,200
Entrance fee and wait list deposits	4,206,898	-	-	4,206,898
	8,881,402	-	-	8,881,402
TOTAL CURRENT LIABILITIES				
OTHER LIABILITIES AND DEFERRED REVENUE				
Line of credit	10,683,896	-	-	10,683,896
Bonds payable, net	22,738,513	-	-	22,738,513
Interest rate swaps	769,788	-	-	769,788
Lease liability, net	42,198,578	-	-	42,198,578
Deferred revenue from entrance fees	35,361,464	-	-	35,361,464
Refundable entrance fees	35,273,901	-	-	35,273,901
	147,026,140	-	-	147,026,140
TOTAL OTHER LIABILITIES AND DEFERRED REVENUES				
TOTAL LIABILITIES	155,907,542	-	-	155,907,542
COMMITMENTS AND CONTINGENCIES				
NET ASSETS (DEFICIT)				
Without donor restrictions	(31,964,884)	27,141	-	(31,937,743)
With donor restrictions	-	38,102	-	38,102
	(31,964,884)	65,243	-	(31,899,641)
TOTAL NET ASSETS (DEFICIT)				
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 123,942,658	\$ 65,243	\$ -	\$ 124,007,901

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT

Year Ended December 31, 2020

	Vicar's Landing	Foundation	Eliminating Entries	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT				
Residential service fees	\$ 14,270,397	\$ -	\$ -	\$ 14,270,397
Earned entrance fees	5,153,488	-	-	5,153,488
Healthcare service fees	2,239,345	-	-	2,239,345
Assisted living service fees	1,732,931	-	-	1,732,931
Home health service fees	611,842	-	-	611,842
Investment income, net	2,281,382	28	-	2,281,410
Grant revenue	1,739,756	-	-	1,739,756
	<u>28,029,141</u>	<u>28</u>	<u>-</u>	<u>28,029,169</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT				
OPERATING EXPENSES				
Depreciation and amortization	7,867,336	-	-	7,867,336
General and administrative	5,013,914	18,150	-	5,032,064
Dietary services	3,422,191	-	-	3,422,191
Healthcare services	3,726,450	-	-	3,726,450
Facility operations	2,134,011	-	-	2,134,011
Housekeeping	957,664	-	-	957,664
Interest	857,167	-	-	857,167
Security and transportation	499,289	-	-	499,289
Assisted living	515,457	-	-	515,457
Marketing	281,364	-	-	281,364
	<u>25,274,843</u>	<u>18,150</u>	<u>-</u>	<u>25,292,993</u>
TOTAL OPERATING EXPENSES				
	2,754,298	(18,122)	-	2,736,176
INCOME (LOSS) FROM OPERATIONS				
OTHER CHANGES IN NET DEFICIT				
Contributions	50,000	6,000	-	56,000
Change in fair value of interest rate swap agreements	(458,892)	-	-	(458,892)
Other revenue (expenses)	(3,230)	18,150	-	14,920
Net assets released from restrictions	-	-	-	-
	<u>2,342,176</u>	<u>6,028</u>	<u>-</u>	<u>2,348,204</u>
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS				
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	12,200	-	12,200
Net assets released from restrictions	-	-	-	-
	<u>-</u>	<u>12,200</u>	<u>-</u>	<u>12,200</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
	2,342,176	18,228	-	2,360,404
CHANGE IN NET DEFICIT				
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	<u>(34,307,060)</u>	<u>47,015</u>	<u>-</u>	<u>(34,260,045)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (31,964,884)</u>	<u>\$ 65,243</u>	<u>\$ -</u>	<u>\$ (31,899,641)</u>

See Report of Independent Certified Public Accountants on Supplemental Information.

LIFE CARE PONTE VEDRA, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

	<u>Vicar's Landing</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
OPERATING ACTIVITIES				
Change in net deficit	\$ 2,342,176	\$ 18,228	\$ -	\$ 2,360,404
Adjustments to reconcile change in net deficit to net cash provided by operating activities:				
Change in unrealized gains and losses on investments	(1,810,637)	-	-	(1,810,637)
Depreciation and amortization	7,867,336	-	-	7,867,336
Amortization of deferred charges	79,754	-	-	79,754
Change in fair value of interest rate swap agreements	458,892	-	-	458,892
Earned entrance fees	(5,153,488)	-	-	(5,153,488)
Non-cash use of refundable entrance fees	(107,061)	-	-	(107,061)
Entrance fees received	7,406,605	-	-	7,406,605
Changes in operating assets and liabilities:				
Accounts receivable	41,070	-	-	41,070
Prepaid expenses and other current assets	289,983	-	-	289,983
Accounts payable and accrued expenses	(120,290)	-	-	(120,290)
Entrance fee and wait list deposits	3,233,212	-	-	3,233,212
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,527,552	18,228	-	14,545,780
INVESTING ACTIVITIES				
Purchase of property and equipment and expansion costs	(12,886,883)	-	-	(12,886,883)
Change in investments - unrestricted	1,889,762	-	-	1,889,762
Change in investments - limited use	(4,105,245)	-	-	(4,105,245)
NET CASH USED IN INVESTING ACTIVITIES	(15,102,366)	-	-	(15,102,366)
FINANCING ACTIVITIES				
Change in line of credit	9,307,730	-	-	9,307,730
Amount due to/from related party	(8,298)	-	-	(8,298)
Entrance fees refunded	(4,886,007)	-	-	(4,886,007)
Payment of financing costs	(223,834)	-	-	(223,834)
Repayment of bonds payable	(1,498,100)	-	-	(1,498,100)
Payments on lease liability	(1,650,000)	-	-	(1,650,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,041,491	-	-	1,041,491
INCREASE IN CASH AND CASH EQUIVALENTS	466,677	18,228	-	484,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,393,627	47,015	-	3,440,642
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,860,304	\$ 65,243	\$ -	\$ 3,925,547

See Report of Independent Certified Public Accountants on Supplemental Information.

NOTICE OF PUBLIC HEARING AND MEETING OF THE
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

To Whom It May Concern:

For the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended, notice is hereby given that the St. Johns County Industrial Development Authority (the "Authority") will hold a public hearing, to be conducted by the Authority, its Chair or her designee, with respect to the contemplated issuance and sale of not exceeding \$66,000,000 Senior Living Revenue Bonds, (Vicar's Landing Project), Series 2024 (the "Bonds"), in one or more series of qualified 501(c)(3) bonds, by the Authority. The hearing is open to the public and will be held on September 9, 2024, beginning at 3:00 p.m., or as soon thereafter as such matters may be heard, in the BCC Executive Conference Room, County Administration Building, 500 San Sebastian View, St. Augustine, Florida 32084, following which the Authority will hold a public meeting regarding authorization of the Bonds.

The proceeds of the Bonds will be loaned to Life Care Ponte Vedra, Inc. (the "Corporation") and used to (1) finance, including through reimbursement, costs incurred with respect to improvement to the Corporation's continuing care retirement facilities located on its Sawgrass Campus with addresses including 1000 Vicar's Landing Way and 1004 Vicar's Woods Road, Ponte Vedra Beach, Florida 32082 (the "Sawgrass Improvements"); (2) finance, including through reimbursement, costs incurred with respect to improvement to the Corporation's continuing care retirement facilities located on its Oak Bridge Campus with addresses including 251 English Oak Lane, 31 Great Oak Court and 61 Great Oak Court, Ponte Vedra Beach, Florida 32082 (the "Oak Bridge Improvements," and together with the Sawgrass Improvements, collectively, the "Project"); (3) pay capitalized interest on the Bonds, and (4) pay the costs of issuance of the Bonds. All facilities will be owned and operated by the Corporation.

Neither St. Johns County, Florida (the "County") nor the Authority will be obligated to pay the Bonds or have any obligation or liability pecuniary or otherwise with respect to the Bonds or the Project. Neither the County nor the Authority will be

obligated to pay the Bonds except from the proceeds derived from the repayment of the related loan or loans to the Corporation or from the security pledged therefor by the Corporation and/or one or more of its affiliates and related parties, and neither the faith and credit of the County, the Authority, or the State of Florida, nor the taxing power of the County or the State of Florida, or of any political subdivision thereof, will be pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

The Bonds will be payable solely from payments made and/or other sources provided by the Corporation to the Authority under and pursuant to one or more Financing Agreements to be entered into between the Authority and the Corporation, the Corporation's obligations under which will be evidenced by master indenture notes to be issued under a Master Trust Indenture dated as of July 1, 2021 between the Corporation, as the Obligated Group Representative, and U.S. Bank Trust Company, National Association, as Master Trustee.

The public hearing is required by Section 147(f) of the Code. Any person interested in the proposed issuance of the Bonds or the Project may appear and be heard. Subsequent to the public hearing, the Board of County Commissioners of St. Johns County, Florida (the "Board of County Commissioners") will consider whether to approve the Bonds, as required by Section 147(f) of the Code.

Interested members of the public are invited to attend. The public hearing will be conducted in a manner that provides a reasonable opportunity to be heard for persons with differing views, both orally and in writing, on the proposed issuance of the Bonds and the plan of financing. Any person desiring to be heard on this matter is requested to attend the public hearing or send a representative. Written comments (not exceeding 250 words) to be presented at the hearing may be submitted to the St. Johns County Industrial Development Authority at the St. Johns County Administration Building, 500 San Sebastian View, St. Augustine, Florida 32084, in care of Sam Camp, Project Manager, and further information relating to this matter is available for inspection and copying during regular business hours at, the office of Sam Camp, Project Manager, at the St. Johns County Administration Building, 500 San Sebastian View, St. Augustine, Florida 32084.

Comments made at the hearing are for the consideration of the Authority and the Board of County Commissioners (the "Board") of St. Johns County, Florida, and will not bind any legal action to be taken by the Authority or the Board in connection with the consideration and approval of the financing and the issuance of the Bonds.

PERSONS ARE ADVISED THAT, IF THEY DECIDE TO APPEAL ANY DECISION MADE BY THE AUTHORITY WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH HEARING OR MEETING, SUCH PERSON WILL NEED A RECORD OF THE PROCEEDINGS, AND, FOR SUCH PURPOSE, SUCH PERSON MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

NOTICE TO PERSONS NEEDING SPECIAL ACCOMMODATIONS AND TO ALL HEARING IMPAIRED PERSONS: In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate in the proceedings should contact Sam Camp at (904) 209-3257 no later than 5 days prior to the date of the meeting. For hearing impaired individuals: Florida Relay Service: 1-800-955-8770, no later than 5 days prior to the date of the meeting.

Dated: [August 30, 2024]

ST. JOHNS COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY,
ST. JOHNS COUNTY, FLORIDA

By: Michael J. McCabe, Esq.,
Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$66,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS SENIOR LIVING REVENUE BOND (VICAR'S LANDING PROJECT), SERIES 2024 (THE "SERIES 2024 BOND") FOR THE PURPOSE OF MAKING A LOAN OF FUNDS TO LIFE CARE PONTE VEDRA, INC. (THE "BORROWER") TO FINANCE THE ACQUISITION, RENOVATION, CONSTRUCTION, EXPANSION, IMPROVEMENT AND EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS TO THE VICAR'S LANDING CONTINUING CARE RETIREMENT COMMUNITY OPERATED BY THE BORROWER; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE SERIES 2024 BOND; PROVIDING FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2024 BOND; APPROVING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND OTHER RELATED DOCUMENTS; AUTHORIZING A NEGOTIATED SALE OF THE SERIES 2024 BOND TO HANCOCK WHITNEY BANK; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, as follows:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of Chapter 159, Parts II and III, Florida Statutes, as amended, and other applicable provisions of law (the "Act").

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms used in this Resolution shall have the meanings specified in the Financing Agreement relating to the St. Johns County Industrial Development Authority Senior Living Revenue Bond (Vicar's Landing Project), Series 2024 (the "Series 2024 Bond") to be entered into among the Authority, Life Care Ponte Vedra, Inc., as Borrower (the "Borrower") and Hancock Whitney Bank, as Bond Purchaser, a form of which is attached hereto as Exhibit "A" (the "Financing Agreement").

SECTION 3. FINDINGS. In reliance upon the representations made to the Authority by the Borrower, the financial advisor to the Authority and others, it is hereby found, ascertained, determined and, declared as follows:

A. The Authority is authorized by the Act to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing and refinancing of the acquisition, construction and equipping of projects as defined in the Act, including machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Authority will be able to promote

the economic growth of the State of Florida, increase opportunities for gainful employment, improve health care, and otherwise contribute to the general health and welfare of the State of Florida and its inhabitants, and to finance the cost of such projects by the issuance of revenue bonds.

B. The Authority is a "local agency" within the meaning of Section 159.27(4), Florida Statutes.

C. The Borrower has acquired, constructed and equipped a continuing care retirement facility presently consisting of approximately 227 residential living units, 60 nursing beds and 38 assisted living units and related common areas located in the Sawgrass area of St. Johns County, Florida (the "County") known as Vicar's Landing (the "Vicar's Landing Community").

The Borrower has requested the Authority to issue its Senior Living Revenue Bond (Vicar's Landing Project), Series 2024 (the "Series 2024 Bond") in an aggregate principal amount of not to exceed \$66,000,000 under the Financing Agreement (1) to provide funds to finance a portion of the costs of the design, acquisition, construction, improvement and equipping of land and capital improvements to and expansion of the Borrower's continuing care retirement facilities on its Oak Bridge Campus and its Sawgrass Campus (the "2024 Project"), (2) to fund capitalized interest, and (3) to pay costs of issuance of the Series 2024 Bond.

(i) The proceeds of the Series 2024 Bond will be advanced from time to time by Hancock Whitney Bank, as the holder of the Series 2024 Bond, to the Borrower for such purposes pursuant to the Financing Agreement. The obligations of the Borrower to repay the loan of the Series 2024 Bond proceeds will be evidenced and secured by a note (the "Note") issued by the Borrower in its capacity as Obligated Group Representative under the Master Trust Indenture between the Borrower, as Obligated Group Representative on behalf of itself and Vicar's Landing Foundation, Inc., as the initial Members of the Obligated Group, and U.S. Bank Trust Company, National Association, as Master Trustee (the "Master Trustee"), as supplemented by Master Indenture Supplement No. 5 (collectively, the "Master Indenture").

The obligations of the Obligated Group under the Master Indenture will be joint and several obligations of each of the Members secured by a pledge of the Gross Revenues of such Members and a mortgage on the Vicar's Landing Community, including the 2024 Project.

It is anticipated that the Borrower and Hancock Whitney Bank will enter into a forward starting interest rate swap transaction to synthetically convert the interest rate on the Series 2024 Bond to a fixed rate after the construction period.

D. In reliance on the recommendations of the Authority's financial advisor, and giving due regard to the ratio of the Borrower's current assets to its current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of its business and the industry in which it is involved, its inherent stability, and all other factors determinative of Borrower's capabilities, financial and otherwise, of fulfilling its obligations consistently with the purposes of

the Act, the Borrower is financially responsible and fully capable and willing to fulfill its obligations under the Financing Agreement and the Master Indenture, including its obligation to make payments thereunder in the amounts and at the times required pursuant to the terms of the Financing Agreement and its obligation to operate, repair and maintain the Vicar's Landing Community, including the 2024 Project, at its own expense, and the Borrower is desirous of serving the purposes of the Act and is willing and capable of fully performing all other obligations and responsibilities imposed upon it pursuant to the provisions of the Financing Agreement and the Master Indenture.

E. Adequate provision will be made under the provisions of the Financing Agreement and the Master Indenture for the operation, repair and maintenance of the Vicar's Landing Community, including the 2024 Project, at the expense of the Borrower, and for the payment of the principal of and premium, if any, and interest on the Series 2024 Bond.

F. The principal of and premium, if any, and interest on the Series 2024 Bond and all payments of the Authority required under the Financing Agreement and the Series 2024 Bond shall be payable by the Authority solely from the payments required to be made by the Borrower under the Financing Agreement and the other security provided by the Borrower under the Financing Agreement, the Note and the Master Indenture, and neither the Authority nor the County shall ever be required to: (i) levy ad valorem taxes on any property within its territorial limits to pay the principal premium, if any, and interest on the Series 2024 Bond or to make any other payments provided for under the Financing Agreement or the Series 2024 Bond; (ii) pay the same from any funds of the Authority other than those derived by the Authority under the Financing Agreement; or (iii) require or enforce any payment or performance by the Borrower as provided by the Series 2024 Bond, the Financing Agreement, the Note or the Master Indenture unless the Authority's expenses in respect thereof shall be paid from moneys derived under the Financing Agreement, as the case may be, or shall be advanced to the Authority for such purpose, and the Authority shall receive indemnity to its satisfaction. Such 2024 Bond shall not constitute a lien upon any property owned by or situated within the territorial limits of the Authority except the security for the obligations of the Obligated Group under the Master Indenture in the manner provided in the Master Indenture. Neither the faith and credit of the Authority or of the County nor the taxing power of the Authority, the County or the State of Florida or any political subdivision thereof shall be pledged to the payment of the Series 2024 Bond. No covenant or agreement contained in any of the documents referred to in this Resolution shall be deemed to be a covenant or agreement of any member, official, agent or employee of the Authority in his individual capacity, all such liability being released as a condition of, and as a consideration for, the execution of such documents.

G. The County will be able to cope satisfactorily with the impact of the Vicar's Landing Community and the 2024 Project and is able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the Vicar's Landing Community and the 2024 Project and on account of any increases in population or other circumstances resulting therefrom.

H. The costs to be paid from the proceeds of the Series 2024 Bond shall be costs of a project within the meaning of the Act.

I. The payments to be made by the Borrower under the Financing Agreement will be sufficient to pay all principal of and interest on and premium, if any, for the Series 2024 Bond, as the same shall become due, and to make all other payments required by the Financing Agreement.

J. The purposes of the Act will be served by financing the 2024 Project in the manner provided in the Financing Agreement.

K. On September 9, 2024, the Authority conducted a public hearing with respect to the issuance of the Series 2024 Bond, in accordance with the requirements of the Internal Revenue Code of 1986, as amended, and having considered all comments presented at such hearing, the Authority desires to proceed with the financing. The Chair shall prepare or cause to be prepared and file with the Authority and with the Board of County Commissioners of the County a report of the statements made and materials submitted at the hearing.

L. Based upon representations of, and as requested by the Borrower, a negotiated sale of the Series 2024 Bond is necessary and in the best interest of the Authority for the following reasons: (i) the Series 2024 Bond will be a special limited obligation of the Authority, the debt service on which and other costs and expenses related to the Series 2024 Bond shall be payable solely from payments to be made by the Borrower under the Financing Agreement and the Note issued under the Master Indenture; (ii) the Borrower will be required to pay all costs in connection with the acquisition, construction and equipping of the 2024 Project which are not paid from proceeds of the Series 2024 Bond or otherwise and to operate and maintain the Vicar's Landing Community, including the 2024 Project, at its own expense; (iii) the costs of issuance of the Series 2024 Bond, which must be borne directly or indirectly by the Borrower, are likely to be greater and the time until issuance longer if the Series 2024 Bond are sold at public sale by competitive bids than if the Series 2024 Bond is sold at a negotiated sale and there is no basis, considering prevailing market conditions, for any expectations that the terms and conditions of a sale of the Series 2024 Bond at public sale by competitive bids would be more favorable than at a negotiated sale; (iv) senior living revenue bonds having characteristics of the Series 2024 Bond are typically sold at negotiated sales under prevailing market conditions; (v) requests for proposals to provide financing for the 2024 Project were sent to several banks by the Borrower's financial advisor; and (vi) following the review of the responses to the request for proposals, the Borrower has undertaken substantial negotiations with Hancock Whitney Bank with respect to the purchase of the Series 2024 Bond.

SECTION 4. 2024 PROJECT AUTHORIZED. The 2024 Project is hereby authorized. The payment or reimbursement of costs of the 2024 Project and costs of issuance of the Series 2024 Bond with proceeds of the Series 2024 Bond is hereby authorized.

SECTION 5. CONDITIONAL AUTHORIZATION OF SERIES 2024 BOND. The Series 2024 Bond is hereby authorized to be issued in the form and manner and with the security described in the Financing Agreement. The Authority hereby declares its intent to issue and sell the Series 2024 Bond by a negotiated sale. Notwithstanding the foregoing, the Series 2024 Bond shall not be sold or issued, and the Financing Agreement shall not be executed or delivered, until the Board of County Commissioners of the County shall have approved the issuance of the Series 2024 Bond.

SECTION 6. APPROVAL OF AND AUTHORIZATION OF EXECUTION AND DELIVERY OF FINANCING AGREEMENT. The Financing Agreement, a form of which is attached hereto as Exhibit A is hereby approved, and authorized in substantially the form attached hereto, subject to such changes, insertions and omissions and filling of the blanks as may be made in such form and approved by the Chair or Vice Chair of the Authority, such approval to be presumed by her or his execution thereof. The Series 2024 Bond may, at the option of the Borrower, be structured with a maturity date approximately five years from the date of issuance, or with an amortizing principal with a nominal final maturity date of approximately 30 years from the date of issuance, with the right of the Bondholder to require the purchase of the Series 2024 Bond by the Borrower as shall be provided in the Financing Agreement. The form of the Financing Agreement may be modified to reflect such maturity and tender structure. Subject to the condition in Section 5 hereof, the Authority hereby authorizes and directs the Chair or Vice Chair to execute and the Secretary or Assistant Secretary of the Authority to attest under seal of the Authority and to deliver the Financing Agreement.

SECTION 7. AWARD OF 2024 BOND. The negotiated sale of the Series 2024 Bond, as described in the Financing Agreement, to Hancock Whitney Bank is hereby authorized pursuant to Section 218.385, Florida Statutes.

Prior to the issuance of the Series 2024 Bond, the Authority shall receive from Hancock Whitney Bank, the information required by Section 218.385, Florida Statutes.

SECTION 8. NO PERSONAL LIABILITY. No covenant, stipulation, obligation or agreement herein contained or contained in the Series 2024 Bond or the Financing Agreement or any other related document executed and delivered on behalf of the Authority in connection with the issuance of the Series 2024 Bond or the undertaking of the 2024 Project shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Authority or its governing body in his individual capacity, and neither the members of the Authority nor any official executing the Financing Agreement shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 9. NO THIRD PARTY BENEFICIARIES. Except as herein or in the Financing Agreement otherwise expressly provided, nothing in the Financing Agreement expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the Authority, the Borrower, the holder of the Series 2024 Bond any right, remedy or claim, legal or equitable, under and by reason of the Financing Agreement. The

Financing Agreement is intended to be and is for the sole and exclusive benefit of the Authority, the Borrower, the holder of the Series 2024 Bond.

SECTION 10. CHAIR'S DESIGNATION OF SIGNATORY. The Chair of the Authority, or in the Chair's absence, any Vice Chair, Secretary or Assistant Secretary of the Authority, is hereby authorized to designate by written certificate one or more authorized signatories to execute the Financing Agreement, the Series 2024 Bond and related certificates in her place. Such signature shall have the effect of the Chair's signature as authorized in this Resolution.

SECTION 11. GENERAL AUTHORITY. The Authority and the officers, employees and agents of the Authority acting on behalf of the Authority are hereby authorized and directed to execute such documents, qualified hedge identifications, instruments, assignments and contracts, whether or not expressly contemplated hereby, and to do all acts and things required by the provisions of this Resolution and by the provisions of the Series 2024 Bond and the Financing Agreement authorized herein, as may be necessary for the full, punctual and complete performance of all the terms, covenants, provisions and agreements herein and therein contained, or as otherwise may be necessary or desirable to effectuate the purpose and intent of this Resolution, or as may be requested by Hancock Whitney Bank or the Borrower. The Chair and the Vice Chair, or either of them, are hereby designated as the primary officers of the Authority charged with the responsibility of issuing the Series 2024 Bond; and the Chair is hereby authorized to delegate to any other person any of the duties or authorizations of the Chair or the Vice Chair hereunder.

The execution and delivery of amendments and supplements to the Financing Agreement, the Series 2024 Bond and related documents for such purpose as does not materially change the basic purpose, terms and provisions of the Series 2024 Bond authorized hereby and agreed to by the Obligated Group and the Bondholder are hereby authorized. Any such amendment shall be executed by the Chair or Vice Chair of the Authority and shall be in such form as may be approved by the officer of the Authority executing the same, upon the advice of the Authority's counsel, execution and delivery to be conclusive evidence of such approval.

SECTION 12. THIS RESOLUTION CONSTITUTES A CONTRACT. The Authority covenants and agrees that this Resolution shall constitute a contract between the Authority and the holders from time to time of any of the Series 2024 Bond then outstanding.

SECTION 13. EXECUTION OF 2024 BOND AND AUTHORIZATION OF ALL OTHER NECESSARY ACTION. The Chair or Vice Chair and Secretary or Assistant Secretary of the Authority are hereby authorized and directed to execute the Series 2024 Bond when prepared, by manual or facsimile signature, and to deliver the Series 2024 Bond to Hancock Whitney Bank pursuant to the conditions stated in this Resolution and the Financing Agreement. Such officers, counsel to the Authority, and Bryant Miller Olive P.A., as Bond Counsel, are designated agents of the Authority in connection with the issuance and delivery of the Series 2024 Bond, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Authority which are

necessary or desirable in connection with the execution and delivery of the Series 2024 Bond and which are not inconsistent with the terms and provisions of this Resolution and other actions relating to the Series 2024 Bond heretofore or hereafter taken by the Authority, including but not limited to the Financing Agreement.

SECTION 14. REPEALING CLAUSE. All resolutions or parts thereof of the Authority in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 15. COMPLIANCE WITH CHAPTER 218, PART III, FLORIDA STATUTES. The Authority hereby approves and authorizes the completion, execution and filing with the Division of Bond Finance, Department of General Services of the State of Florida, at the expense of the Borrower, of advance notice of the impending sale of the Series 2024 Bond, of Bond Information Forms BF 2003 and BF 2004, and of a copy of Internal Revenue Service Form 8038, and any other acts as may be necessary to comply with Chapter 218, Part III, Florida Statutes, as amended. Bond Counsel is hereby directed to ensure that such documents are timely filed.

SECTION 16. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2024 Bond issued hereunder or of the Financing Agreement.

SECTION 17. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

[Signature Pages Follow]

ADOPTED: This 9th day of September, 2024.

**ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By: _____
Vivian Helwig, Chair

(SEAL)

Attest:

By: _____
Geoffrey Litchney, Secretary

**STATE OF FLORIDA
COUNTY OF ST. JOHNS**

I, Geoffrey Litchney, Secretary of the St. Johns County Industrial Development Authority, do hereby certify the foregoing is a true and correct copy of a Resolution, without exhibits, which was duly passed and adopted at a noticed meeting of the Authority, on the 9th day of September, 2024.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 9th day of September, 2024.

**ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By: _____
Geoffrey Litchney, Secretary

EXHIBIT "A"

Form of Financing Agreement

FINANCING AGREEMENT

among

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, as Issuer

HANCOCK WHITNEY BANK, as Bondholder

and

LIFE CARE PONTE VEDRA, INC., as Borrower

Dated as of October 1, 2024

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, dated as of October 1, 2024 (this “Agreement”), among the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic duly organized and existing under the laws of the State of Florida (the “Issuer”), **HANCOCK WHITNEY BANK**, a Mississippi chartered bank (the “Bondholder” or “Hancock”), and **LIFE CARE PONTE VEDRA, INC.**, a Florida not-for-profit corporation (the “Borrower”);

WITNESSETH:

WHEREAS, the Issuer was created pursuant to Part III, Chapter 159, Florida Statutes; and

WHEREAS, pursuant to the provisions of the Act, at the request of Borrower, the Issuer has agreed to issue, sell and deliver its Series 2024 Bond to the Bondholder and to loan the proceeds thereof to the Borrower for the purpose of (i) financing or refinancing, including through reimbursement, of a portion of the cost of the Project, (ii) funding capitalized interest and (iii) paying costs of issuance of the Series 2024 Bond; and

WHEREAS, the Bondholder proposes to purchase the Series 2024 Bond from the Issuer in order to provide for the financing and refinancing of the Project by making Advances to the Borrower pursuant to the terms hereof; and

WHEREAS, the Borrower shall make “Required Payments” (except for payments owed to the Issuer in accordance with its Reserved Rights) directly to the Bondholder as the holder of the Series 2024 Bond and assignee of the Issuer pursuant to the terms set forth in this Agreement; and

WHEREAS, the obligations of the Borrower under this Agreement will be evidenced and secured by the Series 2024 Note; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. Terms not otherwise not defined herein (including the preamble) shall have the meaning ascribed thereto pursuant to the Master Indenture (as defined below). In addition to other terms defined elsewhere in this Agreement, the following terms shall have the following meanings in this Agreement unless the context otherwise requires:

“Act” means Parts III and VII, Chapter 159 and other applicable provisions of law.

“Advance” means an advance of principal of the Series 2024 Bond pursuant to Section 4.1 hereof.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, “control” when used with respect to a Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” means this Financing Agreement dated as of October 1, 2024, among the Issuer, the Bondholder and the Borrower, including any amendments hereto.

“Applicable Spread” means 1.80%.

“Authorizing Resolution” means the resolution of the Issuer adopted on September 9, 2024, approving, among other things, the execution and delivery of this Agreement and the issuance of the Series 2024 Bond.

“Benchmark” means CME TERM SOFR 1MO. The Benchmark shall be obtained by the Bondholder from an intermediary reporting source such as Bloomberg, L.P., or any other authoritative rate reporting source selected by the Bondholder from time to time or a Replacement Benchmark that is in effect hereunder, as applicable.

“Benchmark Discontinuance Event” is defined in Section 6.2.

“Bond Counsel” means Bryant Miller Olive P.A. or other nationally recognized bond counsel selected by the Issuer and satisfactory to the Bondholder.

“Bondholder” or “Hancock” means Hancock Whitney Bank, and its successors and assigns.

“Borrower” means Life Care Ponte Vedra, Inc., a Florida not-for-profit corporation, and its successors and assigns.

“Borrower Documents” means this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2024 Note, the Mortgage, the Disbursement Agreement, the Continuing Covenant Agreement and the Tax Compliance Agreement.

“Borrower Representative” means the Chief Executive Officer, the Chief Financial Officer and any one of the Persons at the time designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Bondholder containing the specimen signatures of such Persons and signed on behalf of the Borrower by its Chief Executive Officer or Chief Financial Officer.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which the Bondholder is closed for commercial banking business.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or

application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Claims” shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action or impleader) any Indemnified Party, even if groundless, false, or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, to result from, to relate to or to be based upon, in whole or in part: (a) the issuance of the Series 2024 Bond, (b) the duties, activities, acts or omissions (even if negligent) of any Person in connection with the issuance of the Series 2024 Bond, or the obligations of the various parties arising under this Agreement or the Master Indenture, or (c) the duties, activities, acts or omissions (even if negligent) of any Person in connection with the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project or any part thereof.

“Closing Date” means October __, 2024, the date of initial delivery of the Series 2024 Bond.

“CME TERM SOFR 1MO” means the benchmark rate in the U.S. Dollars provided by CME Group Benchmark Administration Limited (“CBA” or the successor thereto if CBA is no longer making the CME TERM SOFR 1MO available), authorized and supervised as a Benchmark Administrator by the UK Financial Conduct Authority, and calculated and published by the CBA (or any successor thereto designated by CBA) based on market data that is the property of Chicago Mercantile Exchange Inc. or its licensors as applicable, and which rate reflects estimates of the Secured Overnight Financing Rate (SOFR), the daily rate that is calculated and published by the Federal Reserve Bank of New York, for the 30-day forward looking period as in effect on the first day of each calendar month.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

“Commitment Fee” means the commitment fee payable to the Bondholder upon initial issuance of the Series 2024 Bond, equal to 0.20% of the maximum permitted principal amount of the Series 2024 Bond.

“Continuing Covenant Agreement” means the Continuing Covenant Agreement dated as of October 1, 2024, between the Borrower and Hancock.

“Construction Disbursement and Monitoring Agreement” means the Construction Disbursement and Monitoring Agreement dated as of October 1, 2024, by and among the

Borrower, the Construction Monitor and Hancock, as supplemented and amended from time to time.

“Construction Monitor” means Appono Consulting, LLC, its successors and assigns.

“Costs of Issuance” means any legal, accounting or financial advisory fees and expenses, including, without limitation, fees and expenses of Bond Counsel and counsels to the Issuer, the Borrower and the Bondholder, any fees and expenses of the Issuer or the Bondholder, filing fees, and printing and engraving costs, incurred in connection with the Series 2024 Note or the Series 2024 Bond, and the preparation of the Financing Instruments.

“Costs of the Project” means and includes any and all costs related to the acquisition, construction and equipping of the Project and the placing of the Project in service permitted by the Code and the Act.

“Date of Taxability” means the earliest date as of which interest on the Series 2024 Bond shall have been determined to be includable in the gross income of the Bondholder pursuant to a Determination of Taxability.

“Default Rate” means, as of any date, an annual rate of interest equal to the lower of (a) the Maximum Rate or (b) Benchmark, plus the Applicable Spread, plus 3.00%.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(a) on that date when the Borrower files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability, as hereinafter defined, shall have in fact occurred;

(b) on the date when the Bondholder notifies the Borrower that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Borrower of such notification from the Bondholder, the Borrower shall deliver to the Bondholder a ruling or determination letter issued to or on behalf of the Borrower by the Commissioner or any District Director of Internal Revenue (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(c) on the date when the Borrower shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Borrower, or upon any review or audit of the Borrower or upon any other ground whatsoever, an Event of Taxability shall have occurred;

(d) on that date when the Borrower shall receive notice from the Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of

the Bondholder the interest on the Series 2024 Bond due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (c) or (d) hereof unless the Borrower has been afforded the opportunity, at its expense, to contest any such assessment and, further, no Determination of Taxability shall occur until such contest, if made and diligently pursued by the Borrower, has been finally determined; provided further, however, that upon demand from the Bondholder, the Borrower shall immediately reimburse the Bondholder for any payments the Bondholder shall be obligated to make as a result of the Determination of Taxability during any such contest.

“Disbursement Agreement” means the Construction Disbursement and Monitoring Agreement dated as of October 1, 2024, among the Borrower, the Construction Monitor and the Bondholder.

“Event of Default” means any of the events set forth in Section 9.1.

“Event of Taxability” means the taking of any action by the Borrower, or the failure to take any action by the Borrower, or the making by the Borrower of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Series 2024 Bond, or any other action which has the effect of causing the interest paid or payable on the Series 2024 Bond to become includable in the gross income of the Bondholder for federal income tax purposes.

“Facilities” means the continuing care retirement facilities known as “Vicar’s Landing” which are located in Ponte Vedra Beach, St. Johns County, Florida and all land, buildings, structures, improvements, equipment, fixtures, machinery, furniture, furnishings and other real and personal property located thereon and all land, buildings, structures, improvements, equipment, fixtures, machinery, furniture, furnishings and other real and personal property now or hereafter attached to, or located in, or used in connection with, any such land, buildings, structures or improvements and all additions thereto, substitutions therefor and replacements thereof, whether now owned or hereafter acquired by the Obligor.

“Financing Instruments” means this Agreement, the Series 2024 Bond, the Series 2024 Note, the Master Indenture, the Mortgage, the Construction Disbursement and Monitoring Agreement and the Continuing Covenant Agreement.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Indemnified Party” shall mean the Issuer, St. Johns County, Florida and the Bondholder and any of their respective officers, directors, members, officials, attorneys, consultants, agents, servants and employees, and any successor to any of such Persons.

“Interest Accrual Period” means (a) initially, the period from the Closing Date up to but not including the first Business Day of October, and (b) thereafter, each period from the first Business Day of each month up to but not including the first Business Day of the next subsequent month.

“Issuer” means the St. Johns County Industrial Development Authority, and its successors and assigns.

“Issuer Representative” means the Chairman of the Issuer or such other person at the time, and from time to time, designated by written certificate of the Issuer furnished to the Borrower containing the specimen signature of such person and signed on behalf of the Issuer by its Chairman. Such certificate shall designate an alternate or alternates, any of whom may act at any time as Issuer Representative.

“Loan” means the loan of the proceeds of the Series 2024 Bond to the Borrower pursuant to the terms of this Agreement.

“Losses” means losses, costs, damages, expenses, judgments, and liabilities of whatever nature (including, but not limited to, reasonable attorney’s, accountant’s and other professional’s fees, litigation and court costs and expenses, amounts paid in settlement and amounts paid to discharge judgments and amounts payable by Indemnified Persons to any other Person under any arrangement providing for indemnification of that Person) directly or indirectly resulting from arising out of or relating to one or more Claims.

“Master Indenture” means the Master Trust Indenture, dated as of July 1, 2021, as supplemented, between the Borrower, as Obligated Group Representative on behalf of itself and Vicar's Landing Foundation, Inc., as the initial Members of the Obligated Group, and the Master Trustee.

“Master Trustee” means U.S. Bank Trust Company, National Association, as successor master trustee under the Master Indenture.

“Maturity Date” means October __, 2029.

“Maximum Rate” means the lesser of (a) 15% per annum, or (b) the maximum interest rate permitted by applicable Florida law.

“Payment Date” means **[March 15, June 15, September 15 and December 15]**.

“Payment of the Series 2024 Bond” means payment in full of the Series 2024 Bond and the making in full of all other Required Payments due and payable at the time of such payment.

“Person” means an individual, partnership, corporation, trust, unincorporated organization, association, joint venture, joint-stock company, or a government or agency or political subdivision thereof.

“Project” means the Project described in **Exhibit C** hereto.

“Qualified Project Costs” means Costs of the Project which constitute costs for property which is to be owned by the Borrower or another member of the Obligated Group and will not be used in an “unrelated trade or business” (as such term is used in Section 513(a) of the Code) of the Borrower (or any other organization described in Section 501(c)(3) of the Code) or in the trade or business of a person who is neither a governmental unit nor an organization described in Section 501(c)(3) of the Code. Costs of Issuance are not Qualified Project Costs and any fees paid to banks for letters of credit, for municipal bond insurance premiums or other guaranty fees and any capitalized interest on the Series 2024 Bond shall be allocated between Qualified Project Costs to be paid or reimbursed from proceeds of the Series 2024 Bond and Costs other than Qualified Project Costs to be paid or reimbursed from the proceeds of the Series 2024 Bond. Qualified Project Costs shall not include costs or expenses paid more than sixty (60) days prior to the adoption by the Issuer, the Borrower or another member of the Obligated Group of a reimbursement resolution unless those expenditures qualify as “preliminary expenditures” within the meaning of the Code.

“Replacement Benchmark” is defined in Section 6.2.

“Replacement Benchmark Spread” is defined in Section 6.2.

“Required Payment” means any payment of money required under the terms of this Agreement to be made by the Borrower for its own account or for the account of the Issuer.

“Reserved Rights” means the rights of the Issuer to receive notices hereunder, and the rights of the Issuer under Sections 7.2, 7.8 and 9.4 hereof.

“Series 2024 Bond” means the Issuer’s Senior Living Revenue Bond (Vicar’s Landing Project), Series 2024, substantially the form attached hereto as **Exhibit A**.

“Series 2024 Note” means the Vicar's Landing Obligated Group Note, Series 2024 dated October __, 2024, issued as an Obligation under the Master Indenture by the Borrower, as Obligated Group Representative evidencing and securing the obligation of the Borrower to repay the loan of the proceeds of the Series 2024 Bond at the times and in amounts sufficient to pay the principal of and interest on the Series 2024 Bond.

“Supplemental Indenture No. 5” means the Master Indenture Supplement Number 5 dated as of October 1, 2024, between the Borrower and the Master Trustee.

“Taxable Rate” means an interest rate sufficient to give the Bondholder an after tax yield equal to the after tax yield on the Series 2024 Bond prior to the event causing the Series 2024 Bond to bear interest at the Taxable Rate; provided, that such rate shall not exceed the Maximum Rate.

Section 1.2 Rules of Construction. The following rules shall apply to the construction of this Agreement unless the context otherwise requires:

(a) Words importing the singular number shall include the plural number and vice versa, and any gender shall connote any other gender.

(b) All references in this Agreement to particular articles or sections are references to articles or sections of this Agreement unless otherwise indicated.

(c) The headings and Table of Contents in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(d) Words importing the prepayment or calling for prepayment of the Series 2024 Bond shall not be deemed to refer to or connote the payment of the Series 2024 Bond at its stated maturity.

All accounting terms used in this Agreement which are not expressly defined therein shall have the meanings respectively given to them in accordance with generally accepted accounting principles. All financial computations made pursuant to this Agreement shall be made in accordance with generally accepted accounting principles consistently applied, and all balance sheets and other financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied.

ARTICLE II REPRESENTATIONS AND FINDINGS

Section 2.1 Representations by the Issuer. The Issuer represents that:

(a) The Issuer is a public body politic and corporate duly organized and validly existing under and pursuant to the laws of the State of Florida and has full power and authority under the laws of the State of Florida (including, in particular, the Act) to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper action the Issuer has duly authorized the execution and delivery of this Agreement, the issuance of the Series 2024 Bond and the performance of its obligations under this Agreement and the Series 2024 Bond.

(b) To the best of the Issuer's knowledge, neither the execution and delivery of the Series 2024 Bond or this Agreement, the consummation of the transactions contemplated thereby and hereby nor the fulfillment of or compliance with the terms and conditions or provisions of the Series 2024 Bond or this Agreement conflict with or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State of Florida or of any agreement or instrument or judgment, order or decree of which the Issuer has notice that it is a party or constitutes a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(c) The Issuer has the power and authority to issue the Series 2024 Bond for the purpose of financing all or a portion of the Cost of the Project and paying the Cost of Issuance.

(d) The Borrower has represented to the Issuer that that the Project constitutes a "project" within the meaning of the Act.

(e) The issuance of the Series 2024 Bond and the execution of this Agreement have been approved by the Issuer at a duly constituted meeting.

(f) Except as otherwise permitted by this Agreement, the Issuer covenants that it has not and will not pledge the income and revenues derived from this Agreement other than to secure the Series 2024 Bond.

(g) After reasonable public notice given by publication in the St. Augustine Record, a newspaper published and of general circulation in the St. Johns County, Florida, on September 1, 2024, the Issuer, on behalf of the Issuer and St. Johns County, Florida (the “County”), held a public hearing on September 9, 2024, concerning the issuance of the Series 2024 Bond, the financing of the Project and the location of the Project. After such hearing, the Board of County Commissioners of St. Johns County authorized the issuance of the Series 2024 Bond by duly adopting a resolution on October 1, 2024.

Section 2.2 Representations by the Borrower. The Borrower represents that:

(a) The Borrower is a not-for-profit corporation duly incorporated and in good standing under the laws of the State of Florida, has power to enter into the Borrower Documents and by proper corporate action has duly authorized the execution and delivery of the Borrower Documents.

(b) To the best of the Borrower's knowledge, after due inquiry, neither the execution and delivery of any of the Borrower Documents, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of the Borrower Documents, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or constitute a default under any of the foregoing.

(c) To the best of the Borrower's knowledge, after due inquiry, no event of default or any event which, with the giving of notice or the lapse of time, or both, would constitute an event of default under the Master Indenture, has occurred.

(d) To the best of the Borrower's knowledge, information and belief, all of the documents, instruments and written information supplied by or on behalf of the Borrower, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Series 2024 Bond for federal income tax purposes or counsel to the Borrower in rendering its opinion with respect to the status of the Borrower under Section 501(c)(3) of the Code, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading.

(e) The Project consists entirely of property that is owned, leased, or to be owned, and operated by the Borrower. The Project will not be used in an “unrelated trade or business” (as such term is used in Section 513(a) of the Code) of the Borrower (or any other organization that is exempt from federal income tax under Section 501(c)(3) of the Code that may rent or use any portion of the Project) or for any private business use (other than by an organization that is exempt from federal income tax under Section 501(c)(3) of the Code) within the meaning and contemplation of Section 141(b) of the Code.

(f) The Tax Compliance Agreement executed and delivered by the Borrower concurrently with the issuance and delivery of the Series 2024 Bond is true, accurate and complete in all material respects as of the date on which executed and delivered.

(g) The Borrower agrees that it and any other Obligated Group Member (i) shall not perform any act or enter into any agreement which would adversely affect its members' federal income tax status and shall conduct its operations in the manner which conforms to the standards necessary to qualify the members as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provisions of federal income tax law, (ii) shall not perform any act, enter into any agreement or use or permit the Facilities, or any portion thereof, to be used in any manner, or for any trade or business or other non-exempt use related to the purposes of the Obligor, which would adversely affect the exclusion of interest on the Series 2024 Bond, from federal gross income pursuant to Section 103 of the Code, (iii) shall not do or fail to do any act or undertaking which may give rise to unrelated trade or business income with respect to its operations at the Facilities, and (iv) shall not directly or indirectly use or permit the use (including the making of any investment) of any proceeds of the Series 2024 Bond or any other funds of the Issuer or the Obligated Group, or take or omit to take any action, that would cause the Series 2024 Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(h) The Borrower agrees that neither it nor any related party to the Borrower (as defined in Section 1.150-1(b) of the Code) will purchase any of the Series 2024 Bond in an amount related to the obligation represented by this Agreement, as described in Section 1.148-1(b) of the Code.

(i) To the best of the Borrower's knowledge, after due inquiry, any information that has been or will be supplied by the Borrower that has been or will be relied upon by the Issuer and Bond Counsel with respect to the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bond is true and correct.

(j) The Borrower is duly authorized to operate the Facilities under the laws, rulings, regulations and ordinances of the State of Florida and the departments, agencies and political subdivisions thereof.

(k) The Project constitutes a "project" within the meaning of the Act. All proceeds of the Series 2024 Bond will be used to finance a "cost" within the meaning of the Act.

(l) Based on current facts, estimates and circumstances, it is currently expected that the Project will not be sold or disposed of in a manner producing sale proceeds which, together with accumulated proceeds of the Series 2024 Bond or earnings thereon, would be sufficient to enable the Borrower to retire substantially all of the Series 2024 Bond prior to the maturity thereof.

(m) The Borrower will construct the Project and operate its Facilities in accordance with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities rating or inspection organizations, bureaus, associations, or offices having jurisdiction over the Facilities or the Project, as the case may be. The Borrower has obtained or will cause to be obtained all requisite approvals of the State of Florida and of other federal, state, regional and local governmental bodies for the Facilities and the Project.

(n) Substantially all of the net proceeds of the Series 2024 Bond, including earnings from the investment thereof, were used, or will be used, to pay Qualified Project Costs.

(o) The Borrower will not discriminate against the residents of its Facilities or the Project on the basis of race, religion, sex or national origin.

(p) The Borrower agrees to perform all obligations imposed upon it by the express terms of this Agreement.

ARTICLE III SERIES 2024 BOND

Section 3.1 Issuance of Series 2024 Bond. (a) In reliance upon the representations, warranties and agreements herein contained, and subject to the conditions herein set forth, on the Closing Date (i) the Issuer agrees to issue its revenue bond designated the “St. Johns County Industrial Development Authority Senior Living Revenue Bond (Vicar’s Landing Project), Series 2024” (the “Series 2024 Bond”) to the Bondholder and to assign the Series 2024 Note to the Bondholder, (ii) the Bondholder agrees to make the loan contemplated hereby and by the Series 2024 Bond by making from time to time advances of principal on the Series 2024 Bond in an aggregate principal amount not to exceed \$ _____, as described in Section 4.1 below, and (iii) the Borrower agrees to execute the Series 2024 Note, and consents to the assignment of the Series 2024 Note by the Issuer to the Bondholder, as security for the Series 2024 Bond.

(b) The Series 2024 Bond shall be dated the Delivery Date, shall be issued as a fully registered bond, and shall be in a single denomination in an aggregate principal amount of up to \$ _____. The Series 2024 Bond shall bear interest as provided therein.

The form of the Series 2024 Bond is attached as **Exhibit A** hereto. Interest on the amount Advanced on the Series 2024 Bond shall accrue on the outstanding principal amount of the Series 2024 Bond to the date of payment in full and retirement of the Series 2024 Bond. Interest on the Series 2024 Bond shall be payable on each Payment Date commencing [**December 15, 2024**], at the interest rate as from time to time in effect.

The Series 2024 Bond shall be subject to principal amortization as provided in **Exhibit A** hereto and shall mature on the Maturity Date. The Series 2024 Bond shall also be subject to optional and mandatory prepayment described in Article X hereof.

Principal of and interest on the Series 2024 Bond shall be payable to the Bondholder by automatic debit of an account of the Borrower. The Bondholder shall provide the Borrower with a quarterly statement setting forth the amount of principal and interest on the Series 2024 Bond payable to the Bondholder for such quarter; provided, however, failure by the Bondholder to provide such statement shall not relieve the Borrower of its obligation to make any payments due on the Series 2024 Bond.

All payments of principal of and interest on the Series 2024 Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Any payment due on a date that is not Business Day shall be due and payable on the next succeeding Business Day.

The Series 2024 Bond shall be executed in the name of the Issuer with the manual signature of the Chairman or Vice Chairman and shall be attested with the manual signature of the Secretary or Assistant Secretary. Upon full payment of the Series 2024 Bond, whether by maturity, prepayment or otherwise, the Bondholder shall surrender the Series 2024 Bond to the Issuer with a copy to the Borrower, or shall otherwise provide reasonable evidence of the full payment and satisfaction of the Series 2024 Bond.

(c) The Issuer hereby agrees, subject to the terms and conditions of this Agreement, to lend the proceeds of the Series 2024 Bond through the Advances to the Borrower for the purposes of (i) paying, including by reimbursement, Costs of the Project, (ii) funding capitalized interest, and (iii) paying Costs of Issuance with respect to the Series 2024 Bond and the Series 2024 Note. The Borrower hereby agrees that such proceeds shall only be used for such purposes. The Borrower agrees to apply the proceeds of the Series 2024 Bond as provided herein and in the Tax Agreement. The Borrower hereby accepts the Loan and the terms thereof and agrees to make all Required Payments in connection therewith. The terms of the Loan shall be the same as that of the Series 2024 Bond. Except for the payments owed to the Issuer in accordance with its Reserved Rights, the Borrower agrees to make all Required Payments directly to the Bondholder, as assignee of the Issuer, at the times, in the amounts and in the manner as payments are required with respect to the Series 2024 Bond. Except with respect to its Reserved Rights, the Bondholder shall have all rights and remedies herein accorded to the Issuer, and after such endorsement any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Bondholder.

(d) The Bondholder agrees to purchase the Series 2024 Bond from the Issuer, and the Issuer agrees to sell the Series 2024 Bond to the Bondholder, for a purchase price equal to 100% of the principal amount of the Series 2024 Bond advanced as provided in Section 4.1. By acceptance of the Series 2024 Bond, the Bondholder agrees to make the Advances in accordance with Section 4.1 hereof.

(e) The Series 2024 Bond shall be special limited obligations of the Issuer payable solely from amounts payable by the Borrower hereunder and under the Series 2024 Note. Neither the State of Florida (the “State”) nor any political subdivision or agency thereof, including St. Johns County, Florida (the “County”), shall be liable or obligated in any manner to pay the principal of or interest on the Series 2024 Bond. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or agency thereof is pledged to the payment of the principal of and interest on the Series 2024 Bond. The Issuer has no taxing power.

(f) The Bondholder represents that it is purchasing the Series 2024 Bond for its own account and has no present intention of reselling or disposing of the Series 2024 Bond or engaging in any “distribution” thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations of the Securities and Exchange Commission thereunder); provided, however, that the Bondholder may sell a participation interest in the Series 2024 Bond to another state bank or national banking association. The Bondholder represents that it is familiar with the operations and financial condition of the Borrower based upon information furnished to the Bondholder by the Borrower and has made such inquiries as it deems appropriate in connection with the purchase of the Series 2024 Bond. In determining to purchase the Series 2024 Bond, the Bondholder has not

relied upon any information (including financial information) relating to the Borrower provided by the Issuer, nor has it relied upon the omission of the Issuer to provide any such information. The Bondholder relieves the Issuer of any liability for failure to provide such information.

(g) It is specifically understood and agreed that the Issuer makes no representation, covenant or agreement as to the financial position or business condition of the Borrower and does not represent or warrant as to any statements, materials, representations or certifications furnished by the Borrower in connection with the loan contemplated hereby and by the Series 2024 Bond.

Section 3.2 Conditions Precedent to Delivery of the Series 2024 Bond. The Bondholder shall be required to accept delivery of the Series 2024 Bond only upon delivery to it, in form and substance satisfactory to it, of the following:

(a) Executed copies of the Borrower Documents, with the Series 2024 Note having been assigned to the Bondholder.

(b) Evidence of the due authorization, execution and delivery of the Borrower Documents by the parties thereto.

(c) A certified copy of the Authorizing Resolution.

(d) The written opinion of Bryant Miller Olive P.A., as Bond Counsel, that the Series 2024 Bond is a valid and binding limited obligation of the Issuer and, that interest on the Series 2024 Bond is excludable from gross income for federal income tax purposes, subject to customary exceptions.

(e) The written opinion of Purcell, Flanagan, Hay & Greene, P.A., as counsel for the Borrower, relating to the organization and existence of the Borrower, the Borrower's status as a 501(c)(3) organization, the power of the Borrower to enter into the Borrower Documents to which it is a party, the enforceability of such Borrower Documents and such other matters as the Bondholder may reasonably request.

(f) The written opinion of McCabe|Ronsman, as counsel to the Issuer, relating to the organization of the Issuer, the due approval, validity and enforceability of the Financing Instruments to which the Issuer is a party, and such other matters as the Bondholder may reasonably request.

(g) Such other documentation, certificates and opinions as may be reasonably required by the Bondholder, or its counsel.

ARTICLE IV ADVANCES; DISPOSITION OF INITIAL ADVANCE

Section 4.1 Advances. (a) Advances of principal shall be made by the Bondholder directly to or for the account of the Borrower, but each such Advance shall be deemed to be a payment by the Bondholder of a portion of the purchase price of the Series 2024 Bond and the advance of a portion of the proceeds of the Series 2024 Bond to the Borrower to pay or reimburse the Borrower for Costs of the Project (including funding capitalized interest on the Series 2024

Bond) and to pay Costs of Issuance of the Series 2024 Bond and Series 2024 Note. The amount and date of each Advance shall be noted on a ledger maintained by the Bondholder for such purpose. The outstanding principal amount of the Series 2024 Bond shall be the sum of all Advances thereunder, less the aggregate amount of all principal payments which have been made on the Series 2024 Bond (whether upon maturity, by amortization, prepayment, upon acceleration or otherwise). The Borrower shall pay the Commitment Fee to the Bondholder upon the initial issuance and delivery of the Series 2024 Bond.

(a) Funding any Advance shall be subject to the receipt by the Bondholder of a request for Advance (upon which the Bondholder shall be entitled to rely) signed by the Borrower and containing all information called for by, and otherwise being substantially in the form of Exhibit A attached to the Disbursement Agreement; provided, however, that requests for Advances for the payment of Costs of Issuance may be made pursuant to a request substantially in the form provided in **Exhibit D** hereto.

(b) If all conditions precedent to Advances of principal under the Series 2024 Bond have been performed to the satisfaction of the Bondholder, including those set forth in the Disbursement Agreement and the Bondholder has approved the requisition, the Bondholder shall make such Advances by depositing funds in the Borrower's checking account, issuing checks made payable to the Borrower or as otherwise agreed by the Bondholder and the Borrower. The proceeds of each Advance hereunder shall be applied solely and exclusively for the purposes described in Section 4.1(a) hereof, and the Borrower agrees at any time and from time to time, upon request of the Bondholder, to exhibit to the Bondholder receipts, vouchers, statements, bills of sale or other evidence satisfactory to the Bondholder of the actual payment of such costs. The Borrower shall create and maintain detailed records tracing the receipt and expenditure of Advances and any investment earnings thereon.

(c) The Bondholder shall not be required to make any Advance hereunder if an Event of Default or Event of Taxability has occurred under this Agreement.

(d) The initial Advances hereunder of the purchase price of the Series 2024 Bond shall be made in accordance with the provisions hereof on the Closing Date and shall provide for the payment of the Costs of Issuance, including the Commitment Fee.

(e) The final Advance shall be no later than _____, 2026. No Advance shall be made after such date. The Borrower shall notify the Bondholder when it has requested the final Advance.

(f) The Borrower agrees that, no later than _____, 2026, the Borrower intends to request, or cause to be requested, Advances in at least the full principal amount of \$ _____ of the Series 2024 Bond.

ARTICLE V LOAN BY THE ISSUER; THE SERIES 2024 NOTE

Section 5.1 Loan by the Issuer; Repayment of Loan. Upon the terms and conditions of this Agreement, the Issuer shall lend to the Borrower the proceeds of the Series 2024 Bond. Prior to or simultaneously with the issuance of the Series 2024 Bond, to evidence its obligations

to repay such Loan, the Borrower shall deliver the Series 2024 Note to the Issuer for assignment to the Bondholder as security for the Payment of the Series 2024 Bond.

Section 5.2 Series 2024 Note as Obligations. The Series 2024 Note shall constitute an “Obligation” under the Master Indenture, and the Borrower represents and warrants that the Indebtedness represented by this Agreement and the Series 2024 Note is authorized and permitted under the Master Indenture.

Section 5.3 Assignment of Series 2024 Note. The Issuer hereby assigns all of its right, title and interest in the Series 2024 Note to the Bondholder and shall execute the form of assignment affixed to the Series 2024 Note.

ARTICLE VI PAYMENTS

Section 6.1 Amounts Payable. (a) The Borrower shall make, or cause to be made, all payments required under the Series 2024 Note and, for the account of the Issuer, shall make, or cause to be made, all payments required under the Series 2024 Bond, as and when the same become due (whether by amortization, at maturity, by acceleration or otherwise), in the manner set forth in the Series 2024 Bond and shall make, or cause to be made, all other Required Payments in the manner set forth in the applicable Borrower Documents. Payments to the Bondholder shall be made at the address of the Bondholder set forth in Section 11.7 or at such other place as the Bondholder may direct in writing. Any amount at any time paid to the Bondholder as a payment on the Series 2024 Bond shall be credited against the Borrower's obligations hereunder and under the Series 2024 Note (but subject to collection of any instrument, draft, check or order for payment received by the Bondholder).

(b) The Borrower shall make all payments required under the Series 2024 Note as and when the same become due and shall promptly pay to the Bondholder all other amounts necessary to pay principal of and interest on the Series 2024 Bond, including any other Required Payments, as and when the same become due (whether at maturity, by acceleration or otherwise). Payments shall be made in lawful money of the United States of America at the office of the Bondholder in Franklin, Tennessee, or at such other place as the Bondholder may direct in writing. Any amount at any time paid to the Bondholder as the payment of principal of or interest on the Series 2024 Bond as the same becomes due shall be credited against the Borrower's obligation hereunder and under the Series 2024 Note as of the date such obligation is due (but subject to collection of any instrument, draft, check or order for payment received by the Bondholder). If such amount should be sufficient to pay at the times required the principal of and interest on the Series 2024 Bond then remaining unpaid (including amounts accrued as of such date and amounts that will accrue through final Payment of the Series 2024 Bond), the Borrower shall not be obligated to make any further payments hereunder or under the Series 2024 Note but only if the same constitutes Payment of the Series 2024 Bond.

(c) The outstanding principal amount of the Series 2024 Bond shall, except as otherwise provided herein, bear interest for each interest accrual period at the variable interest rate equal to .79x (the Benchmark, plus the Applicable Spread). Anything herein to the contrary notwithstanding, if the Benchmark reported by the authoritative rate reporting service selected by

the Bondholder is less than zero percent (0.00%) then the Benchmark shall be deemed to be zero percent (0.00%). The Benchmark shall be set on the Closing Date and adjusted on the first day of every calendar month thereafter. The Benchmark is not necessarily the lowest rate charged by the Bondholder for any particular class of borrower or credit extensions. The Issuer and Borrower understand that Bondholder may make loans based on other benchmarks and rates. If an Event of Default exists, then at the Bondholder's option, Series 2024 Bond shall bear interest at the Default Rate, payable on written demand from the Bondholder to the Borrower. Interest on the Series 2024 Bond will be calculated on the basis of actual number of days elapsed (including the first day, but excluding the last day), but computed as if each calendar year consisting of 360 days (unless such computation would result in an interest rate in excess of the Maximum Rate, in which event computation shall be made on the basis of a year of 365 or 366 days, as the case may be). All interest rate determination and calculations by the Lender shall be conclusive and binding absent manifest error.

(d) Upon the occurrence of a Determination of Taxability, the Series 2024 Bond shall bear interest at the Taxable Rate. If the corporate tax rate changes, the interest on Series 2024 Bond becomes partially taxable, because of any change in federal tax laws or regulations, the Series 2024 Bond becomes subject to a minimum tax or alternative minimum tax, or the economic tax advantage of owning the Series 2024 Bond is otherwise altered by a change in federal tax law, then the Series 2024 Bond shall bear interest at the Taxable Rate. Any interest rate change provided in this paragraph shall be in addition to any other changes required by the Series 2024 Bond or this Agreement.

(e) If any Change in Law shall (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Bondholder; or (ii) impose on the Bondholder any other condition, cost or expense affecting this Agreement or the Series 2024 Bond; and the result of any of the foregoing shall be to increase the cost to the Bondholder of making, converting to, continuing or maintaining and Advances or owing the Series 2024 Bond or to reduce the amount of any sum received or receivable by the Bondholder (whether of principal, interest or any other amount), then Borrower shall pay to the Bondholder within ten (10) days after demand, which demand shall contain the basis and calculations supporting such demand, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as the Bondholder may determine in its sole discretion) as may be required to compensate the Bondholder for such increased costs or reductions in amounts receivable hereunder. Each determination and calculation made by the Bondholder under this clause (e) shall, absent manifest error, be binding and conclusive on the parties hereto.

(f) If the Bondholder determines that any Change in Law affecting the Bondholder or any lending office of the Bondholder or the Bondholder's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bondholder's capital or on the capital of the Bondholder's holding company, if any, as a consequence of this Agreement, the commitments of the Bondholder hereunder or the Series 2024 Bond to a level below that which the Bondholder or the Bondholder's holding company could have achieved but for such Change in Law (taking into consideration the Bondholder's policies and the policies of the Bondholder's holding company with respect to capital adequacy), the Borrower shall pay to the Bondholder within ten (10) days after demand, which demand shall contain the

basis and calculations supporting such demand, such additional amount or amounts as will compensate Bondholder or Bondholder's holding company for such reduction. Each determination by Bondholder of amounts owing under this clause (f) shall, absent manifest error, be conclusive and binding on the parties hereto.

Section 6.2 Replacement Benchmark. Any other provision in this Agreement or the Series 2024 Bond to the contrary notwithstanding, if an announcement has been made that the Benchmark will be discontinued during the term of this Agreement, or if the Benchmark is officially discontinued, no longer available, or deemed by the Bondholder in its reasonable discretion to no longer qualify as a valid reference rate during the term of this Agreement (a "Benchmark Discontinuance Event"), then the Bondholder reserves the right to select a replacement benchmark (a "Replacement Benchmark") that will be generally comparable in function and effect to the Benchmark or if the Bondholder determines that an acceptable comparable benchmark cannot be identified, the Bondholder may designate a Replacement Benchmark that is generally then prevailing for comparable loans made by similar commercial lenders operating in the Bondholder's market. In connection with the designation of a Replacement Benchmark to replace the Benchmark, the Bondholder may adjust the Applicable Spread applied to the Replacement Benchmark (the "Replacement Benchmark Spread") either (i) in accordance with market conventions prevailing at the time the Benchmark is replaced or (ii) such that the effective "all in" rate evidenced by the applicable interest rates on the Series 2024 Bond will be substantially equivalent to the effective "all in" rate prior to the designation of the Replacement Benchmark. The Bondholder shall have the right upon making a determination as to a Replacement Benchmark and the Replacement Benchmark Spread, notwithstanding any other provision of this Agreement to the contrary to implement the Replacement Benchmark and the Replacement Benchmark Spread, without any further action or consent of the Issuer or the Borrower, but subject to the receipt of an opinion of Bond Counsel to the effect that substitution of such interest rate will not adversely affect the exclusion from gross income of interest and the Series 2024 Bond, and the Financing Documents shall be automatically deemed amended to incorporate the Replacement Benchmark and Replacement Benchmark Spread.

With respect to any Replacement Benchmark, the Bondholder shall have the right to implement any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, and other technical, administrative or operational matters) that the Bondholder decides may be appropriate to reflect the adoption and implementation of such Replacement Benchmark and to permit the administration thereof in a manner substantially consistent with market practice (or, if the Bondholder decides that adoption of any portion of such market practice is not administratively feasible or determines that no market practice for the administration of such Replacement Benchmark exists, in such other manner of administration as the Bondholder decides is reasonably necessary in connection with the administration of the Series 2024 Bond and any related Financing Documents).

The Bondholder shall provide the Borrower notice of a Benchmark Discontinuance Event and of the designation of the Replacement Benchmark and Replacement Benchmark Spread within a reasonable period of time following the occurrence of a Benchmark Discontinuance Event. The Borrower may obtain the current Benchmark or Replacement Benchmark, as applicable, from the Bondholder upon the Borrower's request. The Bondholder's determination of the Benchmark,

Replacement Benchmark or Replacement Benchmark's Spread, at any time, shall be conclusive absent demonstrable error. A failure or delay in exercising any right, power, or privilege by the Bondholder will not be presumed to operate as a waiver of the ability to exercise such rights.

Section 6.3 Interest Rate shall not Exceed Maximum Rate. Anything provided herein or in the Series 2024 Bond to the contrary notwithstanding, in no event shall interest payable under the Series 2024 Bond exceed the Maximum Rate applicable to the Series 2024 Bond.

Section 6.4 Unconditional Obligations. The obligations of the Borrower to make, or cause to be made, Required Payments and to perform and observe all other covenants, conditions and agreements hereunder shall be general obligations of the Borrower and shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim the Borrower might otherwise have against the Issuer or the Bondholder. Nothing in this section shall be construed as a waiver by the Borrower of any rights or claims it may have against the Bondholder under this Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Bondholder separately. The Borrower shall not suspend or discontinue any such payment hereunder or fail to observe and perform any of its other covenants, conditions and agreements under the Financing Instruments for any cause, including without limitation any acts or circumstances that may constitute failure of consideration, failure of title to any part or all of the Project, or commercial frustration of purpose, or any damage to or destruction of all or any part of the Project, or any change in the tax or other laws of the United States of America, the State of Florida or any political subdivision of either, or any failure of the Issuer or the Bondholder to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation contained in or arising out of or in connection with any Financing Instrument.

Section 6.5 Issuer Assignment of Rights. The Issuer hereby assigns its right, title and interest in and to this Agreement (except for Sections 7.2, 7.8, 8.7 and 9.4 hereof and the right to receive notices hereunder) and the Series 2024 Note to the Bondholder. The Borrower consents to such assignment and agrees to pay, or cause to be paid, to the Bondholder all amounts payable pursuant to the Series 2024 Note and this Agreement, except for any amounts payable directly to the Issuer pursuant to the provisions hereof.

ARTICLE VII SPECIAL COVENANTS

Section 7.1 Cure by the Bondholder. If the Borrower shall fail to make any payment or perform any act required of it hereunder, the Bondholder, without prior notice to or demand upon the Borrower and without releasing any obligation or waiving any default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Bondholder and all costs, fees and expenses so incurred, including reasonable counsel fees, shall be immediately due and payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the Default Rate, to the extent permitted by law.

Section 7.2 Indemnification. (a) **THE BORROWER AGREES THAT IT WILL AT ALL TIMES INDEMNIFY AND HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES AGAINST ANY AND ALL LOSSES, INCLUDING LOSSES AS A RESULT OF**

THE NEGLIGENT ACTS OR OMISSIONS OF ANY INDEMNIFIED PARTY, OTHER THAN LOSSES RESULTING FROM FRAUD, WILLFUL MISCONDUCT OR THEFT ON THE PART OF THE INDEMNIFIED PARTY CLAIMING INDEMNIFICATION.

(b) NONE OF THE INDEMNIFIED PARTIES SHALL BE LIABLE TO THE BORROWER FOR, AND THE BORROWER HEREBY RELEASES EACH OF THEM FROM, ALL LIABILITY TO THE BORROWER FOR, ALL INJURIES, DAMAGES OR DESTRUCTION TO ALL OR ANY PART OF ANY PROPERTY OWNED OR CLAIMED BY THE BORROWER THAT DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF OR RELATE TO THE DESIGN, CONSTRUCTION, OPERATION, USE, OCCUPANCY, MAINTENANCE OR OWNERSHIP OF ANY PROJECT OR ANY PART THEREOF, EVEN IF SUCH INJURIES, DAMAGES OR DESTRUCTION DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF OR RELATE TO, IN WHOLE OR IN PART, ONE OR MORE ACTS OR OMISSIONS, INCLUDING ACTS OR OMISSIONS CONSTITUTING NEGLIGENCE ON THE PART OF ANY INDEMNIFIED PARTY (BUT NOT INCLUDING ACTS OR OMISSIONS CONSTITUTING FRAUD, WILLFUL MISCONDUCT OR THEFT ON THE PART OF THE INDEMNIFIED PARTY CLAIMING RELEASE) IN CONNECTION WITH THE ISSUANCE OF ANY SERIES OF THE ISSUER NOTES OR IN CONNECTION WITH ANY PROJECT.

(c) Each Indemnified Party, as appropriate, shall reimburse the Borrower for payments made by the Borrower pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any other source (but not from the proceeds of any claim against any other Indemnified Party) with respect to any Loss to the extent necessary to prevent a recovery of more than the Loss by such Indemnified Party with respect to such Loss. At the request and expense of the Borrower, each Indemnified Party shall claim or prosecute any such rights of recovery from other sources (other than any claim against another Indemnified Party) and such Indemnified Party shall assign its rights to such rights of recovery from other sources (other than any claim against another Indemnified Party), to the extent of such required reimbursement, to the Borrower.

(d) In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be sought against the Borrower, such Indemnified Party promptly shall notify the Borrower in writing within ten days of gaining knowledge of such claim; provided, however, that any failure so to notify shall not relieve the Borrower of its obligations under this Section.

(e) The Borrower shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless (i) the employment of such counsel has been specifically authorized by the Borrower, in writing, (ii) the Borrower has failed after receipt of notice of such Claim to assume the defense and to employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Party and the Borrower, and the Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Borrower (in which case, if such

Indemnified Party notifies the Borrower in writing that it elects to employ separate counsel at the Borrower's expense, the Borrower shall not have the right to assume the defense of the action on behalf of such Indemnified Party; provided, however, that the Borrower shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by the Indemnified Parties).

(f) Each Indemnified Party shall cooperate with the Borrower, and the Borrower shall cooperate with each Indemnified Party, in the defense of any action or Claim. The Borrower shall not be liable for any settlement of any action or Claim without the Borrower's consent but, if any such action or Claim is settled with the consent of the Borrower or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the Borrower shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment to the extent provided in Subsection (a).

(g) The provisions of this Section shall survive the termination of this Agreement, and the obligations of the Borrower hereunder shall apply to Losses or Claims under Subsection (a) whether asserted prior to or after the termination of this Agreement. In the event of failure by the Borrower to observe the covenants, conditions and agreements contained in this Section, any Indemnified Party may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Section. The obligations of the Borrower under this Section shall not be affected by any assignment or other transfer by the Issuer of its rights, titles or interests under this Agreement and will continue to inure to the benefit of the Indemnified Parties after any such transfer. The provisions of this Section shall be cumulative with and in addition to any other agreement by the Borrower to indemnify any Indemnified Party.

Section 7.3 Tax Exemption for the Series 2024 Bond. (a) The Borrower hereby represents and covenants as follows:

(i) the Borrower will, at the expense of the Borrower, comply with, and make all filings required by, all effective rules, rulings or Regulations promulgated by the Department of the Treasury or the Internal Revenue Service with respect to the obligations such as the Series 2024 Bond, if any;

(ii) the Borrower will continue to conduct its operations in a manner that will result in its continuing to qualify as an organization described in section 501(c)(3) of the Code including but not limited to the timely filing of all returns, reports and requests for determination with the Internal Revenue Service and the timely notification of the Internal Revenue Service of all changes in its organization and purposes from the organization and purposes previously disclosed to the Internal Revenue Service;

(iii) the Borrower will not divert any substantial part of its corpus or income for a purpose or purposes other than those for which it is organized and operated as described in Section 7.4 hereof;

(iv) the proceeds of the Series 2024 Bond and any investment earnings thereon will be expended for the purposes set forth in this Agreement;

(v) the Borrower will not use or invest the proceeds of the Series 2024 Bond or any investment earnings thereon in a manner that will result in the Series 2024 Bond becoming a private activity bond (other than a qualified 501(c)(3) bond) within the meaning of sections 141 and 145 of the Code;

(vi) the Borrower will not use or permit to be used more than 5% of the proceeds of the Series 2024 Bond, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit or an organization described in section 501(c)(3) of the Code. For purposes of the preceding sentence, use of the proceeds by an organization described in section 501(c)(3) of the Code with respect to an “unrelated trade or business,” determined in accordance with section 513(a) of the Code, does not constitute a use by an organization described in section 501(c)(3) of the Code; further any use of proceeds of the Series 2024 Bond or any investment earnings thereon in any manner contrary to the guidelines set forth in Revenue Procedure 2017-13, including any revisions or amendments thereto, shall constitute the use of such proceeds in the trade or business of a nonexempt person;

(vii) the Borrower will not use or permit the use of any portion of the proceeds of the Series 2024 Bond, directly or indirectly, to make or finance loans to any person who is not a governmental unit or an organization described in section 501(c)(3) of the Code. For purposes of the preceding sentence, a loan to an organization described in section 501(c)(3) of the Code for use with respect to an “unrelated trade or business” does not constitute a loan to such a unit or organization;

(viii) the Borrower will refrain from taking any action that would result in the Series 2024 Bond being “federally guaranteed” within the meaning of section 149(b) of the Code;

(ix) the Borrower will refrain from using any portion of the proceeds of the Series 2024 Bond, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Series 2024 Bond, other than investment property acquired with

- (1) proceeds of the Series 2024 Bond invested for a reasonable temporary period equal to the lesser of three years or until such proceeds are needed for the purpose for which such bond is issued,
- (2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1 (b) of the Treasury Regulations, and
- (3) amounts deposited in any reasonable required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Series 2024 Bond;

(i) the Borrower will otherwise restrict the use of the proceeds of the Series 2024 Bond or amounts treated as proceeds of the Series 2024 Bond, as may be necessary, so that the Series 2024 Bond does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(ii) the Borrower will refrain from using the proceeds of the Series 2024 Bond to pay debt service on another issue more than 90 days after the date of issue of the Series 2024 Bond, in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(iii) the Borrower will use no more than two percent of the proceeds from the sale of the Series 2024 Bond for the payment of Costs of Issuance (including the Commitment Fee); and

(iv) the Borrower will use no portion of the proceeds of the Series 2024 Bond to provide any airplane, sky-box or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(b) No person, or any related party, as defined in Section 1.150-1 of the Treasury Regulations, from whom the Issuer or the Borrower may acquire obligations, shall, pursuant to an arrangement, formal or informal, purchase the Series 2024 Bond in an amount related to the amount of the obligations to be acquired from such person by the Issuer of the Borrower.

For purposes of the foregoing, the Issuer and the Borrower understand that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Series 2024 Bond. It is the understanding of the Issuer and the Borrower that the covenants contained in this Section are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Series 2024 Bond, the Issuer and the Series 2024 Bond will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Series 2024 Bond under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2024 Bond, the Issuer and the Borrower agree to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Series 2024 Bond under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Issuer Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2024 Bond.

Section 7.4 Representations and Warranties as to Tax Exempt Status of Borrower.

The Borrower hereby represents and warrants as follows:

(a) the Borrower is an organization exempt from federal income taxation under section 501(a) of the Code by virtue of being described in section 501(c)(3) of the Code;

(b) the purposes, character, activities and methods of operation of the Borrower and are not materially different from the purposes, character, activities and methods of operation at the time of its receipt of a determination by the Internal Revenue Service that it is an organization described in section 501(c)(3) of the Code (the “Determination”);

(c) the Borrower has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated and disclosed to the Internal Revenue Service in connection with the Determination;

(d) the Borrower has not operated since its organization in a manner that would result in it being classified as an “action” organization within the meaning of Section 1.501(c)(3)-1(c)(3) of the Regulations including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(e) with the exception of the payment of compensation (and the payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Borrower, no person controlled by any such individual or individuals nor any person having a personal or private interest in the activities of the Borrower has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Borrower during the current fiscal year and the period, if any, preceding the current fiscal year, other than as reported to the Internal Revenue Service by the Borrower;

(f) the Borrower is not a “private foundation” within the meaning of section 509(a) of the Code;

(g) the Borrower has not received any indication or notice whatsoever to the effect that its exemption under section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(h) the Borrower has filed with the Internal Revenue Service all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and has notified the Internal Revenue Service of any changes in its organization and operation since the date of the application for the Determination;

(i) the Borrower has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of section 501(c)(3) of the Code; and

(j) the Borrower has not taken any action, nor does it know of any action that any other person has taken, nor does it know of the existence of any condition, which would cause the Borrower to lose its exemption from taxation under section 501(a) of the Code or cause the interest on the Series 2024 Bond to become taxable to the recipient thereof because such interest is not excludable from the gross income of such recipient for federal income tax purposes under section 103(a) of the Code.

Section 7.5 Allocation of, and Limitation on, Expenditures for the Project. The Borrower covenants to account for the expenditure of proceeds of each of the Series 2024 Bond and investment earnings thereon to be used for the Costs of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the Project is completed. The foregoing notwithstanding, the Borrower shall not expend proceeds of the Series 2024 Bond or investment earnings thereon more than 60 days after the earlier of (i) the fifth anniversary of the delivery of the Series 2024 Bond or (ii) the date the Series 2024 Bond is retired, unless the Borrower obtains an opinion of Bond Counsel that such expenditure will not adversely affect the tax-exempt status of the Series 2024 Bond. For purposes hereof, the Borrower shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of interest.

Section 7.6 Disposition of Project. The Borrower covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Borrower of cash or other compensation, unless the Borrower obtains an opinion of Bond Counsel that such sale or other disposition will not adversely affect the exclusion of interest on the Series 2024 Bond from the gross income of the owners thereof for federal income tax purposes.

Section 7.7 Written Procedures.

(a) The Borrower (i) has designated the Chief Financial Officer of the Borrower as the person who will contact the Issuer and its counsel in the event of any change of use of any portion of the Project within 15 days of such change in use event, and (ii) will provide, within 60 days of such date, a rebate report or a letter (prepared by a CPA, nationally recognized rebate consultant or Bond Counsel) stating that a rebate report is not required.

(b) The Issuer has designated its Chairman or Vice Chairman as the person who (i) will receive notice by the person described in the preceding paragraph of any change of use of the Project and who will determine, upon consultation with Bond Counsel, whether to take any remedial action or any other remedy available at law to ensure that the tax-exempt status of the Series 2024 Bond is preserved following such change of use, and (ii) will receive the aforementioned rebate report or letter stating that such report is not required.

Section 7.8 Payment of Administration Expenses. In consideration of the agreement of the Issuer to issue the Series 2024 Bond and loan the proceeds thereof to provide financing for the Project, the Borrower hereby agrees to pay any and all costs paid or incurred by the Issuer in connection with the financing or refinancing of the Project, whenever incurred, including out of pocket expenses and compensation in connection with the issuance of the Series 2024 Bond, including, without limitation, reasonable sums for reimbursement of the fees and expenses incurred by the Issuer's financial advisors, consultants and legal counsel in connection with the Project and the issuance of the Series 2024 Bond.

**ARTICLE VIII
ADDITIONAL COVENANTS**

Section 8.1 No Warranty of Merchantability, Condition or Suitability by the Issuer or the Bondholder. Neither the Issuer nor the Bondholder makes no warranty, either express or implied, as to the condition of the Project or that the Project will be suitable for the Borrower's particular purposes or needs. Without limiting the effect of the preceding sentence, it is expressly agreed that in connection with each sale or conveyance pursuant to this Agreement the Issuer and the Bondholder make NO WARRANTY OF MERCHANTABILITY.

Section 8.2 Nonsectarian Use. The Borrower agrees that no proceeds of the Series 2024 Bond will be used to construct, acquire or install any portion of the Project which is intended to be used or which are being used for sectarian purposes.

Section 8.3 Further Assurances. The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

Section 8.4 Authority of Borrower. Whenever under the provisions of this Agreement the approval of the Borrower is required, or the Issuer is required to take some action at the request of the Borrower, such approval or such request shall be made by the Borrower unless otherwise specified in this Agreement and the Issuer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against the Issuer as a result of any action taken.

Section 8.5 Authority of Issuer Representative. Whenever under the provisions of this Agreement the approval of the Issuer is required, or the Borrower is required to take some action at the request of the Issuer, such approval or such request shall be made by the Issuer Representative unless otherwise specified in this Agreement and the Borrower shall be authorized to act on any such approval or request and the Issuer shall have no complaint against the Borrower as a result of any such action taken.

Section 8.6 No Personal Liability. No obligations contained in the Series 2024 Bond or this Agreement shall be deemed to be the obligations of any officer, director, commissioners, trustee, agent or employee of the Issuer, the Borrower, St. Johns County, Florida or the Bondholder, in his or her individual capacity, and neither the governing body of the Issuer or the Borrower, St. Johns County, Florida or the Bondholder, any official of the Issuer or St. Johns County, Florida nor any official of the Issuer executing the Series 2024 Bond or this Agreement shall be liable personally thereon or be subject to any personal liability or accountability with respect thereto.

Section 8.7 Fees and Expenses. The Borrower agrees to pay promptly upon demand therefor all costs paid, incurred or charged by the Issuer or the Bondholder in connection with the Series 2024 Bond, including without limitation, (i) all fees required to be paid to the Issuer or the Bondholder with respect to the Series 2024 Bond, (ii) all out of pocket expenses and Costs of Issuance (including reasonable fees and expenses of attorneys employed by the Issuer or the Bondholder) reasonably incurred by the Issuer in connection with the issuance of the Series 2024

Bond and (iii) all out of pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer or the Bondholder) reasonably incurred by the Issuer or the Bondholder in connection with the enforcement of any of its rights or remedies or the performance of its duties under this Agreement.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Event of Default. Each of the following shall be an Event of Default:

(a) Failure of the Borrower to make, or cause to be made, any payment of principal of or interest on the Series 2024 Note or this Agreement when due.

(b) Failure of the Borrower to observe or perform any of its other covenants, conditions or agreements hereunder or under any other Borrower Document, which does not constitute an Event of Default under any other provision of this Section 9.1, for a period of 60 days after notice (unless the Borrower and the Bondholder shall agree in writing to an extension of such time prior to its expiration) specifying such failure and requesting that it be remedied, given by the Bondholder to the Borrower.

(c) An Event of Default shall occur under the Master Indenture.

Section 9.2 Remedies on Default. Upon the occurrence and continuation of an Event of Default, the Bondholder may:

(a) In the event that the payment of the principal of and interest on the Series 2024 Note have been declared due and payable immediately by the Master Trustee, by notice in writing given to the Borrower, declare all payments hereunder and under the Series 2024 Bond to be immediately due and payable;

(b) To the extent permitted thereby, exercise or direct the Master Trustee to exercise any remedy provided under the Master Indenture; and

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or under the Series 2024 Bond or the Series 2024 Note or to enforce observance or performance of any covenant, condition or agreement of the Borrower under this Agreement.

The Bondholder shall give notice to the Borrower of the exercise by the Bondholder of any of the rights or remedies under this Section 9.2 (i) in writing in the manner provided in Section 11.7 and (ii) by telephone or e-mail; provided, that failure to give such notice by telephone or e-mail shall not affect the validity of the exercise of any right or remedy under this Section 9.2.

Any obligation of the Bondholder to advance any theretofore undisbursed proceeds of the Series 2024 Bond shall immediately cease and be of no further force nor effect upon the occurrence of an Event of Default.

In the enforcement of the remedies provided in this Section 9.2, the Bondholder may treat all reasonable expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Borrower then due and owing and the Borrower agrees to pay such additional amounts upon demand, the amount of such legal fees to be without regard to any statutory presumption.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, and any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 9.4 Counsel Fees and Other Expenses. The Borrower shall on demand pay to the Issuer and the Bondholder the reasonable counsel fees and other reasonable expenses incurred by either of them in the collection of payments hereunder or the enforcement of any other obligation of the Borrower upon an Event of Default. Further, the Borrower's obligation to pay the expenses of the Issuer, the Bondholder, or any other expenses because of the occurrence of an Event of Default shall survive Payment of the Series 2024 Bond.

Section 9.5 No Additional Waiver Implied by One Waiver. If any party or its assignee waives a default by any other party under any covenant, condition or agreement herein, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X PREPAYMENT

Section 10.1 Optional Prepayment. The Series 2024 Bond may be redeemed and prepaid by the Issuer, at the direction of the Borrower, in whole or in part at any time, upon thirty (30) days' prior written notice from the Borrower to the Bondholder, at a price equal to par plus accrued interest to the date of prepayment.

Section 10.2 Borrower Obligation to Prepay. Whenever the Borrower shall direct the Issuer to make a prepayment of the Series 2024 Bond, the Borrower shall prepay its obligations under this Agreement and the Series 2024 Note by making such prepayment of the Series 2024 Bond for the account of the Issuer. Such prepayment of the Series 2024 Bond shall be deemed a prepayment of the Borrower's obligations hereunder and under the Series 2024 Note in the same amount. Prepayment of the Series 2024 Bond in full shall discharge the Borrower from its obligations under this Agreement and the Series 2024 Note (other than obligations which survive Payment of the Series 2024 Bond) with respect to the Series 2024 Bond, but only if such prepayment shall constitute Payment of the Series 2024 Bond.

ARTICLE XI MISCELLANEOUS

Section 11.1 Term of Agreement. This Agreement shall be effective upon execution and delivery hereof. Subject to earlier satisfaction upon prepayment of all of the Borrower's

obligations hereunder pursuant to Article X and the making in full of all other Required Payments due and payable at the date of such prepayment and subject to any provisions hereof which survive Payment of the Series 2024 Bond, the Borrower's obligations hereunder shall expire on the date provided in the Series 2024 Bond for the final payment of principal thereon, or if all Required Payments have not been made on such date, when all Required Payments shall have been made.

Section 11.2 If Payment or Performance Date is Not a Business Day. If the specified or last date for the making of any payment, the performance of any act or the exercising of any right, as provided in this Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day; provided, that interest shall accrue during any such period during which payment shall not occur.

Section 11.3 Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. No assignment by the Borrower shall relieve the Borrower of its obligations hereunder.

Section 11.4 Waiver of Right of Setoff. The Bondholder hereby waives any right of set-off or banker's lien it may have by contract or operation of laws with respect to any and all deposits (general or special, time or demand, provisional or final, in whatever currency) of a Member of the Obligated Group held by the Bondholder.

Section 11.5 Severability. If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 11.6 Applicable Law; Entire Understanding. This Agreement shall be governed by the applicable laws of the State of Florida. This Agreement expresses the entire understanding and all agreements between the parties and may not be modified except in a writing signed by the parties. This Agreement may not be modified before Payment of the Series 2024 Bond without the prior written consent of the Bondholder and the Borrower.

Section 11.7 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

Section 11.8 Notices. Except as may otherwise be provided herein, all demands, notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be delivered or given by first class mail, postage prepaid, or overnight courier addressed as follows:

(a) If to the Borrower, at:

Life Care Ponte Vedra, Inc.
1000 Vicar's Landing Way
Ponte Vedra Beach, Florida 32082
Attention: Chief Executive Officer
Telephone: (904) 273-1700
Email: bjones@vicarslanding.com

with a copy to:

Purcell, Flanagan, Hay & Greene
1548 Lancaster Terrace
Jacksonville, Florida 32204
Attention: Christopher J. Greene
Telephone: (904) 355-0355
Email: cgreene@pfhglaw.com

(b) If to the Issuer, at:

St. Johns County Industrial Development Authority
500 San Sebastian View
St. Augustine, Florida 32084
Attention: Sam Camp
Telephone: (904) 209-3257
Email: scamp@sjcfl.us

with a copy to:

McCabe Ronsman
110 Solana Road, Suite 102
Ponte Verda Beach, FL 32082
Attention: Michael J. McCabe
Telephone: (904) 396-0090 (ext. 222)
Email: mccabe@flclegal.com

(c) If to the Bondholder, at:

Hancock Whitney Bank
6700 Tower Circle, Suite 210
Franklin, Tennessee 37067
Attention: Mike Woodnorth
Telephone: (615) 367-0838
Email: Michael.woodnorth@hancockwhitney.com

The Borrower, the Issuer and the Bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests and other communications shall be sent or persons to whose attention the same shall be directed.

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IN WITNESS WHEREOF, the Issuer, the Bondholder and the Borrower have caused this Agreement to be executed in their respective names, all as of the date first above written.

**ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**, as Issuer

By: _____
Vivian Helwig, Chair

[Signature Page to Series 2024 Financing Agreement]

HANCOCK WHITNEY BANK, as Bondholder

By: _____
Michael Woodnorth, Director

[Signature Page to Series 2024 Financing Agreement]

LIFE CARE PONTE VEDRA, INC., as Borrower

By: _____
D. Bruce Jones, Chief Executive Officer

[Signature Page to Series 2024 Financing Agreement]

EXHIBIT A

(FORM OF SERIES 2024 BOND)

Not to Exceed \$ _____

**St. Johns County Industrial Development Authority
Senior Living Revenue Bond
(Vicar's Landing Project)
Series 2024**

The St. Johns County Industrial Development Authority, a public body politic and corporate duly organized and validly existing under the laws of the State of Florida (the “Issuer”), for value received, hereby promises to pay, solely from the sources as hereinafter provided, to the order of Hancock Whitney Bank (the “Bondholder”) at its office in Franklin, Tennessee, or at such other place as the Bondholder may in writing designate, in lawful money of the United States of America, the principal amount of \$ _____ or such lesser amount as may be advanced hereunder and under the Agreement (as defined below) with respect to this Bond, together with interest on the outstanding and unpaid principal amount in the amounts and at the times set forth below.

This Bond is dated October 1, 2024 and is issued for the purpose of providing funds to be loaned to Life Care Ponte Vedra, Inc., a Florida not-for-profit corporation, (the “Borrower”) to be used to finance and refinance the cost of improvements to and expansions of a continuing care retirement community located in St. Johns County, Florida (the “Project”), and to pay costs of issuance, pursuant to a Financing Agreement dated as of October 1, 2024 (the “Agreement”), among the Issuer, the Bondholder and the Borrower. Reference is hereby made to the Agreement for a description of the provisions, among others, with respect to the nature and extent of the security for this Bond, additional amounts payable thereunder, the rights, duties and obligations of the Issuer, the Bondholder and the Borrower with respect thereto. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings assigned thereto pursuant to the Agreement.

NEITHER THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF FLORIDA, INCLUDING ST. JOHNS COUNTY, FLORIDA (“ST. JOHNS COUNTY”) SHALL BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THIS BOND OR THE PREMIUM, IF ANY, OR INTEREST HEREON, EXCEPT WITH RESPECT TO THE ISSUER AND SOLELY FROM THE SOURCES IDENTIFIED IN THE AGREEMENT HEREINAFTER IDENTIFIED AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ST. JOHNS COUNTY, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

This Bond has been issued under and pursuant to the Chapter 159, Parts III, Florida Statutes, and other applicable provisions of law (the “Act”). This Bond is a limited obligation of

the Issuer payable solely from amounts paid by the Borrower pursuant to the Agreement and payments received under the Series 2024 Note and not from any other revenues, funds or assets of the Issuer. No owner of this Bond has the right to compel the Issuer to pay the principal of, interest or redemption premium, if any, on this Bond, except from such sources.

Advances of the principal amount hereof shall be made pursuant to and subject to the terms and conditions of Section 4.1 of the Agreement. All requests for disbursements of the principal amount hereof must be received by this Bond by no later than _____, 202_, and no additional disbursements shall be made after such date.

Interest on the unpaid principal balance from time to time outstanding under this Bond, shall be due and payable on March 15, June 15, September 15 and December 15 of each year, commencing [**December 15, 2024**], and shall, except as otherwise provide herein, be calculated at the variable interest rate equal to .79x (the Benchmark, plus the Applicable Spread); provided, however, that if the reported Benchmark shall be less than zero percent (0.00%), the Benchmark shall be deemed to be zero percent (0.00%). If an Event of Default exists, then at the Bondholder's option, this Bond shall bear interest at the Default Rate, payable on written demand from the Bondholder to the Borrower. Interest on this Bond will be calculated on the basis of actual number of days elapsed (including the first day, but excluding the last day), but computed as if each calendar year consisted of 360 days (unless such computation would result in an interest rate in excess of the Maximum Rate, in which event computation shall be made on the basis of a year of 365 or 366 days, as the case may be). All interest rate determination and calculations by the Bondholder shall be conclusive and binding absent manifest error. The Benchmark shall be set on the date of issuance hereof and adjusted on the first day of each calendar month thereafter.

Upon the occurrence of a Determination of Taxability, this Bond shall bear interest at the Taxable Rate. If the corporate tax rate changes, the interest on this Bond becomes partially taxable, because of any change in federal tax laws or regulations, this Bond becomes subject to a minimum tax or alternative minimum tax; or the economic tax advantage of owning this Bond is otherwise altered by a change in federal tax law, then this Bond shall bear interest at the Taxable Rate. Any interest rate change provided in this paragraph shall be in addition to any other changes required by this Bond or the Agreement.

If any Change in Law shall (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Bondholder; or (ii) impose on the Bondholder any other condition, cost or expense affecting the Agreement or this Bond; and the result of any of the foregoing shall be to increase the cost to the Bondholder of making, converting to, continuing or maintaining Advances or owing this Bond or to reduce the amount of any sum received or receivable by the Bondholder (whether of principal, interest or any other amount), then Borrower shall pay to the Bondholder within ten (10) days after demand, which demand shall contain the basis and calculations supporting such demand, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as the Bondholder may determine in its sole discretion) as may be required to compensate the Bondholder for such increased costs or reductions in amounts receivable hereunder. Each determination and calculation made by the Bondholder under this clause shall, absent manifest error, be binding and conclusive on the parties to the Agreement.

If the Bondholder determines that any Change in Law affecting the Bondholder or any lending office of the Bondholder or the Bondholder's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bondholder's capital or on the capital of the Bondholder's holding company, if any, as a consequence of the Agreement, the commitments of the Bondholder thereunder or the this Bond to a level below that which the Bondholder or the Bondholder's holding company could have achieved but for such Change in Law (taking into consideration the Bondholder's policies and the policies of the Bondholder's holding company with respect to capital adequacy), the Borrower shall pay to the Bondholder within ten (10) days after demand, which demand shall contain the basis and calculations supporting such demand, such additional amount or amounts as will compensate Bondholder or Bondholder's holding company for such reduction. Each determination by Bondholder of amounts owing under this clause shall, absent manifest error, be conclusive and binding on the parties hereto.

Any other provision to the contrary notwithstanding, if an announcement has been made that the Benchmark will be discontinued during the term of this Bond or if the Benchmark is officially discontinued, no longer available, or deemed by the Bondholder in its reasonable discretion to no longer qualify as a valid reference rate during the term of this Bond (a "Benchmark Discontinuance Event"), then the Bondholder reserves the right to select a replacement benchmark (a "Replacement Benchmark") that will be generally comparable in function and effect to the Benchmark or if the Bondholder determines that an acceptable comparable benchmark cannot be identified, the Bondholder may designate a Replacement Benchmark that is generally then prevailing for comparable loans made by similar commercial lenders operating in the Bondholder's market. In connection with the designation of a Replacement Benchmark to replace the Benchmark, the Bondholder may adjust the Applicable Spread applied to the Replacement Benchmark (the "Replacement Benchmark Spread") either (i) in accordance with market conventions prevailing at the time the Benchmark is replaced or (ii) such that the effective "all in" rate evidenced by the applicable interest rate on this Bond will be substantially equivalent to the effective "all in" rate prior to the designation of the Replacement Benchmark. The Bondholder shall have the right upon making a determination as to a Replacement Benchmark and the Replacement Benchmark spread, any other provision of this Bond to the contrary notwithstanding, to implement the Replacement Benchmark and the Replacement Benchmark Spread, without any further action or consent of the Issuer or Borrower, but subject to the receipt of an opinion of Bond Counsel to the effect that substitution of such interest rate will not adversely affect the exclusion from gross income of interest and this Bond, and the Financing Documents shall be automatically deemed amended to incorporate the Replacement Benchmark and Replacement Benchmark Spread.

With respect to any Replacement Benchmark, the Bondholder shall have the right to implement any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, and other technical, administrative or operational matters) that the Bondholder decides may be appropriate to reflect the adoption and implementation of such Replacement Benchmark and to permit the administration thereof in a manner substantially consistent with market practice (or, if the Bondholder decides that adoption of any portion of such market practice is not administratively feasible or determines that no market practice for the administration of such Replacement Benchmark exists, in such other manner of

administration as the Bondholder decides is reasonably necessary in connection with the administration of this Bond and any related Financing Documents).

The Bondholder shall provide Borrower notice of a Benchmark Discontinuation Event and of the designation of the Replacement Benchmark and Replacement Benchmark Spread within a reasonable period of time following the occurrence of a Benchmark Discontinuation Event. Borrower may obtain the current Benchmark or Replacement Benchmark, as applicable, from the Bondholder upon Borrower's request. The Bondholder's determination of the Benchmark, Replacement Benchmark or Replacement Benchmark's Spread, at any time, shall be conclusive absent demonstrable error. A failure or delay in exercising any right, power, or privilege by the Bondholder will not be presumed to operate as a waiver of the ability to exercise such rights.

Anything provided herein or in the Agreement to the contrary notwithstanding, in no event shall interest payable under this Bond exceed the Maximum Rate.

This Bond is in the maximum principal amount of \$_____. The outstanding principal of this Bond shall be paid in installments as shown on Schedule "A" hereto and shall finally mature and become payable on _____, 2029. **[To the extent less than all of the maximum permitted principal amount hereof shall be advanced, the principal amortization payments shall be reduced by the same proportion as the principal amount actually advanced bears to the maximum permitted principal amount thereof.]**

If any payment of principal of or interest on this Bond is payable on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

This Bond may be redeemed and prepaid by the Issuer, at the direction of the Borrower, in whole or in part at any time upon thirty (30) days' prior written notice from the Borrower to the Bondholder at a price equal to par plus accrued interest to the date of prepayment. Any partial prepayment shall be applied to reduce the remaining principal installments of this Bond.

The Bondholder shall apply amounts transferred by the Master Trustee to the Bondholder pursuant to Section 3.06(b) of the Supplemental Indenture No. 5 to the redemption of the outstanding principal amount of this Bond and the payment of accrued interest payable upon such redemption in the manner provided in such Section 3.06(b) of the Supplemental Indenture No. 5.

No recourse under or upon any obligation, covenant, or agreement contained in the Agreement, or in this Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Agreement, shall be had against any director, incorporator, officer, agent, employee, or representative as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of this Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon this Bond.

Neither the members, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Bond or the Agreement, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any

assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Agreement and the issuance of this Bond.

This Bond may be transferred only in whole on the registration books maintained by the Issuer upon written notice of the transfer delivered to the Issuer and the Borrower. The Issuer and the Borrower may treat the registered owner hereof as the absolute owner for purposes of receiving payments of principal of and interest hereon.

All acts, conditions and things required to happen, exist or to be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Chair and attested by its Secretary.

**ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By: _____
Chair

ATTEST:

Secretary

Schedule "A"

Principal Amortization Payments

Date

Amount

EXHIBIT B

FORM OF SERIES 2024 NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE STATE SECURITIES OR “BLUE SKY” LAW OF ANY STATE IN THE UNITED STATES OF AMERICA.

NOT TO EXCEED

\$ _____

VICAR’S LANDING OBLIGATED GROUP SERIES 2024 NOTE

LIFE CARE PONTE VEDRA, INC., as an obligated group member and the obligated group representative (the “Obligated Group Representative”), on behalf of the Obligated Group (as defined in the Master Trust Indenture, as such term is defined below), for value received, hereby promises to pay to the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the “Issuer”), or registered assigns, at the Franklin, Tennessee office of Hancock Whitney Bank (the “Bondholder”), or such other place the Bondholder may direct in writing, the principal amount up to or such lesser amount as may be advanced under the Agreement (as defined below), together with interest on the outstanding principal balance hereof from the date hereof until payment hereof.

Principal of and interest on this Note are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

Payments of principal hereof and interest hereon and the rate or rates of interest hereon shall be identical to payments and rates for the Issuer’s Senior Living Revenue Bond (Vicar’s Landing Project), Series 2024 (the “Series 2024 Bond”), in a principal amount equal to the principal amount hereof. The Series 2024 Bond is issued pursuant to a Financing Agreement dated as of October 1, 2024 (the “Agreement”) among the Issuer, the Obligated Group Representative, as Obligor, and the Bondholder.

Payments of principal hereof shall be payable at the same time as payments of principal of the Series 2024 Bond is due to be paid to the registered owner of the Series 2024 Bond and shall be identical in amount to such payments of principal of the Series 2024 Bond due to be so paid. Payments of interest hereon shall be payable at the same time as payments of interest on the Series 2024 Bond is due to be paid to the registered owner of the Series 2024 Bond and shall be identical in amount to such payments of interest on the Series 2024 Bond due to be so paid. Any payment of principal of or interest on this Note shall be credited against payments of principal of and interest on the Series 2024 Bond and any payment of principal of or interest on the Series 2024 Bond shall be credited against payments of principal of and interest on this Note.

Advances of the principal amount hereof shall be made pursuant to and subject to the terms and conditions of Section 4.1 of the Agreement. All requests for disbursements of the principal

amount hereof must be received by the Bondholder by not later than _____, 2026, and no additional disbursements shall be made after such date.

This Note is issued in the maximum principal amount of \$_____ and is designated as the “Series 2024 Note” (this “Note,” and together with all other Obligations issued under the Indenture hereinafter defined, the “Obligations”) issued under and pursuant to Master Indenture Supplement Number 5 dated as of October 1, 2024 (the “Supplemental Indenture”), supplementing the Master Trust Indenture, dated as of July 1, 2021 (the “Master Trust Indenture”), between the Obligated Group Representative and U.S. Bank Trust Company, National Association, as successor Master Trustee (the “Master Trustee”), and delivered pursuant to the Agreement. The Master Trust Indenture, as supplemented by the Supplemental Indenture and as supplemented and amended from time to time, is herein called the “Indenture.”

Pursuant to the terms of the Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Note and all other Obligations.

This Note is issued for the purpose of securing the payment of the principal of and interest on the Series 2024 Bond. The Series 2024 Bond was issued under the laws of the State of Florida, including particularly Part III, Chapter 159, Florida Statutes, and other applicable provisions of law (the “Act”), and the Agreement, for the purpose of financing and refinancing certain senior living facilities of the Obligated Group Representative located in St. Johns County, Florida (the “Facility”), funding capitalized interest and paying costs of issuance.

In addition to all payments of the principal of and interest on this Note, the Obligated Group (as defined in the Indenture) shall pay to the Issuer and its successors and assigns and to the other parties entitled thereto all other amounts due or becoming due under the Agreement, in the amounts and at the times required by the Agreement.

Copies of the Indenture are on file at the corporate trust office of the Master Trustee and reference is hereby made to the Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Note, the terms and conditions on which, and the purposes for which, this Note is issued and the rights, duties and obligations of the Obligor and the Master Trustee under the Indenture, to all of which the holder hereof, by acceptance of this Note, assents. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

To the extent permitted by, and as provided in, the Indenture, modifications or changes of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members and of the holders of the Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Note or a reduction in the principal amount or redemption price of any Obligation

or the rate of interest thereon, without the consent of the holder of such Obligation. Any such consent by the holder of this Note shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Note.

Any redemption, either in whole or in part, shall be made upon at least thirty (30) days' notice in the manner and upon the terms and conditions provided in the Financing Agreement. If this Note shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Agreement, interest on this Note shall cease to accrue from the date fixed for redemption, and from and after such date this Note shall be deemed not to be Outstanding, as defined in the Indenture, and shall no longer be entitled to the benefits of the Indenture, and the holder hereof shall have no rights in respect of this Note other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain Events of Default, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Indenture.

The holder of this Note shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Note shall be registered on the register to be maintained by the Master Trustee and this Note shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Note a new registered Note without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent for the Obligations may deem and treat the Person in whose name this Note is registered as the absolute owner hereof for all purposes; and neither the Obligated Group Representative and the other Obligated Group Members, any paying agent, the Master Trustee nor any Obligations registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Note.

No covenant or agreement contained in this Note or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the Board of Directors of any of the Obligated Group Members nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

This Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Note to be executed in its name and on its behalf by the manual or facsimile signature of its Chief Executive Officer as of October 1, 2024.

LIFE CARE PONTE VEDRA, INC.

By: _____
Chief Executive Officer

[Form of Endorsement By Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Trust Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the obligor on this Note and all other Obligated Group Members referred to and defined in the Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Note, including the obligor hereon, are identified on Schedule B attached hereto.

Any Person (as defined in the Master Trust Indenture) who shall satisfy the conditions set forth in the Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Note shall thereupon and thereafter likewise be jointly and severally obligated on this Note, whether or not the name of such Person shall appear on or be added to Schedule B.

If any Person (including the obligor hereon) who is on the date of execution and delivery of this Note, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Trust Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such Person shall thereupon and thereafter be released from any further liability or obligation on this Note and under the Master Trust Indenture, whether or not the name of such Person shall appear on or be deleted from Schedule B.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Indenture.

LIFE CARE PONTE VEDRA, INC., as
Obligated Group Representative

By: _____
Chief Executive Officer

[Form of Master Trustee's Certificate of Authentication]

This Note is one of the Obligations referred to in the aforementioned Master Trust Indenture.

Date of Authentication: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely as successor
Master Trustee

By: _____
Authorized Signatory

[Form of Assignment to Bondholder]

Pay to the order of Hancock Whitney Bank, as the Owner of the Series 2024 Bond hereinabove mentioned, without warranty and without recourse against the undersigned except warranty of good title, warranty that the Issuer has not assigned this Note to a Person or entity other than the Bondholder, and that the original principal amount thereof remains unpaid hereunder.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
Chair

(OFFICIAL SEAL)

ATTEST:

Secretary

[Form of Schedule B]

Members of the Obligated Group

Name: _____

Address for Notices: _____

Life Care Ponte Vedra, Inc.
Vicar's Landing Foundation, Inc.

1000 Vicar's Landing Way
Ponte Vedra Beach, Florida 32082
Attention: Bruce Jones, Chief Executive Officer
Telephone: (904) 273-1700
Email: bjones@vicarslanding.com

EXHIBIT C

THE PROJECT

The Project consists of the design, acquisition, construction, improvement and equipping of land and capital improvements and expansion of the Borrower's continuing care retirement facilities on its Oak Bridge Campus and its Sawgrass Campus.

EXHIBIT D

**FORM FOR COSTS OF ISSUANCE ADVANCE REQUEST
NO. _____**

Hancock Whitney Bank
6700 Tower Circle, Suite 210
Franklin, Tennessee 37067
Attention: Michael Woodnorth

Re: St. Johns County Industrial Development Authority Senior Living Revenue Bond
(Vicar's Landing Project), Series 2024 (the "Series 2024 Bond")

Ladies and Gentlemen:

This request for disbursement is submitted to you pursuant to Section 4.1 of the Financing Agreement (the "Financing Agreement") dated as of October 1, 2024, among the St. Johns County Industrial Development Authority, Life Care Ponte Vedra, Inc. (the "Obligor") and Hancock Whitney Bank (the "Bondholder") relating to the captioned Series 2024 Bond. Terms used in this requisition shall have the meanings specified for them in the Financing Agreement. The Bondholder is hereby requested to make an Advances of proceeds of the Series 2024 Bond in the amount of \$_____ for the payment of the Costs of Issuance allocable to the Series 2024 Bond as specified in Schedule A attached hereto. The undersigned authorized representative of the Obligor hereby certifies to you in connection with the amount for which payment is requested by this requisition, as follows:

1. The obligations as set forth on this requisition were incurred in connection with the issuance of the Series 2024 Bond;
2. This requisition is for costs that were properly incurred and are proper charges against the proceeds of the Series 2024 Bond;
3. The expenditures of the amount requested under this requisition, when added to all disbursements under previous requisitions, will result in no more than two percent (2%) of the aggregate face amount of the Series 2024 Bond being used for payment of Costs of Issuance related to the Series 2024 Bond;
4. Nothing has come to the attention of the Obligor that would cause it to conclude that the representations and warranties contained in the Financing Agreement are not true and correct as of the date hereof; and
5. No event has occurred and is continuing which constitutes an Event of Default under the Bond Indenture or the Financing Agreement.

Please make payment of the requested Advance to [Gray Robinson P.A., as Title Agent], in accordance with the Closing Memorandum with respect to this transaction.

Date: _____

LIFE CARE PONTE VEDRA, INC., as Obligor

By: _____
Authorized Officer

Schedule A
to
Cost of Issuance Advance Request

Amounts to be paid

Item # _____
Name _____
Payment Method _____
Amount _____
Purpose _____

MASTER TRUST INDENTURE SUPPLEMENT NUMBER 5

by and between

**LIFE CARE PONTE VEDRA, INC.,
as Obligated Group Representative,**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Master Trustee**

Dated as of October 1, 2024

**Relating to
NOT TO EXCEED**

[\$_____]

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
SENIOR LIVING REVENUE BOND
(VICAR'S LANDING PROJECT),
SERIES 2024**

and

**FORWARD STARTING INTEREST RATE
SWAP PERTAINING THERETO**

MASTER TRUST INDENTURE SUPPLEMENT NUMBER 5

THIS MASTER TRUST INDENTURE SUPPLEMENT NUMBER 5, dated as of October 1, 2024, between LIFE CARE PONTE VEDRA, INC. (the “Obligor”), as the Obligated Group Representative, on behalf of itself and Vicar’s Landing Foundation, Inc., as the current Members of the Obligated Group, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association with trust powers, successor in interest to U.S. Bank National Association, as master trustee (in such capacity, the “Master Trustee”).

WITNESSETH:

WHEREAS, the Obligated Group Representative and the Master Trustee have entered into a Master Trust Indenture dated as of July 1, 2021 (as previously supplemented to date, the “Master Trust Indenture”); and

WHEREAS, the St. Johns County Industrial Development Authority (the “Issuer”) has contemporaneously herewith issued its St. Johns County Industrial Development Authority Senior Living Revenue Bond (Vicar’s Landing Project), Series 2024 in the aggregate principal amount of not to exceed \$[_____] (the “Series 2024 Bond”) under a Financing Agreement dated as of October 1, 2024 (the “Series 2024 Financing Agreement”), among the Issuer, the Obligor and Hancock Whitney Bank, as bondholder (the “Bondholder”), for the purpose of loaning the proceeds of the Series 2024 Bond and providing funds to (i) finance or refinance, including through reimbursement, a portion of the cost of the design, acquisition, construction, improvement and equipping of land and capital improvements to and expansion of the Obligor’s continuing care facilities on its Oak Bridge Campus and its Sawgrass Campus (the “Project”), (ii) to fund capitalized interest, and (iii) pay the cost of issuing the Series 2024 Bond; and

WHEREAS, pursuant to the Series 2024 Financing Agreement, the Obligor has agreed to issue an Obligation designated as the “Vicar’s Landing Obligated Group Series 2024 Note” (the “Series 2024 Note”) created by this Master Trust Indenture Supplement Number 5 (this “Supplemental Indenture”) to evidence the obligation of the Obligor to make the payments required under the Financing Agreement; and

WHEREAS, the Obligor has entered into an Interest Rate Agreement (as defined in the Master Trust Indenture relating to the Series 2024 Bond comprised of an ISDA Master Agreement dated as of October 1, 2024, between the Obligor and Hancock Whitney Bank (the “Counterparty”), together with a Schedule **[and Credit Support Annex]** attached thereto (collectively, the “Master Agreement”), as supplemented by a Confirmation dated October [___], 2024 (the “2024 Confirmation”) between the Obligor and the Counterparty providing a forward starting interest rate swap transaction (the “2024 Swap”); and

WHEREAS, the Obligor has agreed to issue an Obligation designated “Vicar’s Landing Obligated Group 2024 Interest Rate Swap Note” (the “2024 Swap Note”) to evidence the Obligated Group’s obligation to repay Regularly Scheduled Payments (as defined in the Master Agreement with respect to the 2024 Swap); and

WHEREAS, the Obligor is authorized by law and by the Master Trust Indenture, and deems it necessary and desirable, to issue and deliver the Series 2024 Note and the 2024 Swap Note (collectively, the “Series 2024 Notes”) pursuant to the Master Trust Indenture, as supplemented by this Supplemental Indenture (collectively, the “Master Indenture”); and

WHEREAS, the obligations of the Obligor under the Series 2024 Financing Agreement to repay the proceeds of the Series 2024 Bond and the obligations of the Obligor under the 2024 Swap to pay Regularly Scheduled Payments, as evidenced by the Series 2024 Notes constitute Funded Indebtedness under the Master Indenture; and

WHEREAS, pursuant to the terms of the Master Indenture, each of the Obligated Group Members will be jointly and severally liable for payment of the Series 2024 Notes; and

WHEREAS, all acts and things necessary to make the Series 2024 Notes authorized by this Supplemental Indenture, when executed by the Obligated Group Representative, on behalf of the Obligated Group, and authenticated and delivered by the Master Trustee as provided in the Master Trust Indenture and this Supplemental Indenture, the valid, binding and legal obligations of the Obligated Group, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Trust Indenture, have been done and performed and the execution of this Supplemental Indenture and the issue hereunder and under the Master Trust Indenture of the Series 2024 Notes created by this Supplemental Indenture have in all respects been duly authorized, and the Obligated Group Representative, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture on behalf of the Obligated Group and proposes to make, execute, issue and deliver the Series 2024 Notes created hereby;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2024 Notes authorized hereby is authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Series 2024 Notes created hereby by the holders thereof, the Obligated Group Representative, on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

**ARTICLE I.
DEFINITION OF TERMS**

Section 1.01 The terms used in this Supplemental Indenture shall, except as set forth below or as otherwise stated herein, have the meanings assigned to them in the Master Indenture.

“Continuing Covenant Agreement” means the Continuing Covenant Agreement dated as of October 1, 2024, between the Obligor and Hancock Whitney Bank, as supplemented and amended from time to time.

“Existing Facilities” means the Obligor’s existing continuing care retirement facility located at 1000 Vicar’s Landing Way, Ponte Vedra Beach, Florida.

“Percentage of Units Occupied” means the average percentage of the total number of Independent Living Units in the Existing Facilities occupied during an Occupancy Quarter.

“Substantial Completion” means receipt of the final certificate of occupancy with respect to the Project.

**ARTICLE II.
SERIES 2024 NOTES**

Section 2.01 There is hereby created as an Obligation under the Master Trust Indenture, a promissory note to be known and entitled “Vicar's Landing Obligated Group Series 2024 Note” securing the Series 2024 Bond (the “Series 2024 Note”). The Series 2024 Note is in the aggregate principal amount of not to exceed \$[_____]. The Series 2024 Note shall be executed, authenticated and delivered in accordance with Article II of the Master Trust Indenture.

Section 2.02 The Series 2024 Note created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated October [___], 2024, shall bear interest from its date on the outstanding principal balance thereof in the amount set forth in the Series 2024 Note, payable as set forth in the Series 2024 Note, and shall be substantially in the following form:

[BEGIN FORM OF SERIES 2024 NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE STATE SECURITIES OR “BLUE SKY” LAW OF ANY STATE IN THE UNITED STATES OF AMERICA.

NOT TO EXCEED

\$[_____]

VICAR’S LANDING OBLIGATED GROUP
SERIES 2024 NOTE

LIFE CARE PONTE VEDRA, INC., as an obligated group member and the obligated group representative (the “Obligated Group Representative”), on behalf of the Obligated Group (as defined in the Master Trust Indenture, as such term is defined below), for value received, hereby promises to pay to the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the “Issuer”), or registered assigns, at the Franklin, Tennessee office of Hancock Whitney Bank (the “Bondholder”), or such other place the Bondholder may direct in writing, the principal amount up to or such lesser amount as may be advanced under the Agreement (as defined below), together with interest on the outstanding principal balance hereof from the date hereof until payment hereof.

Principal of and interest on this Note are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

Payments of principal hereof and interest hereon and the rate or rates of interest hereon shall be identical to payments and rates for the Issuer's Senior Living Revenue Bond (Vicar's Landing Project), Series 2024 (the "Series 2024 Bond"), in a principal amount equal to the principal amount hereof. The Series 2024 Bond is issued pursuant to a Financing Agreement dated as of October 1, 2024 (the "Agreement") among the Issuer, the Obligated Group Representative, as Obligor, and the Bondholder.

Payments of principal hereof shall be payable at the same time as payments of principal of the Series 2024 Bond is due to be paid to the registered owner of the Series 2024 Bond and shall be identical in amount to such payments of principal of the Series 2024 Bond due to be so paid. Payments of interest hereon shall be payable at the same time as payments of interest on the Series 2024 Bond is due to be paid to the registered owner of the Series 2024 Bond and shall be identical in amount to such payments of interest on the Series 2024 Bond due to be so paid. Any payment of principal of or interest on this Note shall be credited against payments of principal of and interest on the Series 2024 Bond and any payment of principal of or interest on the Series 2024 Bond shall be credited against payments of principal of and interest on this Note.

Advances of the principal amount hereof shall be made pursuant to and subject to the terms and conditions of Section 4.1 of the Agreement. All requests for disbursements of the principal amount hereof must be received by the Bondholder by not later than [_____, 20__], and no additional disbursements shall be made after such date.

This Note is issued in the maximum principal amount of \$[_____] and is designated as the "Series 2024 Note" (this "Note," and, together with all other Obligations issued under the Indenture hereinafter defined, the "Obligations") issued under and pursuant to Master Indenture Supplement Number 5 dated as of October 1, 2024 (the "Supplemental Indenture"), supplementing the Master Trust Indenture, dated as of July 1, 2021 (the "Master Trust Indenture"), between the Obligated Group Representative and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as Master Trustee (the "Master Trustee"), and delivered pursuant to the Agreement. The Master Trust Indenture, as supplemented by the Supplemental Indenture and as supplemented and amended from time to time, is herein called the "Indenture."

Pursuant to the terms of the Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Note and all other Obligations.

This Note is issued for the purpose of securing the payment of the principal of and interest on the Series 2024 Bond. The Series 2024 Bond was issued under the laws of the State of Florida, including particularly Parts II and III, Chapter 159, Florida Statutes, and other applicable provisions of law (the "Act"), and the Agreement, for the purpose of financing and refinancing certain senior living facilities of the Obligated Group Representative located in St. Johns County, Florida (the "Facility"), funding capitalized interest and paying costs of issuance.

In addition to all payments of the principal of and interest on this Note, the Obligated Group (as defined in the Indenture) shall pay to the Issuer and its successors and assigns and to the other parties entitled thereto all other amounts due or becoming due under the Agreement, in the amounts and at the times required by the Agreement.

Copies of the Indenture are on file at the corporate trust office of the Master Trustee and reference is hereby made to the Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Note, the terms and conditions on which, and the purposes for which, this Note is issued and the rights, duties and obligations of the Obligor and the Master Trustee under the Indenture, to all of which the holder hereof, by acceptance of this Note, assents. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

To the extent permitted by, and as provided in, the Indenture, modifications or changes of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members and of the holders of the Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Note or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation. Any such consent by the holder of this Note shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Note.

Any redemption, either in whole or in part, shall be made upon at least thirty (30) days' notice in the manner and upon the terms and conditions provided in the Agreement. If this Note shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Indenture, interest on this Note shall cease to accrue from the date fixed for redemption, and from and after such date this Note shall be deemed not to be Outstanding, as defined in the Indenture, and shall no longer be entitled to the benefits of the Indenture, and the holder hereof shall have no rights in respect of this Note other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain Events of Default, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Indenture.

The holder of this Note shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Note shall be registered on the register to be maintained by the Master Trustee and this Note shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by

the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Note a new registered Note without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent for the Obligations may deem and treat the Person in whose name this Note is registered as the absolute owner hereof for all purposes; and neither the Obligated Group Representative and the other Obligated Group Members, any paying agent, the Master Trustee nor any Obligations registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Note.

No covenant or agreement contained in this Note or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the Board of Directors of any of the Obligated Group Members nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

This Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Note to be executed in its name and on its behalf by the manual or facsimile signature of its Chief Executive Officer as of October [___], 2024.

LIFE CARE PONTE VEDRA, INC.

By: _____
Chief Executive Officer

[Form of Endorsement By Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Trust Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the obligor on this Note and all other Obligated Group Members referred to and defined in the Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Note, including the obligor hereon, are identified on Schedule B attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Note shall thereupon and thereafter likewise be jointly and severally obligated on this Note, whether or not the name of such Person shall appear on or be added to Schedule B.

If any Person (including the obligor hereon) who is on the date of execution and delivery of this Note, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Trust Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such Person shall thereupon and thereafter be released from any further liability or obligation on this Note and under the Master Trust Indenture, whether or not the name of such Person shall appear on or be deleted from Schedule B.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Indenture.

LIFE CARE PONTE VEDRA, INC., as
Obligated Group Representative

By: _____
Chief Executive Officer

[Form of Master Trustee's Certificate of Authentication]

This Note is one of the Obligations referred to in the aforementioned Master Trust Indenture.

Date of Authentication: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely in its capacity
as Master Trustee

By: _____
Authorized Signatory

[Form of Assignment to Bondholder]

Pay to the order of Hancock Whitney Bank, as the Owner of the Series 2024 Bond hereinabove mentioned, without warranty and without recourse against the undersigned except warranty of good title, warranty that the Issuer has not assigned this Note to a Person or entity other than the Bondholder, and that the original principal amount thereof remains unpaid hereunder.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
Chair

(OFFICIAL SEAL)

ATTEST:

Secretary

[Form of Schedule B]

Members of the Obligated Group

Name:	Address for Notices:
Life Care Ponte Vedra, Inc. Vicar's Landing Foundation, Inc.	1000 Vicar's Landing Way Ponte Vedra Beach, Florida 32082 Attention: Bruce Jones, Chief Executive Officer Telephone: (904) 273-1700 Email: bjones@vicarslanding.com

[End of Form of Series 2024 Note]

Section 2.03 The 2024 Swap is hereby designated as an Interest Rate Agreement for purposes of the Master Trust Indenture.

There is hereby created as an Obligation under the Master Trust Indenture, a promissory note to be known and entitled "Vicar's Landing Obligated Group 2024 Swap Note" securing the obligations of the Obligor under the 2024 Swap constituting Regularly Scheduled Payments (as defined in the Master Agreement). For purposes of calculating the "aggregate principal amount of the 2024 Swap Note, for purposes of voting consent or enforcement of remedies, providing notices of default, or other purposes that require the calculation of the principal amount of Obligations outstanding under the Master Trust Indenture, the principal amount of the 2024 Swap Note shall be deemed to be only the amount of those Regularly Scheduled Payments that are due and payable at the time of such calculation. The 2024 Swap Note shall be executed, authenticated and delivered in accordance with Article II of the Master Trust Indenture.

Section 2.04 The 2024 Swap Note created hereby shall be in the form of a fully registered Obligation, without coupons, shall be dated October [___], 2024, shall be payable as set forth in the 2024 Swap Note and shall be substantially in the following form:

[BEGIN FORM OF 2024 SWAP NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE STATE SECURITIES OR “BLUE SKY” LAW OF ANY STATE IN THE UNITED STATES OF AMERICA.

VICAR’S LANDING OBLIGATED GROUP
2024 SWAP NOTE

LIFE CARE PONTE VEDRA, INC., as an obligated group member and the obligated group representative (the “Obligated Group Representative”), on behalf of the Obligated Group (as defined in the Master Trust Indenture, as such term is defined below), for value received, hereby promises to pay to HANCOCK WHITNEY BANK, as swap counterparty (the “Counterparty”) under that certain Swap Agreement (hereinafter defined), or registered assigns, any Regularly Scheduled Payments (as defined in the Swap Agreement), payable on the dates and in the amounts that payments are required to be made by Life Care Ponte Vedra, Inc. (the “Obligor”) pursuant to the Swap Agreement.

Payments on this Note are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts. Payments on this Note shall be made at the times and in the amounts specified in the Swap Agreement in immediately available funds by the Obligated Group Representative deposit the same with or to the account of the Counterparty all as described in the Swap Agreement.

Pursuant to the terms of the Master Trust Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Note and all other Obligations.

For purposes of calculating the “aggregate principal amount of this Note, for purposes of voting of consents or enforcement of remedies, providing notices of default, or other purposes that require the calculation of the principal amount of Obligations outstanding under the Master Indenture, the principal amount of this Note shall be deemed to be only the amount of the Regularly Scheduled Payments that are due and payable at the time of calculation.

This Note is designated as the “2024 Swap Note” (this “Note,” and together with all other obligations issued under the Indenture hereinafter defined, the “Obligations”) and is issued under and pursuant to the Master Indenture Supplement Number 5, dated as of October 1, 2024, (the “Supplemental Indenture”), supplementing the Master Trust Indenture dated as of July 1, 2024 (the “Master Trust Indenture”), between the Obligated Group Representative and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Master Trustee (the “Master Trustee”). The Master Indenture, as supplemented by the Supplemental Indenture and as from time to time is herein called the “Indenture.”

This Note is issued for the purpose of evidencing and securing the obligations of the Obligor to pay Regularly Scheduled Payments pursuant to a swap agreement evidenced by an ISDA Master Agreement, together with a Schedule **[and Credit Support Annex]** attached thereto, dated October [___], 2024 (the “Master Swap Agreement”), as supplemented by a Confirmation

dated October [], 2024 (the “Confirmation” and together with the Master Swap Agreement, collectively, the “Swap Agreement”), between the Obligor and the Counterparty.

Copies of the Indenture are on file at the corporate trust office of the Master Trustee and reference is hereby made to the Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Note, the terms and conditions on which, and the purposes for which, this Note is issued and the rights, duties and obligations of the Obligor and the Master Trustee under the Indenture, to all of which the holder hereof, by acceptance of this Note, assents. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

To the extent permitted by, and as provided in, the Indenture, modifications or changes of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members and of the holders of the Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Note or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation. Any such consent by the holder of this Note shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Note.

Upon the occurrence of certain Events of Default, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Indenture.

The holder of this Note shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Note shall be registered on the register to be maintained by the Master Trustee and this Note shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Note a new registered Note without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent for the Obligations may deem and treat the Person in whose name

this Note is registered as the absolute owner hereof for all purposes; and neither the Obligated Group Representative and the other Obligated Group Members, any paying agent, the Master Trustee nor any Obligations registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Note.

No covenant or agreement contained in this Note or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the Board of Directors of any of the Obligated Group Members nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

This Note shall not be entitled to any benefit under the Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Note to be executed in its name and on its behalf by the manual or facsimile signature of its Chief Executive Officer as of October [___], 2024.

LIFE CARE PONTE VEDRA, INC.

By: _____
Chief Executive Officer

[Form of Endorsement By Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Trust Indenture) hereby certifies that, pursuant to the provisions of the Indenture, the obligor on this Note and all other Obligated Group Members referred to and defined in the Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Note, including the obligor hereon, are identified on Schedule B attached hereto.

Any Person (as defined in the Indenture) who shall satisfy the conditions set forth in the Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Note shall thereupon and thereafter likewise be jointly and severally obligated on this Note, whether or not the name of such Person shall appear on or be added to Schedule B.

If any Person (including the obligor hereon) who is on the date of execution and delivery of this Note, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Trust Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such Person shall thereupon and thereafter be released from any further liability or obligation on this Note and under the Master Trust Indenture, whether or not the name of such Person shall appear on or be deleted from Schedule B.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Indenture.

LIFE CARE PONTE VEDRA, INC., as
Obligated Group Representative

By: _____
Chief Executive Officer

[Form of Master Trustee's Certificate of Authentication]

This Note is one of the Obligations referred to in the aforementioned Master Trust Indenture.

Date of Authentication: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, not in its
individual capacity, but solely in its capacity
as Master Trustee

By: _____
Authorized Signatory

[Form of Schedule B]

Members of the Obligated Group

Name: _____

Address for Notices: _____

Life Care Ponte Vedra, Inc.
Vicar's Landing Foundation, Inc.

1000 Vicar's Landing Way
Ponte Vedra Beach, Florida 32082
Attention: Bruce Jones, Chief Executive Officer
Telephone: (904) 273-1700
Email: bjones@vicarslanding.com

[End of Form of 2024 Swap Note]

**ARTICLE III.
PREPAYMENT; PARTIAL REDEMPTION; MISCELLANEOUS**

Section 3.01 The Series 2024 Note created hereby and its principal installments shall be subject to prepayment, in whole at any time, or in part from time to time, at the option of the Obligated Group Representative, upon payment of a sum, in cash and/or obligations, sufficient to cause an equal aggregate principal amount the Outstanding Series 2024 Bond to be deemed to have been paid within the meaning of Section 7.01 of the Series 2024 Financing Agreement, and to pay all fees, costs and expenses of the Issuer, the Master Trustee and the Bondholder, accrued and to be accrued to the date of discharge of the Series 2024 Financing Agreement with respect to the Series 2024 Bond. Any prepayment of the principal of the Series 2024 Note shall be credited against the scheduled principal payment to the maturity or sinking fund redemption date for the Series 2024 Bond redeemed with the proceeds of such prepayment. The Series 2024 Note created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Trust Indenture.

Section 3.02 If the Obligated Group Representative shall have complied with the notice requirements of Article X of the Series 2024 Financing Agreement, the Series 2024 Note or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2024 Note at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2024 Note or portion thereof so called for prepayment or redemption shall cease to accrue.

Section 3.03 In the event of a partial redemption of the Series 2024 Note pursuant to Section 2.01 hereof, the amount of installments of the Series 2024 Note coming due after such redemption shall be applied against principal installments in the order provided by the terms of the Series 2024 Financing Agreement.

Section 3.04 The place of payment for the Series 2024 Note shall be the Franklin, Tennessee office of the Bondholder.

Section 3.05 **[Notwithstanding anything provided herein or in the Master Indenture, the Series 2024 Financing Agreement or the Mortgage to the contrary, the 2024 Notes shall not be secured by a lien on or security interest in the guardhouse located at the entrance to the Vicar’s Landing at Oak Bridge portion of the Facilities.]**

**ARTICLE IV.
ADDITIONAL REPORTING REQUIREMENTS**

Section 4.01 The Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient and the Bondholder (and the Master Trustee shall have no duty or obligation to review or examine the contents thereof) commencing November 1, 2024, monthly reports, as soon as practicable after they are available but in no event more than 45 days

after the completion of such calendar month until Substantial Completion of the Project, (A) regarding whether the construction of the Project is within the construction budget and if not, a brief explanation and a copy of any revised budget, and on schedule with the construction timetable and if not, a brief explanation and a copy of any revised timetable, and (B) reconciling the amount of construction contingency remaining and the uses of the contingency funds to date.

Section 4.02 To the extent that any Obligated Group Member incurs permitted Additional Indebtedness of a form for which there is not a CUSIP number (“non-Public Debt”), the Obligated Group Representative will provide a debt service schedule showing the principal and interest associated with each series of Related Bonds then outstanding as well as the non-Public Debt and the aggregate debt service of the Obligated Group; provided however, to the extent that the non-Public Debt is used to construct additional units at the Facilities, the Obligated Group Representative will provide monthly reports (A) regarding whether the construction of additional units is within the construction budget and if not, a brief explanation and a copy of any revised budget, and on schedule with the construction timetable, and (B) reconciling the amount of construction contingency remaining and the uses of the contingency funds to date.

ARTICLE V. ADDITIONAL EVENTS OF DEFAULT

Section 5.01 In addition to the Events of Default provided in Section 7.01 of the Master Indenture, the occurrence and continuation beyond any applicable grace period of an Event of Default as defined in the Continuing Covenant Agreement shall constitute an Event of Default under this Supplemental Indenture and the Master Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

LIFE CARE PONTE VEDRA, INC., as
Obligated Group Representative

By: _____
D. Bruce Jones, Chief Executive Officer

[Signature Page | Master Trust Indenture Supplement Number 5 (Series 2024 Bond)]

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Master Trustee**

By: _____
Deborah J. Lamb, Assistant Vice President

[Signature Page | Master Trust Indenture Supplement Number 5 (Series 2024 Bond)]

**MINUTES OF MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY
OF ST. JOHNS COUNTY
May 13, 2024
at
500 San Sabastian View, St. Augustine FL**

Members Present: Viv Helwig, Geoff Litchney and Orville Dothage

Call In: None.

Members Absent: Kevin Kennedy and Ms. Churchwell

Guests Present: See attached sign-in sheet.

Mr. Helwig brings the meeting to order at 3:02 p.m.

Mr. Helwig asks for roll call. Mr. Helwig, Mr. Dothage, Mr. Litchney present. Mr. Kennedy & Ms. Churchwell absent.

Mr. Helwig asks for public comment.

No public comment.

Mr. Helwig asks for additions and deletions to today's agenda.

None.

Mr. Helwig asks for approval on the February 12, 2024 minutes.

Motion Mr. Litchney, Second Mr. Dothage to approve the minutes as presented.

Vote unanimous.

Mr. Helwig moves the meeting to the Treasurer's report.

Mr. O'Connell presents one check for payment \$433 made out to WH O'Connell & Associates PA for accounting services.

He asks for any questions concerning the financials. None noted.

Motion Mr. Litchney, Second Mr. Dothage to approve the financials as presented.

Vote unanimous.

Mr. Helwig moves the meeting to New Business.

St. Johns County Housing Finance Authority Overview.

Mr. Helwig introduces Ms. Morrow board member of the HFA of St. Johns County.

Ms. Morrow states Pricilla Howard Executive Director of the HFA was to present today but she was sick so I am filling in. Ms. Morrow reads a letter from Ms. Howard that details the HFA board, board members and the HFA's function. In the letter she states the HFA has funded two projects recently San Marco Heights and Victoria Crossing and has two more pending for late 2024. These projects are multi-family with units from one to three bedrooms. She concludes the letter by asking if the IDA could assist in helping the HFA or vice-versa in developing projects for the County.

Discussion on HFA activities and present.

Mr. Helwig moves meeting to TPC recap.

Mr. Maynard from the Chamber thanks the IDA for the tickets and states the weather was perfect for the event this year. The chamber distributed the tickets with the focus on Educational partners, Business partners and Developers.

Discussion on the recipients of the tickets.

Mr. Helwig moves meeting to IDA Branding

Ms. Zuberer presents a packet that includes the new branding and various other materials associated with it.

Discussion on the items presented.

Mr. Helwig moves the meeting to Reports.

IDA Members – no reports

Commissioner – no report

Staff – no report

Mr. Helwig states next meeting is at 3pm on 6/10/24, and asks for a motion to adjourn.

Motion Mr. Helwig, Second Mr. Dothage to adjourn the meeting at 4:15 p.m.

Vote unanimous.

IDA

SIGN IN SHEET

IDA BOARD MEMBERS		IDA MEETING DATE: 05-13-24
1	Orville Dothage	
2	Geoffrey Litchney	
3	Vivian Helwig	
4		
5		
6		
7		

VISITORS / GUESTS		Who do you represent?
1	Carolina Morrow	HFA
2	Henry O'Connell	IDA CPA
3	Scott Maynard	SJC Chamber of Commerce
4	Mike McCabe	IDA Attorney
5	Commissioner Christian Whitehurst	SJC BoCC
6	Jennifer Zuberer	SJC Tourism
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**MINUTES OF MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY
OF ST. JOHNS COUNTY
July 8, 2024
at
500 San Sabastian View, St. Augustine FL**

Members Present: Viv Helwig, Orville Dothage, Kevin Kennedy and Ms. Churchwell

Call In: Geoff Litchney

Members Absent: None.

Guests Present: See attached sign-in sheet.

Mr. Helwig brings the meeting to order at 3:03 p.m.

Mr. Helwig asks for roll call. Mr. Helwig, Mr. Dothage, Mr. Litchney, via phone, Mr. Kennedy & Ms. Churchwell all members present or on the phone. No members absent.

Mr. Helwig asks for public comment.

No public comment.

Ms. Zuberer introduces Sam Camp from the County's Economic Development department. She states he will be the new liaison with the County for the IDA

Mr. Helwig asks for additions and deletions to today's agenda.

None.

Mr. Helwig moves the meeting to Presbyterian Retirement Communities

Mr. Helwig opens the TEFRA hearing concerning the Presbyterian Retirement Communities Interlocal Agreement at 3:06 p.m.

Mr. Helwig asks for any public comment.

None.

Mr. Helwig closes the TEFRA hearing at 3:06 p.m.

Mr. Helwig introduces Irv Weinstein from Rogers Towers, Hank Keith from Presbyterian Retirement Communities and Robert Gall from Ziegler.

Mr. Weinstein gives a brief description of the reason for the TEFA hearing, states Orange County IDA will be the issuing agency and goes over the new money to be spent by PRC.

Mr. Kieth goes over the projects to be completed using this new issue and the bond issues that will be refunded. States the savings for PRC will be approximately ten million dollars.

Mr. Gall states the bond sizing will be between eighty to eight-five million dollars. PRC rating should remain A- with this issue.

Discussion.

Mr. Helwig asks PRC what the determining factor was to use Orange County IDA as the issuing agency instead of our IDA to close the deal.

Mr. Weinstein stated it came down to fees. Orange County's fee structure for this type of deal is lower than your IDA's.

Mr. Helwig asks if there are any further questions.

None.

Motion Mr. Helwig, Second Kennedy to pass resolution 2024-01 as presented.

Vote Mr. Litchney yes – via phone
Mr. Helwig yes
Mr. Kennedy yes
Ms. Churchwell yes
Mr. Dothage yes
Vote unanimous.

Mr. Helwig moves the meeting to the Treasurer's report.

Mr. O'Connell presents one check for payment \$675 made out to WH O'Connell & Associates PA for accounting services.

He asks for any questions concerning the financials. None noted.

Mr. Helwig moves meeting to IDA Branding

Ms. Zuberer presents several logos the IDA is to consider for their new logo taking into consideration the County's new branding.

Discussion on the items presented.

Mr. Helwig moves the meeting to Reports.

IDA Members

Mr. Helwig asks the members of the IDA what their thoughts are on the resolution pasted today with regards to the IDA not receiving any of the issuers fees.

Discussion on IDA fees and timing.

Mr. Helwig asks staff to invite Rob Gall to attend an IDA meeting in the near future to go over the IDA's current fee structure in light of today's results.

No other reports from members.

Commissioner – no report

Staff – no report

Mr. Helwig states next meeting is at 3pm on 8/12/24, and asks for a motion to adjourn.

Motion Mr. Helwig, Second Mr. Dothage to adjourn the meeting at 3:45 p.m.

Vote unanimous. Mr. Litchney vote via phone.

IDA

SIGN IN SHEET

IDA BOARD MEMBERS

1	Vivian Helwig
2	Melissa Churchwell
3	Kevin Kennedy
4	Orv Dothage
5	Geoff Litchney (call-in)
6	
7	

IDA MEETING

DATE: 07/08/2024

VISITORS / GUESTS

Who do you represent?

	VISITORS / GUESTS	Who do you represent?
1	Robert Gall	Ziegler
2	Henry Keith	Presbyterian Retirement Communities
3	Irv Weinstein	Roger Towers, P.A.
4	Christian Whitehurst	Board of County Commissioners
5	Colin Groff	Board of County Commissioners
6	Sam Camp	SJC Economic Development
7	Lex Taylor	SJC County Attorney's Office
8	Scott Maynard	SJC Chamber of Commerce
9	Jennifer Zuberer	SJC Tourism Department
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St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Application

Board/Committee Name: Industrial Development Authority **11/1/2023 Expires 11/1/2024**

First Name: Heather

Last Name: Harley-Davidson

Address: 284 Ole Road

City, State Zip: St. Augustine, FL 32080

Home Phone: (904) 217-9571

Cell Phone: (904) 209-8376

Work Phone:

Email: heatherharleydavidson11@gmail.com

District: 3

Most Recent Occupation/Employer:

State Certified General Contractor/ Advanced Building Company of North Florida

Past Work Experience/Employers:

Owner and Operator of Channel Marker 71 Barrier Island Inn and Restaurant
A1A Crab Shack

Civic Clubs, Organizations:

Notary, St Augustine Art Association, FREC, Intern Mentor,

St. Johns Parcels Owned:

NA

Companies/Industries with Financial Interest:

Advanced Building Company of North FLorida, LLC

Elected or Appointed Positions:

Do you do Business with the County:

No **Details:**

Do you Have and Employment or Contractual Relationship with the County:

No **Details:** 0

Voting Conflict:

No **Details:**



St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Number of Times Recused:

0 **Details:**

Subject of Active Civil or Criminal Investigation:

No **Details:**

Negative Publicity:

No **Details:**

Educational Background:

UNF Bachelors of Science Industrial Technology Building Construction, General Contractor
UNF Minor in Business Administration
SJRCC Associates in Arts/ Real Estate Broker
Real Estate Institute
Florida Insurance College
Award winning Artist St Augustine Art Association

References:

Name	Relationship	Phone
Marsha LaFontaine	Professional/ inves	(386) 546-2397
Kirsten Lightfoot	Professional / real	(904) 669-4558
Cheryle Beebe	Professional / Retir	(904) 501-3000

Additional Information:

I have an expanded skill set supported by practical and educational experience. I lifeguarded & and lifeguard dispatch prior to the event of 911 emergency system for St. Johns County from age 16 to 26 under the direction of Captain Buddy Williams. I have land acquisitioned ,developed, designed and built coastal construction homes and commercial projects throughout St Augustine and St. Johns County since 1997, as a General Contractor and a Real Estate Broker. I have sat on wetland buffer committees, and practiced eco tourism with my personal projects. I owned and operated an Inn and wo restaurants of a period of ten years working directly with tourist development council for their marketing resources. I have raised my children in this community in the St Johns County School System. I live in Treasure Beach on the water, and delight in our wildlife and coastal living life style. I am a gifted artist and an active St Augustine Art Association member.



St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Application

Rec. 8/26/24

1 Yr. 8/26/25

Board/Committee Name: Industrial Development Authority

First Name: Kevin

** Similar Name matches a current member of Industrial Development Authority, term expiring 10/18/2015*

Last Name: Kennedy

Address: 1104 Creekwood Way N.

City, State Zip: St. Johns, FL 32259

Home Phone:

Cell Phone: (904) 400-8694

Work Phone:

Email: kennedys1013@gmail.com

District: 1

Most Recent Occupation/Employer:

Mergers & Acquisitions, Corporate Venture Capital / Liquid Environmental Solutions

Past Work Experience/Employers:

Private Equity, Corporate Strategy, Investment Banking, Corporate Development / BB&T, Acosta Sales & Marketing, Lumen (formerly CenturyLink), Unum, GuideWell

Civic Clubs, Organizations:

St. Johns County Industrial Development Authority

St. Johns Parcels Owned:

1104 Creekwood Way N. 32259

Companies/Industries with Financial Interest:

NA

Elected or Appointed Positions:

Do you do Business with the County:

No **Details:**

Do you Have and Employment or Contractual Relationship with the County:

No **Details:**



St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Voting Conflict:

No **Details:**

Number of Times Recused:

1 **Details:** I recused myself from a bond issuance vote where I felt there was a conflict of interest.

Subject of Active Civil or Criminal Investigation:

No **Details:**

Negative Publicity:

No **Details:**

Educational Background:

University of Mississippi -- BBA (Finance and Econ)
William and Mary -- MBA

References:

Name	Relationship	Phone
Seth Van Essendelft	Senior VP (i.e., Bos)	(252) 320-2032
Jennifer Zuberer	IDA Point of Contact	(904) 209-0560
Geoffrey Litchney	IDA Board Member	(910) 545-0245

Additional Information:

I have a broad financial and business experience earned over a 18 year career in private equity, investment banking and corporate finance (M&A, JV, etc.). My skills include financial analysis, strategic planning, negotiation, due diligence, leadership, and project management.



St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Rec: April 12, 2024

1 Year: April 12, 2025

Application

Board/Committee Name:

Idrottens Delegation Aktör

First Name:

□□□□

Last Name:

Morr

Address:

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City, State Zip:

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Home Phone:

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Cell Phone:

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Work Phone:

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Email:

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District:

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Most Recent Occupation/Employer:

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Past Work Experience/Employers:

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Civic Clubs, Organizations:

St. Johns Parcels Owned:

□A

Companies/Industries with Financial Interest:

□A

Elected or Appointed Positions:

Do you do Business with the County:

□□

Details:

Do you Have and Employment or Contractual Relationship with the County:

□□

Details:

□



St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Application

Rec. 10/03/23
1 Yr 10/03/24

Board/Committee Name: Industrial Development Authority

First Name: Robert Douglas

Last Name: Will

Address: 351 Park Forest Dr

City, State Zip: Ponte Vedra, FL 32081

Home Phone:

Cell Phone: (912) 429-7725

Work Phone:

Email: robertdwill@gmail.com

District: 4

Most Recent Occupation/Employer:

United States Army Reserve
RDR Solutions

Past Work Experience/Employers:

United States Army
The Cook and Boardman Group
The Pulte Group

Civic Clubs, Organizations:

NRA
Compassion International
Church of Eleven 22
International Mission Board

St. Johns Parcels Owned:

Companies/Industries with Financial Interest:

RDR Solutions

Elected or Appointed Positions:

Do you do Business with the County:

Yes **Details:** RDR Solutions is a service disabled family and veteran owned small business



St. Johns County Board of County Commissioners

Office of the Board of County Commissioners

Do you Have and Employment or Contractual Relationship with the County:

No **Details:** 0

Voting Conflict:

No **Details:**

Number of Times Recused:

Details:

Subject of Active Civil or Criminal Investigation:

No **Details:**

Negative Publicity:

No **Details:**

Educational Background:

Clearwater Christian College / University of South Florida - Bachelors Degree
Liberty University - Masters of Business Administration
Liberty University- Doctorate of Strategic Leadership (non completed)

References:

Name	Relationship	Phone
Chris Jackson	Colleague	(951) 218-2917
Paul Rudolph	Friend	(843) 957-0399
David Massanga	Brother in Law	(267) 245-1107

Additional Information:

Community Leader, Army Civil Affairs Officer experience, public speaking, planning

HOSPITALITY PURCHASE AGREEMENT

This **HOSPITALITY PURCHASE AGREEMENT** (this “Agreement”) is between PGA TOUR Enterprises, LLC (“TOUR”), and the party listed herein as Purchaser. In consideration of the respective rights and obligations hereunder and other valuable consideration, TOUR and Purchaser have fully reviewed and agreed to this Agreement, including the full Terms and Conditions of this Agreement, as attached hereto.

TOURNAMENT: THE PLAYERS Championship
LOCATION: TPC Sawgrass, Ponte Vedra Beach, Florida
DATES: March 11 – 16, 2025
INVENTORY: Purchaser will receive the inventory listed in Exhibit A
INVESTMENT: \$20,000
PAYMENT: 2025 Investment: Full balance due by January 15th, 2025

*Remit payment to: THE PLAYERS Championship
Attn: Ticket Operations
P.O. Box 206 (invoices will be provided)
Ponte Vedra Beach, FL 32004*

TERM: March 11 – 16, 2025

PURCHASER: _____

PGA TOUR Enterprises, Inc.

By: _____
Name: _____
Title: _____
Date of Execution: _____

By: _____
Name: _____
Title: _____
Date of Execution: _____

Exhibit A

Email for Fulfillment of Digital Tickets: _____

Inventory

The Deck

- Located between 16/18 fairways.
 - Upon entering a hospitality venue for the first time, a wrist band will be affixed to each guest. On subsequent visits to the hospitality venue, both The Deck ticket and wrist band must be displayed to gain entry.
 - Beer, wine, seltzer, soda, and bottled water are included each day inside The Deck, Tuesday – Sunday. Upgraded food and full bar are available for purchase.
- Eighteen (18) tickets providing access to The Deck and grounds access, Tuesday – Sunday
- Nine (9) general parking passes per day, Tuesday – Sunday

Terms & Conditions

1. **PAYMENT TERMS.** Unless otherwise specified in this Agreement, in consideration for the Inventory, Purchaser shall pay TOUR the Investment plus applicable taxes.
2. **TAXES.** TOUR will separately list in all invoices any taxes applicable to this Agreement. Purchaser acknowledges that tax legislation may be amended from time to time and alter the tax amount applicable to this Agreement. TOUR will be responsible to adjust as necessary the tax applicable to any unpaid balance on this Agreement, and Purchaser shall be responsible for payment of applicable tax amounts.
3. **GIFTS, AWARDS & INCENTIVES.** *Purchaser solely responsible for verifying permission to participate.* Some companies do not allow their employees to receive gifts, awards or incentives or to participate in rewards programs. If any gifts (e.g., Pro-Am), awards or incentives (e.g., travel reward points) are included in the Inventory, it is Purchaser’s sole responsibility to apply its own policies regarding participation. In certain jurisdictions, the provision of, or receipt of, gifts, awards and other incentives by individuals may trigger tax/social security and or other liabilities on the part of Purchaser and/or the relevant individual. By signing this Agreement, Purchaser understands and agrees to declare and promptly pay any such taxes, contributions or payments for which it is liable from time to time. Purchaser is solely responsible for all federal, state and local taxes (including income and withholding taxes) and shall pay, or cause to be paid, any such liabilities, it being agreed that TOUR is not liable for such amounts in any way whatsoever. Any gifts, awards or other incentives redeemed by Purchaser are one-off, non-continuous benefits and do not give rise to any right to additional remuneration (or any exception thereof) as part of any employment package.
4. **INVENTORY.** TOUR shall not be obligated to provide the Inventory until TOUR receives full and timely payment of the Investment from Purchaser. TOUR reserves the right to modify the Tournament Location and/or Dates in its sole discretion and/or to substitute any Inventory item with an item of equal or greater value. TOUR will notify Purchaser of any such modification via regular mail and/or email. Purchaser shall receive the Inventory at such rescheduled or relocated Tournament. No such modification shall entitle Purchaser to a refund of the Investment. Hotel accommodations, if any, are single room, double occupancy unless otherwise explicitly detailed in the Inventory. Charges for security/damage deposits, parking, baggage, gratuities, resort, service and other amenities, including food and beverage, are not included unless explicitly detailed in the Inventory and are responsibility of guest(s) on arrival. Some such charges may be mandatory. Photo identification and valid credit card must be presented at check-in. Check-in, check-out, package handling and minimum age requirements vary by property. Rooms still occupied after the designated check-out time may incur charges, which are the responsibility of the guest(s). TOUR does not guarantee the standard, class, or fitness for purpose of any accommodation or service. Purchaser acknowledges that any section, row and/or seating numbers that may be included on electronic tickets are for inventory purposes only and unless expressly agreed herein do not reflect any actual and/or reserved seating location. Purchaser responsible to provide advance notice of anticipated special needs for disabled guests. Neither Purchaser nor any guest will receive points or any other benefits in conjunction with any reward or loyalty program in association with hotel room nights included in Inventory. All transportation, if any, subject to zero tolerance policy with respect to disorderly or disruptive behavior by passengers. Any minor passengers must be accompanied by a responsible adult. Drivers follow designated routes that are not subject to change in response to passenger request. Golf, if any, included in Inventory subject to compliance with course rules and regulations and dates of availability/expiration. Charges for carts, caddies, equipment rental, food and beverages are not included unless explicitly detailed in the Inventory and are the responsibility of Purchaser or guest(s). Pace of play and clothing policies vary by property. Media included in Inventory, if any, subject to advertising guidelines and policies of platform where such media is placed.
5. **FOOD & BEVERAGE.** Purchaser acknowledges that the Investment may be exclusive of food and beverage products and services. If food and beverage is included, such inclusion is detailed in the Inventory. Food and beverage may be purchased throughout the golf course at an additional cost to Purchaser. Professional caterers selected by TOUR will be assigned by TOUR when applicable. If Purchaser is assigned a caterer by TOUR, the caterer shall provide Purchaser a variety of menu options in exchange for a minimum catering charge. Additional catering charges may apply for other food and beverage services mutually agreed upon by Purchaser and the applicable caterer. Hours of food and beverage service are to be mutually agreed upon by Purchaser and the caterer. All beverage service subject to applicable law.

6. **WEATHER & CANCELLATION POLICY.** Except as otherwise set forth herein, Purchaser acknowledges and agrees that the Investment is nonrefundable. Purchaser shall not be entitled to a refund of any portion of the Investment in the event the Tournament or any element of the Inventory is postponed, delayed, shortened or rescheduled due to weather, an act of God, state of war, public safety, union strike or any other condition beyond the reasonable control of TOUR. In the event the Tournament or any element of the Inventory is postponed, delayed or rescheduled due to any such reasons, Purchaser shall receive the Inventory upon commencement of the rescheduled Tournament or will be provided substitute Inventory of equal or greater value at no additional charge to Purchaser. If the Tournament or any element of the Inventory is cancelled in its entirety prior to commencement of competitive play or fulfillment of the applicable element and not rescheduled, TOUR shall refund to Purchaser the Investment less any costs irrevocably incurred (construction, décor, custom printing) and less the pro rata value for any portion of Inventory fulfilled or delivered prior to such cancellation.

7. **NO LICENSE.** Purchaser acknowledges and agrees that, unless specifically detailed in the Inventory, no right or license to the use of any Federation (if applicable), TOUR or Tournament trademarks, names or logos has been granted hereunder. Purchaser shall not use, in any manner, any Federation, TOUR or Tournament trademarks, names or logos without TOUR's prior written consent (including as permitted pursuant to Section 8 below).

8. **PRODUCTS.** Purchaser shall not distribute goods or merchandise at the Tournament without prior written consent of TOUR. If so approved by TOUR, all products for distribution on-site at the Tournament, whether Tournament branded or co-branded with the Purchaser's brand, must be purchased through the PGA TOUR Corporate Merchandise team and must follow the PGA TOUR's [Permitted Products Policy](#). Each product will be reviewed and approved by the Tournament prior to production.

9. **ADMITTANCE.** TOUR reserves the right to refuse or revoke admittance to the Tournament for any person who acts in a disorderly or disruptive manner, as determined by Tournament officials and/or refuse or revoke use of any other privileges granted in this Agreement due to such conduct. In such event, Purchaser shall not be entitled to any return or refund of any of the Investment.

10. **YOUTH POLICY.** Unless otherwise posted on the Tournament website, children and youth fifteen years of age and younger admitted free with ticketed adult; provided, however, youth access is restricted to grounds only (no hospitality access).

11. **NO RESELLING.** No privileges contained in the Inventory, including, without limitation, badges, credentials and/or tickets, may be conveyed, assigned, sold or otherwise transferred to another person or entity for financial consideration without prior written consent of TOUR. In the event of any such conveyance, assignment, sale or other transfer, TOUR shall have the right to refuse or revoke use of any badge, credential, ticket or other privilege provided in the Inventory, and Purchaser shall not be entitled to a return or refund of any of the Investment.

12. **INDEMNIFICATION; LIMITATION OF LIABILITY.** To the extent permitted by law, purchaser shall indemnify, defend and hold the Federation (if applicable), TOUR, their respective subsidiaries and affiliates and their respective officers, directors, employees, contractors, volunteers, vendors and agents ("Indemnitees") harmless from and against any and all liabilities, damages, injuries, claims, suits, judgments, causes of action and expenses (including reasonable attorneys' fees, court costs and out-of-pocket expenses) suffered or incurred by the Indemnitees as a result of any breach of any obligation hereunder by Purchaser or as a result of Purchaser's use of the Inventory unless caused by the negligence or misconduct of the Indemnitees. In no event shall TOUR be liable to Purchaser for consequential, economic, incidental, indirect, punitive, special, or third-party damages incurred, or loss of profits, arising out of, in connection with, or related to this Agreement even if TOUR has been advised of the likelihood or possibility such damages may be incurred.

13. **TERMINATION.** This Agreement may be terminated by TOUR if the Tournament loses its title sponsor. Otherwise, this Agreement may not be terminated or canceled unless due to breach by Purchaser or TOUR, which breach is not cured within ten (10) days of notice by the non-breaching party. In the event of breach by Purchaser, TOUR shall retain all payments received hereunder as of the date of termination and shall have the right to pursue all available remedies at law or otherwise. In the event of termination due to loss of title sponsor or breach by TOUR, TOUR shall refund the Investment to Purchaser less any costs irrevocably incurred by TOUR in provision of the Inventory to Purchaser as of the date of such termination or breach (e.g., construction, décor, custom printing) and less the pro rata value for any portion of Inventory fulfilled or delivered prior to such termination.

14. **MISCELLANEOUS.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Purchaser may not assign its rights or obligations hereunder without prior written consent of TOUR. No amendment to this Agreement shall be effective unless in writing and executed by all parties, which execution may be in counterparts (including by facsimile and/or other electronic means), each of which shall be deemed to be an original, but both of which, taken together, shall constitute one and the same instrument. This Agreement may be executed in any number of counterparts, including by electronic means, and each such counterpart shall be deemed an original. The individual signing this Agreement on behalf of Purchaser represents and warrants that he/she has requisite authority to bind Purchaser to its terms.

HOSPITALITY PURCHASE AGREEMENT

This **HOSPITALITY PURCHASE AGREEMENT** (this “Agreement”) is between PGA TOUR Enterprises, LLC (“TOUR”), and the party listed herein as Purchaser. In consideration of the respective rights and obligations hereunder and other valuable consideration, TOUR and Purchaser have fully reviewed and agreed to this Agreement, including the full Terms and Conditions of this Agreement, as attached hereto.

TOURNAMENT: THE PLAYERS Championship
LOCATION: TPC Sawgrass, Ponte Vedra Beach, Florida
DATES: March 11 – 16, 2025
INVENTORY: Purchaser will receive the inventory listed in Exhibit A
INVESTMENT: \$15,000
PAYMENT: 2025 Investment: Full balance due by January 15th, 2025

*Remit payment to: THE PLAYERS Championship
Attn: Ticket Operations
P.O. Box 206 (invoices will be provided)
Ponte Vedra Beach, FL 32004*

TERM: March 11 – 16, 2025

PURCHASER: _____

PGA TOUR Enterprises, Inc.

By: _____
Name: _____
Title: _____
Date of Execution: _____

By: _____
Name: _____
Title: _____
Date of Execution: _____

Exhibit A

Email for Fulfillment of Digital Tickets: _____

Inventory

The Deck

- Located between 16/18 fairways.
 - Upon entering a hospitality venue for the first time, a wrist band will be affixed to each guest. On subsequent visits to the hospitality venue, both The Deck ticket and wrist band must be displayed to gain entry.
 - Beer, wine, seltzer, soda, and bottled water are included each day inside The Deck, Tuesday – Sunday. Upgraded food and full bar are available for purchase.
- Twelve (12) tickets providing access to The Deck and grounds access, Tuesday – Sunday
- Six (6) general parking passes per day, Tuesday – Sunday

Terms & Conditions

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