



Piedmont
Crossing
EveryAge Senior Living™

Disclosure Statement

March 1, 2023

In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina:

- ◇ This disclosure statement may be delivered until revised, but not after July 29, 2024.
- ◇ This disclosure statement is required by North Carolina law to be delivered to a prospective resident prior to execution of a Residency Agreement.
- ◇ This disclosure statement has not been approved by any government agency or representative to ensure accuracy or completeness of the information set out.

EveryAge, d/b/a Piedmont Crossing
100 Leonard Avenue, Newton, NC 28658

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Section I: **Organization Introduction and Information**

Corporation Statement

EveryAge “the Corporation,” formerly known as United Church Homes and Services, is a North Carolina nonprofit corporation that was organized in 1961 for the purpose of developing and managing housing, retirement communities and program of outreach across the geographic boundaries of the southern Conference of The United Church of Christ (The “Southern Conference”). In connection with celebrating its 50th Anniversary, the Corporation announced its new name, EveryAge with a promise of a “new design, a new name, a new beginning. Same great mission.”

The Corporation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

A volunteer Board of Directors governs the Corporation. The Conference Minister of the Southern Conference, with offices in Burlington, North Carolina, serves as an ex-officio member of the Board with voice but no vote. The Corporation is a member of the American Health Care Association, North Carolina Health Care Facilities Association, LeadingAge, LeadingAge North Carolina and the Council for Health and Human Service Ministries of United Church of Christ.

The Corporation is a not-for-profit organization that owns and/or manages continuing care retirement communities in Newton (Abernethy Laurels), Thomasville (Piedmont Crossing), North Carolina, and Suffolk (Lake Prince Woods), Virginia, which consist of residential living, adult care (assisted living) and skilled nursing levels of living. The home office of the Corporation is located at 100 Leonard Avenue, Newton, North Carolina, Catawba County 28658. The Corporation employs a President and Chief Executive Officer who is authorized to have full executive power to carry out the policies and directives of the Board of Directors on a day-to-day basis. Each continuing care retirement community (Abernethy Laurels, Piedmont Crossing and Lake Prince Woods,) has an Executive Director employed and authorized to conduct the day-to-day operations of their respective campus. EveryAge also provides management services for Carolina SeniorCare and Elderhaus, Inc., PACE (Program of All-inclusive Care for the Elderly) centers located in Lexington, North Carolina and Wilmington, North Carolina, respectively. In addition to the PACE, Elderhaus, Inc. also operates an Adult Day Health Program and Home Care program.

Lake Prince At Home, LLC, (herein referred to as LPAH) a limited liability company, organized under the laws of the State of North Carolina, was formed upon the issuance of its articles of organization by the North Carolina Department of the Secretary of State on October 16, 2017. LPAH also registered for authorization to do business in the Commonwealth of Virginia, through the State Corporation Commission, on November 28, 2017. LPAH’s sole member is Lake Prince Center, Inc. LPAH was formed for the purpose of developing a Medicare-certified home health and hospice company. LPAH obtained its Home Care Organizational License from the Virginia Department of Health Office of Licensure and Certification, effective August 1, 2018, and Medicare Certification, effective April 25, 2019. LPAH obtained Hospice certification, effective April 21, 2022.

EveryAge formed and registered a limited liability corporation, BellaAge Hickory, LLC with the North Carolina Secretary of State in late 2022. BellaAge Hickory, LLC is a planned new independent living unit community in downtown Hickory, NC that will be known as BellaAge Hickory. The rental community will have 95 apartments which will be targeted to the middle-market. The average square footage per unit will be approximately 1,081 square feet. Prospective residents will enter into a rental contract with services. Land was purchased in downtown Hickory (approximately 15 miles from its Abernethy Laurels campus) in 2021 as this opportunity was being explored. The community will be registered with the North Carolina Department of Health Service Regulation as a Multi-unit Housing with services facility. Plans are to begin construction in spring of 2023, and it will take approximately 18 months to complete.

In order to protect the health and safety of all residents, management retains the authority to evacuate and relocate

residents upon threat of disasters. In cooperation with local emergency management agencies, Piedmont Crossing maintains a current evacuation plan to be implemented upon threat of pending disasters including, but not limited to, hurricanes or floods, warnings of the movement of airborne hazardous materials due to transportation accidents, or the recognition of unstable conditions at nuclear power plants. All residents must fully cooperate with evacuation plans when the order to evacuate has been issued by management. If any resident fails to cooperate with evacuation plans, management will take the necessary actions including assistance from law enforcement and emergency management agencies to remove the resident from Piedmont Crossing and transport to another location. No waivers of responsibility will entitle a resident to remain at the Community following an order for emergency evacuation.

The Corporation provides various administrative, accounting and management services, and in most cases sponsorship and start-up funding, for the following entities:

- ◆ Carolina SeniorCare
- ◆ Elderhaus, Inc.
- ◆ Lake Prince Center, Inc., d.b.a. (“Lake Prince Woods”)
- ◆ Lake Prince At Home, LLC
- ◆ BellaAge Hickory, LLC
- ◆ EveryAge Foundation (“Foundation”)

Under the principles of consolidation as set forth by generally accepted accounting principles in the United States of America, the financial statements of Carolina SeniorCare, Lake Prince Woods, Lake Prince At Home, and the Foundation are consolidated with the Corporation’s financial statements. Neither the Southern Conference of the United Church of Christ nor any other unit of the United Church of Christ is responsible for financial obligations of the Corporation.

Our Mission

A Christian Ministry providing vibrant living, diverse programs of outreach and compassionate services.

Our Vision

Enriching lives by providing the right services at the right time, in the right setting.

Our Values

- ❖ **Compassion**..... we treat all individuals with understanding, care, and respect
- ❖ **Innovation**..... we are continually changing in order to meet new needs
- ❖ **Integrity**..... we are honest, accountable, and transparent in our services, communications, and the fulfillment of our mission
- ❖ **People**..... we are committed to hiring and investing in dedicated, passionate people
- ❖ **Quality**..... we strive to provide excellent service surpassing ordinary standards and expectations
- ❖ **Value** we aim to be the provider of choice making services accessible to as many as possible

The Board of Directors of EveryAge

The Board of Directors of EveryAge is comprised of the following members:

Board Members	TELEPHONE NUMBER	TERM EXPIRES
Parker D. Howell, III ❖ Post Office Box 2278 Suffolk, VA 23432	757.255.4721 757.620.9264 (M)	2023 3rd Term Board Chairperson
Kelsey McCleave 3630 Enduring Freedom Drive Raleigh NC 27610	828.218.4285 919.642.6935 (B)	2023 3rd Term
Anthony J. Branch 2737 NE 1st Street Pompano Beach, FL 33062	704.467.5851 (C) 704.655.2343 (B)	2023 2nd Term
Hunter March 908 West Washington Street Suffolk, VA 23434	757.934.0755	2023 2nd Term
Lawrence Bolick 329 Summit Avenue, Apt. A Salisbury, NC 28144	828.612.8146	2023 1st Term
Jeffrey S. Gilliam ❖ 3799 Love Road Claremont, NC 28610	704.682.8897 (M) 828.241.5152 (H)	2023 1st Term
Cory S. Tobin 3993 2B Clubhouse Court High Point, NC 27265	336.905.0203	2023 1st Term
Brad Thie ❖ 53 Pineland Street Chapel Hill, NC 27516	828.234.3389 (M)	2023 1st Term
Vacancy		2024 Unexpired Term
Gregory M. Alcorn ❖ c/o GCS Agents 118-B South Main Street Salisbury, NC 28602	704.647.9621 (B) 704.232.2354 (M)	2024 1st Term
Gene Hamilton 201 7th Street, NE Conover, NC 28613	828.612.7601	2025 2nd Term
Julius W. Abernethy, IV 3781 Dockside Lane Sherrill's Ford, NC 28673	828.461.8701	2025 1st Term

BOARD MEMBERS	TELEPHONE NUMBER	TERM EXPIRES
Margie Wiley 1889 Governor's Point Drive, Suite A Suffolk, VA 23436	757.529.2617 757.809.2130	2025 1st Term
Shane L. Smith 999 Waterside Drive, Suite 1700 Norfolk, VA 23510-3303	757.629.0706 (B) 757.816.6653	2025 1st Term
Kathy Tharpe 834 Iris Lane Newton, NC 28658	828.465.2222 (H) 828.320.4406 (M)	Abernethy Laurels Advisory Council Chairperson
Terri Fisher 159 Myrtle Drive Thomasville, NC 27360	336.472.7217	Piedmont Crossing Advisory Council Chairperson
Michelle Horton 907 Craig Drive Suffolk VA 23434	757.319.1476	Lake Prince Woods Advisory Council Chairperson
Linda Morris ❖ 201 Parkmont Drive Greensboro, NC 27408	336.545.7866 336.541.2838 (M)	Past Board Chairperson
Edward Davis * 252-B West Fifth Street Burlington, NC 27215	336.343.4066	Southern Conference Minister United Church of Christ

❖ *Indicates Member of Executive Committee*

* *Ex-Officio*

By virtue of office:

Past Board Chairperson (voice and vote)

Advisory Council Chairperson(s) (voice and vote)

Southern Conference Minister (voice, no vote)

President and CEO of EveryAge (voice, no vote)

Executive Assistant/Assistant Secretary of the Corporation (voice, no vote)

Home Office Administration

Lee B. Syria, President and Chief Executive Officer

- ◆ Was named President and CEO of EveryAge, effective October 1, 2012, and worked as Interim President and CEO from February 28 through September 30, 2012. Previously served as Senior Vice President of Operations for EveryAge since July 2008.
- ◆ Was previously employed with EveryAge as Vice President of Human Resources, beginning October 2003, and served as Director of Human Resources with EveryAge three years prior to her promotion from the position of Personnel Manager of Abernethy Laurels (EveryAge), beginning June 1997.
- ◆ Was named as a certified Consecrated Diakonal Minister through the Council for Health and Human Service Ministries in 2008.
- ◆ Has been a licensed Nursing Home Administrator (NHA) since 2006 and holds an NHA license in the State of North Carolina and in the Commonwealth of Virginia.
- ◆ Earned a Master's degree in Business Administration from Gardner-Webb University and a Bachelor of Science degree in Business Administration (Healthcare Management) from Appalachian State University.

Aimee N. Reimann, Chief Operating Officer

- ◆ Has worked as Chief Operating Officer since June 1, 2013.
- ◆ Was previously employed by EveryAge as the Vice President of Home and Community Based Services from April 2011 to June 2013.
- ◆ Was previously employed as Executive Director of Abernethy Laurels, beginning in January 2008.
- ◆ Was previously employed as Administrator of Lutheran Home in Winston-Salem, North Carolina.
- ◆ Has been a licensed Nursing Home Administrator since 2004 and holds an NHA license in the State of North Carolina and the Commonwealth of Virginia.
- ◆ Has experience in various aspects of management since 1998.
- ◆ Earned a Bachelor of Arts degree in Nutrition from Indiana University of Pennsylvania.
- ◆ Holds a Fellows designation from the LeadingAge Leadership Academy.

Tammy H. Jones, Chief Financial Officer

- ◆ Employed by EveryAge since November of 2010 and appointed as Chief Financial Officer, effective February 1, 2023.
- ◆ Previously served for 12 years as Corporate Controller of EveryAge, a multi-site senior living provider headquartered in Newton, North Carolina.
- ◆ Previously served as Senior General Accountant with Kewaunee Scientific Corporation in Statesville, NC from 2007 – 2010 where she performed a full spectrum of accounting services for this recognized global leader in the design, manufacture, and installation of laboratory, healthcare, and technical furniture products.
- ◆ Was previously employed with Hanesbrands, Inc. (May 2006 – Feb. 2007) as Senior Cost and International Accountant, Winston-Salem, NC. Prior to her promotion, from Dec. 1999 to May 2006, she worked as Plant Accountant/Accounts Payable Supervisor for Hanesbrands, Inc. in Statesville, NC. She was previously the Accounting Coordinator for Hanesbrands from Oct. 1997 to Dec. 1999.

- ◆ Served as Legal Assistant and Office Manager for the Law Office of Minor & Brown, Statesville, NC from Feb 1996 – Oct. 1997.
- ◆ Earned a Bachelor of Science degree in Business Management from Gardner-Webb University in Boiling Springs, North Carolina and an A.A.S degree in Computer Programming from Mitchell Community College in Statesville, NC.

Michelle N. Roseman, Chief Quality and Compliance Officer

- ◆ Employed by EveryAge in July 2020 and appointed as Chief Quality and Compliance Officer effective December 19, 2020.
- ◆ Was previously employed with Kindred at Home as Area Vice President of Operations from 2016 through May of 2020.
- ◆ Was previously employed as Executive Vice President and Chief Operating Officer for Catawba Regional Hospice from 2007 to 2016.
- ◆ Earned a Master of Business Administration Degree and Bachelor of Science Degrees in Psychology and Health Education from Gardner-Webb University.
- ◆ Achieved certification in Health Care Compliance (CHC) and Healthcare Privacy Compliance (CHPC) by the Health Care Compliance Association.
- ◆ Has previously worked as Executive Director of Abernethy Laurels/EveryAge from 1994 to 2007 and prior to her promotion, served as Healthcare Administrator and Director of Social Services at Abernethy Laurels.
- ◆ Has been a licensed Nursing Home Administrator since 1998 and holds a NHA license in the State of North Carolina and the Commonwealth of Virginia.

Kim Kilday, Chief Marketing and Public Relations Officer

- ◆ Has worked as Chief Marketing and Public Relations Officer at EveryAge since April 10, 2021.
- ◆ Was Regional Director of Sales and Marketing at Principle LTC from 2020-2021.
- ◆ Was Vice President of Sales and Marketing at Liberty Healthcare Management for nine years.
- ◆ Has previously worked as the Regional Director of Marketing for Care One Virginia.
- ◆ Was employed -NC West Region Sales & Marketing: Shoreline Healthcare Management 2007-08.
- ◆ Earned a Master's Degree in Data Marketing Communication from West Virginia University, a Master of Business Administration Degree with a concentration in Health Administration from Pfeiffer University, and a Bachelor of Science Degree in Business with a concentration in Marketing from Clarion University of Pennsylvania.
- ◆ Holds a North Carolina Insurance license for Life, Health and Long-Term Care.

Cathy Cooper, Chief Human Resources Officer

- ◆ Has worked as Chief Human Resources Officer since June 22, 2015.
- ◆ Was previously Senior Director Human Resources and Transitions of Richfield Hospitality, a hospitality management company based in Denver, Colorado from November 2004 to June 2015.
- ◆ Served in Human Resources and Operations with Hilton Knoxville from 1998-2004 and with Old Town Resorts, Key West, FL in Operations from 1995-1998.
- ◆ Earned the Senior Professional Human Resources (SPHR) designation from HRCI in 2004.
- ◆ Received the SHRM-SCP designation in 2015.
- ◆ Earned a Bachelor of Science in Business Administration degree from LaSalle University.

Community Administration

Amber McIntosh, Executive Director, Abernethy Laurels

- ◆ Has worked as the Executive Director of Abernethy Laurels since April 2013.
- ◆ Was previously employed, since 2001 by Lutheran Home-Hickory, Inc., and served most recently as Executive Director for two campuses in Hickory for Lutheran Services Carolinas.
- ◆ Has experience in various aspects of healthcare management since 1991 including Adult Day Health, Assisted Living and Skilled Nursing.
- ◆ Has been a licensed nursing home administrator since 1995.
- ◆ Holds a Bachelor of Science in Business Administration from Appalachian State University.

Judy O. Raymond, Executive Director, Lake Prince Woods

- ◆ Has worked as the Executive Director of Lake Prince Woods since September 2010.
- ◆ Was previously employed, since 1994 by Westminster-Canterbury on Chesapeake Bay, most recently, as Vice President of Resident and Health Services.
- ◆ Has experience in various aspects of healthcare management and senior housing since 1985.
- ◆ Holds a Bachelor of Arts Degree in Leisure Studies from Salisbury State University.
- ◆ Has been a licensed Nursing Home Administrator since 2002.

Douglas P. Russell, Executive Director, Piedmont Crossing

- ◆ Has worked as the Executive Director of Piedmont Crossing since February 2013.
- ◆ Previously worked, since 2008 at Twin Lakes Community, most recently as Healthcare Administrator.
- ◆ Has owned his own printing business in Atlanta for over 35 years.
- ◆ Has been a licensed nursing home administrator and assisted living administrator since 2009.
- ◆ Certified Aging Services Professional (CASP) since 2011.
- ◆ Holds a Master of Science in Health Services Administration from Central Michigan University and a Bachelor of Science Degree in Business Administration from the University of North Carolina at Chapel Hill.

No member of the Board of Directors of EveryAge, Home Office Administration or Community Administration has been convicted of a felony or pleaded nolo contendere to a felony charge or have been held liable or enjoined in a civil action by final judgment, where the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property. No member of the Board of Directors of EveryAge, Home Office Administration or Community Administration is subject to a currently effective injunctive or restrictive court order, or within of an action brought by a government agency or department, where the order or action arose out of or related to business activity of healthcare, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to North Carolina General Statute 58-64-20 or similar law in another state.

In accordance with North Carolina General Statute (“GS”) § 58-64-20(a)(3)(b)], through this statement, it is hereby disclosed that no owner, officer, or person managing the Community on a day to day basis has a 10% or greater interest in any other entity or if any other entity has a 10% or greater interest in any owner, officer, or person managing the Community on a day to day basis has or will provide \$500 or more in goods or services to the Community.

Section II:
Community Introduction and Information

Piedmont Crossing
 100 Hedrick Drive
 Thomasville, NC 27360
 Executive Director: Douglas P. Russell, NHA

Piedmont Crossing is a continuing care retirement community located on a picturesque 61-acre site in Thomasville, North Carolina. The Community became operational October 1, 1986. Each individual’s application for admission is reviewed through an admissions process giving attention to health needs, and social interests along with financial and age requirements.

Piedmont Crossing is located in the heart of the Piedmont region of North Carolina and is easily accessible from all parts of the state. From the Charlotte area take Interstate #85 north past Kannapolis, Salisbury, and Lexington. From the Raleigh, Durham, Greensboro area take Interstate #85 south past Burlington, Greensboro, and High Point. In the vicinity of Thomasville, North Carolina, take the Lake Road exit (No. 102) and at the top of the exit ramp turn left onto Lake Road. Go approximately ¼ mile and turn right just beyond East Davidson High School onto Kendall Mill Road. Follow Kendall Mill Road approximately ½ mile and Piedmont Crossing will be on the left side of Kendall Mill Road.

Health Center	<u>Available</u>	<u>Occupied</u>
Nursing Beds	114	77
Residential Living Units	<u>Available</u>	<u>Occupied</u>
Apartments	83	80
Villas	24	24
Cottages	18	18
Pavilion	<u>Available</u>	<u>Occupied</u>
Apartments	34	28
Studios	10	9
Adult Care	20	8

There are approximately 293 Residents residing in all levels of living at Piedmont Crossing as of September 30, 2022. There is a total of 179 continuing care contracts with Piedmont Crossing, which encompass of a total of 229 people, inclusive of second persons.

Section III: Policies

Admissions Policy Statement

Admission to Residential Living Units shall follow the guidelines as established by EveryAge. Each Application for Admission is reviewed through an admissions process giving attention to health needs, social interests along with financial and age requirements. The financial statement is carefully reviewed to ensure that the expenses incurred by residing at the Community would not place a financial hardship on the Resident or the Corporation. The applicant is notified of the decision regarding residency following the application review process. Depending upon the amount of time that has elapsed since the initial acceptance and whether any fee changes have been implemented, an applicant's financial status may be reevaluated.

The following guidelines are used in making a decision regarding approval of an application for admission:

1. Health Needs

An individual's health must be such that they are capable of meeting the requirements of residing in the Residential Living Unit that does not include any daily or other living services in the program for this level of living, such as those involving food preparation, housekeeping, medication administration, toileting, mobility, decision-making, shopping, financial management, bathing, dressing, grooming or hygiene. The individual must be able to meet the requirements listed above by himself/herself, or with the assistance of (1) aide, attendant, Piedmont Crossing's Home Care Agency, or other outside support service, which the individual arranges for and follows the Corporation's private duty policy, (2) the provision of reasonable accommodations, and/or (3) a reasonable modification of the Residential Living Unit.

2. Social Interests

The individual's interests, temperament and outlook should be such that they will contribute to the Community and will be able to live in harmonious relationship with other residents. It is important to consider the ways the individual will benefit from a social setting provided in a Community and how other residents will benefit from the individual's presence in the community.

3. Financial Requirements

Applicants should have sufficient income and assets to pay for all necessary fees and still be able to continue in their present lifestyle. Expenses related to health conditions and any required support services are carefully considered. If the applicant has a long-term care insurance policy that covers nursing home care this will be considered. A financial analysis is completed utilizing actuarial data. Marginal applicants will be reviewed for the possibility of other alternatives including other EveryAge campuses, other Residential Living Units on the desired campus, and other options available for payment. In the event that the Corporation is assessed sales or use tax on Monthly, Daily Fees, and/or fees for other services, the Resident will be responsible for all such taxes.

4. Age Requirements

The age for admission is at least sixty-two (62) years. If application is for two individuals (referred to hereinafter as a "couple") to occupy one Residential Living Unit, at least one of the two individuals must be at least sixty-two (62) years of age.

Residency Agreement Policies

1. Basic Requirements and Terms for Cancellation

(a) Cancellation Prior to Occupancy Due to Death, Illness or Incapacity

If the Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, the Residency Agreement is automatically cancelled, and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of the Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident's death, illness, or incapacity.

(b) Cancellation by the Resident Within Thirty (30) Days of Contract Execution:

Notwithstanding any other provision of the Residency Agreement, the Resident may rescind the Residency Agreement within thirty (30) days following the execution of the Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(c) Cancellation by Resident Between Thirtieth (30th) and Ninetieth (90th) Day of Occupancy

During the first ninety (90) days of occupancy, the Resident will have the right to terminate the Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate the Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid as specified in the selected agreement;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;

- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(d) Cancellation By the Resident After Ninety (90) Days of Occupancy:

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. Any refund due the Resident will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

(e) Terminations By the Corporation:

The Corporation may terminate the Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) there is conduct on the part of the Resident that threatens the safety or well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(f) Joint Occupancy of Residential Living Unit:

If another individual ("Other Resident") signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of the Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate their Residency Agreement.

2. Changes in Occupancy

- (a) Should the Resident choose to marry, and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee, and the Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.
- (b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.

- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended, or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.
- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges, and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to that Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described in the Residency Agreement, subject to the conditions of the Residency Agreement.
- (b) Upon termination of the Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or Resident's estate will be entitled to a refund of the Residency Fee, as described in the selected Residency Agreement.

The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.

- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, the Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of the Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under the Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under the Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
 - (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.

- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

5. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.
- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is provided to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of the Residency Agreement, unless such needed arrangements have already been made.
- (e) If the Resident should need Adult Care Services or Nursing Services, such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

6. Other Considerations

- (a) The Resident is given, as an Addendum to the Residency Agreement, a current copy of the Resident Handbook. These documents will change from time to time, but the Resident Handbooks are the procedural documents for those occupying Residential Living Units at the Community.
- (b) The Resident may not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at EveryAge, without notification to the Corporation. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (c) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.

The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of the Residency Agreement by the Corporation and release of its obligations hereunder.

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Section IV: Services

Diverse and Complete Community

Piedmont Crossing is a continuing care retirement community providing support services and structural features to help persons live as independently as possible for as long as possible. The campus is designed to have three major areas with a specific lifestyle in mind. The Village, Pavilion, and Health Center cover a wide spectrum of living arrangements to accommodate a diversity of lifestyles on a single campus. Piedmont Crossing also operates an onsite Home Care Agency. The goal of this community is to provide a holistic environment.

The Village

The Residential Living Units in the Village consist of apartments, villas, and cottages. Independence and a self-sufficient lifestyle are what the Corporation strives to promote in all areas of residential living. Transportation, meals, laundry service, housekeeping, and salon services are among the support services available on an as-needed, fee-for-service basis so that this type of lifestyle may be enjoyed for as long as possible. The standard services of lawn care, the Residential Living Unit's exterior maintenance, and appliance maintenance help to free the Resident to enjoy a more meaningful use of their time and efforts.

1. One-Bedroom Apartment

A residence approximately 640 to 875 square feet in size with a living/dining area, one large bedroom, a kitchen equipped with standard appliances, a full bath, and porch or balcony.

2. Two-Bedroom Apartment

A residence approximately 950 to 1,150 square feet in size with a living/dining area, one large bedroom and one smaller bedroom, a kitchen equipped with standard appliances, a bath and a half, and a porch or balcony. Most two-bedroom apartments are equipped with a washer and dryer.

3. Villa

A residence approximately 1,288 to 1,478 square feet in size with a living/dining area, two bedrooms, a kitchen equipped with standard appliances, a screened or glassed porch, a washer and dryer, storage area, and single-car carport. Most villas have two baths.

4. Cottage

A freestanding residence approximately 1,339 to 1,622 square feet in size with a living room, dining area, two bedrooms, two full baths, a kitchen equipped with standard appliances, a screened or glassed porch, a washer and dryer, and storage/work room. Most cottages have two baths and an enclosed single-car garage.

The Pavilion

A person wanting or needing more support services than can reasonably be provided in the Village has the option of choosing a Residential Living Unit located in the Pavilion. The objective is the promotion of a self-sufficient lifestyle. By providing meals, laundry service, housekeeping, and staff persons on a twenty-four-hour basis, such a lifestyle can be made possible, enjoyable, and rewarding.

Other services such as transportation, salon services, guest meals, etc., are available on a fee-for-service basis. Piedmont Crossing offers home care services on a fee-for-service basis.

1. **Adult Care (Assisted Living)**
Staff provides assistance in routine activities of daily living such as bathing, personal hygiene, and medication administration. Staff is available on a twenty-four (24) hour per day basis.
2. **Efficiency Apartment**
A residence approximately 500 square feet in size with a bedroom/living area, kitchenette, and full bath.
3. **Efficiency Deluxe Apartment**
Approximately 410 square feet in size arranged to promote ample privacy and desirable furniture arrangement. The unit has a bedroom/living area, kitchenette, full bath with walk-in shower, and private balcony.
4. **One-Bedroom Apartment**
A residence approximately 670 square feet in size with a living/dining area, kitchenette, large separate bedroom, and full bath.
5. **Two-Bedroom Apartment**
A residence approximately 950 to 1023 square feet with a living/dining area, kitchenette, two spacious bedrooms and two full baths.

Other Services

1. **Clinic**
Clinic services are available to all residential living residents. The clinic is staffed by professional nurses. Physician services are available on a periodic basis. The clinic is used for consultation, medication administration, outpatient examinations, outpatient treatments and prescribed therapies. The clinic conducts screenings, vaccinations and tests for residents as needed.
2. **Home Visits**
Occasionally residents need temporary healthcare services provided in their Residential Living Unit. These visits may include routine blood pressure and/or pulse rate checks, medication administration, special medical treatments, or assistance with bathing and dressing. Each resident living in a Residential Living Unit has up to twelve nurse visits per year at no additional charge. Additional visits are available on a fee-for-service basis. These services are provided through Piedmont Crossing's Home Care Agency.
3. **Infirmiry Services**
If residents have a minor illness or injury and are unable to care for themselves, infirmiry services are available on a limited basis to allow for a short-term recovery period.

Health Center

The objective of the Health Center is to provide quality long-term care. The types of living accommodations provided are based on the Resident's physical needs. A person may enter the Community at the Health Center level by completing all of the necessary steps for admission and paying the required fees. Residents are provided quality healthcare in the onsite Health Center if and when it is needed. The level of living provided by the Health Center is:

1. Nursing Services

Long-term nursing, memory support and short-term rehabilitative services are available on campus. The Health Center is Medicare and Medicaid certified, offering both private and companion semiprivate suites. Residents are cared for by licensed and certified nursing professionals under the supervision of a Medical Director and a licensed Nursing Home Administrator.

2. Other Services

Other services such as transportation, salon services, guest meals, etc., are available on a fee-for-service basis.

Rental Option

The Corporation offers a rental option through which an individual may enter the community by signing a monthly rental agreement. This agreement does not require payment of an entrance fee but does require payment of a monthly rental rate set at a higher rate than the monthly fee paid by Residents who hold a contracted Residency Agreement with the Corporation.

The Rental Option provides the Renter with access to services and amenities also available to contracted Residents, with the exception of healthcare services. Additional amenities may be available on a fee-for-service basis for the Renter, and likewise the Renter shall be charged direct admission fees upon entrance to a higher level of living.

This Rental Option is available only in a limited number of specified Residential Living Units. This Rental Option is not an agreement for continuing care.

Section V: Fees and Refund Schedules

The following provides the refund schedule for the 50% Refund Plan (50% Refund Residency Agreement) and the zero-refund plan (Fully Declining Residency Agreement). Cancellation of the Residency Agreement within the first ninety (90) days, or a portion thereof, will be refunded at a reduced balance based on the Residency Fee paid, minus a ten percent (10%) reduction on the initial Residency Fee.

Residency Fee

Payment of a Residency Fee (entrance fee) secures for a Resident the right to maintain occupancy of a selected Residential Living Unit and utilize the services and amenities available at the community for as long as the Resident is able to comply with the terms of the Residency Agreement. Prior to occupancy the Resident will sign a Residential Living Residency Agreement and pay the remainder of the Residency Fee.

Monthly Fee

Payment of a Monthly Fee provides a Resident certain monthly services as provided in the disclosure statement and Residential Living Unit Residency Agreement(s). All other services are provided on an additional fee-for-service basis.

50% Refund Residency Agreement (Plan A)

Beginning on day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the original residency fee will be reduced by 1.21% per month for each month of occupancy through month thirty-six (36). After the thirty-sixth (36th) month of occupancy, the refund will remain at the fifty percent (50%) level. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

Fully Declining Residency Agreement (Plan B)

Beginning on day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the original residency fee will be reduced by 2.73% per month for each month of occupancy through month thirty-six (36). After the thirty-sixth (36th) month of occupancy, the balance will decline to zero. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

The following outlines the fee structure for **Piedmont Crossing** for the last five years, including incremental average increases from the previous year. All fees for each year became effective on October 1. Residents may choose to have electricity and water/sewer included in their Monthly Statement or they may opt for direct billing by each respective utility company. There is a Residency Fee for Residential Living Units ranging from \$57,000 to \$417,000.

Daily Fee (Health Center)	22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase	18/19	Average Increase
Suite (Private)										
Nursing	318	18	300	10	290	8	282	16	266	15
Short Term Rehabilitation	420	24	396	13	383	11	372	11	361	11
Memory Support	331	19	312	11	301	12	289	8	281	N/A
Companion Suite (Semiprivate)										
Nursing	301	17	284	10	274	8	266	15	251	14

(Fees are subject to change with an advance notice)

Monthly Fee (Residential Living)		22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase	18/19	Average Increase
Veranda B *											
1 Bedroom	one person	1763	84	1679	61	1618	47	1571	45	1526	44
	two people	2484	118	2366	81	2285	54	2231	64	2167	57
2 Bedroom	one person	1879	90	1789	65	1724	50	1674	48	1626	47
	two people	2600	124	2476	85	2391	57	2334	67	2267	60
Kennedy Court and Veranda A and C											
1 Bedroom	one person	1811	86	1725	63	1662	48	1614	47	1567	45
	two people	2532	120	2412	83	2329	55	2274	66	2208	58
2 Bedroom	one person	1950	93	1857	67	1790	52	1738	50	1688	49
	two people	2671	127	2544	87	2457	59	2398	69	2329	62
Gallery **											
1 Bedroom	one person	2449	117	2332	84	2248	66	2182	64	2118	62
	two people	3398	162	3236	110	3126	75	3051	89	2962	79
2 Bedroom	one person	2637	126	2511	90	2421	71	2350	69	2281	67
	two people	3586	171	3415	116	3299	80	3219	94	3125	84
1 Bedroom-Corner	one person	2356	112	2244	81	2163	63	2100	61	2039	60
	two people	3305	157	3148	107	3041	72	2969	86	2883	77

(Fees are subject to change with an advance notice)

* After October 1, 2013, Piedmont Crossing Veranda B Unit Residency Agreements will include utilities.

** After October 1, 2011, Piedmont Crossing Gallery Unit Residency Agreements will consist of one convenient monthly payment plan. This package bundles the standard monthly services fee that includes housekeeping services, a meal package, and utilities.

Monthly Fee (Residential Living)		22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase	18/19	Average Increase
Villa											
	one person	1911	90	1821	65	1756	51	1705	64	1641	48
	two people	2632	124	2508	85	2423	58	2365	83	2282	61
Cottage Home											
	one person	2069	98	1971	71	1900	55	1845	68	1777	52
	two people	2790	132	2658	91	2567	62	2505	87	2418	65

(Fees are subject to change with an advance notice)

The Pavilion at Piedmont Crossing		22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase	18/19	Average Increase
Daily Fee											
	ACH Suite (Private)	212	9	203	6	197	6	191	6	185	20
	ACH Companion Suite (Semiprivate)	158	7	151	4	147	4	143	4	139	15
Monthly Fee											
Studio Deluxe	one person	2724	130	2594	94	2500	73	2427	71	2356	69
	two people	3707	177	3530	121	3409	99	3310	97	3213	86
Apartment: 1 Bedroom	one person	3279	156	3123	113	3010	88	2922	85	2837	83
	two people	4262	203	4059	140	3919	114	3805	111	3694	100
Apartment: 2 Bedroom	one person	3713	177	3536	128	3408	99	3309	96	3213	94
	two people	4696	224	4472	155	4317	125	4192	122	4070	111

(Fees are subject to change with an advance notice)

Residency Agreements Residency Fees

Kennedy Court	Plan A	Plan B
Apartment 1 Bedroom	147,000	98,500
Apartment 2 Bedroom	204,750	136,500
Veranda A	Plan A	Plan B
Apartment 2 Bedroom	187,500	125,000
Veranda B	Plan A	Plan B
Apartment 1 Bedroom	127,000	86,000
Apartment 2 Bedroom	179,250	119,500
Veranda C		
Apartment 1 Bedroom	147,750	98,500
Apartment 2 Bedroom	204,750	136,500
Gallery Building	Plan A	Plan B
Apartment 1 Bedroom Corner	114,000	76,000
Apartment 1 Bedroom	114,000	76,000
Apartment 2 Bedroom	164,250	109,500
Pavilion	Plan A	Plan B
Studio Deluxe	85,500	57,000
Apartment 1 Bedroom	109,500	73,000
Apartment 2 Bedroom	134,250	89,500
	Plan A	Plan B
Villa	252,000-338,250	168,000-225,500
Cottage	301,000-417,000	201,000-278,000

There is a fee schedule published annually to cover such items as transportation, meals, housekeeping, etc. This list is available upon request and strives to provide services for residential living persons as they are needed and at a reasonable cost. (See Exhibit 1)

Section VI:
Financial Information and Five -Year Projection Statement

Historical and Forecasted Financial Statements

Year Ending September 30, 2023 (Forecast)

Year Ending September 30, 2024 (Forecast)

Year Ending September 30, 2025 (Forecast)

Year Ending September 30, 2026 (Forecast)

Year Ending September 30, 2027 (Forecast)

EVERYAGE
COMPILED FORECAST
FOR THE YEARS ENDING
SEPTEMBER 30, 2023 THROUGH 2027



EVERYAGE
Compiled Forecast
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Bernard Robinson & Company, L.L.P.

To the Board of Directors
EveryAge
Newton, North Carolina

Management is responsible for the accompanying forecast of EveryAge (the "Organization"), which comprises the accompanying forecasted balance sheets as of September 30, 2023, 2024, 2025, 2026 and 2027, and the forecasted statements of operations and changes in net assets, and cash flows for the years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
February 20, 2023

EVERYAGE
Forecasted Balance Sheets
September 30, 2023 through 2027

(In Thousands of Dollars)

	2023	2024	2025	2026	2027
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 1,806	\$ 1,806	\$ 1,806	\$ 1,806	\$ 1,806
Accounts receivable, net	1,350	1,400	1,450	1,500	1,550
Due from affiliates	23,977	23,192	23,575	24,332	25,102
Other receivables and current assets	962	962	962	962	962
Total current assets	<u>28,095</u>	<u>27,360</u>	<u>27,793</u>	<u>28,600</u>	<u>29,420</u>
Assets limited as to use:					
Operating reserves	16,314	16,522	16,354	16,780	17,194
Patient funds	41	41	41	41	41
Investments	2,498	2,498	2,498	2,498	2,498
Assets held by trustees and board designated	60,226	64,053	67,440	71,525	75,594
Total assets limited as to use	<u>79,079</u>	<u>83,114</u>	<u>86,333</u>	<u>90,844</u>	<u>95,327</u>
Interest rate swap payable	5,704	3,814	2,553	1,921	1,607
Property and equipment, net	68,459	65,622	62,642	59,616	56,606
Total assets	<u>\$ 181,337</u>	<u>\$ 179,910</u>	<u>\$ 179,321</u>	<u>\$ 180,981</u>	<u>\$ 182,960</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ 1,960	\$ 545	\$ 540	\$ 540	\$ 625
Line of credit	1,000	500	-	-	-
Accounts payable and accrued expenses	4,064	4,064	4,064	4,064	4,064
Advance deposits, resident escrows and refund payables	1,395	1,395	1,395	1,395	1,395
Due to affiliates	37,713	39,183	39,822	41,213	42,614
Total current liabilities	<u>46,132</u>	<u>45,687</u>	<u>45,821</u>	<u>47,212</u>	<u>48,698</u>
Long-Term Liabilities:					
Long-term debt, less current portion	71,472	70,863	70,259	69,655	68,966
Long-term refund payable	6,135	5,777	5,460	5,229	4,997
Deferred revenue from advanced fees:					
Non-refundable contracts	14,977	16,596	18,019	19,425	20,467
Refundable contracts	4,224	4,412	4,356	4,402	4,493
Total long-term liabilities	<u>96,808</u>	<u>97,648</u>	<u>98,094</u>	<u>98,711</u>	<u>98,923</u>
Total liabilities	<u>142,940</u>	<u>143,335</u>	<u>143,915</u>	<u>145,923</u>	<u>147,621</u>
Net Assets:					
Without donor restrictions	38,397	36,575	35,406	35,058	35,339
Total net assets	<u>38,397</u>	<u>36,575</u>	<u>35,406</u>	<u>35,058</u>	<u>35,339</u>
Total liabilities and net assets	<u>\$ 181,337</u>	<u>\$ 179,910</u>	<u>\$ 179,321</u>	<u>\$ 180,981</u>	<u>\$ 182,960</u>

EVERYAGE**Forecasted Statements of Operations and Changes in Net Assets****Years Ending September 30, 2023 through 2027**

(In Thousands of Dollars)

	2023	2024	2025	2026	2027
Operating revenues:					
Health care	\$ 26,511	\$ 27,306	\$ 28,125	\$ 28,969	\$ 29,838
Pavilion/assisted living	1,875	1,932	1,990	2,049	2,111
Home care	934	962	991	1,021	1,051
Residential living service	10,262	10,672	11,072	11,487	11,917
Amortization of advance fees	3,291	3,349	3,668	3,909	4,164
Management fee income	2,767	2,666	2,653	2,641	2,626
Other operating revenue	1,582	1,630	1,679	1,729	1,781
Total operating revenues	<u>47,222</u>	<u>48,517</u>	<u>50,178</u>	<u>51,805</u>	<u>53,488</u>
Operating expenses:					
Health services:					
Health care	11,545	11,891	12,248	12,615	12,994
Medical records	108	111	115	118	122
Personnel and employee benefits	9,479	9,763	10,056	10,358	10,669
Laundry	303	312	321	331	341
Social services	247	255	262	270	278
Activities	344	355	365	376	388
Spiritual life	136	140	144	148	153
Housekeeping	1,221	1,258	1,296	1,335	1,375
Plant maintenance	3,795	3,862	3,931	4,001	4,073
Staff development	150	155	159	164	169
Pavilion/assisted living	786	809	834	859	885
Home care	778	802	826	851	876
Clinic	100	103	106	109	113
Resident services	206	212	219	225	232
Transportation	146	151	155	160	165
Dietary	3,967	4,086	4,209	4,335	4,465
Wellness center	140	144	149	153	158
Beauty shop	46	47	49	50	52
Day care	322	331	341	352	362
General and administrative:					
Administrative	5,526	5,692	5,862	6,038	6,219
Marketing	791	815	839	865	891
Depreciation/amortization	5,392	5,590	5,816	5,945	6,014
Real estate taxes	11	11	11	11	11
Interest expense	2,130	1,822	1,991	2,017	2,004
Insurance	952	981	1,010	1,041	1,072
Bad debts	158	158	158	158	158
Other operating expenses	617	635	653	673	688
Total operating expenses	<u>49,396</u>	<u>50,491</u>	<u>52,125</u>	<u>53,558</u>	<u>54,927</u>
Operating loss	<u>(2,174)</u>	<u>(1,974)</u>	<u>(1,947)</u>	<u>(1,753)</u>	<u>(1,439)</u>
Nonoperating income (loss):					
Contribution income	107	125	125	125	125
Change in fair value of interest swap agreement	-	(1,890)	(1,261)	(632)	(314)
Other nonoperating expense	(81)	(83)	(86)	(88)	(91)
Investment/interest income	4,875	2,000	2,000	2,000	2,000
Net nonoperating income	<u>4,901</u>	<u>152</u>	<u>778</u>	<u>1,405</u>	<u>1,720</u>
Changes in net assets	2,727	(1,822)	(1,169)	(348)	281
Net assets, beginning	<u>35,670</u>	<u>38,397</u>	<u>36,575</u>	<u>35,406</u>	<u>35,058</u>
Net assets, ending	<u>\$ 38,397</u>	<u>\$ 36,575</u>	<u>\$ 35,406</u>	<u>\$ 35,058</u>	<u>\$ 35,339</u>

See Accountant's Compilation Report and Summary of Significant Accounting Policies and Assumptions

EVERYAGE**Forecasted Statements of Cash Flows****Years Ending September 30, 2023 through 2027**

	(In Thousands of Dollars)				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Cash flows from operating activities:					
Changes in net assets	\$ 2,727	\$ (1,822)	\$ (1,169)	\$ (348)	\$ 281
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net realized and unrealized gain on investment	(4,875)	(2,000)	(2,000)	(2,000)	(2,000)
Depreciation/amortization	5,281	5,476	5,702	5,831	5,900
Interest rate swap payable	-	1,890	1,261	632	314
Amortization of advance fees	(3,291)	(3,349)	(3,668)	(3,909)	(4,164)
Advance fees received - nonrefundable	3,381	5,469	5,340	5,648	5,581
Advance fees received - refundable	719	801	766	713	665
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	1,096	(50)	(50)	(50)	(50)
Increase (decrease) in:					
Accounts payable and accrued expenses	(214)	-	-	-	-
Advance deposits, resident escrows and refund payables	-	-	-	-	-
Net cash provided by operating activities	<u>4,824</u>	<u>6,415</u>	<u>6,182</u>	<u>6,517</u>	<u>6,527</u>
Cash flows from investing activities:					
Net change in assets limited as to use	(2,797)	(2,035)	(1,219)	(2,511)	(2,483)
Repayments from related parties, net	9,520	2,255	256	634	631
Purchases of property and equipment	(6,691)	(2,703)	(2,786)	(2,869)	(2,954)
Net cash used in investing activities	<u>32</u>	<u>(2,483)</u>	<u>(3,749)</u>	<u>(4,746)</u>	<u>(4,806)</u>
Cash flows used in financing activities:					
Repayment of line of credit	(1,159)	(500)	(500)	-	-
Refunds of advance fees	(1,533)	(1,472)	(1,388)	(1,231)	(1,181)
Issuance costs paid	(39)	-	-	-	-
Proceeds from issuance of new debt, net	-	-	-	-	-
Principal payments of long-term debt	(2,125)	(1,960)	(545)	(540)	(540)
Net cash used in financing activities	<u>(4,856)</u>	<u>(3,932)</u>	<u>(2,433)</u>	<u>(1,771)</u>	<u>(1,721)</u>
Net increase in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, beginning	<u>1,806</u>	<u>1,806</u>	<u>1,806</u>	<u>1,806</u>	<u>1,806</u>
Cash and cash equivalents, ending	<u>\$ 1,806</u>	<u>\$ 1,806</u>	<u>\$ 1,806</u>	<u>\$ 1,806</u>	<u>\$ 1,806</u>

EVERYAGE

Summary of Significant Accounting Policies and Assumptions

NOTE 1 - BASIS OF PRESENTATION

This financial forecast presents, to the best of management's knowledge and belief, EveryAge's (the "Organization") expected balance sheets, statements of operations and changes in net assets, and cash flows for the forecast period. Accordingly, the forecast reflects its judgment of the expected conditions and its expected course of action as of the date of this forecast. The financial forecast is based on management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those which management believes are significant to the forecast or are key factors upon which the financial results of the Organization depend. Even if the hypothetical assumptions below occur within the forecast period, the Organization recognizes that there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

NOTE 2 - BACKGROUND OF THE ORGANIZATION

EveryAge is a not-for-profit organization that owns and operates continuing care retirement communities in Newton (Abernethy Laurels) and Thomasville (Piedmont Crossing) consisting of residential living units, assisted living units and nursing facilities providing adult care and intermediate and skilled nursing care. EveryAge's corporate office is located in Newton, North Carolina.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes from cash and cash equivalents assets limited as to use.

Assets Limited As To Use

Assets limited as to use primarily include the operating reserves required by State statute, and assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital improvements, to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Organization have been classified as current assets in the balance sheets.

EVERYAGE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Assets Limited As To Use (Continued)

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income. Donated investments are stated at fair value at the date of the gift. Investment expenses and fees are netted with net realized gains on investments.

Operating Reserves

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% or 50% of operating expenses (net of depreciation and amortization) plus principal (net of debt service reserve funds) for the forecasted years ending for those facilities depending on occupancy levels of each facility. Operating reserve for the years ending September 30, 2023, 2024, 2025, 2026, and 2027 respectively, for the Abernethy Laurels Facility is as follows: \$12,239; \$12,360; \$12,119; \$12,430 and \$12,725; and Piedmont Crossing Facility is as follows: \$4,075; \$4,162; \$4,235; \$4,350 and \$4,469, respectively.

Accounts Receivable

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

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Donated property and equipment are recorded at their estimated fair value on the date of receipt. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Land improvements	10 - 20
Buildings and improvements	30 - 40
Furniture, fixtures and equipment	5 - 15
Vehicles	5

EVERYAGE

Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Property and Equipment (Continued)

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

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted net assets. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the bonds.

Resident Escrows

If a resident should move into the health care unit and vacate the residential living unit, the amount of any refund to which the resident would be entitled is set aside and held by EveryAge for use by the resident to pay for necessary health care expenses. Once a permanent move is made and the residential living unit is available for remarketing, the resident may draw against the remaining residency refund to pay health care costs. A resident who does not live in a residential living unit for a period of 180 days or more shall be deemed to have made a permanent move.

A resident drawing from the residency refund to pay for health care costs shall, in agreement with the Center Executive, determine the withdrawal amount. This amount shall not exceed \$1,500 per month.

In case of financial hardship, withdrawal of more than \$1,500 per month may be requested by the resident. The resident must submit financial information sufficient to prove financial need. Such withdrawals will be allowed upon approval by the senior management of EveryAge.

Advance Deposits

The Organization may collect up to 10% of the advance fees described below as a deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue.

EVERYAGE

Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Deferred Revenue from Advance Fees

Deferred revenue from advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. Contracts currently offered to EveryAge residents are a fully declining contract or a 50% refundable contract.

The nonrefundable portion of these fees is amortized into income on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident.

Refunds are made to residents upon re-occupancy of the unit unless the resident has chosen to transfer their remaining balance into escrow as described above. Any unrecognized deferred revenue, less any related refund, at the date of termination of the contract is recorded as income in the period the termination of the contract occurs.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and 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.

Classification of Net Assets

The following classification of net assets is presented in the accompanying forecasted financial statements:

Net assets without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Changes in Net Assets without Donor Restrictions

The forecasted statements of operations and changes in net assets reflect operating income and losses. Changes in net assets without donor restrictions that are excluded from operating income or loss, consistent with industry practice, include realized gains and losses on investments, changes in unrealized gains and losses on investments, investment income, income from estates, wills, trusts and bequests, and contributions.

EVERYAGE

Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Income Tax Status

The Organization is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the forecasted financial statements. No material uncertain tax positions are expected during the forecast period. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Resident Services

Two major types of revenue are recognized in resident services as follows:

Residential/assisted living revenue: Residents that reside in residential living units are subject to a continuing monthly support service fee, which varies based on each resident's contract. The monthly fee can be adjusted from time to time by the Organization according to changes in costs.

Health care revenue: Health care revenue represents the estimated net realizable amounts from patients, third-party payors, and others for services rendered while in the health care unit, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically such adjustments for the Organization have been immaterial in relation to the financial statements as a whole.

Benevolent Assistance

The Organization has a policy of providing benevolent assistance to qualified residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The normal charges for services are included in revenue and paid through a transfer of assets from the Benevolent Trust Fund.

NOTE 4 - CURRENT ASSETS AND CURRENT LIABILITIES

Balances in other receivables and current assets, and accounts payables and accrued expenses, on the forecasted balance sheets, are based on balances at September 30, 2022, adjusted for increases in revenue and expenses.

EVERYAGE

Summary of Significant Accounting Policies and Assumptions

NOTE 5 - DERIVATIVES

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization has entered into interest rate swap agreement for the 2021B-D bonds issued after year end. Under the agreement, interest is payable at a fixed rate of 1.985-2.624% based on the outstanding balance of the bank qualified loan payable, and is effective through October 1, 2036. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense in the consolidated statement of activities and changes in net assets. The interest rate swap agreement had a notional principal amount of \$59,445,000.

The fair value of the interest rate swap agreement was derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present, and future market conditions.

NOTE 6 - LONG-TERM DEBT

For purposes of this financial forecast, it has been assumed that the historical carrying value of long-term debt equals the fair value of such debt.

Long-term debt consists of the following (in thousands):

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
North Carolina Medical Care Commission:					
Retirement Facilities First Mortgage Revenue Refunding Bonds (EveryAge) Series 2021A:					
Term bonds due 2041, yielding 2.26%	\$ 6,540	\$ 6,540	\$ 6,540	\$ 6,540	\$ 6,540
Term bonds due 2047, yielding 2.28%	11,815	11,815	11,815	11,815	11,815
Term bonds due 2051, yielding 2.59%	3,850	3,850	3,850	3,850	3,850
Truist Bank:					
Direct Bank Term Loan, Series 2021B:					
Due 2023-2037 yielding 4.55%	3,550	3,215	2,884	2,560	2,245
Direct Bank Term Loan, Series 2021C:					
Due 2023-2047 yielding 4.55%	28,225	26,790	26,685	26,580	26,470
Direct Bank Term Loan, Series 2021D:					
Due 2023-2037 yielding 4.55%	17,976	17,786	17,676	17,565	17,450
	<u>71,956</u>	<u>69,996</u>	<u>69,450</u>	<u>68,910</u>	<u>68,370</u>
Plus bond premium, net	2,524	2,410	2,297	2,183	2,069
Less deferred financing costs, net	<u>1,048</u>	<u>998</u>	<u>948</u>	<u>898</u>	<u>848</u>
	<u>\$ 73,432</u>	<u>\$ 71,408</u>	<u>\$ 70,799</u>	<u>\$ 70,195</u>	<u>\$ 69,591</u>

EVERYAGE

Summary of Significant Accounting Policies and Assumptions

NOTE 7 - REVENUE AND EXPENSES

Other Revenue

Residents' entry fees are amortized into revenue based on the actuarially determined remaining life expectancy of the resident, which is estimated to be 10 years. Other revenue sources are projected to remain consistent.

Revenue From Service Fees

Forecasted revenue from service fees on existing facilities are based on the following schedule of estimated fees and occupancy. Monthly service fees for residents in the Healthcare setting (Nursing and Assisted Living) increased approximately 3.0%; while fees for new residents in Residential Living increased by approximately 4.0%. Fees for Pavilion/assisted living, outside services and home care services are assumed to increase on an average of 3.0% annually.

	Abernethy Laurels	Piedmont Crossing
Villages:		
Villa	\$1,724 - \$1,988	\$ 1,911
Cottage	\$ 2,167	\$ 2,069
Second person fee	\$ 779	\$721 - \$949
Studio:		
Single unit-private room	\$5,749 - \$6,205	\$ -
Efficiency:		
Single unit	\$ 3,321	\$ -
Deluxe	\$ 3,691	\$ -
Apartments/Mall:		
One bedroom	\$4,286 - \$4,485	\$ 3,279
Two bedrooms	\$ -	\$ 3,713
Studio deluxe	\$ -	\$ 2,724
Second person fee	\$ 1,247	\$ 983
Apartments/Courts:		
One bedroom	\$ -	\$1,763 - \$2,449
Two bedrooms	\$ -	\$1,879 - \$2,637
Rental	\$ -	\$2,645 - \$3,956
Second person fee	\$ -	\$721 - \$949
Nursing beds (daily rates)	\$333 - \$418	\$301 - \$420
Assisted Living (daily rates):		
Private room	\$ 194	\$ 212
Semi-private room	\$ -	\$ 158
Assisted Living & Residential Living Occupancy	86.60%	91.26%

Expenses

Operating expenses are expected to increase approximately 3.00% annually each year.

The provision for depreciation is based on the current depreciation schedule and projected property and equipment additions.

EVERYAGE
Forecasted Balance Sheets - Abernethy Laurels
September 30, 2023 through 2027

(In Thousands of Dollars)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Accounts receivable, net	900	925	950	975	1,000
Due from affiliates	23,370	22,585	22,968	23,725	24,495
Other receivables and current assets	250	250	250	250	250
Total current assets	<u>24,522</u>	<u>23,762</u>	<u>24,170</u>	<u>24,952</u>	<u>25,747</u>
Assets limited as to use:					
Patient funds	34	34	34	34	34
Total assets limited as to use	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>
Interest rate swap payable	4,523	3,023	2,023	1,523	1,273
Property and equipment, net	47,036	44,869	42,700	40,431	38,108
Total assets	<u>\$ 76,115</u>	<u>\$ 71,688</u>	<u>\$ 68,927</u>	<u>\$ 66,940</u>	<u>\$ 65,162</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ 1,614	\$ 391	\$ 388	\$ 389	\$ 448
Accounts payable and accrued expenses	1,400	1,400	1,400	1,400	1,400
Advance deposits, resident escrows and refund payables	996	996	996	996	996
Total current liabilities	<u>4,010</u>	<u>2,787</u>	<u>2,784</u>	<u>2,785</u>	<u>2,844</u>
Long-Term Liabilities:					
Long-term debt, less current portion	57,391	56,945	56,502	56,058	55,555
Long-term refund payable	3,530	3,325	3,199	3,176	3,191
Deferred revenue from advanced fees:					
Non-refundable contracts	8,364	8,981	9,613	10,270	10,643
Refundable contracts	2,359	2,388	2,255	2,254	2,336
Total liabilities	<u>75,654</u>	<u>74,426</u>	<u>74,353</u>	<u>74,543</u>	<u>74,569</u>
Net Assets:					
Without donor restrictions	461	(2,738)	(5,426)	(7,603)	(9,407)
Total net assets	<u>461</u>	<u>(2,738)</u>	<u>(5,426)</u>	<u>(7,603)</u>	<u>(9,407)</u>
Total liabilities and net assets	<u>\$ 76,115</u>	<u>\$ 71,688</u>	<u>\$ 68,927</u>	<u>\$ 66,940</u>	<u>\$ 65,162</u>

EVERYAGE
Forecasted Balance Sheets - Piedmont Crossing
September 30, 2023 through 2027

(In Thousands of Dollars)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>Assets</u>					
Current Assets:					
Accounts receivable, net	\$ 450	\$ 475	\$ 500	\$ 525	\$ 550
Other receivables and current assets	202	202	202	202	202
Total current assets	<u>652</u>	<u>677</u>	<u>702</u>	<u>727</u>	<u>752</u>
Assets limited as to use:					
Patient funds	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total assets limited as to use	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Interest rate swap payable	1,181	791	530	398	334
Property and equipment, net	<u>12,996</u>	<u>12,640</u>	<u>12,150</u>	<u>11,721</u>	<u>11,346</u>
Total assets	<u>\$ 14,836</u>	<u>\$ 14,115</u>	<u>\$ 13,389</u>	<u>\$ 12,853</u>	<u>\$ 12,439</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ 346	\$ 154	\$ 152	\$ 151	\$ 177
Accounts payable and accrued expenses	1,218	1,218	1,218	1,218	1,218
Advance deposits, resident escrows and refund payables	399	399	399	399	399
Due to affiliates	<u>6,659</u>	<u>5,383</u>	<u>4,012</u>	<u>2,515</u>	<u>965</u>
Total current liabilities	<u>8,622</u>	<u>7,154</u>	<u>5,781</u>	<u>4,283</u>	<u>2,759</u>
Long-Term Liabilities:					
Long-term debt, less current portion	14,081	13,918	13,757	13,597	13,411
Long-term refund payable	2,605	2,452	2,261	2,053	1,806
Deferred revenue from advanced fees:					
Non-refundable contracts	6,613	7,615	8,406	9,155	9,824
Refundable contracts	<u>1,865</u>	<u>2,024</u>	<u>2,101</u>	<u>2,148</u>	<u>2,157</u>
Total liabilities	<u>33,786</u>	<u>33,163</u>	<u>32,306</u>	<u>31,236</u>	<u>29,957</u>
Net Assets:					
Without donor restrictions	<u>(18,950)</u>	<u>(19,048)</u>	<u>(18,917)</u>	<u>(18,383)</u>	<u>(17,518)</u>
Total net assets	<u>(18,950)</u>	<u>(19,048)</u>	<u>(18,917)</u>	<u>(18,383)</u>	<u>(17,518)</u>
Total liabilities and net assets	<u>\$ 14,836</u>	<u>\$ 14,115</u>	<u>\$ 13,389</u>	<u>\$ 12,853</u>	<u>\$ 12,439</u>

EVERYAGE
Forecasted Balance Sheets - Home Office
September 30, 2023 through 2027

(In Thousands of Dollars)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 1,804	\$ 1,804	\$ 1,804	\$ 1,804	\$ 1,804
Due from affiliates	607	607	607	607	607
Other receivables and current assets	510	510	510	510	510
Total current assets	<u>2,921</u>	<u>2,921</u>	<u>2,921</u>	<u>2,921</u>	<u>2,921</u>
Assets limited as to use:					
Operating reserves	16,314	16,522	16,354	16,780	17,194
Investments	2,498	2,498	2,498	2,498	2,498
Assets held by trustees and board designated	60,226	64,053	67,440	71,525	75,594
Total assets limited as to use	<u>79,038</u>	<u>83,073</u>	<u>86,292</u>	<u>90,803</u>	<u>95,286</u>
Property and equipment, net	<u>8,427</u>	<u>8,113</u>	<u>7,792</u>	<u>7,464</u>	<u>7,152</u>
Total assets	<u>\$ 90,386</u>	<u>\$ 94,107</u>	<u>\$ 97,005</u>	<u>\$ 101,188</u>	<u>\$ 105,359</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Line of credit	\$ 1,000	\$ 500	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	1,446	1,446	1,446	1,446	1,446
Due to affiliates	31,054	33,800	35,810	38,698	41,649
Total current liabilities	<u>33,500</u>	<u>35,746</u>	<u>37,256</u>	<u>40,144</u>	<u>43,095</u>
Long-Term Liabilities:					
Long-term debt, less current portion	-	-	-	-	-
Long-term refund payable	-	-	-	-	-
Deferred revenue from advanced fees:					
Non-refundable contracts	-	-	-	-	-
Refundable contracts	-	-	-	-	-
Total liabilities	<u>33,500</u>	<u>35,746</u>	<u>37,256</u>	<u>40,144</u>	<u>43,095</u>
Net Assets:					
Without donor restrictions	<u>56,886</u>	<u>58,361</u>	<u>59,749</u>	<u>61,044</u>	<u>62,264</u>
Total net assets	<u>56,886</u>	<u>58,361</u>	<u>59,749</u>	<u>61,044</u>	<u>62,264</u>
Total liabilities and net assets	<u>\$ 90,386</u>	<u>\$ 94,107</u>	<u>\$ 97,005</u>	<u>\$ 101,188</u>	<u>\$ 105,359</u>

EVERYAGE

Forecasted Statements of Operations and Changes in Net Assets - Abernethy Laurels

Years Ending September 30, 2023 through 2027

	(In Thousands of Dollars)				
	2023	2024	2025	2026	2027
Operating revenues:					
Health care	\$ 16,482	\$ 16,976	\$ 17,485	\$ 18,010	\$ 18,550
Pavilion/assisted living	992	1,023	1,053	1,084	1,117
Home care	406	418	431	444	457
Residential living service	5,227	5,435	5,626	5,823	6,026
Amortization of advance fees	1,718	1,823	1,933	2,018	2,129
Management fee income	-	-	-	-	-
Other operating revenue	255	263	271	279	288
Total operating revenues	<u>25,080</u>	<u>25,938</u>	<u>26,799</u>	<u>27,658</u>	<u>28,567</u>
Operating expenses:					
Health care	7,082	7,294	7,513	7,738	7,971
Medical records	72	74	77	79	82
Personnel *	4,234	4,360	4,491	4,626	4,765
Laundry	176	181	186	192	198
Social services	119	123	126	130	134
Activities	216	223	230	236	244
Spiritual life	70	72	74	76	79
Housekeeping	772	796	820	844	870
Plant maintenance	2,094	2,130	2,169	2,207	2,247
Staff development	107	111	114	117	121
Pavilion/assisted living	557	573	591	609	627
Home care	338	349	359	370	381
Clinic	79	82	84	87	90
Resident services	50	51	54	55	57
Transportation	114	118	121	125	128
Administrative	764	786	809	834	859
Marketing	391	403	414	428	441
Dietary	2,405	2,478	2,552	2,629	2,707
Wellness center	140	144	149	153	158
Management fees	1,630	1,686	1,742	1,798	1,857
Depreciation/amortization	3,356	3,360	3,397	3,533	3,623
Interest expense	1,715	1,449	1,597	1,626	1,617
Insurance **	497	513	527	544	560
Bad debts	92	92	92	92	92
Other operating expenses ***	352	361	371	382	389
Total operating expenses	<u>27,422</u>	<u>27,809</u>	<u>28,659</u>	<u>29,510</u>	<u>30,297</u>
Operating loss	<u>(2,342)</u>	<u>(1,871)</u>	<u>(1,860)</u>	<u>(1,852)</u>	<u>(1,730)</u>
Nonoperating income:					
Contribution income	107	125	125	125	125
Change in fair value of interest swap agreement	-	(1,500)	(1,000)	(500)	(250)
Other nonoperating expense	45	47	47	50	51
Net nonoperating income	<u>152</u>	<u>(1,328)</u>	<u>(828)</u>	<u>(325)</u>	<u>(74)</u>
Changes in net assets	<u>(2,190)</u>	<u>(3,199)</u>	<u>(2,688)</u>	<u>(2,177)</u>	<u>(1,804)</u>
Net assets, beginning	<u>2,651</u>	<u>461</u>	<u>(2,738)</u>	<u>(5,426)</u>	<u>(7,603)</u>
Net assets, ending	<u>\$ 461</u>	<u>\$ (2,738)</u>	<u>\$ (5,426)</u>	<u>\$ (7,603)</u>	<u>\$ (9,407)</u>

* Personnel includes cost of employee benefits including health care claims, premiums, and workers compensation insurance which is allocated from the Home Office based on the actual expenses and the number of employees.

** Insurance includes cost of property and liability insurance allocated from the Home Office based on property values.

*** Other operating expenses include cost of information technology expenses allocated from the Home Office based on the number of users.

EVERYAGE

Forecasted Statements of Operations and Changes in Net Assets - Piedmont Crossing

Years Ending September 30, 2023 through 2027

	(In Thousands of Dollars)				
	2023	2024	2025	2026	2027
Operating revenues:					
Health care	\$ 10,029	\$ 10,330	\$ 10,640	\$ 10,959	\$ 11,288
Pavilion/assisted living	883	909	937	965	994
Home care	528	544	560	577	594
Residential living service	5,035	5,237	5,446	5,664	5,891
Amortization of advance fees	1,573	1,526	1,735	1,891	2,035
Management fee income	-	-	-	-	-
Other operating revenue	119	123	127	130	134
Total operating revenues	<u>18,167</u>	<u>18,669</u>	<u>19,445</u>	<u>20,186</u>	<u>20,936</u>
Operating expenses:					
Health care	4,463	4,597	4,735	4,877	5,023
Medical records	36	37	38	39	40
Personnel *	3,303	3,403	3,505	3,610	3,718
Laundry	127	131	135	139	143
Social services	128	132	136	140	144
Activities	128	132	135	140	144
Spiritual life	66	68	70	72	74
Housekeeping	449	462	476	491	505
Plant maintenance	1,701	1,732	1,762	1,794	1,826
Staff development	43	44	45	47	48
Pavilion/assisted living	229	236	243	250	258
Home care	440	453	467	481	495
Clinic	21	21	22	22	23
Resident services	156	161	165	170	175
Transportation	32	33	34	35	37
Administrative	615	634	653	672	692
Marketing	400	412	425	437	450
Dietary	1,562	1,608	1,657	1,706	1,758
Beauty shop	46	47	49	50	52
Management fees	1,181	1,214	1,264	1,312	1,361
Depreciation/amortization	1,671	1,841	2,021	2,005	1,998
Interest expense	405	373	394	391	387
Insurance **	341	351	362	373	384
Bad debts	66	66	66	66	66
Other operating expenses ***	224	232	239	247	253
Total operating expenses	<u>17,833</u>	<u>18,420</u>	<u>19,098</u>	<u>19,566</u>	<u>20,054</u>
Operating income (loss)	<u>334</u>	<u>249</u>	<u>347</u>	<u>620</u>	<u>882</u>
Nonoperating income:					
Change in fair value of interest swap agreement	-	(390)	(261)	(132)	(64)
Other nonoperating expense	42	43	45	46	47
Net nonoperating income	<u>42</u>	<u>(347)</u>	<u>(216)</u>	<u>(86)</u>	<u>(17)</u>
Changes in net assets	376	(98)	131	534	865
Net assets, beginning	<u>(19,326)</u>	<u>(18,950)</u>	<u>(19,048)</u>	<u>(18,917)</u>	<u>(18,383)</u>
Net assets, ending	<u>\$ (18,950)</u>	<u>\$ (19,048)</u>	<u>\$ (18,917)</u>	<u>\$ (18,383)</u>	<u>\$ (17,518)</u>

* Personnel includes cost of employee benefits including health care claims, premiums, and workers compensation insurance which is allocated from the Home Office based on the actual expenses and the number of employees.

** Insurance includes cost of property and liability insurance allocated from the Home Office based on property values.

*** Other operating expenses include cost of information technology expenses allocated from the Home Office based on the number of users.

EVERYAGE**Forecasted Statements of Operations and Changes in Net Assets - Home Office****Years Ending September 30, 2023 through 2027**

	(In Thousands of Dollars)				
	2023	2024	2025	2026	2027
Operating revenues:					
Management fee income	\$ 5,578	\$ 5,566	\$ 5,659	\$ 5,751	\$ 5,844
Other operating revenue	1,208	1,244	1,281	1,320	1,359
Total operating revenues	<u>6,786</u>	<u>6,810</u>	<u>6,940</u>	<u>7,071</u>	<u>7,203</u>
Operating expenses:					
Personnel	1,942	2,000	2,060	2,122	2,186
Administrative	4,147	4,272	4,400	4,532	4,668
Day care	322	331	341	352	362
Depreciation/amortization	365	389	398	407	393
Real estate taxes	11	11	11	11	11
Interest expense	10	-	-	-	-
Insurance	114	117	121	124	128
Other operating expenses	41	42	43	44	46
Total operating expenses	<u>6,952</u>	<u>7,162</u>	<u>7,374</u>	<u>7,592</u>	<u>7,794</u>
Operating loss	<u>(166)</u>	<u>(352)</u>	<u>(434)</u>	<u>(521)</u>	<u>(591)</u>
Nonoperating income (loss):					
Other nonoperating expense	(168)	(173)	(178)	(184)	(189)
Investment/interest income	4,875	2,000	2,000	2,000	2,000
Net nonoperating income	<u>4,707</u>	<u>1,827</u>	<u>1,822</u>	<u>1,816</u>	<u>1,811</u>
Changes in net assets	4,541	1,475	1,388	1,295	1,220
Net assets, beginning	<u>52,345</u>	<u>56,886</u>	<u>58,361</u>	<u>59,749</u>	<u>61,044</u>
Net assets, ending	<u>\$ 56,886</u>	<u>\$ 58,361</u>	<u>\$ 59,749</u>	<u>\$ 61,044</u>	<u>\$ 62,264</u>

Section VII:
Reserves, Escrow and Trusts

The Board of Directors established an operating reserve in an amount equal to twenty-five (25) percent of the budgeted expenses for 2023 for the purpose of preserving the financial stability of the Corporation. In accordance with guidance received by the NC Department of Insurance dated September 26, 2019, and subsequent guidance received December 4, 2020, the calculation of operating reserve is based on the forecasted operating expenses for Fiscal Year 2023 and occupancy as of September 30, 2022. The funds held for operating reserve are invested and managed by independent money managers and had a balance of \$16,314,397 at December 31, 2022.

N.C.G.S. 58-64-33 requires the Corporation to maintain an operating reserve equal to fifty (50) percent of the total operating costs of the Community forecasted for the twelve-month period following the period covered by the most recent disclosure statement filed with the Department or twenty-five (25) percent, if occupancy is in excess of ninety (90) percent for the year ending September 30, 2022. Based on the Financial Forecasts, the Corporation will possess sufficient reserves to satisfy the Operating Reserve Requirement for EveryAge d/b/a Piedmont Crossing as shown below:

**Total Forecasted 2023 Operating Costs for
EveryAge**

Total Operating Costs:	\$17,835,274
Principal Payment	371,300
Less Depreciation Expense	(1,600,660)
Less Amortization Expense	(25,208)
Less Debt Service Reserve Account	<u>(278,080)</u>
	<u>\$16,302,626</u>

OPERATING RESERVE REQUIREMENT

Total Forecasted Operating Costs for 2023	\$16,302,626
Multiplied by Required Percentage	<u>X 25%</u>
Total Operating Reserve Required for 2023	<u>\$4,075,656</u>

ASSETS AVAILABLE TO FUND OPERATING RESERVE

Portion of reserve corpus of assets whose use is limited - Board designated	<u>16,314,397</u>
Necessary funds available to fund operating reserve	<u>\$4,075,656</u>

For all of the above reserves, the Finance Committee of the Board of Directors has developed an investment policy and makes the final decision concerning investment strategies.

Section VIII: Community Development and Expansion

Piedmont Crossing

The first phase of Piedmont Crossing was constructed in 1986 as a continuing care retirement community. The Health Center originally had fifty-four licensed nursing beds and forty licensed adult care (assisted living) beds. The Community was opened with **Residential Living Units** of apartments, villas, and cottages. Villa units and additional cottages have been added as they were marketed.

Further development of Piedmont Crossing occurred in the mid-1990s, with the addition of the Pavilion building, which was dedicated April 28, 1996, and consists of a Pavilion, and 36 - one- and two-bedroom apartments. The Pavilion provides a variety of residential and adult care (assisted living) opportunities from two-bedroom apartments to single occupancy studio rooms.

There is land available on the site to add additional villas, cottages, and apartments. One additional cottage was added to the campus in 2008. In 2021, preliminary plans began to evaluate the needed site infrastructure, such as water and sewer, to allow for the addition of cottages and/or villas in the future.

In October of 2009, the Board of Directors approved plans to renovate and expand the Piedmont Crossing Health Center, with the intent to finance the relocation of sixty licensed beds from the EveryAge Centerclair facility, formerly located in Lexington, NC, to the Piedmont Crossing campus. This consolidation included construction of new facilities on the Piedmont Crossing campus and the addition of sixty beds to the updated Health Center, for a total of 114 licensed beds. The consolidation was completed on January 12, 2012.

The project included upgrades to the existing healthcare rooms, with the addition of 54 new beds constructed as three individual “households” and connected to the existing facility. Each “Household model” is designed to create a homelike atmosphere for residents and consists of a large open kitchen, a family/living room, dining room, and private resident rooms. The concept allows for ample flexibility in the activities of daily living.

In 2019, the Adult Care Dining and Activity Space was renovated. Also, a Bistro was added to the community to provide an alternative dining venue for residents, staff, and visitors to enjoy.

In 2022, the Corporation began conducting market research as a preliminary step to evaluate an expansion of cottages and villas. In 2023, the Corporation anticipates engaging the services of an architect, civil engineer and others to develop a site plan for vacant land available on the campus for an expansion and to begin necessary site infrastructure improvements to accommodate additional on-campus residential living opportunities.

Funding for future capital expansion will be provided by Residency Fees, contributions from interested individuals and other donors, entities, organizations, etc., bank financing, sale of tax-exempt bonds, and/or use of available reserves.

Section IX: **Other Material Information**

All 114 skilled nursing beds at Piedmont Crossing are Medicare certified and ninety (90) of the skilled nursing beds are also Medicaid certified.

In June 2022, the Corporation entered into an agreement to transfer ten (10) skilled nursing beds to another provider within the County. The transfer is subject to approval by the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Health Planning and Certificate of Need Section. The anticipated date of the transfer if approved is early 2023. Once the transfer is complete Piedmont Crossing will have 104 skilled nursing beds. All 104 beds will remain Medicare certified and eighty (80) of the skilled beds will also be Medicaid certified.

The Corporation strives to make every effort to reach out to the wider community and respond with care and services to meet a variety of needs of the growing older population. As opportunities and finances are available, new outreach ministries are undertaken, not only to respond to needs, but to also help set standards for quality care and affordable retirement living opportunities. The Corporation is committed to a mission of carrying on charitable work in response to community and individual needs as funds are available and as opportunities present themselves.

The Corporation purchases general, professional, and excess automobile liability insurance from Caring Communities, a Reciprocal Risk Retention Group (“CCrRRG”). CCrRRG is a District of Columbia insurer owned by over 60 members, including EveryAge, all of whom are not-for-profit providers of senior services and housing, except one member which is a Vermont insurer owned by its members all of which are also not-for-profit providers of senior services and housing. CCrRRG is registered with the North Carolina Department of Insurance but is not covered by the North Carolina Guarantee Association.

Capital contributions are now represented by the EveryAge Charter Capital Account of CCrRRG.

Balance Sheet, Profit and Loss, and Cash Flow items with a Material Variance of greater of 10% and \$500,000 are itemized and explained in corresponding footnotes in the following pages numbered 27, 28, 29, and 30.

Balance Sheet

EveryAge					
Comparison 2022 Forecast to 2022 Actuals					
Balance Sheet (In Thousands of Dollars)					Material Variances of greater of 10% and \$500K are itemized and explained on Notes page.
	2022	2022			
	Forecast	Actual	Variance	% Variance	Footnote
Assets					
Current Assets:					
Cash and cash equivalents	\$ 96	\$ 1,806	\$ 1,710	1781.25%	(a)
Assets limited as to use	\$ -		\$ -	0.00%	
Accounts receivable, net	1,281	2,123	842	65.73%	(b)
Due from affiliates	743	607	(136)	(18.30%)	
Other receivables and current assets	627	1,283	656	104.63%	(c)
Total current assets	2,747	5,819	3,072	111.83%	
Assets limited as to use:					
Operating reserves	15,566	15,566	-	0.00%	
Patient Funds	68	40	(28)	(41.18%)	
Investments	1,261	2,499	1,238	98.18%	(d)
Assets held by trustees and board designated	67,994	53,302	(14,692)	(21.61%)	(e)
Total assets limited as to use	84,889	71,407	(13,482)	(15.88%)	
Fair value of interest rate swap receivable	-	5,704	5,704	100.00%	(f)
Property and equipment, net	70,214	67,113	(3,101)	(4.42%)	
Total assets	157,850	150,043	(7,807)	(4.95%)	
Liabilities and Net Assets					
Current Liabilities:					
Line of Credit	-	2,159	2,159	100.00%	(g)
Current portion of long-term debt	2,125	2,125	-	0.00%	
Accounts payable and accrued expenses	3,902	4,277	375	9.61%	
Advance deposits, resident escrows and refunds payable	1,404	1,394	(10)	(0.71%)	
Due to affiliates	3,736	4,823	1,087	29.10%	(h)
Total current liabilities	11,167	14,778	3,611	137.99%	
Long-Term Liabilities:					
Interest rate swap payable	779	-	(779)	(100.00%)	(i)
Long-term debt, less current portion	73,537	73,536	(1)	(0.00%)	
Long-term refund payable	7,413	6,630	(783)	(10.56%)	(i)
Deferred revenue from advanced fees:					
Non-refundable contracts	14,355	14,447	92	0.64%	
Refundable contracts	4,049	4,983	934	23.07%	(j)
Total liabilities	111,300	114,374	3,074	51.14%	
Net Assets:					
Without Donor Restrictions:	46,550	35,639	(10,911)	(23.44%)	(e)
With Donor Restrictions	-	30	30	100.00%	
Total net assets	46,550	35,669	(10,881)	(23.37%)	
Total liabilities and net assets	\$ 157,850	\$ 150,043	\$ (7,807)	(4.95%)	
Based on material variance of 10% in main category with floor of \$500K					

(a) Cash balance higher than forecast due to escrowed construction payments.

(b) Accounts receivable higher than expected due to delay in payments from 3rd party payers.

(c) Other receivables higher than expected due to retroactive adjustments due from Medicaid that were paid in October 2022.

(d) Investments higher than forecast due to additional purchase of equity interest in Trinity Rehab, LLC.

(e) Unrealized losses on investments caused decreases in board designated investments and net assets without donor restrictions.

(f) Interest rate swap payable switched from payable to receivable in FY2022 due to change in fair value of swaps.

(g) Line of credit balance higher than expected due to cash needs.

(h) Due to affiliates higher than expected due to increased cash flow from affiliates.

(i) Long-term refund payable lower than forecast due to more refunds being paid than projected.

(j) Refundable contracts higher than forecast due to turnover and increase in number of contracts that are within 36-month amortization period

Profit and Loss Statement

EveryAge					
Comparison 2022 Forecast to 2022 Actuals					
Profit and Loss Statement (In Thousands of Dollars)					Material Variances of greater of 10% and \$500K are itemized and explained on Notes page.
	2022	2022			
	Forecast	Actual	Variance	% Variance	Footnote
Operating revenues:					
Health care	\$ 26,302	\$ 25,598	\$ (704)	(2.68%)	
Residential living service	10,207	9,719	(488)	(4.78%)	
Pavilion/assisted living	1,941	1,543	(398)	(20.50%)	
Home care	3,605	1,892	(1,713)	(47.52%)	(k)
Outside services	138	291	153	110.87%	
Amortization of advance fees	3,420	3,082	(338)	(9.88%)	
Management fee income	1,519	1,852	333	21.92%	
Other operating revenue	1,384	1,100	(284)	(20.52%)	
Total operating revenues	48,516	45,077	(3,439)	(7.09%)	
Operating expenses:					
Health care	12,753	10,877	(1,876)	(14.71%)	(l)
Medical records	117	102	(15)	(12.82%)	
Personnel	8,996	8,364	(632)	(7.03%)	
Laundry	287	237	(50)	(17.42%)	
Social services	233	208	(25)	(10.73%)	
Activities	328	254	(74)	(22.56%)	
Spiritual life	134	130	(4)	(2.99%)	
Housekeeping	1,229	953	(276)	(22.46%)	
Plant maintenance	3,248	3,635	387	11.92%	
Staff development	140	85	(55)	(39.29%)	
Pavilion/assisted living	829	697	(132)	(15.92%)	
Outside services	83	22	(61)	(73.49%)	
Independent living	314	425	111	35.35%	
Home care	2,111	1,567	(544)	(25.77%)	(m)
Clinic	100	85	(15)	(15.00%)	
Resident services	214	176	(38)	(17.76%)	
Transportation	134	172	38	28.36%	
Dietary	3,954	3,375	(579)	(14.64%)	(n)
Wellness center	142	122	(20)	(14.08%)	
Beauty shop	46	6	(40)	(86.96%)	
Day care	334	301	(33)	(9.88%)	
General and administrative:					
Administrative	5,376	4,872	(504)	(9.38%)	
Marketing	810	552	(258)	(31.85%)	
Depreciation/amortization	5,334	5,058	(276)	(5.17%)	
Real estate taxes	10	10	-	0.00%	
Interest expense	2,834	1,751	(1,083)	(38.21%)	(o)
Insurance	859	877	18	2.10%	
Special Projects	-	14	14	100.00%	
Bad debts	130	277	147	113.08%	
Other operating expenses	446	485	39	8.74%	
Total operating expenses	51,525	45,689	(5,836)	(11.33%)	
Operating loss	(3,009)	(612)	2,397	79.66%	
Nonoperating income (loss):					
Contribution income/expense	100	(1,176)	(1,276)	(1276.00%)	(p)
Change in Fair Value of Interest Rate Swap	-	6,483	6,483	100.00%	(q)
Loss on early extinguishment of debt	-	(5,887)	(5,887)	(100.00%)	(r)
Other nonoperating expense	17	81	64	376.47%	
Investment/interest income	1,930	(10,723)	(12,653)	(655.60%)	(s)
Net nonoperating income	2,047	(11,222)	(13,269)	(648.22%)	
Changes in net assets	\$ (962)	\$ (11,834)	\$ (10,872)	(1130.15%)	
Based on material variance of 10% in main category with floor of \$500K					

(k) Home care revenue less than forecast due to decreased demand for services.

(l) Healthcare expenses lower than expected due to lower than projected occupancy.

(m) Home care expense less than forecast due to decreased demand for services.

(n) Dietary expense less than forecast due to lower than projected occupancy.

(o) Interest expense less than expected due to refinancing of debt with lower interest rates.

(p) Contribution expense higher than forecast due to permitted transfer from Obligated Group to EA Holding of \$1,250,000.

(q) Interest rate swap payable switched from payable to receivable in FY2022 due to change in fair value of swaps.

(r) Loss on early extinguishment of debt realized due to debt restructuring in the 1st quarter of FY2022.

(s) Investment/interest income less than expected due to unrealized losses on investments in FY2022.

Cash Flow Statement

EveryAge					
Comparison 2022 Forecast to 2022 Actuals					
Cash Flow (In Thousands of Dollars)					Material Variances of greater of 10% and \$500K are itemized and explained on Notes page.
	2022	2022			
	Forecast	Actual	Variance	% Variance	Footnote
Cash flows from operating activities:					
Changes in net assets	(962)	(11,834)	(10,872)	(1130.15%)	
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net realized and unrealized gain on investments	(1,930)	10,723	(12,653)	(655.60%)	(t)
Depreciation/amortization	5,188	4,941	(247)	(4.76%)	
Interest Rate Swap Payable	5,887	(6,483)			
Amortization of advance fees	(3,420)	(3,082)	338	9.88%	
Advance fees received - nonrefundable	3,381	3,765	384	11.35%	
Advance fees received - refundable	625	717	92	14.74%	
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	-	(1,497)	(1,497)	(100.00%)	(u)
Increase (decrease) in:					
Accounts payable and accrued expenses	-	375	375	100.00%	
Advance deposits, resident escrows and refunds payables	-	(45)	(45)	(100.00%)	
Net cash provided by operating activities	8,769	(2,420)	(24,080)	(127.60%)	
Cash flows from investing activities:					
Changes in assets limited as to use	1,761	2,580	819	46.51%	(v)
Repayments from related parties, net	(2,728)	(1,504)	1,224	44.87%	(w)
Purchases of property and equipment	(5,848)	(2,501)	3,347	57.23%	(x)
Net cash used in investing activities	(6,815)	(1,425)	5,390	79.09%	
Cash flows used in financing activities:					
Borrowing (payments) on line of credit, net	-	1,659	1,659	100.00%	(y)
Refunds of advance fees	(740)	(1,275)	(535)	(72.30%)	(z)
Issuance costs paid / bond premiums received	(4,209)	1,648	5,857	139.15%	(aa)
Proceeds from issuance of new debt, net	76,140	76,140	-	0.00%	
Principal payments of long-term debt	(73,145)	(72,617)	528	0.72%	
Net cash used in financing activities	(1,954)	5,555	7,509	167.58%	
Net increase (decrease) in cash and cash equivalents	-	1,710	1,710	100.00%	
Cash and cash equivalents, beginning	96	96	-	0.00%	
Cash and cash equivalents, ending	96	1,806	1,710	1781.25%	
Based on material variance of 10% in main category with floor of \$500K					
(t) Significant decrease in investments due to unrealized losses.					
(u) Increase in accounts receivable due to delay in payments from 3rd party payers.					
(v) Change in assets limited as to use due to transfer from investments to fund capital projects.					
(w) Due to affiliates higher than expected due to increased cash flow from affiliates.					
(x) Purchases of property and equipment lower than projected due to delays in construction projects.					
(y) Line of credit balance higher than expected due to delayed payments on A/R and construction projects in progress.					
(z) Refunds from advance fees higher than projected due to increase in independent living move outs.					
(aa) Issuance costs paid less than expected and bond premiums received higher than expected.					

Footnotes

EveryAge
Comparison 2022 Forecast to 2022 Actuals
Footnotes
Based on material variance of 10% in main category with floor of \$500K
(a) Cash balance higher than forecast due to escrowed construction payments.
(b) Accounts receivable higher than expected due to delay in payments from 3rd party payers.
(c) Other receivables higher than expected due to retroactive adjustments due from Medicaid that were paid in October 2022.
(d) Investments higher than forecast due to additional purchase of equity interest in Trnity Rehab, LLC.
(e) Assets held by trustee and board designated less than projected due to unrealized losses on investments in FY2022.
(f) Interest rate swap payable switched from payable to receivable in FY2022 due to change in fair value of swaps.
(g) Line of credit balance higher than expected due to delayed payments on A/R and construction projects in progress.
(h) Due to affiliates higher than expected due to increased cash flow from affiliates.
(i) Long-term refund payable lower than forecast due to more refunds being paid than projected.
(j) Refundable contracts higher than forecast due to turnover and increase in number of contracts that are within 36-month amortization period
(k) Home care revenue less than forecast due to decreased demand for services.
(l) Healthcare expenses lower than expected due to lower than projected occupancy.
(m) Home care expense less than forecast due to decreased demand for services.
(n) Dietary expense less than forecast due to lower than projected occupancy.
(o) Interest expense less than expected due to refinancing of debt with lower interest rates.
(p) Contribution expense higher than forecast due to permitted transfer from Obligated Group to EA Holding of \$1,250,000.
(q) Interest rate swap payable switched from payable to receivable in FY2022 due to change in fair value of swaps.
(r) Loss on early extinguishment of debt realized due to debt restructuring in the 1st quarter of FY2022.
(s) Investment/interest income less than expected due to unrealized losses on investments in FY2022.
(t) Significant decrease in investments due to unrealized losses.
(u) Increase in accounts receivable due to delay in payments from 3rd party payers.
(v) Change in assets limited as to use due to transfer from investments to fund capital projects.
(w) Due to affiliates higher than expected due to increased cash flow from affiliates.
(x) Purchases of property and equipment lower than projected due to delays in construction projects.
(y) Line of credit balance higher than expected due cash needs.
(z) Refunds from advance fees higher than projected due to increase in independent living move outs.
(aa) Issuance costs paid less than expected and bond premiums received higher than expected.

Exhibit 1: Fee Schedules

Each of the following **Fee Schedules** provide an itemized list of services, not included in the Monthly Fee, which may be available on a fee-for-service basis.

EveryAge d/b/a Piedmont Crossing
The Health Center and Adult Care Home
 Fee Schedule as of October 1, 2022

Activities

Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Laundry Service

Personal Laundry Service (per month) \$77.00

Clerical Services

(Per ½ hour/plus supplies)

Administrative Services \$ 20.00
 NSF Check Fee 50.00
 Late Payment Fee..... 50.00
 Fax Fee..... 6.00
 Duplication beyond five pages (per page)..... 0.30
 Long-Term Care Insurance Processing Fee (Initial) 75.00
 Long-Term Care Insurance Processing Fee (Monthly) 39.00

Salon Services

Color Rinse \$ 5.00
 Haircut (Dry) 17.00
 Shampoo/Condition/Set/Blow Out..... 26.00
 Permanent..... 64.00
 Color..... 62.00
 Color/Highlight (Add)..... 72.00
 Manicure 21.00
 Pedicure..... 31.00

(Other services available at posted prices)

Meals

Guest Breakfast..... \$8.00
 Guest Lunch..... 12.00
 Guest Dinner..... 12.00
 Charge to Account without ID card..... 3.50
 Child's Plate (under 10 years) 5.00
 Hearth Upcharge per meal for NF/ACH..... 4.00

Catering Services – Quote upon request

Telephone

Monthly fee..... 21.00

Long Distance Fees Apply

Medical

Glucose Test..... \$ 8.00
 Pacemaker Check..... 34.00
 Bladder Scan..... 34.00
 Oxygen (per day)..... 11.00

(Other services available at posted prices)

Nursing Services Incontinence Program Per Day*

Small \$11.50
 Medium 13.50
 Large 14.50
 X-Large 16.50
 XX-Large 18.50
 Bariatric 22.00

(Non-routine nursing supplies are charged per unit)

Transportation

Trips are charged a mileage fee, plus attendant

Attendant Fees per hour, per attendant \$ 47.00
 Weekends/Holidays per hour, plus mileage..... 52.00
 Mileage Fees, per mile \$1.50

Guest Accommodations (per night)..... \$88.00

Emergency Pendant (Adult Care):

Emergency Pendant Service Monthly Fee \$ 36.00
 Emergency Pendant Replacement 155.00

Watchmate Wander Alert Service (HCU):

Monthly Fee..... \$ 36.00

Lockbox..... \$16.00

Use Of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is no charge for the space.

Set up and Clean up
 Per staff person/per ½ hour \$30.00

Daily Room Fees

Healthcare Suite (Private)..... \$318.00
 Healthcare Companion Suite (Semiprivate)..... 301.00
 Adult Care Home Suite (Private) (100 Hall)..... 212.00
 Adult Care Home Companion Suite (100 Hall) 158.00
 Pine Parkway Rooms (413-430) 420.00
 Willow Parkway Private Suites (313-330)..... 331.00

Companion or Private Sitter Services

Companion Weekdays (per hour/two hour minimum) \$22.00
 Home Care Aide (per hour/two hour minimum)..... 25.00
 Weekends and Holidays (additional charge per hour) 5.00
 *Premium Charge for Short Notice..... Daily Fees X2

**Less than 24 hours advanced notice of service requests*

Note: Arrangements for special services not listed may be made by contacting administration. Fees are subject to change with an advance notice.

EveryAge d/b/a Piedmont Crossing
The Village and Pavilion
 Fee Schedule as of October 1, 2022

Activities Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Catered Support Services (1/2 hour minimum)
 Per 1/2 hour per staff person.....\$30.00

Key Duplication (each).....\$8.00

Landscaping (available on request)

Housekeeping Packages

4 Hours per Month..... \$ 115.00
 8 Hours per Month.....204.00
 12 Hours per Month279.00
 Personal Laundry Service (per month, Pavilion only).....\$77.00

Clerical (Per half hour, plus supplies)

Administrative Services..... \$20.00
 NSF Check Fee50.00
 Late Payment Fee.....50.00
 Fax.....6.00
 Duplication beyond 5 pages (per copy)..... 0.30

Salon Services

Color Rinse \$ 5.00
 Hair Cut (Dry)17.00
 Shampoo, Condition and Set/Blow Out.....26.00
 Permanent.....64.00
 Color.....62.00
 Color/Highlight (Add).....72.00
 Manicure21.00
 Pedicure.....31.00

(Other services available at posted prices)

Dining Services (Resident or Guest)

Breakfast8.00
 Lunch.....12.00
 Dinner12.00
 Child's Place (under 10)5.00
 Meal Delivery (per delivery).....3.00
 Charge to Account without ID card3.50
 A la carte ordering available in Hearth
 Special Event Meals.....Posted Price
 Catering ServicesQuote Upon Request

Dining Packages:

\$120 POS Dining Credit (save \$6.00) \$ 114.00
 \$240 POS Dining Credit (save \$20.00).....220.00
 \$360 POS Dining Credit (save \$34.00)326.00
 \$480 POS Dining Credit (save \$46.00).....434.00
 \$600 POS Dining Credit (save \$60.00).....540.00
 \$720 POS Dining Credit (save \$74.00).....646.00
 The Crossing Bistro (a la carte).....Posted Price

P.O.S. Card Replacement (each)\$15.00

Guest Rooms (per night) Studio\$88.00

Emergency Pendant..... \$155.00
(if lost, charge of cost for replacement per bracelet)

Spectrum Cable Box(es).....\$ 125.00
(if lost or removed, charge of cost for replacement per box)

Transportation

Trips are charged a mileage fee, plus attendant
Attendant Fees per hour, per attendant

Attendant Fees
 (per hour, per attendant)29.00
 Weekends attendant
 (per half hour plus mileage).....33.00
 Mileage Fees (per mile).....1.50

Use of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is no charge for the space.

Set up/Clean up,
 per staff person, per half hour: \$ 30.00

Key Duplication (each)\$8.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees are subject to change with an advance notice.

EveryAge d/b/a Piedmont Crossing
Piedmont At Home
 Fee Schedule as of October 1, 2022

Home Care

Companion (<i>Weekdays/per hour/ 2 Hr. minimum</i>)	\$22.00
Home Care Aide (<i>Weekdays/per hour/ 2 Hr. minimum</i>)	25.00
Weekends/Holidays (<i>additional charge per hour</i>)	5.00
Licensed Nurse Visit (<i>per 1/2 hour</i>)	41.00
Home Care Enrollment Fee	88.00
Dietician Consultant (<i>per hour</i>)	59.00

*Premium Notice for Short Notice: Rate X 2

*Less than 24 hours advanced notice of service requests

* Cancellation of services with less than 24-Hour Notice \$ 27.00

Medication Assistance (*per month at Clinic*)

1 time per day at clinic	\$ 93.00
2 times per day at clinic	124.00
3 times per day at clinic	170.00
4 times per day at clinic	212.00

Medication Box Fill (*per week*)

Medication Assistance (*per month – Pavilion only*)

1 time per day in apartment	\$ 469.00
2 times per day in apartment	927.00
3 times per day in apartment	1,390.00
4 times per day in apartment	1,854.00

Other Home Care Charges and Services

(*plus, cost of supplies*)

Clinic Visit	\$ 30.00
Infirmery/Clinic Day Charge (<i>per day</i>)	180.00
Incontinence Supplies	Market Price
Blood Draws	24.00
Catheter Care	24.00
Colostomy/Ileostomy Care	24.00
Dressing Changes (<i>uncomplicated/per visit</i>)	19.00
Dressing Changes (<i>plus supplies/complex/per visit</i>)	29.00
Ear Irrigation	29.00
Glucose Test	8.00
Injections (other than Flu/Pneumonia)	19.00
Pacemaker Check	34.00
Blood Pressure Check	8.00
Urinalysis (Specimen Collection)	14.00
Long-term Care Insurance - Initial set up fee	75.00
Long-term Care Insurance - Monthly filing fee	39.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees are subject to change with an advance notice.

Exhibit 2: Residential Living Unit: 50% Refund

Residential Living Unit: 50% Refund

Residential Living Residency Agreement
Between

(Resident)

And

EveryAge d.b.a., Piedmont Crossing
100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2023

PIEDMONT CROSSING
EveryAge
100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

1. Basic Requirements and Terms for Cancellation

(a) This Residency Agreement is made this _____ day of _____, 20____ by and between _____ hereinafter referred to as the “*Resident*” and EveryAge, a not-for-profit Corporation chartered by the State of North Carolina, hereinafter referred to as the “*Corporation.*” The Corporation is chartered to carry on ministry among aging persons within the bounds of the Southern Conference of the United Church of Christ. This Residency Agreement is made between the Corporation and the Resident for occupancy of a _____ numbered _____, hereinafter referred to as the “*Residential Living Unit,*” located at Piedmont Crossing, hereinafter referred to as the “*Community.*” This Residency Agreement is made binding with payment by the Resident a Residency Fee in the amount of \$ _____, and a Monthly Fee.

(b) Cancellation Prior to Occupancy Due to Death, Illness, or Incapacity.

If this Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, this Residency Agreement is automatically cancelled, and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of this Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness, or incapacity.

(c) Cancellation by the Resident Within Thirty (30) Days of Contract Execution.

Notwithstanding any other provision of this Residency Agreement, the Resident may rescind this Residency Agreement within thirty (30) days following the execution of this Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and

Resident Initials: _____

- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(d) Cancellation by the Resident Between the Thirtieth (30th) and Ninetieth (90th) Day of Occupancy.

During the first ninety (90) days of occupancy, the Resident will have the right to terminate this Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate this Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(e) Cancellation by the Resident After Ninety (90) Days of Occupancy.

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. For termination by the Resident under this paragraph (e), the Resident's rights to a refund and the account of any such refund, will be described in Section 3 of this Residency Agreement, below.

(f) Terminations by the Corporation

The Corporation may terminate this Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) there is conduct on the part of the Resident that threatens the safety or well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(g) Responsibilities of the Resident Upon Cancellation or Termination

At the effective date of termination of this Residency Agreement, the Resident shall vacate the Residential Living Unit and shall leave it in good condition except for reasonable wear and tear. Damage due to smoking or having household pets, if approved, will not be considered as reasonable wear and tear. The Resident shall be responsible to the Corporation for any costs incurred in restoring the Residential Living Unit to good condition and repair any damage beyond reasonable wear and tear.

Resident Initials: _____

(h) Joint Occupancy of Residential Living Unit

If another individual (“Other Resident”) signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of this Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate his or her Residency Agreement, within the time period described in paragraph 3(g) of this Residency Agreement.

(i) Effect of Termination

Upon termination of this Residency Agreement and upon complying with the provisions of this Residency Agreement, the Corporation shall have no further obligation to the Resident or their heirs, executors, administrators, or assigns.

2. Changes In Occupancy

- (a) Should the Resident choose to marry, and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee and the Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.
- (b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.
- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended, or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.

Resident Initials: _____

- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied Residential Living Unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges, and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to the Other Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described above, subject to the conditions of this Residency Agreement.
- (b) Upon termination of this Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or the Resident's estate will be entitled to a refund of the Residency Fee as described in this Section 3. The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination as follows:
- (i) Refunds of Residency Fee for termination of this Residency Agreement within the first thirty (30) days of occupancy are covered by Section 1(c) of this Residency Agreement.
 - (ii) Refunds of the Residency Fee for termination of this Residency Agreement between the thirtieth (30th) and ninetieth (90th) day of occupancy are covered by Section 1(d) of this Residency Agreement.
 - (iii) In cases of termination of this Residency Agreement occurring on or after day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the residency fee will be reduced by 1.21% per month for each month of occupancy through month thirty-six (36).
 - (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36th) month of occupancy, the Resident will be entitled to a refund of fifty percent (50%) of the Residency Fee.
 - (v) During the life of the Resident at the Community, the refund shall not be assigned to another party, without an amendment to the Residency Agreement executed by the Resident and the Corporation.
- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.

Resident Initials: _____

- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, this Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of this Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under this Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under this Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Monthly Fee

- (a) There is a monthly fee to be paid by the Resident at the beginning of each month that helps underwrite administrative/programmatic costs and a variety of support services. This fee is referred to as a Monthly Fee. This fee provides the Resident with services including the following:
 - (i) Outside maintenance and inside routine maintenance of the Residential Living Unit as described in the Resident Handbook.
 - (ii) Twelve (12) noncumulative nurse visits per year, if needed. (See Paragraph 7(e) for clarification.)
 - (iii) Emergency call system to Nursing Station on 24-hour basis plus night security services.
 - (iv) The option to purchase meals singly or through a monthly fee.
 - (v) Access to programs and transportation of the Community. A minimum charge will be made for certain activities and items. The Resident will be informed of all charges.
 - (vi) Access to a variety of types of support services. A minimum charge will be made for these services. The Resident will be informed of all charges.
 - (vii) Other as herein listed: _____
- (b) Additional services may be purchased by the Resident. The list of additional services, which may be purchased, and the applicable cost of each to the Resident, are provided on the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (c) The current Monthly Fee is as follows: \$_____. It is understood, given a thirty (30) day advance notice, this fee will be adjusted from time-to-time by the Corporation to reflect changes in costs.

Resident Initials: _____

- (d) The Corporation will furnish a monthly statement to the Resident for the Monthly Fee and all chargeable items incurred by the Resident.
- (e) The Resident's Monthly Fee and charges for additional services shall be paid on or before the tenth (10th) day of each month, except that the first Monthly Fee is due on the occupancy date. Payments not received by the due date will result in an assessment of the late fee listed in the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (f) If, after a period of sixty (60) days, the Resident has not paid applicable fees and charges, the Corporation may terminate this Residency Agreement.
- (g) If the Resident plans to be absent from the Residential Living Unit for an extended period, the Resident may apply for a meal credit based on the meal plan for which the Resident is entitled.
- (h) The Monthly Fee is charged as long as the Resident and/or the Resident's possessions are occupying the unit.

5. Financial Requirements

- (a) The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet their ordinary living expenses. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (b) The Resident or Resident's current and/or future representatives (i.e., power of attorney, executor, etc.) will abide by any and all financial arrangements made with the Corporation for the purpose of securing the Resident's ability to pay any and all charges for residing at the Community. The Resident agrees not to make any gift or other transfer of assets for the purpose of evading the Resident's obligations under this Agreement if such gift or transfer would render the Resident unable to meet their financial obligations under this Agreement. Gifts or transfers of assets in this manner, which result in the Resident's inability to meet the Resident's financial obligations in accordance with this Agreement, would entitle the Corporation to terminate this Agreement, and the Resident or Resident's representative, as applicable, would be liable for any unpaid amounts to the Corporation.
- (c) If requested by the Corporation, the Resident will apply for any or all federal, state, and local benefits for which the Resident may be eligible or entitled; and if requested by the Corporation, the Resident will apply any or all such benefits toward the cost of the Resident's care at the Community. These benefits may include, but would not be limited to: Medicare, prescription, and Veteran benefits.
- (d) The Corporation will carry fire and extended coverage insurance on the Residential Living Unit. The Resident will be responsible for insurance on contents and personal liability.
- (e) The Corporation will make a copy of its North Carolina Disclosure Statement available to the Resident that includes information regarding the financial status of the Corporation.
- (f) In the event it is necessary for the Corporation to take action for the purpose of enforcing this Residency Agreement or the collecting of any sums of money due under this Residency

Resident Initials: _____

Agreement, the Corporation shall be entitled to recover routine attorney's fees, out-of-pocket expenses, and court costs.

- (g) In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

6. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
 - (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

Resident Initials: _____

7. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit.

The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.

- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is available to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of this Residency Agreement, unless such needed arrangements have already been made.
- (e) The Resident is provided with twelve (12) nurse visits per year as part of the Monthly Fee. Nurse visits are noncumulative. The administrative staff, in consultation with the Resident's physician, shall determine the need for such routine services. A routine charge will be made to the Resident for nurse visits in excess of twelve (12) visits per year.
- (f) If the Resident should need Adult Care Services or Nursing Services such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

8. Resident Obligations

- (a) The Resident will make provisions in a Last Will and Testament thirty (30) days prior to occupancy for the final disposition of all furniture and possessions located at the Community, for burial and payment of funeral expenses, and for the appointment of an executor, provided the Resident does not already have a Will that would accomplish these purposes. The Resident agrees to complete an instruction form that will contain pertinent data related to the above matters and will keep this recorded information current while in residency. It is the responsibility of the Resident to deliver this up-to-date information to the Administrative Office.

Resident Initials: _____

- (b) The Resident shall, within thirty (30) days prior to occupancy, legally designate a person as Power-of-Attorney/Resident Representative. The name, address, and telephone number of this person, along with a copy of the documentation of this designation, will be filed with the Corporation.
- (c) The rights and privileges of the Resident under this Residency Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceedings at law, or otherwise.
- (d) The Resident agrees to reimburse the Corporation for any loss or damage suffered by the Corporation resulting from their misconduct, negligence or any damage beyond normal wear and tear.
- (e) The Resident will maintain their living accommodations in a clean, safe, and orderly condition.
- (f) The Resident shall assist the Corporation in application for and utilization of all appropriate support funds to which the Resident may be entitled and agrees to execute reasonable and necessary documents for this purpose.
- (g) The Resident agrees to follow and abide by administrative policies that are designed for the comfort, safety, and security of all Residents. The Resident will be furnished a copy of the current Resident Handbook. The Resident Handbook includes administrative policies and procedures that are part of this Residency Agreement by reference and will be amended by the Corporation from time to time.
- (h) Rights of the Resident under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.
- (i) The Corporation shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause, it being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Ten (10) days after the death of the Resident or termination of this Residency Agreement, the Corporation shall have the right to remove all property from the Resident's Residential Living Unit and to store and charge for the storage of such property if the Resident or the Resident's estate has not disposed of same.
- (j) The Corporation assumes no responsibility for any injury or illness resulting from misconduct or negligence of or by the Resident.
- (k) The Corporation shall not be liable or responsible for any expenses incurred or obligations of any nature contracted by the Resident.

9. Financial Assistance

- (a) In connection with its charitable mission, the EveryAge Foundation, hereinafter referred to as the "*Foundation*" was established to help fulfill the Corporation's desire that a Resident would not need to leave the Community solely due to the lack of funds. Any disposition of the Resident's assets in any way other than for care and services at the Community or related living/medical expenses to the extent that Resident cannot adequately provide for the Resident's expenses or care, will disqualify the Resident for financial assistance from the Foundation and entitle the Corporation to terminate the Resident's right to reside at the Community.

Resident Initials: _____

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

In the event that the Foundation may subsidize in whole or in part the fees and charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial (Benevolence) Assistance Agreement with the Foundation.

In the event that the Foundation continues to provide the services to the Resident under the terms of said Financial (Benevolence) Assistance Agreement despite the Resident's financial inability to continue to pay the fees or charges payable under the terms of this Agreement, the Corporation shall be entitled to require the Resident to move to a smaller or less costly living accommodation.

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

- (b) When a Resident leaves the Community either through death or relocation, if said Resident's fees have been subsidized wholly or partly by the Foundation, the Resident or Resident's estate, if any, will be liable to the Foundation for the full amount of the subsidy the Resident received for the entire time of residency. This provision will apply whether or not the Resident is residing at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to the Foundation of the amount of the Resident's property necessary to cover such liability. Any amount due the Foundation under this provision may be deducted from any refund payable by the Corporation to the Resident or to the Resident's estate, with said funds to be used to reimburse the Foundation.
- (c) The Foundation has established funds which will be used to assist Residents who would otherwise not be able to live at the Community. These funds may be used for the purpose of providing financial assistance, but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.
- (d) The resources of the Foundation to provide financial assistance are limited, and the Corporation reserves the right to terminate the residency of any Resident who cannot pay the full cost of Corporation's fees and charges, and other costs in connection with such Resident's stay at the Community.

10. Residency Agreement Concerns

- (a) This Residency Agreement constitutes the entire Contract by and between the Corporation and the Resident. The Corporation is not liable in any manner by any statements, representations, or promises made by persons representing or purporting to represent the Corporation, unless such statements, representations, or promises are set forth in this Residency Agreement or in a subsequent Residency Agreement signed by the parties.

Resident Initials: _____

- (b) Notwithstanding any other provisions of this Residency Agreement, the Corporation shall have the right to alter the living accommodations of the Resident to meet the requirement of law, or regulation of the Fire Department, Department of Public Health, or other duly constituted authorities or agencies.
- (c) Except as set forth herein, this Residency Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, and administrators, and assigns of the Resident.
- (d) No breach of the Corporation's obligations under this Agreement and no liability of injury to the Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the control of the Corporation, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. The Corporation shall make reasonable efforts to continue to provide the usual services in such event.
- (e) The Corporation shall not cancel this Agreement with the Resident without good cause. Good cause shall be limited to: proof that the Resident is a danger to himself/herself or others; nonpayment of the Monthly Fee; repeated conduct by the Resident that interferes with other residents' enjoyment of the Community; persistent refusal to comply with the Corporation's written policies and procedures; a material misrepresentation made intentionally or recklessly by the Resident in their application for residency, or related materials, regarding information which if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and services provided under this Agreement; or a material breach of the terms and conditions of this Agreement by the Resident. A written notice of intent to cancel this Agreement by the Corporation will be provided to the Resident. Where applicable, an opportunity will be given to cure, within a thirty (30) day period, whatever conduct is alleged to warrant the cancellation of this Agreement.

11. Other Considerations

- (a) This Residency Agreement supersedes any previous agreements between said parties.
- (b) The Resident has been given, as an Addendum to this Residency Agreement, a current copy of the Resident Handbook. The Resident understands that these documents will change from time to time but that they are the procedural documents for those occupying Residential Living Units at the Community.
- (c) The Resident shall not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at EveryAge, without notification to the Corporation.

Resident Initials: _____

- (d) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.
- (e) The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of this Residency Agreement by the Corporation and release of its obligations hereunder.
- (f) All items in the aforementioned Residency Agreement are binding as of the date signed.

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Resident Initials: _____

The undersigned representative of EveryAge and the undersigned Resident do hereby certify that on this date a current Disclosure Statement dated _____ and a current copy of the Resident Handbook have been presented to the Resident(s) and that the Monthly Fee has been explained to the Resident(s). Prior to execution of this Residency Agreement, the Resident(s) had the opportunity to obtain the assistance of counsel in reviewing its terms.

The parties hereby execute this Residency Agreement:

EveryAge

Date

By: _____
Authorized Community Representative/Title

Date

By: _____
Resident

Exhibit 3: Residential Living Unit: Fully Declining

Residential Living Unit: Fully Declining

Residential Living Residency Agreement
Between

(Resident)

And

EveryAge, d.b.a., Piedmont Crossing
100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2023

PIEDMONT CROSSING
EveryAge
100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

1. Basic Requirements and Terms for Cancellation

(a) This Residency Agreement is made this _____ day of _____, 20____ by and between _____ hereinafter referred to as the “*Resident*” and EveryAge, a not-for-profit Corporation chartered by the State of North Carolina, hereinafter referred to as the “*Corporation.*” The Corporation is chartered to carry on ministry among aging persons within the bounds of the Southern Conference of the United Church of Christ. This Residency Agreement is made between the Corporation and the Resident for occupancy of a _____ numbered _____, hereinafter referred to as the “*Residential Living Unit,*” located at Piedmont Crossing, hereinafter referred to as the “*Community.*” This Residency Agreement is made binding with payment by the Resident a Residency Fee in the amount of \$ _____, and a Monthly Fee.

(b) Cancellation Prior to Occupancy Due to Death, Illness, or Incapacity.
If this Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, this Residency Agreement is automatically cancelled, and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of this Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness, or incapacity.

(c) Cancellation by the Resident Within Thirty (30) Days of Contract Execution.

Notwithstanding any other provision of this Residency Agreement, the Resident may rescind this Residency Agreement within thirty (30) days following the execution of this Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and

Resident Initials: _____

- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(d) Cancellation by the Resident Between the Thirtieth (30th) and Ninetieth (90th) Day of Occupancy

During the first ninety (90) days of occupancy, the Resident will have the right to terminate this Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate this Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(e) Cancellation by the Resident After Ninety (90) Days of Occupancy.

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. For termination by the Resident under this paragraph (e), the Resident's rights to a refund and the account of any such refund, will be described in Section 3 of this Residency Agreement, below.

(f) Terminations by the Corporation.

The Corporation may terminate this Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) if there is misconduct on the part of the Resident that threatens the well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(g) Responsibilities of the Resident Upon Cancellation or Termination.

At the effective date of termination of this Residency Agreement, the Resident shall vacate the Residential Living Unit, and shall leave it in good condition except for reasonable wear and tear. Damage due to smoking or having household pets, if approved, will not be considered as reasonable wear and tear. The Resident shall be responsible to the Corporation for any costs incurred in restoring the Residential Living Unit to good condition and repair any damage beyond reasonable wear and tear.

Resident Initials: _____

(h) Joint Occupancy of Residential Living Unit

If another individual (“Other Resident”) signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of this Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate their Residency Agreement within the time period described in paragraph 3(g) of this Residency Agreement.

(i) Effect of Termination

Upon termination of this Residency Agreement and upon complying with the provisions of this Residency Agreement, the Corporation shall have no further obligation to the Resident or their heirs, executors, administrators, or assigns.

2. Changes In Occupancy

(a) Should the Resident choose to marry, and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee and Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.

(b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.

(c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended, or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.

(d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges, and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any

Resident Initials: _____

refund and the Corporation shall have no further obligations to the Other Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described above, subject to the conditions of this Residency Agreement.
- (b) Upon termination of this Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or the Resident's estate will be entitled to a refund of the Residency Fee as described in this Section 3. The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination as follows:
 - (i) Refunds of Residency Fee for termination of this Residency Agreement within the first thirty (30) days of occupancy are covered by Section 1 (c) of this Residency Agreement.
 - (ii) Refunds of the Residency Fee for termination of this Residency Agreement between the thirtieth (30th) and ninetieth (90th) day of occupancy are covered by Section 1(d) of this Residency Agreement.
 - (iii) In cases of termination of this Residency Agreement occurring on or after day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the residency fee will be reduced by 2.73% per month for each month of occupancy through month thirty-six (36).
 - (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36th) month of occupancy, the Resident will not be entitled to any refund of the Residency Fee.
 - (v) During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.
- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, this Residency Agreement will remain in effect.

Resident Initials: _____

- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of this Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under this Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under this Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Monthly Fee

- (a) There is a monthly fee to be paid by the Resident at the beginning of each month that helps underwrite administrative/programmatic costs and a variety of support services. This fee is referred to as a Monthly Fee. This fee provides the Resident with services including the following:
 - (i) Outside maintenance and inside routine maintenance of the Residential Living Unit as described in the Resident Handbook.
 - (ii) Twelve (12) noncumulative nurse visits per year, if needed. (See Paragraph 7(e) for clarification.)
 - (iii) Emergency call system to Nursing Station on 24-hour basis plus night security services.
 - (iv) The option to purchase meals singly or through a monthly fee.
 - (v) Access to programs and transportation of the Community. A minimum charge will be made for certain activities and items. The Resident will be informed of all charges.
 - (vi) Access to a variety of types of support services. A minimum charge will be made for these services. The Resident will be informed of all charges.
 - (vii) Other as herein listed: _____
- (b) Additional services may be purchased by the Resident. The list of additional services, which may be purchased, and the applicable cost of each to the Resident, are provided on the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (c) The current Monthly Fee is as follows: \$_____. It is understood, given a thirty (30) day advance notice, this fee will be adjusted from time to time by the Corporation to reflect changes in costs.
- (d) The Corporation will furnish a monthly statement to the Resident for the Monthly Fee and all chargeable items incurred by the Resident.
- (e) The Resident's Monthly Fee and charges for additional services shall be paid on or before the tenth (10th) day of each month, except that the first Monthly Fee is due on the occupancy date. Payments not received by the due date will result in an assessment of the late fee listed in the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (f) If, after a period of sixty (60) days, the Resident has not paid applicable fees and charges, the Corporation may terminate this Residency Agreement.

Resident Initials: _____

- (g) If the Resident plans to be absent from the Residential Living Unit for an extended period, the Resident may apply for a meal credit based on the meal plan for which the Resident is entitled.
- (h) The Monthly Fee is charged as long as the Resident and/or the Resident's possessions are occupying the unit.

5. Financial Requirements

- (a) The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet their ordinary living expenses. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (b) The Resident or Resident's current and/or future representatives (i.e., power of attorney, executor, etc.) will abide by any and all financial arrangements made with the Corporation for the purpose of securing the Resident's ability to pay any and all charges for residing at the Community. The Resident agrees not to make any gift or other transfer of assets for the purpose of evading the Resident's obligations under this Agreement if such gift or transfer would render the Resident unable to meet their financial obligations under this Agreement. Gifts or transfers of assets in this manner, which result in the Resident's inability to meet the Resident's financial obligations in accordance with this Agreement, would entitle the Corporation to terminate this Agreement, and the Resident or Resident's representative, as applicable, would be liable for any unpaid amounts to the Corporation.
- (c) If requested by the Corporation, the Resident will apply for any or all federal, state, and local benefits for which the Resident may be eligible or entitled; and if requested by the Corporation, the Resident will apply any or all such benefits toward the cost of the Resident's care at the Community. These benefits may include, but would not be limited to: Medicare, prescription, and Veteran benefits.
- (d) The Corporation will carry fire and extended coverage insurance on the Residential Living Unit. The Resident will be responsible for insurance on contents and personal liability.
- (e) The Corporation will make a copy of its North Carolina Disclosure Statement available to the Resident that includes information regarding the financial status of the Corporation.
- (f) In the event it is necessary for the Corporation to take action for the purpose of enforcing this Residency Agreement or the collecting of any sums of money due under this Residency Agreement, the Corporation shall be entitled to recover routine attorney's fees, out-of-pocket expenses, and court costs.
- (g) In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

6. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.

Resident Initials: _____

- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
- (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide The Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

7. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.

Resident Initials: _____

- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is available to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of this Residency Agreement; unless such needed arrangements have already been made.
- (e) The Resident is provided with twelve (12) nurse visits per year as part of the Monthly Fee. Nurse visits are noncumulative. The administrative staff, in consultation with the Resident's physician, shall determine the need for such routine services. A routine charge will be made to the Resident for nurse visits in excess of twelve (12) visits per year.
- (f) If the Resident should need Adult Care Services or Nursing Services, such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

8. Resident Obligations

- (a) The Resident will make provisions in a Last Will and Testament thirty (30) days prior to occupancy for the final disposition of all furniture and possessions located at the Community, for burial and payment of funeral expenses, and for the appointment of an executor, provided the Resident does not already have a Will that would accomplish these purposes. The Resident agrees to complete an instruction form that will contain pertinent data related to the above matters and will keep this recorded information current while in residency. It is the responsibility of the Resident to deliver this up-to-date information to the Administrative Office.
- (b) The Resident shall, within thirty (30) days prior to occupancy, legally designate a person as Power-of-Attorney/Resident Representative. The name, address, and telephone number of this person, along with a copy of the documentation of this designation, will be filed with the Corporation.
- (c) The rights and privileges of the Resident under this Residency Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceedings at law, or otherwise.
- (d) The Resident agrees to reimburse the Corporation for any loss or damage suffered by the Corporation resulting from their misconduct, negligence or any damage beyond normal wear and tear.
- (e) The Resident will maintain their living accommodations in a clean, safe, and orderly condition.

Resident Initials: _____

- (f) The Resident shall assist the Corporation in application for and utilization of all appropriate support funds to which the Resident may be entitled and agrees to execute reasonable and necessary documents for this purpose.
- (g) The Resident agrees to follow and abide by administrative policies that are designed for the comfort, safety, and security of all Residents. The Resident will be furnished a copy of the current Resident Handbook. The Resident Handbook includes administrative policies and procedures that are part of this Residency Agreement by reference and will be amended by the Corporation from time to time.
- (h) Rights of the Resident under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.
- (i) The Corporation shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause, it being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Ten (10) days after the death of the Resident or termination of this Residency Agreement, the Corporation shall have the right to remove all property from the Resident's Residential Living Unit and to store and charge for the storage of such property if the Resident or the Resident's estate has not disposed of same.
- (j) The Corporation assumes no responsibility for any injury or illness resulting from misconduct or negligence of or by the Resident.
- (k) The Corporation shall not be liable or responsible for any expenses incurred or obligations of any nature contracted by the Resident.

9. Financial Assistance

- (a) In connection with its charitable mission, the EveryAge Foundation, hereinafter referred to as the "Foundation" was established to help fulfill the Corporation's desire that a Resident would not need to leave the Community solely due to the lack of funds. Any disposition of the Resident's assets in any way other than for care and services at the Community or related living/medical expenses to the extent that Resident cannot adequately provide for the Resident's expenses or care, will disqualify the Resident for financial assistance from the Foundation and entitle the Corporation to terminate the Resident's right to reside at the Community.

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

In the event that the Foundation may subsidize in whole or in part the fees and charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial (Benevolence) Assistance Agreement with the Foundation.

In the event that the Foundation continues to provide the services to the Resident under the terms of said Financial (Benevolence) Assistance Agreement despite the Resident's financial inability to continue to pay the fees or charges payable under the terms of this Agreement, the

Resident Initials: _____

Corporation shall be entitled to require the Resident to move to a smaller or less costly living accommodation.

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

- (b) When a Resident leaves the Community either through death or relocation, if said Resident's fees have been subsidized wholly or partly by the Foundation, the Resident or Resident's estate, if any, will be liable to the Foundation for the full amount of the subsidy the Resident received for the entire time of residency. This provision will apply whether or not the Resident is residing at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to the Foundation of the amount of the Resident's property necessary to cover such liability. Any amount due to the Foundation under this provision may be deducted from any refund payable by the Corporation to the Resident or to the Resident's estate, with said funds to be used to reimburse the Foundation.
- (c) The Foundation has established funds which will be used to assist Residents who would otherwise not be able to live at the Community. These funds may be used for the purpose of providing financial assistance, but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.
- (d) The resources of the Foundation to provide financial assistance are limited, and the Corporation reserves the right to terminate the residency of any Resident who cannot pay the full cost of Corporation's fees and charges, and other costs in connection with such Resident's stay at the Community.

10. Residency Agreement Concerns

- (a) This Residency Agreement constitutes the entire Contract by and between the Corporation and the Resident. The Corporation is not liable in any manner by any statements, representations, or promises made by persons representing or purporting to represent the Corporation, unless such statements, representations, or promises are set forth in this Residency Agreement or in a subsequent Residency Agreement signed by the parties.
- (b) Notwithstanding any other provisions of this Residency Agreement, the Corporation shall have the right to alter the living accommodations of the Resident to meet the requirement of law, or regulation of the Fire Department, Department of Public Health, or other duly constituted authorities or agencies.
- (c) Except as set forth herein, this Residency Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, and administrators, and assigns of the Resident.
- (d) No breach of the Corporation's obligations under this Agreement and no liability of injury to the Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the control of the Corporation, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. The Corporation shall make reasonable efforts to continue to provide the usual services in such event.

Resident Initials: _____

- (e) The Corporation shall not cancel this Agreement with the Resident without good cause. Good cause shall be limited to: proof that the Resident is a danger to himself/herself or others; nonpayment of the Monthly Fee; repeated conduct by the Resident that interferes with other residents' enjoyment of the Community; persistent refusal to comply with the Corporation's written policies and procedures; a material misrepresentation made intentionally or recklessly by the Resident in their application for residency, or related materials, regarding information which if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and services provided under this Agreement; or a material breach of the terms and conditions of this Agreement by the Resident. A written notice of intent to cancel this Agreement by the Corporation will be provided to the Resident. Where applicable, an opportunity will be given to cure, within a thirty (30) day period, whatever conduct is alleged to warrant the cancellation of this Agreement.

11. Other Considerations

- (a) This Residency Agreement supersedes any previous agreements between said parties.
- (b) The Resident has been given, as an Addendum to this Residency Agreement, a current copy of the Resident Handbook. The Resident understands that these documents will change from time to time but that they are the procedural documents for those occupying Residential Living Units at the Community.
- (c) The Resident shall not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at EveryAge, without notification to the Corporation.
- (d) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.
- (e) The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of this Residency Agreement by the Corporation and release of its obligations hereunder.
- (f) All items in the aforementioned Residency Agreement are binding as of the date signed.

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Resident Initials: _____

The undersigned representative of EveryAge and the undersigned Resident do hereby certify that on this date a current Disclosure Statement dated _____ and a current copy of the Resident Handbook have been presented to the Resident(s) and that the Monthly Fee has been explained to the Resident(s). Prior to execution of this Residency Agreement, the Resident(s) had the opportunity to obtain the assistance of counsel in reviewing its terms.

The parties hereby execute this Residency Agreement:

EveryAge

Date

By: _____
Authorized Community Representative/Title

Date

By: _____
Resident

Exhibit 4: Articles of Incorporation

ARTICLES OF INCORPORATION

OF

EVERYAGE

A Non-Profit Organization

I

The name of the Corporation is **EVERYAGE**

II

The period of duration of the Corporation shall be perpetual.

III

The purposes for which the Corporation is organized are:

- A. To conduct and manage a Retirement Community or communities for aging individuals throughout the geographic area of the Southern Conference of the United Church of Christ and for such other persons as may be admitted from time to time in accordance with the rules and regulations adopted by the Board of Directors of the Corporation;
- B. to establish and carry on a program of care in each designated operating unit that is designed to minister to the “whole person,” thereby meeting their physical, social, spiritual, educational, religious, and economic needs;
- C. to establish and carry on a program of charity in which the Corporation will be enabled to reach out and provide its services to needy and deserving members of the Community who would not otherwise be able to afford the same;
- D. to establish, build, and operate several facilities across the geographical boundaries of the Southern Conference of the United Church of Christ, ministering to the needs of the aging population of that area but at all times, however, keeping in mind the necessity of providing a continuum of care in each such area of residential, custodial, and nursing services;
- E. in connection with the purposes set forth hereinabove and in order to carry them out, to receive and acquire by gift, bequest, or otherwise, and to hold real and personal property, to lease and sell its holdings, to make investment of its funds, to borrow money, secured by mortgage on its properties or otherwise, to accept gifts and bequests, and to apply the principal and interest as may be directed by the donor or as the Board of Directors may determine in the absence of such direction; and
- F. to take such other steps as the Board of Directors deems requisite and necessary to carry out such of its general purposes as are permitted by law to non-profit corporations and to have all other powers with which such corporations are normally endowed.

IV

The Corporation shall have no members.

V

The control and operation of the Corporation shall be vested in a Board of Directors consisting of no more than twenty-six (26) members, who shall be elected in the manner and for the terms as provided in the Bylaws of the Corporation.

VI

No part of the income of the Corporation or no part of the property or assets of the Corporation upon dissolution or liquidation shall ever inure to the benefit of any of the Board of Directors. Upon the dissolution or liquidation of the Corporation, all of the property and assets, after the payment of claims and liabilities, shall belong to and be the property of the Southern Conference of the United Church of Christ, or its successors.

VII

The Board of Directors shall have the general management of the affairs of the Corporation and may, from time to time, delegate these duties to committees or individuals, as it may see fit.

VIII

The Board of Directors shall adopt Bylaws not inconsistent with the Articles of Incorporation of the Corporation, and such Bylaws may be amended at any time upon such notice as may be required by the Bylaws or the General Statutes of North Carolina by the Board of Directors by a two-thirds majority of its members present and voting.

IX

These Articles of Incorporation may be amended by the affirmative vote of two-thirds majority of the members of the Board of Directors voting at either an Annual Meeting or at a special meeting called for such purpose, provided, however, that a written notice of the proposed resolution to amend such Articles shall be given to each member at least ten (10) days prior to any such meeting.

X

Notwithstanding any other provisions of these Articles of Incorporation or the General Statutes of the State of North Carolina, no director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation which is not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its Regulations as they now exist or as they may be hereafter amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of such code and regulations as they now exist or as they may hereafter be amended.

XI


The address of the registered office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658. The name of the registered agent at the above address is Lee B. Syria. From time to time, changes in the registered agent and/or registered office may be determined by the President and CEO, as necessary.

XII

The address of the principal office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658.

IN TESTIMONY WHEREOF, the Corporation has caused this instrument to be executed in its corporate name by its President, this the 26th day of August 2021.

United Church Homes and Services

By: 

Lee B. Syria, President and CEO

Exhibit 5: Certified 2021 - 2022 Audited Financial Statement

For the Period Ending September 30, 2022

EVERYAGE AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021)



EVERYAGE AND AFFILIATES

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Independent Auditor's Report

To the Board of Directors
EveryAge and Affiliates
Newton, North Carolina

Opinion

We have audited the accompanying combined financial statements of EveryAge and Affiliates (a North Carolina nonprofit organization) (the "Agency"), which comprise the combined statement of financial position as of September 30, 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of EveryAge and Affiliates as of September 30, 2022, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EveryAge and Affiliates' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EveryAge and Affiliates' 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.

Report on Summarized Comparative Information

We have previously audited EveryAge and Affiliates' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
December 12, 2022

EVERYAGE AND AFFILIATES
Combined Statement of Financial Position
September 30, 2022 (With Comparative Totals for September 30, 2021)

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 3,725,758	\$ 1,458,281
Cash and cash equivalents, limited as to use	1,027,597	797,133
Accounts receivable, net of allowance for doubtful accounts	3,309,332	2,213,288
Other receivables, net of allowance for doubtful accounts	817,112	1,055,887
Due from related parties, current	941,573	330,773
Other current assets	966,717	759,827
Total current assets	<u>10,788,089</u>	<u>6,615,189</u>
Due from related parties, less current portion	227,524	227,524
Assets limited as to use	80,189,203	96,324,683
Equity investment	1,217,675	-
Fair value of interest rate swap receivable	5,703,707	-
Other non-current assets	1,176,020	1,147,195
Property and equipment, net	87,195,449	85,050,858
	<u>175,709,578</u>	<u>182,750,260</u>
 Total assets	 <u>\$ 186,497,667</u>	 <u>\$ 189,365,449</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Line of credit	\$ 2,159,178	\$ 500,000
Current portion of long-term debt	2,575,000	1,850,000
Current portion of capital leases	10,383	26,769
Accounts payable	4,322,300	4,041,828
Accrued salaries and related benefits	3,642,229	3,347,152
Other current payables	3,141,965	3,202,041
Total current liabilities	<u>15,851,055</u>	<u>12,967,790</u>
Long-Term Liabilities:		
Long-term debt, less current portion	90,222,607	85,484,418
Capital leases, less current portion	-	10,378
Long-term refunds payable	9,097,284	10,180,722
Fair value of interest rate swap payable	-	779,154
Deferred revenue CARES act	26,742	-
Deferred revenue from advance fees	37,660,841	35,148,153
	<u>137,007,474</u>	<u>131,602,825</u>
 Total liabilities	 <u>152,858,529</u>	 <u>144,570,615</u>
Net Assets:		
Without donor restrictions	25,773,040	37,512,691
With donor restrictions	7,866,098	7,282,143
Total net assets	<u>33,639,138</u>	<u>44,794,834</u>
 Total liabilities and net assets	 <u>\$ 186,497,667</u>	 <u>\$ 189,365,449</u>

See Notes to Combined Financial Statements

EVERYAGE AND AFFILIATES**Combined Statement of Operations and Changes in Net Assets****Year Ended September 30, 2022 (With Comparative Totals for Year Ended September 30, 2021)**

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Health care	\$ 28,291,323	\$ 26,635,945
Pavilion/assisted living	3,674,865	3,581,809
Residential living	14,289,545	13,407,381
Amortization of advance fees	5,725,924	5,560,065
Home care	3,446,339	3,675,444
PACE income	15,741,565	15,709,176
Management fee income	176,652	173,791
Outside services	309,522	15,009
Other operating revenue	806,629	2,532,843
Total operating revenues	<u>72,462,364</u>	<u>71,291,463</u>
Operating expenses:		
Health services:		
Health care	12,540,873	12,204,092
Medical records	143,155	137,548
Personnel and employee benefits	10,056,998	10,661,857
Laundry	289,003	272,716
Social services	262,398	261,536
Activities	365,348	384,409
Spiritual life	199,483	183,924
Housekeeping	1,186,626	1,219,268
Plant maintenance	5,369,543	5,034,795
Residential living	448,709	334,460
Pavilion/assisted living	1,605,946	1,511,246
Clinic	164,108	108,751
Resident services	255,000	241,807
Transportation	202,206	169,534
Dietary	4,381,747	4,375,595
Wellness center	121,669	124,579
Beauty shop	36,478	37,730
Day care	300,544	255,871
Home care	2,278,365	2,315,486
Home health	948,323	804,576
PACE expenses (including depreciation of \$119,265)	13,240,712	13,396,047
Outside services	38,849	13,783
General and administrative:		
Administrative	5,782,370	5,284,191
Marketing	884,238	911,467
Staff development	156,247	143,908
Depreciation	6,749,921	6,627,180
Real estate taxes	394,989	175,894
Interest expense (including amortization of \$164,711)	2,575,186	3,600,434

EVERYAGE AND AFFILIATES**Combined Statement of Operations and Changes in Net Assets (Continued)****Year Ended September 30, 2022 (With Comparative Totals for Year Ended September 30, 2021)**

	<u>2022</u>	<u>2021</u>
Operating expenses (Continued):		
General and administrative (Continued):		
Insurance	\$ 1,084,910	\$ 1,022,128
Bad debts	354,542	222,180
Other operating expenses	623,129	544,501
Total operating expenses	<u>73,041,615</u>	<u>72,581,493</u>
Operating income (loss)	<u>(579,251)</u>	<u>(1,290,030)</u>
Nonoperating income (expense):		
Contributions and grants	188,311	267,894
Contribution expense	(2,313,612)	(1,224,337)
Investment return, net	(12,409,552)	13,150,230
Change in fair value of interest swap agreements	6,482,861	(779,154)
Gain on sale of property and equipment	28,454	2,708,138
Loss on extinguishment of debt	(5,887,333)	-
Other nonoperating expense	1,919,506	1,201,521
Net assets released from restrictions	830,962	170,574
Net nonoperating income (expense)	<u>(11,160,403)</u>	<u>15,494,866</u>
Change in net assets without donor restrictions	<u>(11,739,654)</u>	<u>14,204,836</u>
Net assets with donor restrictions:		
Contributions	1,419,544	841,631
Change in value of gift annuities	(4,627)	21,609
Net assets released from restrictions	(830,959)	(170,574)
Change in net assets with donor restrictions	<u>583,958</u>	<u>692,666</u>
Change in net assets	<u>(11,155,696)</u>	<u>14,897,502</u>
Net assets, beginning	<u>44,794,834</u>	<u>29,897,332</u>
Net assets, ending	<u>\$ 33,639,138</u>	<u>\$ 44,794,834</u>

EVERYAGE AND AFFILIATES**Combined Statement of Cash Flows****Year Ended September 30, 2022 (With Comparative Totals for Year Ended September 30, 2021)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (11,155,696)	\$ 14,897,502
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on investments	12,409,552	(13,150,230)
Net (gain) loss on sale of property and equipment	(28,454)	(2,708,138)
Loss on extinguishment of debt	28,212	-
Change in allowance for doubtful accounts	391,890	(92,437)
Depreciation, including PACE capital depreciation	6,869,186	6,760,091
Change in fair value of interest rate swap agreement	(6,482,861)	779,154
Amortization of deferred issue costs	145,822	192,817
Amortization of bond (premium) discount, net	(271,435)	(267,442)
Amortization of advance fees	(5,725,924)	(5,560,065)
Advance fees received	7,127,691	8,028,286
Change in value of gift annuities	9,167	(20,435)
(Increase) decrease in:		
Accounts receivable	(1,487,934)	124,820
Other receivables	238,775	(605,025)
Other current assets	(235,715)	107,846
Increase (decrease) in:		
Accounts payable	280,472	(444,647)
Accrued salaries and related benefits	295,077	345,875
Other current payables	1,888,881	660,867
Deferred revenue	26,742	(925,847)
Net cash provided by operating activities	<u>4,323,448</u>	<u>8,122,992</u>
Cash flows from investing activities:		
Change in assets limited as to use	2,499,086	(1,268,007)
Purchases of property and equipment	(9,014,778)	(7,167,952)
Proceeds from sale of property and equipment	29,455	2,716,740
Repayments from (to) related parties, net	(610,800)	(137,134)
Net cash used in investing activities	<u>(7,097,037)</u>	<u>(5,856,353)</u>
Cash flows from financing activities:		
Advanced fees refunds	(1,921,474)	(1,849,872)
Borrowings on lines of credit, net	1,659,178	500,000
Borrowings from long-term debt	77,242,841	-
Principal payments on long-term debt and capital leases	(73,056,764)	(1,875,984)
Premium received on bonds issued	1,347,750	-
Net cash provided by (used in) financing activities	<u>5,271,531</u>	<u>(3,225,856)</u>
Net increase (decrease) in cash and cash equivalents	2,497,942	(959,217)
Cash, cash equivalents and cash limited as to use, beginning	2,255,414	3,214,631
Cash, cash equivalents and cash limited as to use, ending	<u>\$ 4,753,356</u>	<u>\$ 2,255,414</u>
Supplemental disclosures of cash flow information:		
Cash payments for interest	<u>\$ 2,783,828</u>	<u>\$ 3,754,739</u>
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of property and equipment through incurrence of accounts payable	<u>\$ -</u>	<u>\$ 253,009</u>

See Notes to Combined Financial Statements

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 1 - NATURE OF BUSINESS

EveryAge is a not-for-profit organization that owns and operates continuing care retirement communities in Newton ("Abernethy Laurels") and Thomasville ("Piedmont Crossing"), North Carolina, consisting of residential living units, assisted living units and nursing facilities providing adult care and intermediate and skilled nursing care. EveryAge was incorporated in North Carolina in 1961. EveryAge's corporate office is located in Newton, North Carolina.

Lake Prince Center, Inc. ("Lake Prince") is a not-for-profit continuing care retirement community in Suffolk, Virginia. The facility consists of independent living units and nursing facilities providing adult care and intermediate and skilled nursing care for Lake Prince residents. Lake Prince was incorporated under the laws of North Carolina in July 1999 and has obtained a certificate to transact business in Virginia where the facility is located.

Lake Prince at Home, LLC, was incorporated on October 16, 2017 and is a wholly owned subsidiary of Lake Prince Center, Inc. It has expanded the services offered at Lake Prince and the surrounding market areas of Suffolk, Virginia.

The EveryAge Foundation (the "Foundation") is a not-for-profit organization which was established for the purpose of fund development for the capital and operating support of the residential facilities operated by EveryAge, this includes fund development to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by EveryAge. The Foundation was incorporated under the laws of the State of North Carolina in 2000.

EA Holding is a not-for-profit organization which was established for the purpose of development and investment of funds outside of the obligated group. EA Holding was incorporated under the laws of the State of North Carolina in 2021.

Carolina SeniorCare (CSC), a Program of All-inclusive Care for the Elderly (PACE), in Lexington, North Carolina, is a not-for-profit organization created in 2011 by its parent organization, United Church Homes and Services. Carolina SeniorCare serves individuals who are age 55 or older, are certified by their state to need nursing home care, able to live safely in the community at the time of enrollment, live in Davidson, Rowan, Davie, or Iredell counties and either have Medicare or Medicaid. The program is able to provide the entire continuum of care and services to seniors with chronic care needs while maintaining their independence in their homes for as long as possible. PACE funding is unique as PACE receives direct payments from Medicare and Medicaid to provide all needed services. Because of the pooled financing of PACE, programs have strong incentives to focus on wellness and prevention and to decrease the hospitalization rates for the participants and the incidence of long-term institutionalization.

EveryAge, Lake Prince, Carolina SeniorCare, EA Holding, and the Foundation are collectively referred to as the "Organization".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the financial statements of EveryAge, Lake Prince, Carolina SeniorCare, EA Holding, and the Foundation. All material intercompany accounts and transactions have been eliminated in the combination.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes assets limited as to use from cash and cash equivalents.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital improvements to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes; and the operating reserve required by State statute.

Investments (Included in Assets Limited as to Use)

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included and reflected within investment return, net of non-operating income on the combined statement of operations and changes in net assets. Donated investments are stated at fair value at the date of the gift. Investment expenses and fees are \$263,810 and are netted with net realized gains on investments in the combined statement of operations and changes in net assets.

The Organization's 20% investment in Trinity Rehab, LLC is accounted for by the equity method, and the Organization's proportionate share of Trinity Rehab, LLC's change in net assets is reflected in the Organization's statement of activities.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance less an allowance for doubtful accounts. The Organization determines past-due status based on the billing dates and does not charge interest on overdue accounts. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to bad debt expense. The accounts receivable's allowance for doubtful accounts at year end was \$711,990.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Donated property and equipment are recorded at their estimated fair value on the date of receipt. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. The Organization capitalizes property and equipment with an estimated useful life of greater than one year and a cost of more than \$2,000.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is computed using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Land improvement	10 - 20
Buildings and improvements	30 - 40
Furniture, fixtures and equipment	5 - 15
Vehicles	5

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

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the bonds. The annual amortization for these deferred financing costs will be approximately \$146,000 for each of the next five years.

Resident Escrows

If a resident should move into a health care unit and vacate a residential living unit, the amount of any refund to which the resident would be entitled is set aside and held by the Organization for use by the resident to pay for necessary health care expenses. Once a permanent move is made and the residential living unit is available for remarketing, the resident may draw against the remaining residency refund to pay health care costs. At year end, resident escrow totaled \$342,817.

In case of financial hardship, withdrawal of more than \$1,500 per month may be requested by the resident. The resident must submit financial information sufficient to prove financial need. Such withdrawals will be allowed upon approval by senior management of the Organization.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents at a discount rate of 5% and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and 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. The Organization had no future service obligation.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance Deposits

The Organization may collect up to 10% of the advance fees described below as a deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue. At year end, advance deposits totaled \$1,278,489.

Deferred Revenue from Advance Fees

Deferred revenue includes the prepayment of rent and fees from residents for future months. Deferred revenue from advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement.

Contracts currently offered to EveryAge and Lake Prince residents are a fully declining refund contract and a 50% refundable contract. The nonrefundable portion of these fees is amortized into income on a straight-line basis over the estimated remaining life, actuarially adjusted periodically, of each resident. The estimated amount of advance fees that is expected to be refunded to current residents under terms of the contracts are classified as refunds payable. Refunds are made to residents upon re-occupancy of the unit unless the resident has chosen to transfer their remaining balance into escrow as described above. Any unrecognized deferred revenue, less any related refund, at the date of termination of the contract is recorded as income in the period the termination of the contract occurs.

At year end, current portion of refunds payable was \$964,296.

Interest Rate Swap Agreement

The Organization uses derivatives to manage risks related to interest rate movements. The Organization's interest rate risk strategy is to pay-fixed and receive-variable interest rate swaps. The combination of these swaps and variable-rate bonds creates synthetic fixed-rate debt. The use of synthetic fixed-rate debt has the ability to lower the Organization's borrowing costs associated with the issuance of traditional fixed-rate bonds. The Organization's interest rate swap agreements have not been designated as hedging transactions and are reported at fair value.

Classification of Net Assets

The following classification of net assets is presented in the accompanying combined financial statements:

Without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

With donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Operating Reserves

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% to 50% of operating expenses (net of depreciation and amortization) plus debt service, for the projected year ended September 30, 2022, for those facilities depending on occupancy levels of each facility.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Net Assets Without Donor Restriction

The combined statement of operations and changes in net assets reflect operating losses. Changes in net assets without donor restrictions that are excluded from operating loss, consistent with industry practice, include realized gains and losses on investments, changes in unrealized gains and losses on investments, investment income, income from estates, wills, trusts and bequests, and contributions.

Revenue Recognition

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

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

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

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

Resident Services

Two major types of revenue are recognized in resident services as follows:

Residential/assisted living revenue: Residents that reside in residential and assisted living units are subject to a continuing monthly support service fee, which varies based on each resident's contract. The monthly fee can be adjusted from time to time by the Organization according to changes in costs.

PACE revenue: PACE provides comprehensive health care services to participants and receives payment in the form of capitated rates per participant based on a tri-party agreement between Medicare, Medicaid, and Carolina SeniorCare. Medicaid and Medicare make monthly interim capitation payments to Carolina SeniorCare. Capitation revenues from Medicare are subject to the same retroactive rate adjustments and audits which often are not finalized until months or years after the services are rendered. Adjustments are nominal and are included in the statement of activities in the period they become known.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Benevolent Assistance

The Organization has a policy of providing benevolent assistance to qualified residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The normal charges for services provided are included in revenue and paid through a transfer of assets from the Benevolent Trust Fund.

Income Tax Status

The Organization consists of not-for-profit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), and the affiliated Foundation is exempt from income taxes pursuant to Internal Revenue Code Section 501(a).

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the combined financial statements. No material uncertain tax positions were identified for 2022.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$251,837.

Functional Expense Allocation

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

Use of Estimates

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

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through December 12, 2022, which is the date the combined financial statements were available to be issued.

NOTE 3 - FAIR VALUE MEASUREMENTS - ASSETS LIMITED AS TO USE

Fair value measurement provides a hierarchy that prioritizes the inputs to 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). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 3 - FAIR VALUE MEASUREMENTS - ASSETS LIMITED AS TO USE (Continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets limited as to use measured at fair value. There have been no changes in the methodologies used during the year.

Common stocks and asset backed securities: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. government and agency, municipal, international, and corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Cash and money market funds, mutual funds, and closed end funds: Valued at the net asset value of shares held by the Organization at year end.

Charitable gift annuities: Valued at the net present value of the anticipated residual value of the original charitable gift.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets limited as to use at fair value:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 39,354,406	\$ -	\$ -	\$ 39,354,406
U.S. government and agency bonds	-	1,921,684	-	1,921,684
Municipal bonds	7,776,993	-	-	7,776,993
Asset backed securities	64,246	-	-	64,246
Corporate bonds	3,195,794	-	-	3,195,794
Cash and money market funds	40,938	9,264,328	-	9,305,266
Charitable gift annuities	-	-	104,833	104,833
Closed end funds	4,735,840	-	-	4,735,840
Common stocks	13,730,141	-	-	13,730,141
Total assets at fair value	<u>\$ 68,898,358</u>	<u>\$ 11,186,012</u>	<u>\$ 104,833</u>	<u>\$ 80,189,203</u>

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 3 - FAIR VALUE MEASUREMENTS - ASSETS LIMITED AS TO USE (Continued)

A reconciliation of the beginning and ending balances of the Organization's Level 3 investments is as follows:

Beginning balance	\$ 113,999
Change in value of charitable gift annuities and settlements	<u>(9,166)</u>
Ending balance	<u>\$ 104,833</u>

Assets limited as to use are allocated as follows:

Board designated quasi-endowment fund	\$ 57,114,833
Trustee deposit accounts required by debt agreement	7,362,659
Operating reserve for Department of Insurance	15,565,940
Beneficial interest in charitable gift annuities	104,833
Residents' funds	<u>40,938</u>
	<u>\$ 80,189,203</u>

The Organization's investments potentially subject it to concentrations of credit risk. The Organization maintains various types of investments that encompass many different companies with varied industrial and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Organization's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Organization maintains an investment policy and retains investment managers to operate within that investment policy and who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Organization invests.

NOTE 4 - EQUITY METHOD INVESTMENT

The Organization has a 20% equity interest in Trinity Rehab, LLC. During the year the Organization made the initial investment of \$1,100,000. The Organization receives 20% of Trinity Rehab LLC's net income, and distributions as declared by Trinity Rehab, LLC. During the year ended September 30, 2022 the Organization received \$120,000 in distributions, and their 20% share of income was \$237,675. The investment as of September 30, 2022 and 2021 was \$1,217,675 and \$0.

Distributions received from equity method investees are classified in the combined statement of cash flows under the cumulative earnings approach, in which distributions received are considered returns on investment and classified as cash inflows from operating activities, unless the cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed cumulative equity in earnings recognized. When such an excess occurs, distribution up to this excess would be considered a return of investment and classified as cash inflows from investing activities.

NOTE 5 - ASSETS LIQUIDITY

The following reflects the Organization's financial assets as of the combined statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statement of financial position date. Amounts not available also include amounts designated for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 5 - ASSETS LIQUIDITY (Continued)

Financial assets, at year end	\$ 91,186,595
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted cash accounts related to deposits for Lake Prince Renovations	1,027,597
Restricted by donor with purpose restrictions	7,866,098
Assets limited as to use	23,074,370
Board designations: Quasi-endowment fund for long-term investing	<u>57,114,833</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,103,697</u>

The Organization is substantially supported by healthcare and residential/assisted living revenues. As part of the Organization's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The organization maintains a line of credit for the purposes of managing short term cash flow deficits. Determination of the source of liquidity is based on an analysis of the underlying cost of capital for each source of liquidity including the line of credit or use of long term assets with Board approval. In addition, the Organization invests cash in excess of daily requirements in various investments held in assets limited as to use as board designated quasi-endowment funds for long term investing. These funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land and improvements	\$ 18,459,813
Buildings and improvements	141,958,467
Furniture, fixtures and equipment	41,262,192
Vehicles	<u>1,685,665</u>
	203,366,137
Less accumulated depreciation	<u>120,598,413</u>
	82,767,724
Construction in progress	<u>4,427,725</u>
	<u>\$ 87,195,449</u>

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

North Carolina Medical Care Commission:

Retirement Facilities First Mortgage Revenue Refunding

Bonds (EveryAge Prev. United Church Homes and Services), Series 2021A:

Term bonds due 2041, yielding 2.26%	\$ 6,540,000
Term bonds due 2047, yielding 2.28%	11,815,000
Term bonds due 2051, yielding 2.59%	3,850,000

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 7 - LONG-TERM DEBT (Continued)

Long-term debt consists of the following (Continued):

Truist Bank	
Direct Bank Term Loan, Series 2021C	\$ 29,800,000
Due 2023-2046 yielding 4.55%	
Direct Bank Term Loan, Series 2021D	18,190,000
Due 2023-2037 yielding 4.55%	
Direct Bank Term Loan, Series 2021B	3,885,000
Due 2023-2037 yielding 4.55%	
Direct Bank Bond, Series 2022	1,102,841
Due 2023-2037 yielding 3.32%	
Economic Development Authority of the City of Suffolk:	
Variable Rate Demand Residential Care Facility Revenue	
Bonds (Lake Prince Center, Inc.), Series 2016:	
Serial bonds due 2023 - 2026 yielding 2.70% to 3.05%	5,005,000
Term bonds due 2031, yielding 3.5%	<u>11,420,000</u>
	91,607,841
Plus net premium, net of accumulated amortization of \$1,131,891	3,597,527
Less deferred financing cost, net of accumulated amortization of \$1,777,349	<u>2,407,761</u>
	92,797,607
Less current portion	<u>2,575,000</u>
Long-term portion	<u><u>\$ 90,222,607</u></u>

During the 2022 fiscal year, the Organization entered into a \$31,310,000 bank loan financing with a commercial lender ("Series 2021C"). The loan was used to refund the existing 2017C bonds of \$29,565,000. The 2017C debt was paid off during the fiscal year 2022.

During the 2017 fiscal year, the Organization entered into a financing agreement with the Economic Development Authority of the City of Suffolk (the "Authority"), under which the Authority issued tax-exempt Series 2016 revenue bonds of \$18,940,000. The bonds were issued to refund existing bonds for the Lake Prince Center.

During the 2022 fiscal year, the Organization entered into a re-financing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2021A revenue bonds of \$22,205,000. The bonds were issued to refund the existing 2017B bonds of \$9,490,000 and 2017A bonds of \$10,300,000, in addition to \$4,100,000 of new project funding. The 2017B and 2017A debt was paid off during fiscal year 2022.

During the 2022 fiscal year, the Organization entered into a \$4,240,000 bank loan financing with a commercial lender ("Series 2021B") and a \$18,385,000 bank loan financing with a commercial lender ("Series 2021D"). The loans were used to refund the existing 2015A bonds of \$21,230,000. The 2015A debt was paid off during the fiscal year 2022.

During the 2022 fiscal year, the Organization entered into a financing agreement with the Economic Development Authority of the City of Suffolk (the "Authority"), under which the Lender will advance proceeds up to \$14,000,000. The final advance will be on September 8, 2025. The amount advanced as of September 30, 2022 was \$1,102,841. The loan will be used to pay for projects at Lake Prince Woods including a new wellness center and other renovations and upgrades.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 7 - LONG-TERM DEBT (Continued)

With the issuance of the debt, the Organization executed a Master Trust Indenture that appointed all the Organization's divisions, excluding the Foundation, EA Holding, and Carolina SeniorCare, as members of the obligated group. Series 2016, 2021A, 2021B, 2017C, 2021D, and 2022 bonds are collateralized by a deed of trust on the land and buildings of the obligated group and the assignment of interest in use-for-life contracts for the obligated group.

The bonds are also collateralized by an assignment of the Commission and Authority's rights in the Loan Agreement to the bond trustee.

Under the terms of the bonds, the obligated group is required to maintain certain deposits with the trustee. Such deposits are included with assets limited as to use of the Organization. The Master Trust Indenture and Loan Agreements for these bonds include certain covenants and restrictions.

Scheduled principal repayments on long-term debt, excluding the net premium on the bonds, for the next five years and thereafter, are summarized as follows:

<u>Fiscal Year End</u>	<u>Series 2016</u>	<u>Series 2021A</u>	<u>Series 2021B</u>	<u>Series 2021C</u>	<u>Series 2021D</u>	<u>Series 2022</u>	<u>Total</u>
2023	\$ 450,000	\$ -	\$ 335,000	\$ 1,575,000	\$ 215,000	\$ -	\$ 2,575,000
2024	475,000	-	335,000	1,435,000	190,000	-	2,435,000
2025	1,960,000	-	330,000	105,000	110,000	1,102,841	3,607,841
2026	2,120,000	-	325,000	105,000	110,000	-	2,660,000
2027	2,240,000	-	315,000	110,000	115,000	-	2,780,000
Thereafter	9,180,000	22,205,000	2,245,000	26,470,000	17,450,000	-	77,550,000
	<u>\$16,425,000</u>	<u>\$ 22,205,000</u>	<u>\$ 3,885,000</u>	<u>\$ 29,800,000</u>	<u>\$ 18,190,000</u>	<u>\$ 1,102,841</u>	<u>\$ 91,607,841</u>

NOTE 8 - DERIVATIVES

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Association has entered into interest rate swap agreement for the 2021B-D bonds issued after year end. Under the agreement, interest is payable at a fixed rate of 1.985-2.624% based on the outstanding balance of the bank qualified loan payable, and is effective through October 1, 2036. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense in the consolidated statement of activities and changes in net assets. The interest rate swap agreement had a notional principal amount of \$59,445,000. The fair value of the interest swap receivable at September 30, 2022 is \$5,703,707.

The fair value of the interest rate swap agreement was derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present, and future market conditions.

NOTE 9 - LINE OF CREDIT

The Organization has available a \$5,000,000 unsecured revolving line of credit with Truist due in full in June 2023. Amounts drawn against the line bear interest at the one-month SOFR rate plus 2.00% (5.14% at year end), which is payable monthly. The outstanding amount drawn against this line is \$1,428,751.

The Organization has available a \$3,000,000 unsecured revolving line of credit with People's Bank due in full in October 2022. Amounts drawn against the line bear interest at the prime rate less 0.250% (6.00% at year end), which is payable monthly. The line of credit agreement includes certain covenants and restrictions. The outstanding amount drawn against this line is \$730,427.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 10 - CAPITAL LEASES

The Organization currently leases equipment under capital lease agreements. The asset and liability under the capital leases are recorded at the present value of the future lease payments, which approximates fair value. The asset is being amortized over the estimated useful life using the straight-line method and is included in depreciation expense.

Cost of equipment under capital leases was \$69,939 and the related accumulated depreciation was \$60,632.

Future lease payments under capital lease obligations are as follows:

<u>Years Ending September 30,</u>	
2023	\$ 11,900
	<u>11,900</u>
Less amount representing interest	1,517
Present value of future payments	<u>\$ 10,383</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Benevolent trust	\$ 4,304,176
Capital expansion	<u>3,561,922</u>
	<u>\$ 7,866,098</u>

NOTE 12 - EMPLOYEE GROUP HEALTH PLAN

The Organization maintains a self-insured employee group health plan. The plan is administered by a third party and individual stop-loss coverage has been obtained at \$100,000, with a maximum aggregate limit of loss that fluctuates based on enrollment. The total plan expense incurred by the Organization was \$3,254,697.

NOTE 13 - RETIREMENT PLANS

The Organization has a 403(b) plan that covers substantially all employees who meet eligibility requirements. The Organization contributes to the plan based on a percentage of gross wages paid. The expenses related to the plan were \$692,654.

The Organization has a nonqualified retirement plan that covers key management employees. The Organization contributes to the plan based on a percentage of the employee's salary. The Organization contributed \$367,711.

The Organization also has a retirement annuity plan that covers ordained United Church of Christ ministers employed by the Organization. The Organization contributed 10% of the ministers' salary to the plan for a total of \$7,273.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 14 - FUNCTIONAL EXPENSES BY NATURE

The table below presents functional expenses by their nature for the fiscal year:

	Salaries and Benefits	Contracted Services	Utilities	Repairs	Other	Total
Health services:						
Health care	\$ 9,656,815	\$ 1,570,713	\$ -	\$ 20,545	\$ 1,292,800	\$12,540,873
Medical records	140,369	-	-	-	2,786	143,155
Personnel and employee benefits	9,549,264	-	-	-	507,734	10,056,998
Laundry	208,258	-	-	-	80,745	289,003
Social services	261,439	-	-	-	959	262,398
Activities	341,342	-	-	-	24,006	365,348
Spiritual life	191,451	-	-	-	8,032	199,483
Housekeeping	1,001,451	-	-	-	185,175	1,186,626
Plant maintenance	907,318	-	1,661,241	1,334,059	1,466,925	5,369,543
Residential living	-	447,671	-	-	1,038	448,709
Pavilion/assisted living	1,516,950	54,128	-	-	34,868	1,605,946
Clinic	28,567	-	-	-	135,541	164,108
Resident services	210,117	-	-	428	44,455	255,000
Transportation	153,868	-	-	-	48,338	202,206
Dietary	2,348,513	-	1,464	21,179	2,010,591	4,381,747
Wellness center	110,880	-	-	-	10,789	121,669
Beauty shop	-	-	-	-	36,478	36,478
Day care	220,772	-	-	-	79,772	300,544
Home care	2,015,678	-	-	-	262,687	2,278,365
Home health	331,275	-	-	-	617,048	948,323
PACE expenses	3,495,540	5,449,838	68,345	66,074	4,160,915	13,240,712
Outside services	-	20,887	-	-	17,962	38,849
General and administrative:						
Administrative	4,025,069	-	-	-	1,757,301	5,782,370
Marketing	546,373	-	-	-	337,865	884,238
Staff development	103,501	-	-	-	52,746	156,247
Depreciation	-	-	-	-	6,749,921	6,749,921
Real estate taxes	-	-	-	-	394,989	394,989
Interest expense	-	-	-	-	2,575,186	2,575,186
Insurance	-	-	-	-	1,084,910	1,084,910
Bad debts	-	-	-	-	354,542	354,542
Other operating expenses	-	-	-	-	623,129	623,129
Total operating expenses	<u>\$37,364,810</u>	<u>\$ 7,543,237</u>	<u>\$ 1,731,050</u>	<u>\$ 1,442,285</u>	<u>\$24,960,233</u>	<u>\$73,041,615</u>

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 15 - PROFESSIONAL AND GENERAL LIABILITY

In the summer of 2002, the management of the Organization evaluated the best means of assuring the Organization's continued access to affordable liability and excess insurance coverage, including the possibility of obtaining such coverage from conventional and alternative insurance providers. After performing a diligent search, the Organization was not able to procure professional and general liability coverage from any insurance company licensed to do business in the state of North Carolina, and therefore, obtained liability coverage from Caring Communities Insurance Company ("CCIC").

CCIC was an insured owned insurance company incorporated in and regulated by the Superintendent of Insurance of the Cayman Islands. In addition to the Organization, CCIC was owned by and insured approximately 25 other long-term care organizations that operate across the United States. As an insurance company that is not authorized to conduct business in North Carolina, CCIC was not subject to regulation by the North Carolina Department of Insurance nor covered under the North Carolina Guaranty Association. The Organization independently procured this liability coverage pursuant to the North Carolina General Statutes, which permit persons to obtain insurance from an insurer not authorized to do business in the state of North Carolina in the event that the full amount or kind of insurance necessary to protect the risks cannot be obtained from insurance companies authorized to do business in North Carolina. The policy was renewed November 30, 2004. Effective January 1, 2006, the insurance previously written by CCIC was written by Diapason Casualty Risk Retention Group, Inc., a District of Columbia corporation ("DCRRG") regulated by the District of Columbia Department of Insurance. DCRRG was a wholly owned subsidiary of Diapason Shared Services, a District of Columbia not-for-profit corporation ("DSS"). The four members of DSS, who were also owners of CCIC, were the insurers of DCRRG. DCRRG has given intent to offer insurance in North Carolina as required by federal law. DCRRG is substantially reinsured by CCIC.

As a risk retention group DCRRG is not covered under the North Carolina Guaranty Association. Effective January 1, 2008, CCIC and DCRRG completed a corporate restructuring. As a result of the restructuring, DCRRG changed its name to Caring Communities, a reciprocal Risk Retention Group ("CCrRRG") and became a reciprocal insurer. The Organization, along with all other shareholders of CCIC, exchanged its shares of CCIC for a Charter Capital Account of CCrRRG. CCIC is now a wholly owned subsidiary of CCrRRG. Members of CCrRRG are required to pay assessed premiums and are subject to a per claim self-insurance retention. Insurance premiums under this program totaled \$869,039.

The Organization made an initial capital contribution to CCIC of \$187,855 in November of 2002 and additional capital contributions of \$72,252 on January 1, 2004, and \$28,901 on January 1, 2005. These capital contributions, totaling \$289,008, are represented by the Organization's Charter Capital Account of CCrRRG and are included in other non-current assets in its combined statement of financial position. At year end, the value of the Organization's Charter Capital Account is \$783,407 due to premiums in excess of claims paid by CCrRRG.

NOTE 16 - RELATED PARTIES

The following organizations are considered related parties of the Organization due to management and administrative services provided to them by the Organization:

- New Bern Older Adult Housing, Inc. ("NOAH"), a HUD 202 facility in New Bern, North Carolina.
- UCC Living Center, Inc. ("Covenant Place"), a HUD 202 project in Chapel Hill, North Carolina.
- Statesville Elderly Housing, Inc. ("Emmanuel's Place"), a HUD 202 facility in Statesville, North Carolina.
- Carolina Senior Living, Inc. a HUD 202 facility in Lexington, North Carolina.
- UDI/St. Joseph's, Inc. ("St. Joseph's Place"), a HUD 202 facility in Durham, North Carolina.
- Albemarle Older Adult Housing, Inc. ("Matthew's Place"), a HUD 202 facility in Albemarle, North Carolina.

EVERYAGE AND AFFILIATES
Notes to Combined Financial Statements

NOTE 16 - RELATED PARTIES (Continued)

- The Willows, a HUD 202 facility in Burlington, North Carolina.
- Elderhaus, Inc. a non-profit PACE program in Wilmington, North Carolina
- Elderhaus at the Lake a non-profit Adult Day Service Program in Wilmington, North Carolina

The Organization provides management and administrative services to the above organizations. Management fee income was \$176,752.

The Organization pays salaries and employee benefit expense on behalf of its related parties, charging for expenses paid on a reimbursement basis. The Organization, as the sponsoring organization of these related parties, also advanced these entities funding for initial development costs.

The Organization was owed the following:

NOAH	\$ 274,098
Covenant Place	23,680
Emmanuel's Place	6,378
St. Joseph's Place	119,460
Carolina Senior Living	5,450
Matthew's Place	17,771
Willows	159,204
Elderhaus, Inc.	217,950
Elderhaus at the Lake	345,106
	<u>\$ 1,169,097</u>

NOTE 17 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

The Organization grants credit without collateral to its residents and is insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows:

Medicare	30%
Medicaid	9%
Private and other insurances	61%
	<u>100%</u>



**Independent Auditor's Report
on the Supplementary Information**

To the Board of Directors
EveryAge and Affiliates
Newton, North Carolina

We have audited the combined financial statements of EveryAge and Affiliates as of and for the year ended September 30, 2022, and have issued our report thereon dated December 12, 2022, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position, and combining statement of operations and changes in net assets without donor restrictions as of and for the year ended September 30, 2022 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
December 12, 2022

EVERYAGE AND AFFILIATES
Combining Statement of Financial Position
September 30, 2022

<u>Assets</u>	Corporate Office	Abernethy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	Total Obligated Group	Foundation	EA Holding	Carolina Senior Care	Combined Total
Current Assets:										
Cash and cash equivalents	\$ 776,672	\$ 1,900	\$ 396	\$ 778,968	\$ 1,000	\$ 779,968	\$ 1,398,170	\$ 10,065	\$ 1,537,555	\$ 3,725,758
Cash and cash equivalents, limited as to use	1,027,597	-	-	1,027,597	-	1,027,597	-	-	-	1,027,597
Accounts receivable, net	-	1,462,457	1,159,489	2,621,946	709,307	3,331,253	(29,893)	-	7,972	3,309,332
Other receivables, net	46,612	333,038	123,830	503,480	91	503,571	299,373	-	14,168	817,112
Current assets limited as to use	-	-	-	-	-	-	-	-	-	-
Due from related parties, current	936,660	-	-	936,660	-	936,660	-	-	4,913	941,573
Other current assets	462,318	173,569	143,941	779,828	112,838	892,666	-	-	74,051	966,717
Total current assets	3,249,859	1,970,964	1,427,656	6,648,479	823,236	7,471,715	1,667,650	10,065	1,638,659	10,788,089
Due from related parties, less current portion	227,524	-	-	227,524	-	227,524	-	-	-	227,524
Assets limited as to use	68,973,116	33,546	6,730	69,013,392	1,474,711	70,488,103	9,610,518	90,582	-	80,189,203
Equity investment	1,217,675	-	-	1,217,675	-	1,217,675	-	-	-	1,217,675
Interest rate swaps	-	4,522,664	1,181,043	5,703,707	-	5,703,707	-	-	-	5,703,707
Other non-current assets	1,176,020	-	-	1,176,020	-	1,176,020	-	-	-	1,176,020
Property and equipment, net	8,720,261	49,233,654	9,158,999	67,112,914	16,873,111	83,986,025	-	2,139,672	1,069,752	87,195,449
Total assets	\$ 83,564,455	\$ 55,760,828	\$ 11,774,428	\$ 151,099,711	\$ 19,171,058	\$ 170,270,769	\$ 11,278,168	\$ 2,240,319	\$ 2,708,411	\$ 186,497,667
Liabilities and Net Assets										
Current Liabilities:										
Lines of credit	\$ 2,159,178	\$ -	\$ -	\$ 2,159,178	\$ -	\$ 2,159,178	\$ -	\$ -	\$ -	\$ 2,159,178
Current portion of long-term debt	-	1,753,700	371,300	2,125,000	450,000	2,575,000	-	-	-	2,575,000
Current portion of capital leases	-	-	-	-	-	-	-	-	10,383	10,383
Accounts payable	455,507	389,259	291,166	1,135,932	638,924	1,774,856	1,599	-	2,545,845	4,322,300
Accrued salaries and related benefits	920,478	1,001,303	879,835	2,801,616	475,291	3,276,907	47,591	-	317,731	3,642,229
Other current payables	69,414	1,192,260	445,721	1,707,395	1,433,601	3,140,996	-	-	969	3,141,965
Due to (from) affiliates	27,615,156	(25,303,695)	3,069,672	5,381,133	(1,754,844)	3,626,289	3,453,487	16,715	(7,096,491)	-
Total current liabilities	31,219,733	(20,967,173)	5,057,694	15,310,254	1,242,972	16,553,226	3,502,677	16,715	(4,221,563)	15,851,055
Long-term Liabilities:										
Long-term debt, less current portion	-	59,087,217	14,448,483	73,535,700	16,686,907	90,222,607	-	-	-	90,222,607
Capital leases, less current portion	-	-	-	-	-	-	-	-	-	-
Long-term refunds payable	-	3,872,475	2,757,559	6,630,034	2,467,250	9,097,284	-	-	-	9,097,284
Deferred revenue from CARES act	-	26,742	-	26,742	-	26,742	-	-	-	26,742
Deferred revenue from advance fees	-	11,091,069	8,837,406	19,928,475	17,108,228	37,036,703	-	-	624,138	37,660,841
Total liabilities	31,219,733	53,110,330	31,101,142	115,431,205	37,505,357	152,936,562	3,502,677	16,715	(3,597,425)	152,858,529
Net Assets:										
Without donor restrictions	52,344,722	2,620,939	(19,326,714)	35,638,947	(18,334,299)	17,304,648	(61,048)	2,223,604	6,305,836	25,773,040
With donor restrictions	-	29,559	-	29,559	-	29,559	7,836,539	-	-	7,866,098
Total net assets	52,344,722	2,650,498	(19,326,714)	35,668,506	(18,334,299)	17,334,207	7,775,491	2,223,604	6,305,836	33,639,138
Total liabilities and net assets	\$ 83,564,455	\$ 55,760,828	\$ 11,774,428	\$ 151,099,711	\$ 19,171,058	\$ 170,270,769	\$ 11,278,168	\$ 2,240,319	\$ 2,708,411	\$ 186,497,667

EVERYAGE AND AFFILIATES
Combining Statement of Operations and Changes in Net Assets Without Donor Restrictions
Year Ended September 30, 2022

	Corporate Office	Abernethy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	Total Obligated Group	Foundation	EA Holding	Carolina Senior Care	Total	Combined Total
Operating revenues:											
Health care	\$ -	\$ 16,878,255	\$ 8,719,630	\$ 25,597,885	\$ 2,693,438	\$ 28,291,323	\$ -	\$ -	\$ -	\$ 28,291,323	\$ 28,291,323
Pavilion/assisted living	-	903,717	639,259	1,542,976	2,131,889	3,674,865	-	-	-	3,674,865	3,674,865
Residential living	-	5,023,052	4,696,189	9,719,241	4,570,304	14,289,545	-	-	-	14,289,545	14,289,545
Amortization of advance fees	-	1,640,698	1,441,111	3,081,809	2,644,115	5,725,924	-	-	-	5,725,924	5,725,924
Home care	-	414,629	1,477,447	1,892,076	1,554,263	3,446,339	-	-	-	3,446,339	3,446,339
PACE income	-	-	-	-	-	-	-	-	15,741,565	15,741,565	15,741,565
Management fee income	1,173,625	-	-	1,173,625	-	1,173,625	-	-	(996,973)	176,652	176,652
Outside services	-	255,408	35,909	291,317	18,205	309,522	-	-	-	309,522	309,522
Other operating revenue	671,913	149,069	15,425	836,407	(67,886)	768,521	-	-	38,108	806,629	806,629
Total operating revenues	<u>1,845,538</u>	<u>25,264,828</u>	<u>17,024,970</u>	<u>44,135,336</u>	<u>13,544,328</u>	<u>57,679,664</u>	<u>-</u>	<u>-</u>	<u>14,782,700</u>	<u>72,462,364</u>	<u>72,462,364</u>
Operating expenses:											
Health services:											
Health care	-	6,410,570	4,466,456	10,877,026	1,663,847	12,540,873	-	-	-	12,540,873	12,540,873
Medical records	-	70,152	32,813	102,965	40,190	143,155	-	-	-	143,155	143,155
Personnel and employee benefits	1,847,282	3,579,073	2,929,757	8,356,112	1,602,518	9,958,630	77,755	-	20,613	10,056,998	10,056,998
Laundry	-	131,629	105,140	236,769	52,234	289,003	-	-	-	289,003	289,003
Social services	-	110,092	98,084	208,176	54,222	262,398	-	-	-	262,398	262,398
Activities	-	187,571	66,350	253,921	111,427	365,348	-	-	-	365,348	365,348
Spiritual life	-	70,558	59,700	130,258	69,225	199,483	-	-	-	199,483	199,483
Housekeeping	-	611,038	341,944	952,982	233,644	1,186,626	-	-	-	1,186,626	1,186,626
Plant maintenance	-	2,029,808	1,603,716	3,633,524	1,736,019	5,369,543	-	-	-	5,369,543	5,369,543
Residential living	-	349,171	75,773	424,944	23,765	448,709	-	-	-	448,709	448,709
Pavilion/assisted living	-	487,488	209,904	697,392	908,554	1,605,946	-	-	-	1,605,946	1,605,946
Clinic	-	68,598	16,743	85,341	-	85,341	-	-	78,767	164,108	164,108
Resident services	-	46,276	129,805	176,081	78,919	255,000	-	-	-	255,000	255,000
Transportation	-	132,240	40,205	172,445	29,761	202,206	-	-	-	202,206	202,206
Dietary	-	1,976,441	1,398,938	3,375,379	1,006,368	4,381,747	-	-	-	4,381,747	4,381,747
Wellness center	-	121,669	-	121,669	-	121,669	-	-	-	121,669	121,669
Beauty shop	-	-	6,090	6,090	30,388	36,478	-	-	-	36,478	36,478
Day care	300,544	-	-	300,544	-	300,544	-	-	-	300,544	300,544
Home care	-	369,376	1,197,765	1,567,141	711,224	2,278,365	-	-	-	2,278,365	2,278,365
Home health	-	-	-	-	948,323	948,323	-	-	-	948,323	948,323
PACE expenses (including depreciation)	-	-	-	-	-	-	-	-	13,240,712	13,240,712	13,240,712
Outside services	-	22,158	-	22,158	16,691	38,849	-	-	-	38,849	38,849
General and administrative:											
Administrative	3,493,823	778,756	623,274	4,895,853	650,326	5,546,179	236,191	-	-	5,782,370	5,782,370
Marketing	-	303,599	248,824	552,423	331,815	884,238	-	-	-	884,238	884,238
Staff development	-	68,417	16,986	85,403	70,844	156,247	-	-	-	156,247	156,247
Management fees	(3,607,178)	1,546,751	1,205,587	(854,840)	854,840	-	-	-	-	-	-
Depreciation	409,424	3,175,701	1,424,650	5,009,775	1,740,146	6,749,921	-	-	-	6,749,921	6,749,921
Real estate taxes	10,243	-	-	10,243	368,031	378,274	-	16,715	-	394,989	394,989
Interest expense (including amortization)	16,708	1,559,477	222,266	1,798,451	776,735	2,575,186	-	-	-	2,575,186	2,575,186
Insurance	105,147	458,145	314,065	877,357	207,553	1,084,910	-	-	-	1,084,910	1,084,910
Bad debts	-	168,295	108,823	277,118	77,424	354,542	-	-	-	354,542	354,542
Other operating expenses	45,378	243,378	192,385	481,141	140,230	621,371	936	799	23	623,129	623,129
Total operating expense	<u>2,621,371</u>	<u>25,076,427</u>	<u>17,136,043</u>	<u>44,833,841</u>	<u>14,535,263</u>	<u>59,369,104</u>	<u>314,882</u>	<u>17,514</u>	<u>13,340,115</u>	<u>73,041,615</u>	<u>73,041,615</u>
Operating income (loss)	<u>(775,833)</u>	<u>188,401</u>	<u>(111,073)</u>	<u>(698,505)</u>	<u>(990,935)</u>	<u>(1,689,440)</u>	<u>(314,882)</u>	<u>(17,514)</u>	<u>1,442,585</u>	<u>(579,251)</u>	<u>(579,251)</u>
Nonoperating income (loss):											
Contributions and grants	-	-	-	-	-	-	188,311	-	-	188,311	188,311
Contribution expense	(1,313,612)	-	-	(1,313,612)	-	(1,313,612)	-	-	(1,000,000)	(2,313,612)	(2,313,612)
Investment return, net	(10,722,585)	51	14	(10,722,520)	8,549	(10,713,971)	(1,686,699)	(8,882)	-	(12,409,552)	(12,409,552)
Change in fair value of interest swap agreements	-	5,146,319	1,336,542	6,482,861	-	6,482,861	-	-	-	6,482,861	6,482,861
(Gain) loss on sale of property and equipment	-	6,797	-	6,797	6,912	13,709	-	-	14,745	28,454	28,454
Loss on extinguishment of debt	-	(4,632,580)	(1,254,753)	(5,887,333)	-	(5,887,333)	-	-	-	(5,887,333)	(5,887,333)
Other nonoperating income (expense)	-	139,287	42,596	181,883	29,356	211,239	(541,733)	2,250,000	-	1,919,506	1,919,506
Net assets released from restrictions	-	68,763	47,260	116,023	173,206	289,229	541,733	-	-	830,962	830,962
Total nonoperating income	<u>(12,036,197)</u>	<u>728,637</u>	<u>171,659</u>	<u>(11,135,901)</u>	<u>218,023</u>	<u>(10,917,878)</u>	<u>(1,498,388)</u>	<u>2,241,118</u>	<u>(985,255)</u>	<u>(11,160,403)</u>	<u>(11,160,403)</u>
Change in net assets without donor restriction	<u>\$ (12,812,030)</u>	<u>\$ 917,038</u>	<u>\$ 60,586</u>	<u>\$ (11,834,406)</u>	<u>\$ (772,912)</u>	<u>\$ (12,607,318)</u>	<u>\$ (1,813,270)</u>	<u>\$ 2,223,604</u>	<u>\$ 457,330</u>	<u>\$ (11,739,654)</u>	<u>\$ (11,739,654)</u>

Exhibit 6: Interim Financial Statements

For the Period Ending December 31, 2022

1. EveryAge Balance Sheet (Side By Side)

For the period ended December 31, 2022

	Home Office	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	EveryAge Obligated Group	EveryAge Foundation	EA Holding	Carolina SeniorCare	Elderhaus	Elderhaus at the Lake	EveryAge Consolidated
Assets												
Current Assets:												
Cash & Cash Equivalents	56,019	1,900	1,396	1,000	0	60,315	1,953,549	10,065	406,926	1,396,190	0	3,827,044
Cash & Cash Equivalents Ltd as to Use	839,892	0	0	0	0	839,892	0	0	0	0	0	839,892
Accounts Receivable	0	1,535,725	1,167,662	302,885	101,095	3,107,367	0	0	472,708	373,442	284,606	4,238,123
Less: Allow Doubtful Accounts	0	(181,488)	(136,657)	(2,498)	(15,166)	(335,808)	(23,733)	0	(449,804)	(149,593)	(25,388)	(984,327)
Other Accounts Receivable	319,852	48,710	4,904	91	0	433,557	266,379	0	33,623	863	23,778	758,201
Accrued Revenue	0	0	0	0	20,350	20,350	0	0	0	0	0	20,350
Inventory	0	53,042	40,232	32,007	0	125,280	0	0	6,005	5,122	0	136,407
Due From Related Parties, Current	559,755	0	0	0	0	559,755	0	0	0	0	0	559,755
Prepaid Expenses	391,178	110,054	121,585	54,127	2,824	679,768	6,507	0	41,065	31,672	0	759,013
Total Current Assets	2,166,697	1,567,943	1,259,121	387,613	109,103	5,490,477	2,202,703	10,065	510,523	1,657,696	282,996	10,154,459
Non-Current Assets:												
Board Designated	50,456,989	0	0	0	0	50,456,989	10,064,006	95,363	0	61,367	0	60,677,725
Investments	104,833	0	0	0	0	104,833	0	0	0	0	0	104,833
Operating Reserve	15,565,940	0	0	0	0	15,565,940	0	0	0	0	0	15,565,940
Escrow Deposits	0	0	0	38,238	0	38,238	0	0	0	0	0	38,238
Resident Funds	0	33,546	6,730	662	0	40,938	0	0	0	0	0	40,938
Debt Service Reserves	6,180,942	0	0	1,760,119	0	7,941,060	0	0	0	0	0	7,941,060
Assets Limited as to Use	72,308,704	33,546	6,730	1,799,019	0	74,147,999	10,064,006	95,363	0	61,367	0	84,368,734
Fair Value of Interest Rate Swaps	0	4,556,580	1,171,289	0	0	5,727,869	0	0	0	0	0	5,727,869
Due From Related Parties, Less Current Portion	227,524	0	0	0	0	227,524	0	0	0	0	0	227,524
Equity Investment	1,212,494	0	0	0	0	1,212,494	0	0	0	0	0	1,212,494
Other Non-Current Assets	1,197,604	0	0	0	0	1,197,604	0	0	0	0	0	1,197,604
Property, Plant & Equipment Gross	12,107,126	94,747,336	40,535,724	57,821,937	14,528	205,226,651	0	2,139,672	1,983,026	1,142,686	1,185,436	211,677,471
Less: Accumulated Depreciation	(3,261,382)	(46,029,615)	(31,409,440)	(40,749,803)	(934)	(121,451,173)	0	0	(799,446)	(825,367)	(852,020)	(123,928,006)
Net Property, Plant & Equipment	8,845,743	48,717,722	9,126,284	17,072,134	13,594	83,775,477	0	2,139,672	1,183,580	317,319	333,416	87,749,465
Total Non-current Assets	83,792,070	53,307,848	10,304,303	18,871,153	13,594	166,288,967	10,064,006	2,235,035	1,183,580	378,686	333,416	180,483,691
Total Assets	85,958,767	54,875,791	11,563,424	19,258,766	122,697	171,779,445	12,266,709	2,245,100	1,694,103	2,036,382	616,411	190,638,150
Liabilities and Net Assets												
Current Liabilities:												
Line of Credit	2,283,311	0	0	0	0	2,283,311	0	0	0	0	0	2,283,311
Current Portion of Long-term Debt	0	1,327,060	282,940	450,000	0	2,060,000	0	0	0	0	0	2,060,000
Current Portion of Lease Obligation	0	0	0	0	0	0	0	0	6,530	8,699	0	15,229
Accounts Payable	182,101	389,325	181,277	160,704	81,528	994,936	1,904	0	1,378,666	1,575,879	40,154	3,991,538
Wages/Taxes/Withholding Payable	1,606,380	1,290,762	1,034,656	553,829	50,013	4,535,640	49,319	0	485,701	397,432	33,816	5,501,908
Resident Funds Liability	0	33,546	6,730	662	0	40,938	0	0	0	0	0	40,938
Resident Escrows	0	46,350	3,985	1,123,775	0	1,174,110	0	0	0	0	0	1,174,110
Refunds Payable	0	718,964	117,653	115,072	0	951,688	0	0	0	0	0	951,688
Advance Deposits	0	130,114	300,209	71,550	0	501,873	0	0	0	0	0	501,873
Due to Affiliates	26,287,819	(25,591,459)	3,166,165	(3,194,991)	948,703	1,616,237	3,517,374	16,715	(7,045,719)	1,923,635	(26,334)	1,907
Deferred Revenue	0	26,742	0	0	0	26,742	0	0	0	29,704	1,700	58,146
Other Current Liabilities	157,679	426,264	97,258	278,149	0	959,351	0	0	835,862	217,260	0	2,012,473
Total Current Liabilities	30,517,290	(21,202,331)	5,190,873	(441,249)	1,080,244	15,144,826	3,568,597	16,715	(4,338,959)	4,152,609	49,335	18,593,123
Non-current Liabilities:												
Long Term Debt, Less Current Portion	0	59,044,669	14,432,669	16,675,050	0	90,152,389	0	0	0	0	0	90,152,389
Deferred Revenue - Resident Fee (Non-Refundable)	0	10,384,119	8,388,601	18,240,282	0	37,013,002	0	0	0	0	0	37,013,002
Long Term Refunds Payable (Refundable)	0	3,733,216	2,817,303	2,250,234	0	8,800,753	0	0	0	0	0	8,800,753
Total Non-current Liabilities	0	73,162,004	25,638,573	37,165,566	0	135,966,143	0	0	0	0	0	135,966,143
Total Liabilities	30,517,290	51,959,673	30,829,446	36,724,317	1,080,244	151,110,970	3,568,597	16,715	(4,338,959)	4,152,609	49,335	154,559,266
Net Assets:												
With Donor Restrictions	0	29,559	0	0	0	29,559	8,306,764	0	0	145,159	0	8,481,481
Without Donor Restrictions:												
Retained Earnings-Prior Year	52,344,722	2,620,939	(19,326,714)	(17,517,771)	(816,528)	17,304,647	(61,048)	223,604	6,305,836	(2,009,487)	548,683	24,312,235
Retained Earnings-Current Year	3,096,755	265,620	60,692	52,220	(141,019)	3,334,269	452,396	4,781	(272,774)	(251,898)	18,393	3,285,168
Total Net Assets	55,441,477	2,916,118	(19,266,022)	(17,465,551)	(957,547)	20,668,475	8,698,112	2,228,385	6,033,062	(2,116,227)	567,076	36,078,884
Total Liabilities & Net Assets	85,958,767	54,875,791	11,563,424	19,258,766	122,697	171,779,445	12,266,709	2,245,100	1,694,103	2,036,382	616,411	190,638,150

2. EveryAge Profit and Loss (YTD)

For the Period Ending December 31, 2022

	Home Office	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	EveryAge Obligated Group	EveryAge Foundation	EA Holding	Carolina SeniorCare	Elderhaus Elderhaus	Elderhaus At The Lake	EveryAge Consolidated
OPERATING REVENUES:												
Total Health Care Revenue	0	4,743,512	2,641,040	782,947	0	8,167,498	0	0	0	0	0	8,167,498
Total Home Care Revenue	0	99,880	147,919	0	71,723	319,522	0	0	0	4,461	0	323,983
Total Home Health Revenue	0	0	0	0	202,250	202,250	0	0	0	0	0	202,250
Total Adult Day Revenue	0	0	0	0	0	0	0	0	0	0	182,752	182,752
Total Hospice Revenue	0	0	0	0	(189)	(189)	0	0	0	0	0	(189)
Total Outside Services Revenue	0	127,481	28,530	29,017	0	185,029	0	0	0	0	0	185,029
Total Capitation Revenue	0	0	0	0	0	0	0	0	4,131,738	2,894,594	0	7,026,332
Total Pavilion/Assisted Living Revenue	0	273,532	159,095	589,350	0	1,021,977	0	0	0	0	0	1,021,977
Total ILU Service Revenue	0	1,355,155	1,175,405	1,242,842	0	3,773,402	0	0	0	0	0	3,773,402
Net Service Revenue	0	6,599,560	4,151,990	2,644,156	273,784	13,669,489	0	0	4,131,738	2,899,056	182,752	20,883,035
Amortization of Advance Fees	0	554,299	370,411	622,767	0	1,547,477	0	0	0	0	0	1,547,477
Other Operating Revenue	1,627,441	41,284	18,348	50,923	0	1,737,997	0	0	186	864	8,820	1,747,867
Total Center Operating Revenue	1,627,441	7,195,143	4,540,749	3,317,846	273,784	16,954,963	0	0	4,131,924	2,899,920	191,572	24,178,379
OPERATING EXPENSES:												
Health Care Expense	0	1,714,677	1,348,796	490,890	0	3,554,363	0	0	0	0	0	3,554,363
Primary Care	0	0	0	0	0	0	0	0	99,320	75,684	0	175,004
Restorative Therapy	0	0	0	0	0	0	0	0	95,022	98,999	0	194,020
Outpatient Services	0	0	0	0	0	0	0	0	347,988	112,430	0	460,417
Inpatient Services	0	0	0	0	0	0	0	0	1,307,149	651,452	0	1,958,601
Center Support	0	0	0	0	0	0	0	0	34,030	88,457	26,796	149,283
Recreational Therapy	0	0	0	0	0	0	0	0	33,928	23,728	929	58,584
Pharmacy	0	0	0	0	0	0	0	0	840,047	423,612	0	1,263,659
Nutrition	0	0	0	0	0	0	0	0	47,081	37,849	15,485	100,415
Medical Records	0	18,398	9,274	9,620	0	37,292	0	0	0	0	0	37,292
Personnel	586,978	1,063,367	685,924	477,576	43,490	2,857,336	18,303	0	372,680	419,285	27,448	3,695,051
Laundry	0	33,376	34,004	13,550	0	80,930	0	0	0	0	0	80,930
Social Services	0	25,051	31,419	14,337	0	70,806	0	0	52,202	30,596	0	153,604
Activities	0	58,113	15,881	24,672	0	98,666	0	0	0	0	0	98,666
Spiritual Life	0	16,428	15,312	18,251	0	49,991	0	0	9,653	130	0	59,775
Housekeeping	0	167,261	94,322	59,975	0	321,559	0	0	24,074	11,397	0	357,299
Plant Maintenance	0	544,674	418,393	391,515	0	1,354,581	0	0	32,116	61,432	17,362	1,465,492
Staff Development	0	27,485	4,199	21,521	0	53,204	0	0	0	0	0	53,204
Independent Living Expense	0	106,784	22,279	0	0	129,062	0	0	0	0	0	129,062
Pavilion/Assisted Living Expense	0	105,700	44,729	226,323	0	376,752	0	0	0	0	0	376,752
Clinic	0	19,908	3,438	0	0	23,345	0	0	74,186	164,640	7,260	269,431
Home Care Expense	0	105,014	120,419	0	74,531	299,965	0	0	290,714	251,378	0	842,056
Home Health Expense	0	0	0	0	250,110	250,110	0	0	0	0	0	250,110
Hospice Expenses	0	0	0	0	2,117	2,117	0	0	0	0	0	2,117
Resident Services	0	8,441	34,869	24,286	0	67,596	0	0	0	0	0	67,596
Transportation	0	31,792	10,281	7,710	0	49,783	0	0	136,041	125,808	36,132	347,763
Administrative	935,269	156,808	161,280	137,198	20,044	1,410,599	57,145	0	165,287	207,935	27,930	1,868,896
Health Plan Operations	0	0	0	0	0	0	0	0	72,839	78,756	0	151,595
Marketing	0	87,431	50,311	85,553	0	223,295	0	0	33,761	41,252	0	298,308
Dietary	0	524,817	429,121	251,615	0	1,205,553	0	0	0	0	0	1,205,553
Wellness Center	0	36,771	0	0	0	36,771	0	0	0	0	0	36,771
Beauty Shop Expense	0	0	4,452	8,183	0	12,636	0	0	0	0	0	12,636
Day Care Expense	85,706	0	0	0	0	85,706	0	0	0	0	0	85,706
Total Resident Services Expenses	1,607,954	4,852,297	3,538,702	2,262,775	390,293	12,652,020	75,448	0	4,068,118	2,904,818	159,342	19,859,746
Management Fees	0	402,675	294,783	213,836	0	911,294	0	0	186,861	120,264	0	1,218,419
Building Lease	0	0	0	0	0	0	0	0	86,151	78,259	0	164,410
Depreciation	92,909	797,237	333,882	405,321	439	1,629,789	0	0	22,417	13,972	9,950	1,676,128
Amortization	0	9,792	2,706	31,796	0	44,293	0	0	0	0	0	44,293
Real Estate	4,600	0	0	90,368	0	94,968	0	0	0	0	0	94,968
Interest Expense	4,940	627,934	106,783	169,931	0	909,588	0	0	116	95	0	909,799
Insurance	30,441	116,601	80,107	52,755	163	280,067	0	0	25,711	12,353	2,332	320,463
Special Projects	0	0	1,022	0	0	1,022	0	0	0	0	0	1,022
Bad Debt Expense	0	86,057	73,732	5,408	8,548	173,745	0	0	5,000	12,000	1,200	191,945
Total Retirement Center Expenses	1,740,844	6,892,594	4,431,717	3,232,190	399,443	16,696,787	75,448	0	4,394,375	3,141,760	172,824	24,481,194
Retirement Center Profit (Loss)	(113,403)	302,550	109,032	85,656	(125,659)	258,176	(75,448)	0	(262,451)	(241,840)	18,748	(302,816)
Other Operating Expenses	12,469	70,891	47,808	44,346	15,360	190,874	447	0	11,496	9,997	263	213,077
Profit (Loss) from Operations	(125,872)	231,659	61,224	41,310	(141,019)	67,302	(75,895)	0	(273,948)	(251,837)	18,486	(515,893)
Contributions - Revenue	0	0	0	0	0	0	36,623	0	1,174	0	0	37,797
Contributions - Expense	0	0	0	0	0	0	0	0	0	0	0	0
Realized Gain/(Loss) on Investments	612,672	0	0	10,909	0	623,581	108,108	283	0	0	0	731,973
Change in Fair Value of Interest Rate Swap	0	33,916	(9,754)	0	0	24,162	0	0	0	0	0	24,162
Gift and Thrift Shop	0	23	0	0	0	23	0	0	0	0	0	23
Other Non-operating Revenue/(Expense)	7	22	9,222	1	0	9,252	0	0	0	(61)	(92)	9,099
Unrealized Gain (Loss) on Investments	2,609,949	0	0	0	0	2,609,949	383,561	4,498	0	0	0	2,998,007
Total Non-Operating Revenues/(Expenses)	3,222,627	33,961	(532)	10,910	0	3,266,967	528,292	4,781	1,174	(61)	(92)	3,801,060
Net Profit (Loss)	3,096,755	265,620	60,692	52,220	(141,019)	3,334,269	452,396	4,781	(272,774)	(251,898)	18,393	3,285,168

3. EveryAge Cash Flow Statement

For the Period Ending December 31, 2022

	Home Office	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	EveryAge Obligated Group	EveryAge Foundation	EA Holding	Carolina SeniorCare	Elderhaus	Elderhaus At The Lake	EveryAge Consolidated
Operating Activities:												
Change in Net Assets Without Donor Restrictions	3,096,755	265,641	60,692	52,220	(141,019)	3,334,290	452,396	4,781	(272,774)	(251,898)	18,393	3,285,189
Adjustments to reconcile change in net assets to net cash provided by operating activities:												
Net realized and unrealized gain on investments	(3,222,621)	0	0	(10,909)	0	(3,233,530)	(491,669)	(4,781)	0	0	0	(3,729,979)
Change in allowance for doubtful accounts	0	39,158	51,771	(1,092)	9,123	98,959	(6,160)	0	4,557	12,000	1,200	110,556
Depreciation	92,909	797,237	333,882	405,321	439	1,629,789	0	0	22,417	13,972	9,950	1,676,128
Amortization of deferred costs	0	9,792	2,706	27,073	0	39,571	0	0	0	0	0	39,571
Amortization of advance fees	0	(554,299)	(370,411)	(622,767)	0	(1,547,477)	0	0	0	0	0	(1,547,477)
Amortization of bond discounts	0	0	0	4,723	0	4,723	0	0	0	0	0	4,723
Amortization of bond premiums	0	(23,590)	(4,990)	(43,652)	0	(72,233)	0	0	0	0	0	(72,233)
Change in fair value of interest rate swap	0	(33,916)	9,754	0	0	(24,162)	0	0	0	0	0	(24,162)
Entrance fees received	0	468,570	221,924	940,088	0	1,630,582	0	0	0	0	0	1,630,582
Change in value of fund balances	0	0	0	0	0	0	470,224	0	0	59,887	0	530,111
(Increase) decrease in:												
Accounts receivable(net)	0	(231,468)	(121,437)	145,186	141,451	(66,269)	0	0	(19,489)	(49,115)	(42,723)	(177,595)
Other receivables	(273,240)	284,328	58,927	0	(20,350)	49,664	32,994	0	(19,455)	19,444	(18,302)	64,344
Prepays	71,139	10,473	(17,875)	18,734	5,146	87,617	(6,507)	0	26,980	15,704	0	123,793
Increase (decrease) in:												
Accounts payable	70,693	66	(109,889)	(401,579)	4,888	(435,820)	304	0	135,047	(136,571)	10,384	(426,655)
Accrued expenses and other payables	686,549	290,154	155,105	117,636	10,914	1,260,360	1,728	0	(457,137)	(248,977)	9,076	565,049
Other Current Liabilities	(255,834)	229,408	49,730	76,583	(70)	99,817	0	0	(466,365)	1,361	0	(365,186)
Resident escrows	0	(9,000)	0	(87,912)	0	(96,912)	0	0	0	0	0	(96,912)
LT Refunds Payable	0	(98)	0	0	0	(98)	0	0	0	0	0	(98)
Deferred Revenue	0	77	0	0	0	77	0	0	0	0	0	77
Intercompany	(769,194)	(287,764)	96,493	(489,543)	(1,901)	(1,451,909)	63,887	0	55,685	1,322,222	12,022	1,907
Net Cash provided by operating activities	(502,843)	1,254,769	416,381	130,109	8,621	1,307,037	517,197	0	(990,532)	758,029	0	1,591,732
Cash flows from investing activities:												
Change of assets limited as to use	(129,370)	0	0	(313,399)	0	(442,769)	38,181	0	0	0	0	(404,588)
Advances from related parties, net	(181,239)	0	0	0	0	(181,239)	0	0	0	0	0	(181,239)
Purchases of property and equipment	(218,391)	(281,306)	(301,168)	(609,757)	(8,621)	(1,419,243)	0	0	(136,245)	(162,338)	0	(1,717,826)
Net cash used by investing activities	(528,999)	(281,306)	(301,168)	(923,156)	(8,621)	(2,043,250)	38,181	0	(136,245)	(162,338)	0	(2,303,652)
Cash flows from financing activities:												
Entrance fees refunded	0	(518,075)	(12,324)	(223,102)	0	(753,501)	0	0	0	0	0	(753,501)
Borrowing(payments) online of credit, net	124,133	0	0	0	0	124,133	0	0	0	0	0	124,133
Deposits on advanced fees	0	0	0	1,016,149	0	1,016,149	0	0	0	0	0	1,016,149
Principal payments of long-term debt / leases	0	(455,389)	(101,889)	0	0	(557,278)	0	0	(3,852)	(3,774)	0	(564,904)
Net cash used by financing activities	124,133	(973,464)	(114,213)	793,046	0	(170,498)	0	0	(3,852)	(3,774)	0	(178,124)
Net increase(decrease) in cash & cash equivalents	(907,710)	(0)	1,000	(0)	0	(906,710)	555,378	0	(1,130,630)	591,917	0	(890,044)

4. EveryAge Profit and Loss Statement (Fiscal Year 2023 Budget)
 (without Lake Prince Woods, Carolina SeniorCare, and EveryAge Foundation)

	Home Office	Abernethy Laurels	Piedmont Crossing	Elimination of Management Fees	Combined
OPERATING REVENUES					
Total Health Care Revenue		16,481,344	10,029,488		26,510,832
Total Home Care Revenue		406,200	528,000		934,200
Total Pavilion/Assisted Living Revenues		992,596	882,835		1,875,431
Total ILU Service Revenue		5,226,265	5,035,450		10,261,715
Net Service Revenue	0	23,106,405	16,475,773		39,582,178
Resident Agreement Revenue		1,717,665	1,573,434		3,291,099
Other Operating Revenue	6,785,421	255,556	119,279	(2,811,128)	4,349,128
Total Center Operating Revenue	6,785,421	25,079,626	18,168,486		47,222,405
OPERATING EXPENSES:					
Health Care Expenses		7,081,485	4,463,311		11,544,796
Medical Records		72,498	35,635		108,133
Personnel	1,942,120	4,233,515	3,303,426		9,479,061
Laundry Expenses		175,768	126,963		302,731
Social Services Expenses		119,482	127,725		247,207
Activities Expenses		216,594	127,711		344,305
Spiritual Life Expenses		69,589	65,982		135,571
Housekeeping Expenses		772,332	448,941		1,221,273
Plant Maintenance Expenses		2,093,445	1,701,495		3,794,940
Staff Development Expenses		107,602	42,600		150,202
Independent Living Expenses		0	0		0
Pavilion/Assisted Living Expenses		556,936	228,936		785,872
Clinic Expenses		79,466	20,500		99,966
Home Care Expenses		338,498	439,958		778,456
Resident Services		50,091	155,867		205,958
Transportation Expenses		114,028	32,461		146,489
Administration Expenses	4,147,425	763,306	615,132		5,525,863
Marketing Expenses		391,156	400,137		791,293
Dietary Expenses		2,405,758	1,561,565		3,967,323
Wellness Center		140,116			140,116
Beauty Shop Expenses			46,000		46,000
Day Care Expenses	321,705				321,705
Total Resident Services Expenses	6,411,250	19,781,665	13,944,345		40,137,260
Management Fees		1,630,176	1,180,952	(2,811,128)	0
Depreciation Expense	364,874	3,318,206	1,661,494		5,344,574
Amortization Expense		37,372	9,977		47,349
Real Estate Taxes	10,530				10,530
Interest Expense	10,000	1,715,415	405,036		2,130,451
Insurance	113,839	497,570	340,894		952,303
Bad Debts		92,426	65,903		158,329
Total Retirement Center Expenses	6,910,493	27,072,830	17,608,601		48,780,796
Retirement Center Profit(Loss)	(125,072)	(1,993,204)	559,885		(1,558,391)
Other Operating Expenses	40,262	371,724	226,673		638,659
Profit(Loss) from Operations	(165,334)	(2,364,928)	333,212		(2,197,050)
Contributions - Revenue	0	130,000			130,000
Contributions - Expense	(168,203)				(168,203)
Realized Gain(Loss) on Investments	4,874,893	0			4,874,893
Other Non-Operating Revenue/(Expense)		45,528	42,000		87,528
Total Non-Operating Revenue (Expense)	4,706,690	175,528	42,000		4,924,218
Net Profit(Loss)	4,541,356	(2,189,400)	375,212		2,727,168
CAPITAL BUDGET	\$72,113	1,120,724	5,498,033	\$1,077,082	\$7,767,952