



FAITH • FAMILY • FULFILLMENT

**DISCLOSURE STATEMENT
(INFORMATION BOOKLET)**

**Ardenwoods
2400 Appalachian Boulevard, Arden, North Carolina 28704
(828) 684-0041**

The Community must deliver a Disclosure Statement to a prospective Resident prior to or at the time a prospective Resident executes a Residency Agreement to provide Continuing Care, or prior to or at the time a prospective Resident transfers any money or other property to the Community, whichever occurs first.

The Community, like all other Continuing Care facilities in the State of North Carolina, is subject to an act concerning registration and disclosure by Continuing Care facilities (the "Act"). Registration under the Act does not constitute approval, recommendation, or endorsement of the Community by any government agency or representative, nor does such registration evidence the accuracy or completeness of the information in this Disclosure Statement.

November 20, 2023

Unless earlier revised, the Community intends this Disclosure Statement to remain effective until October 23, 2024

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INTRODUCTION TO ARDENWOODS

We appreciate the opportunity to provide the many details and finer points of Ardenwoods with you and welcome any questions you may have. Many have made Ardenwoods their home and we welcome you as you are considering a new home.

Ardenwoods (the "Community") is organized and licensed as a Continuing Care Retirement Community. Ardenwoods is part of a larger regional, state and national industry wherein Continuing Care Retirement Communities (CCRC) are providing a full range of lifestyle and health planning options. This focus has led to a new name for this industry which is Life Plan Community. We believe both terms fit Ardenwoods and are pleased with the program we provide. The Residents have full opportunity to pursue their personal interests. Ardenwoods provides important components: a private Residence, a wide array of amenities and personal services, and the security of access to Assisted Living services in Heather Glen at Ardenwoods (hereafter "Heather Glen"). In October of 2023, ThriveMore acquired Ardenwoods. As the Provider, we are committed to providing a quality adult community that is fiscally sound and genuinely responsive to Resident needs.

One of the purposes of this Disclosure Statement is to explain to prospective Residents, their families, and their advisors who and what is involved in the operation of the Community. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions and estimates which were believed to be reasonable as of that date. Such information and assumptions are, of course, subject to change, particularly in the areas of economics and design. Ardenwoods can be significantly affected by changes in inflation and interest rates even though our projections are conservative and are formulated to take into account those influences. Because of these and other influences, future changes may be necessary, and we reserve the right to make those changes in the operation of Ardenwoods.

Although we have prepared this Disclosure Statement carefully and tried to use nontechnical language, it is possible there may be some differences between the text of this Disclosure Statement and the language of the Residency Agreement or other documents which are summarized herein. Although this Disclosure Statement details the provisions of the Residency Agreement, the Residency Agreement serves as the sole binding contract between the Resident and us. Copies of the actual documents should be inspected to fully understand all of its terms and provisions. In the event of any differences, the provisions of the language of the Residency Agreement or other documents which are summarized herein shall govern. Capitalized terms used herein shall have the same meaning as the term in the Residency Agreement.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, or national origin.

I. THRIVEMORE ORGANIZATION INTRODUCTION AND INFORMATION

- A. The name of this corporation is Baptist Retirement Homes of North Carolina, Incorporated, dba ThriveMore. The business address of the organization is:

1912 Bethabara Road
P.O. Box 11024
Winston-Salem, North Carolina 27116-1024

Baptist Retirement Homes of North Carolina, Incorporated, dba ThriveMore is a not-for-profit corporation incorporated under the laws of the State of North Carolina.

In winter 2022, Baptist Retirement Homes of North Carolina engaged with a marketing firm to review our name and brand. This was part of the strategic planning for the organization, which included leadership, board members and residents. The new brand was announced in November of 2022 – ThriveMore. Faith. Family. Fulfillment. The idea of the new brand is to show the growth and positive impact the organization is making on older adults living in our communities, as well as honoring the history. Baptist Retirement Homes of North Carolina is now DBA ThriveMore. Brookridge, The Gardens of Taylor Glen, and The Taylor House maintained their name. The four communities listed are branded as ThriveMore communities to tie them back to the parent organization.

- B. Baptist Retirement Homes of North Carolina, Incorporated, dba ThriveMore (“ThriveMore”) has a historical relationship with the Baptist State Convention of North Carolina. ThriveMore is a separate and distinct corporate entity from the Baptist State Convention of North Carolina since 2008. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of ThriveMore. ThriveMore is exempt from the payment of federal income tax under Section 501(c)(3) of the Internal Revenue Code.
- C. ThriveMore is an active member in LeadingAge and LeadingAge NC participating in both local and national conferences, leadership academy training and awards recognizing outstanding colleagues. For two years in a row, the organization received the recognition of a *Best Place to Work* certification by Activated Insights.
- D. The names and business addresses of the Trustees and Officers and management staff of the corporation are set forth below. No person has an equitable or beneficial interest in the corporation.

Terms Expiring 2023

Clarence R. Lambe, Jr.	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Businessman
Nathaniel P. Leonard	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Senior Pastor
Rhonda Lowe	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Learning & Organization Development
James L. McCoy, III	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Senior Vice President
Daniel Rice	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Non-profit Consultant
Wanda J. Rose	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Retired Insurance Professional
Franklin S. Watkins	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Geriatrician/Internal Medicine Physician

Terms Expiring 2024

Carolyn D. Helms	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Interim Minister to Children and Families
Dave Horne	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Attorney
Charles D. Mast	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Attorney
John S. Pond, Jr.	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Educator

Terms Expiring 2025

Sobeida Adolphus	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Social Work Program Manager
Janet Blanford	1912 Bethabara Road, Winston-Salem, NC 27106 Occupation: Director of Sales
Betty Lynne Johnson	1912 Bethabara Road, Winston-Salem, NC 27106

Occupation: PA Program Chair & Director

Sarah Mayo 1912 Bethabara Road, Winston-Salem, NC 27106
Occupation: Retired CFO

Ralph Morgan 1912 Bethabara Road, Winston-Salem, NC 27106
Occupation: Retired Businessman

Terms Expiring 2026

Perry Bailey 1912 Bethabara Road, Winston-Salem, NC 27106
Occupation: Bank Management

Sammy Gianopoulos 1912 Bethabara Road, Winston-Salem, NC 27106
Occupation: Restaurateur

Nidra Ricks 1912 Bethabara Road, Winston-Salem, NC 27106
Occupation: IT Consultant Leader

Nathan Scovens 1912 Bethabara Road, Winston-Salem, NC 27106
Occupation: Pastor and Teacher

OFFICERS

Daniel Rice, Chair 1912 Bethabara Road, Winston-Salem, NC 27106

Charles D. Mast, Vice Chair 1912 Bethabara Road, Winston-Salem, NC 27106

Wanda J. Rose, Corporate Secretary 1912 Bethabara Road, Winston-Salem, NC 27106

Sarah Mayo, Treasurer 1912 Bethabara Road, Winston-Salem, NC 27106

Clarence R. Lambe, Jr.,
Immediate Past Chair 1912 Bethabara Road, Winston-Salem, NC 27106

MANAGEMENT STAFF

Reed A. VanderSlik 1912 Bethabara Road, Winston-Salem, NC 27106
President and CEO

Jessica P. McCollum 1912 Bethabara Road, Winston-Salem, NC 27106
Vice President of Operations

Jennifer R. Bartscht 1912 Bethabara Road, Winston-Salem, NC 27106
Vice President of Sales and Marketing

Open 1912 Bethabara Road, Winston-Salem, NC 27106
Chief Financial Officer

- E. The Trustees and Officers of ThriveMore have the following experience in the operation and management of the “Homes”:

TRUSTEES

Sobeida Adolphus has served as a Trustee since 2022
Perry Bailey has served as a Trustee since 2018
Janet Blanford has served as a Trustee since 2022
Sammy Gianopoulus began serving as a Trustee in 2023
Carolyn C. Helms has served as a Trustee since 2009
Dave Horne has served as a Trustee since 2020
Betty Lynne Johnson has served as a Trustee since 2019
Rhonda Lowe has served as a Trustee since 2020
Charles D. Mast has served as a Trustee since 2010
Sarah Mayo has served as a Trustee since 2022
Clarence R. Lambe, Jr. has served as a Trustee since 2006
Nathaniel P. Leonard has served as a Trustee since 2020
James L. McCoy III has served as a Trustee since 2020
Ralph Morgan has served as a Trustee since 2000
John S. Pond, Jr. has served as a Trustee since 2016
Daniel Rice has served as a Trustee since 2021
Nidra Ricks began serving as a Trustee in 2023
Wanda J. Rose has served as a Trustee since 2020
Nathan Scovens began serving as a Trustee in 2023
Franklin Watkins has served as a Trustee since 2020

OFFICERS

Daniel Rice has been a member of the Board of Trustees for 3 years and is serving his first term as Chair of the Board.

Charles Mast has been a member of the Board of Trustees for 13 years and is serving his first term as Vice Chair of the Board.

Wanda Rose has been a member of the Board of Trustees for 3 years and is serving her first term as Corporate Secretary.

Sarah Mayo has been a member of the Board of Trustees for 1 year and is serving her first term as Treasurer.

Clarence R. Lambe, Jr. has been a member of the Board of Trustees for 17 years and is serving as Immediate Past Chair.

MANAGEMENT STAFF

Reed A. VanderSlik joined ThriveMore in September of 2019, serving as the President and Chief Executive Officer. Prior to assuming this position, he worked for 28 years in business leadership roles; 19 years in senior living. Mr. VanderSlik's credentials include a CMA and an MBA.

Jessica P. McCollum was promoted to Vice President of Operations for ThriveMore in July of 2020. She was hired as Brookridge Retirement Community's Administrator in August 2019. Jessica has over 14 years' experience in the healthcare industry and has a Masters Degree in Healthcare Administration.

Jennifer R. Bartscht has over 20 years of sales and marketing experience in the senior living industry. She joined ThriveMore in February of 2021 as the Vice President of Sales and Marketing. Jennifer has a Bachelor of Science Degree and a Masters Degree in Education and Science.

Unless otherwise set forth above, the Trustees, Officers and Management Staff of the "Homes" are not known to have other business experience in the operation or management of similar facilities.

Perry Bailey, Director of Premier Client Solutions of First Citizen Banks is employed by a financial institution with which ThriveMore transacts business. (The "bank" provides commercial banking and investment services to the organization). Labon McCoy, Executive Vice President at HJ Simms, an organization that ThriveMore currently has a contract with for investment banking services in connection with financing of the expansion of Taylor Glen. The Trustees mentioned above are not involved in the provision of those services to the ThriveMore organization. Due to the changing nature of the services provided by those institutions, it is not possible to estimate how much those services cost the organization on an annual basis. None of the other individuals named as Trustees, Officers or Management Staff above are currently providing nor in the foreseeable future shall provide goods, leases or services to the organization, or the residents of the organization, of an aggregate value of five hundred dollars (\$500) or more except for services rendered in their respective capacity as a Trustee or Officer or Management Staff member of the corporation. None of the Trustees, Officers or Management Staff named above have ownership in any professional service, association, trust, partnership or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases or services to the facility, of an aggregate value of five hundred dollars (\$500) or more within any year, including a description of the goods, leases or services and the probable or anticipated cost thereof to the facility, provider or residents or a statement that the cost cannot presently be estimated.

None of the individuals named as Trustees, Officers or Management Staff above has been convicted of a felony or pleaded nolo contendere to a felony charge, nor been held liable or enjoined in a civil action by final judgment which involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department related to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement homes, home for the aged or facility.

F. ThriveMore presently operates the following existing facilities:

Ardenwoods, Arden, North Carolina

Total Occupancy as of September 30, 2022 – 90%

Brookridge Retirement Community, Winston-Salem, North Carolina

Total Occupancy as of September 30, 2022 – 80%

Brookridge Retirement Community (Brookridge Health Care Center)

77-bed nursing care center

Occupancy as of September 30, 2022 – 86%

Brookridge Retirement Community (Adult Care Home Residence)

26 adult care home residences

10 memory-enhanced residences

Occupancy as of September 30, 2022 – 94%

Brookridge Retirement Community (Independent Living Residences)

137 independent living residences

Occupancy as of September 30, 2022 – 72%

CCRC Resident Contracts – 99

-Covering 76 Single Residents and 23 Double Occupancies for a total of 122 Residents

The Gardens of Taylor Glen Retirement Community, Concord, North Carolina

Total Occupancy as of September 30, 2022 – 91%

The Gardens of Taylor Glen Retirement Community (Gardens of Taylor Glen Health Care Center)

24-bed nursing care center

Occupancy as of September 30, 2022 – 58%

The Gardens of Taylor Glen Retirement Community (Adult Care Home Residences)

12 adult care home residences / 12 memory-enhanced residences

Occupancy as of September 30, 2022 – 83%

The Gardens of Taylor Glen Retirement Community (Independent Living Apartments)

130 independent living apartments

Occupancy as of September 30, 2022 – 97%

CCRC Resident Contracts – 126

-Covering 83 Single Residents and 43 Double Occupancies for a total of 169 Residents

The Taylor House, Albemarle, North Carolina

30 adult care home residences

Occupancy as of September 30, 2022 – 75%

II. FACILITY INTRODUCTION AND INFORMATION

Ardenwoods is a continuing care retirement community located on 48 beautiful, wooded acres approximately 12 miles south of Asheville, NC. It is conveniently located halfway between Hendersonville and Asheville. Residences available include one-, two-, and three-bedroom apartments with full kitchens and one or two baths. The community's assisted living facility is referred to as Heather Glen and is licensed for 60 residents. Wi-Fi is available throughout the campus and the residences are equipped with a wireless emergency call system for added safety. The community clubhouse includes an indoor heated pool, state of the art fitness center, library with computer center, creative arts studio, beauty/barber salon, casual dining grille, and a dining room with a large stone fireplace and breathtaking views. Outdoor amenities include nature trails, raised gardens, putting green and shuffleboard.

The Brookridge Retirement Community is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in northwest Winston-Salem. It consists of 137 independent living apartments (50 detached residences, 87 congregate residences) and 113 health care beds (26 adult care residences, 10 memory-enhanced residences, and 77 intermediate and skilled nursing care beds). It also contains the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, a swimming pool and exercise area, dining rooms, a café, beauty/barber shops, a convenience store, a mail area, parlors, a kitchen, and service areas for environmental services, maintenance and laundry. Construction began in October 1987, and the project was completed in the summer of 1989. In 1987, construction began on five two-bedroom deluxe apartments, and this project was completed in the summer of 1998. Construction was completed in September 1999 on an indoor swimming pool and exercise area. A special residence for Older Adults with dementia was opened in October 2001. A café dining option was opened for operation in September 2006 for independent living residents. In 2010, the Prince Center main entry area was renovated. In Fall of 2022, renovations of all common spaces in the independent living building were completed. Areas for refresh included dining room, auditorium, sky lights, café, lobby and library. ThriveMore continues to update all apartments and garden homes to new standards, which include solid surface countertops, new cabinets and updated floorplans.

The Gardens of Taylor Glen Retirement Community is a continuing care retirement community that is located on a 124 plus-acre tract of land located in southwest Concord. It includes 130 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. It also incorporates administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a lake and walking paths, dining areas, beauty/barber shops, a mail area, a convenience store, parlors, a café, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance and laundry. Construction began in September 2001, and the Community was opened for residency in November 2002.

The Taylor House is a 30-bed Adult Care Home Residence located on a 3-acre tract of land on Palmer Street in Albemarle, North Carolina. It was opened for service to its first resident in 1953.

Care provided at The Taylor House Community is currently confined to the custodial level of care (Adult Care Home) and nursing care. No Continuing Care Agreements involving independent living

residences are currently provided for residents at this Community. Continuing care contracts, involving independent living, are provided only for those residents entering independent living apartments at the Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community. The contracts for independent living apartments and adult care home and nursing care beds at the Brookridge Retirement Community are attached as Attachments IV through VI.

The Brookridge Retirement Community offers continuing care contracts for Older Adults living in independent living apartments and garden homes, adult care home residences, and nursing care rooms. In addition to Brookridge, ThriveMore owns and operates The Gardens of Taylor Glen Retirement Community in Concord, which is the only other Community in its system that offers continuing care contracts. Both Communities are operational divisions of ThriveMore, not separate legal entities and, therefore, have no officers or Trustees of their own. Of the four Communities owned and operated by ThriveMore, only the Winston-Salem and Concord Communities, known as the Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community, offer continuing care contracts. The Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community are owned and operated by ThriveMore.

I. The People

RESIDENTS FORUM AND RESIDENTS COUNCIL

Residents Forum

The Residents Forum provides a means of communication among all Residents and between Residents and the leadership of the Community. All Residents of the Community are automatically members of the Residents Forum. Meetings are held monthly as scheduled by the Residents and are open to all Residents of the Community. By-laws of the Residents Forum are available through Residents Council members and are located in the library. In addition, semi-annual meetings are held by the managing member with the Residents Forum.

Residents Council

The Residents of the Community have established a Residents Council to advise on such matters and activities that are relevant to the common welfare of the Residents of the Community, as well as maintaining effective communication and cooperation with the leadership of Ardenwoods. The Residents Council serves as a liaison between the Residents Forum (all Residents) and the Leadership Team (Executive Director and Department Directors). The Residents Council is advisory in nature and is intended to consolidate majority opinions and advise on general interest topics related to the quality of life at Ardenwoods, which are presented to the Provider for consideration and action. The Provider retains full decision-making authority for the operations of Ardenwoods. The Residents elect seven members-at-large. The Residents Council members then select a chairman, vice chairman, and secretary. The term of a Residents Council member is two years. Each year, there is an election of three or four members, depending on the rotation of the members. Vacancies between elections are filled as needed according to the by-laws. The Council meets monthly.

Advisory Committees

Resident Advisory Committees have been established to offer feedback to Administration through the Residents Council regarding key operational areas that include: Activities, Food & Beverage, Building & Grounds, and Wellness. Minutes of all Resident meetings are recorded and filed in a Resident notebook that is located in the Clubhouse library.

EXECUTIVE DIRECTOR

Pam Pate is the Executive Director at the Community. Mrs. Pate holds a Bachelor of Science degree in Financial Management from Clemson University. Mrs. Pate has served as the Executive Director of the Community since February 2018. She has previously held the position of Accounting Director at the Community since 2002. Her business address is 2400 Appalachian Boulevard, Arden, NC 28704.

ASSISTED LIVING DIRECTOR

Pam Slater is the Assisted Living Director at Heather Glen. Mrs. Slater holds a Bachelor of Science degree in Business Management from Wingate University. She has been the Administrator since February of 2015. Mrs. Slater has been a licensed administrator in North Carolina since 2010 and has held preceptor positions for Administrators in Training. Her business address is 103 Appalachian Boulevard, Arden, NC 28704.

II. The Community

THE LOCATION

The Community is located on 48 acres of land and is approximately 12 miles south of downtown Asheville, in Buncombe County. It is situated halfway between Asheville and Hendersonville. The Community has views of the mountains of Western North Carolina.

ARDENWOODS

The Community is a Continuing Care Retirement Community designed to create an environment that will enrich the lives of the people who live and work there. It has two buildings containing Residences and an Adult Care Home known as Heather Glen at Ardenwoods which is licensed for Assisted Living. Ardenwoods has approximately 95 Independent Living units and 48 Assisted Living units with 144 residents.

The types of Residences available include one, two and three-bedroom apartments, with full kitchens and one or two baths. In addition, there is a selection of ground level Residences that have patios. All the residences are equipped with a wireless emergency call system and a motion detector system for added safety.

The Community contains approximately 28,000 square feet of common space. Some of the amenities that Residents can currently enjoy include:

- Main lobby/mail area
- Lounges
- Mountain View Dining Room with a panoramic view of the mountains
- Lunch dining in The Mountain Laurel Grille
- Creative Arts Studio
- Salon and spa services
- Shuffleboard
- Private storage
- Personal laundry facilities
- Conference and meeting room
- Library with computers and printers
- Indoor heated pool
- Fitness room with state-of-the-art equipment
- Raised beds for outdoor gardening
- Several nature trails
- Putting green
- Wood-working shop

MISSION, VISION AND VALUES

Our Mission: The mission of Ardenwoods is to enrich the lives of those who live and work here.

Our Vision: Our vision is to be a vibrant, friendly mountain community with a small-town atmosphere well known as the best value in Western North Carolina.

Our Values: Ardenwoods strives for excellence by:

- Respecting the integrity and dignity of our Residents and employees through recognizing individual differences and needs and delivering services in a personalized fashion.
- Designing and providing services which are Resident-centered and by promoting choices which are Resident-directed in all aspects of senior living.
- Delivering our services in a consistent, dependable, and fiscally responsible manner.
- Building lasting relationships with our Residents and their families, our employees, and our surrounding community with an eye toward future generations.

THE PERSONNEL

With approval of the Provider, Ardenwoods a ThriveMore Community employs all staff at Ardenwoods. These employees include the Executive Director and all other personnel including nurses and other caregivers, Marketing and Sales Staff, Receptionists, Wellness Director, Community Life Services Director, Food & Beverage Director, Maintenance Staff, Security Personnel, Housekeeping Personnel, Kitchen Staff, Dining Room Personnel, Accounting & Clerical Staff, Human Resources Director, and Transportation Personnel.

The Leadership Team of the Community carries out the day-to-day activities of the Community under the direction of the Executive Director. The Leadership Team includes all Department directors.

THE SERVICES

The decision to move into a senior living community demands careful consideration of many factors, including the services to be provided. The services to be provided to Residents are listed in the Residency Agreement, which governs all such obligations. Briefly, in accordance with the terms of the Residency Agreement, the Community will provide the following: (1) A number of meals equal to the number of days in the month; (2) Air conditioning, heating, electricity, water and sewer; (3) Wiring and jack for telephone service; Residents are responsible for providing their own telephones and telephone service; (4) Basic cable television and wireless internet; (5) Basic building and grounds maintenance; (6) Twice monthly housekeeping service; (7) Twice monthly flat linen service; (8) Availability of laundry facilities so that you can wash and dry personal laundry; (9) As part of the Pathways Program, with optional participation, in fitness, nutrition, active life, and well-being activities to enhance your lifestyle; (10) Planned activities; social, cultural, spiritual and recreational—for those who wish to participate; (11) Full-time Wellness Director to oversee and coordinate all health related services for Residents residing at Ardenwoods; (12) Scheduled security services; (13) Parking for Residents and their guests; (14) Carpeting (except in kitchen and bath where there is alternate floor covering) and light fixtures; (15) A kitchen including refrigerator, stove, microwave and dishwasher; (16) Scheduled local transportation, as well as transportation to medical

offices; and (17) Use of residential common areas.

Pathways to Wellness

Pathways provides tools and choices to Residents to celebrate the many dimensions of wellness. Pathways is a whole-person wellness approach that encourages each Resident to pursue individual and community wholeness through diverse services and activities. The eight dimensions of wellness are: **Physical, Emotional, Vocational, Nutritional, Social, Environmental, Spiritual, and Intellectual**. Led by the Community Life Services Director, Pathways involves personal interaction with each Resident by a team of staff members whose goal is to identify ways for Residents to find joy by enhancing engagement and abilities.

Services Available for an Extra Charge

Additional services are provided to Residents for an extra charge, added to the monthly billing statement. Such services include guest accommodations, dining & beverage services in excess of the monthly Dining Allocation, guest meals, salon/spa services, additional housekeeping, maintenance, personal transportation, and other reasonable services as requested.

ASSISTED LIVING SERVICES

Assisted Living services are provided through Heather Glen at Ardenwoods, the licensed Assisted Living portion of the Community. Under the Residency Agreement, Residents are given priority admission to Heather Glen and do not pay an additional Entrance Payment.

A Resident may be recommended to Heather Glen if the Resident is determined to need such care either on a short-term or long-term basis. Assisted Living accommodations may be in a private or semi-private suite, depending on the availability of suites at the stated per diem charge.

Payment for care in Heather Glen is outlined as follows:

1. Residents may retain their Residence, continue the Residency Agreement, and relocate to Heather Glen. The Monthly Fee for the Residence will continue less a meal credit for the absence. The Resident will also pay the per diem charge for care in Heather Glen; or
2. Residents may release their Residence, cancel the Residency Agreement, and relocate to Heather Glen. The Monthly Fee for the Residence will cease when all furniture and other property are removed from the Residence and the keys have been returned. The Resident will pay the per diem charge for care in Heather Glen. The Resident will also receive a repayment of the Entrance Fee as set forth in the Residency & Services Agreement. If the Resident moves from Heather Glen and Ardenwoods, the Resident shall no longer have access to the benefits, services and amenities granted under the Residency Agreement.
3. Health Service: If required by Resident's health status, ThriveMore will provide without additional charge a cumulative total of thirty (30) days residential care in its Heather Glen Assisted Living while the Residency Agreement is in force. Such care, as appropriate, will be at the assisted living level. If for any reason such care is temporarily unavailable when required by the Resident, it will be provided at the expense of ThriveMore at other comparable facilities. During provision of such care, the Resident will be charged for medicines, physician's services, and for supplies not normally included in the base fee for such services. The Resident will pay for assisted living services in excess of the thirty (30) day cumulative total provided by this Agreement at the rate established for such care by ThriveMore at the time such care is required. All other medical care, services and supplies provided to the Resident by ThriveMore or

others, will be at the Resident's expense.

If there are two Residents occupying the Residence, and one Resident relocates to Heather Glen, the other Resident may continue to occupy the Residence under the terms of the Residency Agreement and the Second Person Monthly Fee shall cease. In addition, the Residents will pay the per diem charge for Assisted Living services at Heather Glen at Ardenwoods. If both Residents are relocated to Heather Glen at Ardenwoods, the Monthly Charges for the Residents shall depend on whether the Residents choose to retain or release the Residence.

RESIDENT HANDBOOK

A copy of all of the Community's policies and procedures can be found in the Resident Handbook (Your Guide to Living at Ardenwoods), which is provided following execution of the Residency Agreement or upon request.

III. The Proposal

THE CONTINUING CARE CONCEPT

The Continuing Care concept provides an individual lifetime use of a private Residence for as long as he or she is capable of living in a Residence, a wide array of support services, and access to on-site Assisted Living. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional senior living. Continuing Care ensures a Resident of lifetime access to Heather Glen at Ardenwoods, while enjoying the comfort and security of a familiar environment, surrounded by friends, family, neighbors, and a highly trained, supportive staff. With the Continuing Care program at Ardenwoods, the Resident has peace of mind, knowing that long-term health care needs will be met with unparalleled quality and service. For those services and accommodations, a Resident pays an Entrance Fee, a one-time Working Capital Fee, to the Provider in accordance with the terms of the Residency Agreement.

RETURN OF ENTRANCE FEE PLAN

Our Return of Entrance Fee Residency Agreement for Ardenwoods provides an additional benefit. Under the Residency Agreement, a Resident pays an Entrance Fee.

In anticipation of meeting the needs of Residents over time, the Provider recognizes the need to be able to modify and develop new forms of Residency Agreements. To meet those needs, the Community reserves the right to offer new prospective Residents alternative forms of Residency Agreements from time to time, without said change being applied to existing Residents.

The Residency Agreements is attached to this Disclosure Statement as Exhibit A. We reserve the right to offer to new prospective Residents alternative forms of Residency Agreements from time to time.

SUMMARY OF RESIDENCY AGREEMENT

Upon deciding to become a Resident of the Community, a future Resident will execute a Residency Agreement to reserve the Residence selected. Residency Agreements are subject to acceptance by the Community. At the time of executing a Residency Agreement, a determination will be made as to whether a prospective Resident meets the residency criteria: age, financial qualifications, and the ability to live in a Residence with or without reasonable accommodation or reasonable modification. To determine if the prospective Resident meets these residency guidelines: a Confidential Data Application and Resident Health Information Form is completed, and a memory health assessment may be conducted. The Application requires the prospective Resident's birth date as well as a summary of assets and monthly income, and information regarding the Resident's ability to live in a Residence with or without reasonable accommodation or reasonable modification. The prospective Resident's signature on the Confidential Data Application and Resident Health Information form is an acknowledgment that the information provided is correct.

A summary of the Residency Agreement and terms of residency are set forth below. This summary explanation of the Residency Agreement contained herein is qualified by reference to the

Residency Agreements (Exhibit A) which shall prevail in any conflict. The basic terms and conditions of the Residency Agreement are summarized as follows:

- 1. Payment of the Entrance Fee.** The Resident is required to pay an Entrance Fee to provider. The Entrance Fee is comprised of two payments (which is 10% deposit of the Entrance Fee and is repayable before occupancy) and the final payment (which is equal to 90% of the Entrance Fee and balance due and is repayable after occupancy as set forth in the Residency Agreement).

A listing of current and historical Entrance Payments can be found under Section 4, Payment of the Monthly Fee on pages 17 of this Disclosure Statement.

- 1.1 Payment of the Deposit.** At the time the Residency Agreement is executed, the Resident is required to pay the First Person Fee in an amount currently equal to 10 percent of the total Entrance Payment. After occupancy, the First Person Fee is not repayable and will be the unrestricted property of the Provider and may be used for any purpose related or unrelated to the Community. The Provider may distribute any non-repayable First Person Fee to its Members. More information can be found in Section 5.2 of the Residency Agreement.
 - 1.2 Payment of the Balance.** A Resident is required to pay balance of Entrance Fee to Provider on the earlier of the date the Resident moves into Ardenwoods or within 90 days of the date the Resident executed the Residency Agreement. In exchange for paying the First Person Fee, Second Person (Entrance) Fee if applicable, one-time Working Capital Fee, making the Entrance Fee, and paying the Monthly Fee (Second Person Monthly Fee if applicable), the Residency Agreement grants Resident a license to the lifetime use of a Residence and to the facilities and services provided at the Community. The Entrance Fee is repayable, without interest, at the times set forth in the Loan Agreement. All the terms of the Loan are set forth in the Loan Agreement attached as Exhibit A to the Residency Agreement. Further information can be found in Sections 5.1 and 5.3 in the Residency Agreement.
 - 1.3 Second Person (Entrance) Fee.** A Second Person (Entrance) Fee is required to be paid at the time the Residents make the Entrance Fee described in Paragraph 1.2 above. After occupancy, the Second Person Fee is repayable and will be the unrestricted property of the Provider and may be used for any purpose related or unrelated to the Community. Information about the Second Person Entrance Fee can be found in Section 5.4 of the Residency Agreement.
- 2. Payment of a Working Capital Fee.** A Resident is required to pay a one-time Working Capital Fee. The Working Capital Fee will be an amount equal to the then current Monthly Fee, including the Second Person Monthly Fee if there are two (2) Residents for the Residence. The one-time Working Capital Fee will be used by us only for purposes related to the Community and is not repayable. Section 5.5 in the Residency Agreement details the Working Capital Fee.
 - 3. Repayment of the First Person Fee and Second Person Fee.**

3.1 Prior to Occupancy. You may rescind this Agreement prior to the Date of Occupancy, or after occupancy, by giving written notice to ThriveMore within thirty (30) days following the later of the execution of this Agreement or of the date that you received the Disclosure Statement as required by Section 58-64-1, et. seq. of the North Carolina General Statutes. You will receive a full refund equal to the funds paid toward the Entry Fee without interest, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate. You are not required to take occupancy before the end of the thirty (30) day rescission period.

After the thirty (30) day rescission period and prior to the Date of Occupancy, if you terminate this Agreement, you will receive a refund equal to the funds paid toward the Entry Fee without interest, less an administrative fee equal to two percent (2%) of the Entry Fee for the independent living residence selected, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate.

3.2 After Occupancy. The Agreement will be terminated upon your death, or the death of the surviving resident in the case of co-residency. A permanent move to the Health Care Center is not considered a contract termination, and therefore a refund is not applicable. Refunds may only apply upon the termination of the Agreement. The Termination Date will be determined in accordance with Section VII.C. below. Except in the case of death, you must give ThriveMore sixty (60) days written notice of your intent to terminate the Agreement. You must leave the Residence in a condition satisfactory to ThriveMore. ThriveMore may charge you for the cost of work required to restore the Residence to its standard condition, with the exception of reasonable wear and tear. Refunds to you shall be reduced by the amount of your outstanding fees and charges due to ThriveMore.

4. Payment of a Monthly Fee. The Resident is required to pay a Monthly Fee, which is determined annually by the Provider. The amount of the Monthly Fee in effect at the time the Residency Agreement is executed will be clearly stated in the Agreement. If there are two Residents, a Second Person Monthly Fee will also be paid. For a more complete description of the Monthly Fee, see the section title "Monthly Fee" in this Disclosure Statement and Section 6 of the Residency Agreement, "Monthly Charges."

A listing of current and historical Entrance Payments and Monthly Fees follows:

ENTRANCE FEES

Type of Residence	2019	2020	2021	2022	2023
One Bedroom	\$174,000	\$176,000	\$179,000	\$181,000	\$189,000
One Bedroom w/Patio	\$204,000	\$206,000	\$209,000	\$211,000	\$221,000
Two Bedroom	\$245,000	\$248,000	\$253,000	\$255,000	\$267,000
Two Bedroom w/Patio	\$275,000	\$278,000	\$283,000	\$285,000	\$299,000
Three Bedroom	\$301,000	\$304,000	\$310,000	\$313,000	\$327,000
Three Bedroom w/Patio	\$331,000	\$334,000	\$340,000	\$343,000	\$359,000
Second Person	\$8,000	\$8,000	\$8,000	\$9,000	\$9,200

MONTHLY FEES

Type of Residence	2019	2020	2021	2022	2023
One Bedroom	\$2,599	\$2,651	\$2,717	\$2,812	\$2,969
One Bedroom w/Patio	\$2,599	\$2,651	\$2,717	\$2,812	\$2,969
Two Bedroom	\$3,067	\$3,128	\$3,206	\$3,318	\$3,504
Two Bedroom w/Patio	\$3,067	\$3,128	\$3,206	\$3,318	\$3,504
Three Bedroom	\$3,282	\$3,348	\$3,432	\$3,552	\$3,751
Three Bedroom w/Patio	\$3,282	\$3,348	\$3,432	\$3,552	\$3,751
Second Person	\$816	\$832	\$853	\$883	\$900

AVERAGE INCREASE IN MONTHLY FEES

	2019	2020	2021	2022	2023
First Person	\$59	\$60	\$77	\$110	\$183
Second Person	\$16	\$16	\$21	\$30	\$17

ASSISTED LIVING MONTHLY FEES

Type of Residence	2019	2020	2021	2022	2023
Base Level, Private	\$4,795	\$4,867	\$4,867	\$4,989	\$5,251
Level 1 Care	\$500	\$500	\$500	\$500	\$500
Level 2 Care	\$750	\$750	\$750	\$750	\$750
Second Person Fee	\$1,470	\$1,492	\$1,492	\$1,529	\$1,529
One-Time Community Fee	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500

AVERAGE INCREASE IN ASSISTED LIVING MONTHLY FEES (BASE LEVEL)

	2019	2020	2021	2022	2023
Base Level, Private	\$50	\$72	\$0	\$122	\$262
Level 1 Care	\$0	\$0	\$0	\$0	\$0
Level 2 Care	\$0	\$0	\$0	\$0	\$0
Second Person Fee	\$15	\$22	\$0	\$37	\$0

5. **Services and Features.** Section 1 of the Residency Agreement describes the services and features provided to the Residents for the Monthly Fees. Additional services and amenities may be provided for an extra charge and are listed in Section 2 of the Residency Agreement. The services are also described in this Disclosure Statement under "The Services," beginning on page 9. The current list of items available for an extra charge, including the fees for such items, is included in the Disclosure Statement as Exhibit B.

6. **Assisted Living.** The Residency Agreement grants the Resident priority access to Heather Glen at Ardenwoods. The terms governing care in Heather Glen are outlined in Section 4 of the Residency Agreement.
 7. **Criteria for Resident Acceptance.** Residency in the Community is governed by the Community's current Residency Policy and Residency Agreements are subject to acceptance by us. At the time of the execution of a Residency Agreement, the Resident must be 62 years of age or older, capable of living in a Residence with or without reasonable accommodation or modification, able to pay the Entrance Payment, the Working Capital Fee, and the Monthly Fees. The Resident must also have sufficient financial resources to permit payment of these amounts, plus other personal expenses which may reasonably be expected and to meet anticipated increases in the cost of living and increases in the Monthly Fee. More information can be found in Section 11 of the Residency Agreement and in the first paragraph of this section "Summary of the Residency Agreement" of the Disclosure Statement starting on page 13.
- B. **Financial Difficulty.** It is the intent of ThriveMore to admit only those persons who are able to pay its current and projected Entry Fee, Monthly Fee and any additional fees and charges. Resident agrees to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by ThriveMore under this Agreement or otherwise. Resident agrees to provide ThriveMore thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident shall promptly notify ThriveMore of any material change in Resident's medical or financial condition, including but not limited to Resident's qualification for and intention to seek assistance from any public assistance benefit program, as hereinafter defined.

Upon verification satisfactory to ThriveMore that Resident has complied with the foregoing obligations and that Resident's income, resources, and assets are insufficient to pay for services required, ThriveMore will endeavor to provide financial assistance to Resident, by prudent use of finite funds available to it for such purposes. ThriveMore has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to Resident. In any event, such assistance as may be available will be provided only after Resident has applied for and taken all necessary steps to qualify for Medicaid, public assistance, any public benefit program, or private funds or programs through which benefits ("public assistance benefits") may be available for payment of services required by Resident. ThriveMore's ability to subsidize residents who have encountered financial hardship is expressly limited by its obligation to meet its commitments to all residents, and to operate on a sound financial basis. If it is apparent to ThriveMore that you have voluntarily divested assets and resources or have used resources in a manner other than to meet ordinary and customary living expenses, ThriveMore may refuse to subsidize your fees and charges, and may elect to terminate this Agreement if payments for all fees and charges are not received in a timely manner. The use of ThriveMore's funds to subsidize residents who have encountered financial hardship is at the sole discretion of ThriveMore.

You agree to provide, if requested, financial statements and current financial information and copies of your tax returns for the purpose of demonstrating capacity to meet financial obligations to ThriveMore and other providers arising out of or in connection with this Agreement.

Resident agrees that he or she have not and will not make gifts of real or personal property for the purpose of evading his or her financial obligations to ThriveMore.

- 1. Provisions for New Second Resident.** If a Resident marries or adds a non-resident to their home while at the Community, the non-resident must apply for residency to live in an apartment unit with the Resident. Such permission is conditioned upon the non-resident ability and willingness to pay an Entrance Fee equal to the difference between the “single” and “double” Entrance Fee rate, and he/she must also be capable of paying the difference between the “single” and “double” monthly fee. The non-resident spouse must also agree to prudently conserve and maintain his/her current and future financial assets in order to provide for payment of services to be provided by ThriveMore. The non-resident must also be willing to submit medical information demonstrating his/her ability to live independently as determined by ThriveMore. Lastly, admission of a non-resident is conditioned on the execution of a new Apartment Residency Agreement. Until such an Agreement is reached, the new spouse has no rights or privileges under the existing “Agreement” with the Resident and cannot reside in his/her apartment. If a Resident of ThriveMore marries or adds a ThriveMore Resident they may occupy two separate apartments/garden homes or choose to relinquish one of the apartments. If the Resident relinquishing his/her apartment has lived in that unit for less than 24 months, ThriveMore will refund to the Resident an amount equal to the amortized remaining value of the Entrance Fee paid by the Resident. The refund will be made upon the re-occupancy of the unit and receipt and unrestricted use of the Entrance Fee from the successor resident. The new double occupant will be expected to pay the double occupant monthly rate.
- 2. Resident’s Cancellation Rights.** The Resident may rescind the contract both prior to and following occupancy of the unit according to the following: Resident may rescind the contract by giving written notice to ThriveMore within thirty (30) days following the latter of the execution of the contract or the receipt of a disclosure statement that meets the requirements of this section. The Resident is not required to move into the facility during the thirty (30) day automatic rescission period. If such action is taken, the Resident shall receive a full refund of any entrance fees paid within sixty (60) days following the receipt of the written notice. The Resident to whom the contract pertains is not required to move into the community before the expiration of the thirty (30) day period. After the initial (30) day period following the payment of the full entrance fee but prior to occupancy, the Resident may cancel the Agreement by giving thirty (30) days written notice to the Homes and receive a refund of the entrance fees paid less five percent (5%). The refund will be paid within sixty (60) days following receipt of the written notice. Should a Resident die before occupying an independent living unit in the facility, or if, on account of illness, injury, or incapacity, a Resident would be precluded from occupying an independent living unit in the facility under the terms of the contract for continuing care, the contract is automatically canceled and the Resident is entitled to a full refund of the Entrance fee paid. During the first 24 months of occupancy, the Resident may cancel his/her “Agreement” with the organization by giving thirty (30) days written notice to ThriveMore. ThriveMore will refund to the Resident all amounts paid to the organization as an entrance fee less four percent (4%) of the “fee” for each month of occupancy, or part thereof, which will be retained by the organization. The Resident will receive his/her entrance fee “refund” when Resident’s unit has been occupied by another Resident or within two (2) years of his/her termination of their Agreement, whichever event occurs sooner. Ninety-Percent Refund

Program has a ninety percent refund option for life. ThriveMore may cancel the Apartment Residence Agreement prior to or following occupancy by the Resident, upon determining that the Resident has either become incapable of independent living or has failed to comply with the obligations assumed pursuant to the Agreement. In the event of such cancellation, the Resident shall receive a full refund if cancellation occurs prior to occupancy; a partial refund if cancellation occurs during the first twenty-four (24) months of occupancy; and, no refund if cancellation occurs thereafter. If a Resident dies within twenty-four (24) months of occupancy, a refund of the unamortized entrance fee will be made to the estate of the Resident. The refund will be made upon re-occupancy of the unit and the receipt and unrestricted use of the entrance fee proceeds from the successor Resident. No refund is made if death occurs after the first twenty-four (24) months of occupancy. If a Resident dies, a refund of ninety percent of the entrance fee will be paid to his/her estate. A Resident contract with ThriveMore can be terminated if the Resident being provided service requires a higher level of care than can be provided in the Resident's current setting. In such a case, every effort will be made to place the Resident at an appropriate level of care within the ThriveMore system. If a contract is terminated by ThriveMore, a refund of the unamortized entrance fee will be made to the Resident as soon as the Resident's residence has been released.

3. **Our Cancellation Rights.** We may cancel a Residency Agreement after it has been accepted only for just cause, as set forth in the Residency Agreement. Just cause shall exist if (i) the Resident does not comply with the terms of the Residency Agreement including payment of fees; (ii) the Resident fails to comply with the reasonable published operating procedures, covenants, rules, regulations or policies established for Residents of the Community; (i) there is a change in Resident's health status or behavior which constitutes a substantial threat to the health or safety of the Resident, other Residents, or others or would result in the physical damage of property; and/or (iv) the Resident is not capable of living in a Residence in the Community with or without in home services.

Ardenwoods is not licensed to provide long-term licensed skilled nursing care, therefore a Resident requiring such care will be required to relocate.

Before canceling a Residency Agreement, we will give the Resident written notice of the reasons and will give the Resident 30 days to respond or correct the reason for cancellation. However, if it is determined that the 30 days is detrimental to the Resident or other Residents or staff of the Community, this waiting period will not be required. The terms defining the Community's cancellation rights can be found in Section 9 of the Residency Agreement.

4. **Tax Considerations.** Each person considering executing a Residency Agreement should consult with his or her tax advisor regarding any tax considerations associated with the Residency Agreement.

TRANSFERS TO ANOTHER ARDENWOODS RESIDENCE

Residents may determine that a transfer to another Residence may better meet their needs. A transfer policy has been developed to support aging in place and to meet the financial needs of the

Residents and Ardenwoods. If so desired, Residents who have already taken occupancy of a Residence at Ardenwoods may transfer to another available Residence in accordance with our then-current policy and practices. Any transfers to a new Residence are subject to management approval and will require an Amendment to a Resident's Residency Agreement. Based upon the repayable amount of the Resident's Entrance Payment under the Residency Agreement, a Resident desiring to transfer may be required to pay an additional Entrance Payment and Second Person Fee if the then-current Entrance Payment is higher than the repayable amount of the Entrance Payment. A resident may need to complete a new Confidential Data Application and meet Ardenwoods' financial qualifications to occupy the new Residence. A Refurbishment Fee to restore the condition of the previous Residence will be charged for each transfer. The Monthly Fee will also be adjusted to the then current Monthly Fee for the new Residence. All repayments of the Entrance Payment paid by the Resident (previous or new Residence) will be repaid upon cancellation and pursuant to the terms of the Residency Agreement.

MONTHLY FEE

On the earlier of the date the Resident moves into Ardenwoods, or within 90 days of the date of the Provider's approval of the Residency Agreement, the Resident is required to pay the Second Person Fee, if applicable, the one-time Working Capital Fee, make the Entrance Fee, and begin paying the Monthly Fee (due upon receipt of a billing statement), as explained in Section 6 of the Residency Agreement.

The amount of the Monthly Fee in effect at the time the Residency Agreement is executed will be clearly stated in the Residency Agreement. The total Monthly Fee is higher when a Second Person also shares a Residence. The Monthly Fee is adjusted upon 30 days' written notice to the Residents.

IV. Regulatory Matters

REGISTRATION

North Carolina law requires registration of Continuing Care facilities pursuant to an act to continue registration and disclosure by Continuing Care facilities, and to provide for financial evaluation of Continuing Care facilities (the "Act"). The Community is subject to the provisions of this Act and has received a license to provide Continuing Care thereunder. Pursuant to North Carolina General Statute ("G.S.") 58-64-20(a), the Community is required to deliver a Disclosure Statement to a prospective Resident upon the earlier of the execution of a Residency Agreement to provide Continuing Care or the transfer of any money or other property to the Community. Pursuant to G.S. 58-64-30(a), within 150 days following the end of each fiscal year, the Community is required to file with the Department of Insurance an annual Disclosure Statement, which includes updated financial information.

RESERVES

An Operating Reserve exists to ensure funds are available during periods of unforeseen financial need. North Carolina General Statute ("G.S.") 58-64-33 sets forth minimum operating reserve requirements. The GS requires an operating reserve in the amount of 25% of annual operating expenses, less depreciation and amortization, at an occupancy level of 90% or higher. The operating reserve requirement increases to 50% of annual operating expenses, less depreciation and amortization, when occupancy is below 90%. Such operating reserves may only be released upon approval by the North Carolina Commission of Insurance.

At December 31, 2022 the Company's occupancy was above 90 percent. The minimum required operating reserve for fiscal year 2022 was \$1,526,250. The amount of the operating reserve at December 31, 2022 was \$1,526,250. The 2023 minimum required operating reserve based on occupancy at December 31, 2022 was \$1,676,500.

Amounts deposited to the Operating Reserve may be invested in permitted investments consisting of certificates of deposit, United States Treasury obligations, or other investment obligations selected by us. The Operating Reserve Account is held at First Citizens, which will be investing the amounts deposited in accordance with instructions received from ThriveMore.

V. Financial

FINANCIAL STATEMENTS

Consolidated financial statements and supplementary information for ThriveMore dba Baptist Retirement Homes for the years ended September 30, 2022 and 2021 are found here.

2023 Interim Financial Statement for ThriveMore (year ending January 1, 2023) can be found in Exhibit D.

EXPLANATION OF MATERIAL DIFFERENCES

Pursuant to Section 58-64-30(a) of the North Carolina General Statutes, we are required to provide a narrative explaining any material differences between the previous forecasted financial statements and the actual results of operations. All differences between forecasted results and actual results of \$100,000 or more are deemed material and the Provider has provided an explanation of each line item herein.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2022 AND 2021



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**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Baptist Retirement Homes of North Carolina, Incorporated
Winston-Salem, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate (collectively, the Organization), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the results of its operations and changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 35 to 39 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 27, 2023

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,664,853	\$ 6,005,297
Accounts Receivable	5,264,664	2,231,841
Investments	43,411,607	57,358,235
Contributions Receivable	145,000	132,500
Prepaid Expenses and Other Assets	627,244	493,238
Total Current Assets	54,113,368	66,221,111
ASSETS LIMITED AS TO USE		
Internally Designated for Capital Development	690,018	1,996,546
Internally Designated for Statutory Operating Reserve	8,562,000	9,835,999
Total Assets Limited as to Use	9,252,018	11,832,545
INVESTMENTS AND OTHER ASSETS		
Assets in Split-Interest Agreements:		
Charitable Remainder Trusts	851,300	1,699,722
Beneficial Interest in Perpetual Trusts	6,418,459	8,162,766
Other Assets	15,000	15,000
Total Investments and Other Assets	7,284,759	9,877,488
PROPERTY AND EQUIPMENT, NET		
	53,109,828	46,217,182
Total Assets	\$ 123,759,973	\$ 134,148,326

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021**

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,789,597	\$ 1,746,599
Line of Credit	1,200,000	-
Accounts Payable	3,461,344	1,954,435
Accrued Expenses	661,997	280,504
Accrued Employee Compensation	697,898	989,858
Other Current Liabilities	84,487	101,324
Current Portion of Refundable Advance Fees	208,806	258,853
CARES Act - Provider Relief Funds	-	141,349
Total Current Liabilities	8,104,129	5,472,922
LONG-TERM DEBT, LESS CURRENT MATURITIES	25,823,400	27,578,668
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	16,277,037	13,041,051
Refundable Advance Fees on Occupied Units, Net of Current Portion	4,875,157	2,039,239
Total Deferred Revenue and Other Liabilities	21,152,194	15,080,290
Total Liabilities	55,079,723	48,131,880
NET ASSETS		
Without Donor Restrictions	45,988,656	57,806,233
With Donor Restrictions	22,691,594	28,210,213
Total Net Assets	68,680,250	86,016,446
Total Liabilities and Net Assets	\$ 123,759,973	\$ 134,148,326

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
REVENUES, GAINS, AND OTHER SUPPORT		
Resident Service Revenue, including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$2,418,587 in 2022 and \$2,010,377 in 2021	\$ 33,147,048	\$ 25,259,943
Gifts, Including Gifts from Churches and Special Offerings	429,775	332,923
Income from Grants	337,100	305,097
Income from Estates and Trusts	82,736	113,956
Investment Income and Realized Gains	6,959,614	3,119,158
Contributions - Paycheck Protection Program	-	2,273,300
CARES Act- Provider Relief Fund Revenue	168,613	937,270
Net Assets Released from Restrictions	806,429	964,812
Other	654,875	464,939
Total Revenues, Gains, and Other Support	42,586,190	33,771,398
OPERATING EXPENSES		
Resident Care	18,523,885	13,328,867
Dietary	3,630,347	2,905,441
Maintenance and Housekeeping	5,658,094	4,630,935
General and Administrative	5,025,807	5,373,447
Depreciation	4,322,994	3,557,794
Interest	936,405	996,928
Total Operating Expenses	38,097,532	30,793,412
OPERATING INCOME	4,488,658	2,977,986
NONOPERATING INCOME (LOSS)		
Unrealized Loss on Investments	(16,649,245)	5,578,561
Total Nonoperating Income (Loss)	(16,649,245)	5,578,561
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(12,160,587)	8,556,547
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Transfers to Net Assets With Donor Restrictions	-	(266,834)
Net Assets Released from Restrictions for Property and Equipment	343,010	848,698
Total Other Changes in Net Assets Without Donor Restrictions	343,010	581,864
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(11,817,577)	9,138,411
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	417,111	185,457
Transfers from Net Assets Without Donor Restrictions	-	266,834
Investment Income	-	893,602
Change in Value of Charitable Remainder Trusts	(848,422)	(34,682)
Unrealized Gain (Loss) on Investments	(1,932,059)	1,173,122
Change in Value of Beneficial Interest in Perpetual Trusts	(2,005,810)	1,105,859
Net Assets Released from Restrictions	(1,149,439)	(1,813,510)
Increase (Decrease) in Net Assets With Donor Restrictions	(5,518,619)	1,776,682
INCREASE (DECREASE) IN NET ASSETS	(17,336,196)	10,915,093
Net Assets - Beginning of Year	86,016,446	75,101,353
NET ASSETS - END OF YEAR	\$ 68,680,250	\$ 86,016,446

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (17,336,196)	\$ 10,915,093
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,322,994	3,557,794
Unrealized Losses (Gains) on Investments	18,581,304	(6,751,683)
Change in Value of Charitable Remainder Trusts	849,018	34,682
Change in Value of Beneficial Interest in Perpetual Trusts	2,005,810	(1,105,859)
Endowment Contributions	(261,505)	-
Amortization of Deferred Revenue from Advance Fees	(2,418,587)	(2,010,377)
Amortization of Deferred Costs	40,818	25,694
Bad Debt Expense	489,956	97,266
Advance Fees Received	9,338,920	4,512,199
Advance Fees Refunded	(898,476)	(632,497)
Realized Gains on Investments	(4,946,286)	(2,486,940)
Gain on Disposal of Asset	(23,036)	(12,500)
(Increase) Decrease in Assets:		
Accounts Receivable	(3,522,779)	(640,705)
Contributions Receivable	(12,500)	-
Prepaid Expenses and Other Current Assets	(134,006)	(60,375)
Increase (Decrease) in Liabilities:		
Accounts Payable, Accrued Expenses, Accrued Compensation, and Other Current Liabilities	351,925	769,869
CARES Act - Provider Relief Funds	(141,349)	(795,921)
Proceeds from Refundable Advance	-	(2,273,300)
Net Cash Provided by Operating Activities	<u>6,286,025</u>	<u>3,142,440</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	4,442,090	(504,114)
Net Change of Assets Limited as to Use	(2,580,527)	731,592
Purchases of Property and Equipment	(9,964,924)	(5,332,104)
Proceeds from Sale of Property and Equipment	-	12,499
Net Cash Used by Investing Activities	<u>(8,103,361)</u>	<u>(5,092,127)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	(1,753,088)	(1,684,094)
Proceeds from Line of Credit	1,200,000	-
Endowment Contributions	261,505	-
Net Cash Used by Financing Activities	<u>(291,583)</u>	<u>(1,684,094)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,108,919)	(3,633,781)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>8,129,315</u>	<u>11,763,096</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 6,020,396</u>	<u>\$ 8,129,315</u>

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Cash and Cash Equivalents	\$ 4,664,853	\$ 6,005,297
Restricted Cash and Cash Equivalents Included in Assets Limited as to Use	1,355,543	2,124,018
Total Cash, Cash Equivalents, and Restricted Cash	\$ 6,020,396	\$ 8,129,315
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 944,858	\$ 1,000,462
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchases of Equipment included in Accounts Payable	\$ 1,227,680	\$ 768,814

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Baptist Retirement Homes of North Carolina, Incorporated (Homes) is a church-related nonprofit corporation organized under the laws of the state of North Carolina. The trustees of the Homes are nominated and elected by the board. The Homes has a historical relationship with the Baptist State Convention of North Carolina. Subsequent to year end, the Homes went through a rebranding effort and is now doing business as ThriveMore.

The Baptist Retirement Homes Foundation (the Foundation) was established primarily to raise funds for the benevolent ministries of the Homes.

The board of directors of the Foundation is elected by the board of trustees of the Homes.

Homes owns, maintains, and operates facilities throughout North Carolina for the purpose of providing for the care of older adults. The facilities consist of independent living homes and apartments, with freestanding and combination facilities that include assisted living residences, memory-care residences, and skilled nursing care rooms. Homes receives direct support from North Carolina Baptist churches, special church offerings, grants from foundations and through gifts and bequests from individuals and businesses to assist with capital projects and the benevolent ministries of the Homes.

Principles of Consolidation

The consolidated financial statements include the accounts of the Homes and the Foundation (collectively, the Organization). All material related party balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization classifies its funds for accounting and reporting purposes as either with or without donor restrictions:

Net Assets Without Donor Restrictions

Resources of the Organization that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.

Net Assets With Donor Restrictions

Resources that carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified for which the restrictions are satisfied by the passage of time or by actions of the Organization. These resources may also include amounts restricted by the donor in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets. As restrictions are met, the contributions are released from net assets with donor restrictions and are transferred to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less from the date of acquisition, which are not included in investments.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance, which approximates fair value as of September 30, 2022 and 2021. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. The Organization provides an allowance for uncollectible accounts using management's judgment. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be uncollectible are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts.

Contributions and Support

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their future cash flows. Contributions receivable was approximately \$145,000 and \$133,000 at September 30, 2022 and 2021, respectively.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Contributions and Support (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated balance sheets. The Organization received no advance payments for the year ended September 30, 2022 and 2021.

Assets Limited as to Use

Assets limited as to use include amounts set aside to meet the operating reserve requirements of NC General Statute Chapter 58, Article 64 and amounts internally designated for future capital development. The board retains control over amounts held for future capital expenditures and may, at its discretion, subsequently use them for other purposes. The statutory operating reserve balance can only be released upon the submittal of a detailed request and approval of the Commissioner of the North Carolina Department of Insurance.

Investments

Investments in debt and equity securities are measured at fair value based on quoted market prices. In determining realized gains and losses, the cost of investments is determined using the first-in, first-out method. Donated investments are recorded at fair value at the date of gift.

The Organization's investments are classified as trading securities. The investments are managed by brokers who actively buy and sell investments within the Organization's Investment Policy Statement. As trading securities, the investments are not subject to other than temporary impairment as the unrealized gains and losses on the investments are shown above the performance indicator of increase in net assets without donor restrictions on the consolidated statements of activities and changes in net assets.

Assets in Split-Interest Agreements

The Organization is a beneficiary to several irrevocable split-interest agreements. These split-interest agreements are categorized as charitable remainder trusts and beneficial interests in perpetual trusts, both of which are included in net assets with donor restrictions. Assets in split-interest agreements are stated at fair value net of discounted future contractual payment obligations.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Deferred Financing Costs

Deferred financing costs represent expenses incurred in connection with the permanent financing of the Homes and are deferred and amortized over the life of the related indebtedness using the straight-line method, which approximates the effective interest method. Deferred financing costs are net of accumulated amortization. Amortization expense was approximately \$41,000 and \$26,000 for the years ended September 30, 2022 and 2021, respectively, and is included as a component of interest expense on the consolidated statements of activities and changes in net assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at market value at the date of contribution. All items with a cost over \$2,000 and an estimated useful life of 2 years or more are capitalized. Depreciation is computed over the estimated useful lives of the related assets, ranging from 3 to 31.5 years, using the straight-line method. All additions are depreciated beginning on the date of acquisition.

Homes periodically assesses 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.

Homes 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, Homes reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenue from Advance Fees

Advance fees paid by a resident, net of the estimated portion that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. Advance fees are refundable pro-rata over the first 24 or 60 months of residency depending on the contract type.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

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 advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income (obligation to provide future services and use of facilities). There was no liability recognized at September 30, 2022 and 2021. The discount rate used in calculating the present value of the net cost of future services was 8.02% and 4.00% for 2022 and 2021, respectively, and was based on the expected long-term rate of return on governmental obligations.

Resident Service Revenue

Resident service revenue is reported at the estimated net realizable amounts due from residents and patients, third-party payors, and others for services rendered, including 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 cost report years are no longer subject to such audits, reviews and investigations.

Excess (Deficit) of Revenues Over (Under) Expenses

The consolidated statements of activities and changes in net assets include excess (deficit) of revenues over (under) expenses. Changes in net assets without donor restrictions, that are included in excess (deficit) of revenues over (under) expenses, consistent with industry practice, include unrealized gains and losses on investments in trading securities. Changes that are excluded include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets), transfers of net assets, and net assets released from restrictions for property and equipment.

Income Taxes

The Homes and the Foundation are nonprofit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

The Homes and the Foundation file as tax-exempt organizations. Management is not aware of any activities that would jeopardize the tax-exempt status of the Homes or the Foundation. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for the Homes or the Foundation.

The Homes and the Foundation follow guidance in the income tax standard regarding recognition and measurement of uncertain tax positions. The application of the standard has had no impact on the Homes' or the Foundation's consolidated financial statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Functional Expenses

The costs of program, management and general, and fundraising activities have been summarized on a functional basis in Note 12. Expenses not associated with a specific functional classification are allocated to program services, support services, and fundraising based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Assets valued using Level 2 inputs include charitable remainder trusts, gift annuity funds, and real estate investment trusts. Assets valued using Level 3 inputs include beneficial interests in perpetual trusts.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. The Organization may elect to measure newly acquired financial instruments at fair value in the future.

Risks and Uncertainties

The Organization holds investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments, either positively or negatively, will continue to occur in the near term and those changes could materially affect the Organization's investment and net asset balances and the amounts reported in the consolidated balance sheets of the Organization.

Upcoming Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02 – *Leases*, which adds ASC 842 and updates various other sections throughout the ASC. The standard attempts to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet while disclosing relevant information regarding leasing arrangements. The ASU is currently effective for the Organization for the year ending September 30, 2023. Management does not believe this standard will have a material impact on the consolidated financial statements.

Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

Subsequent Events

All the effects of subsequent events that provide additional evidence about conditions that existed at the consolidated financial statements date, including the estimates inherent in the process of preparing the consolidated financial statements, are recognized in the consolidated financial statements. The Organization does not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated financial statements date but arose after, but before the consolidated financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the consolidated financial statements from being misleading.

The Organization has evaluated its subsequent events through February 27, 2023, the date the consolidated financial statements were available to be issued.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS

Assets limited as to use at September 30 are summarized in the following table. Assets limited as to use are stated at fair value.

	<u>2022</u>	<u>2021</u>
Internally Designated for Capital Development:		
Cash and Cash Equivalents	\$ 690,018	\$ 1,996,546
Internally Designated for Statutory Operating Reserve:		
Cash and Cash Equivalents	665,525	127,472
Mutual Funds, Equities	7,221,501	6,765,160
Mutual Funds, Bonds	525,951	1,469,259
Equity Securities	-	1,474,014
Real Estate Investment Trusts	<u>149,023</u>	<u>94</u>
Total	<u>8,562,000</u>	<u>9,835,999</u>
Total Assets Limited as to Use	<u>\$ 9,252,018</u>	<u>\$ 11,832,545</u>

Two of Homes' facilities are required by NC General Statute Chapter 58, Article 64 to fund an operating reserve account. The operating reserve must be an amount at least equal to 25% or 50% (depending on occupancy) of the forecasted operating expenses (net of depreciation and amortization) of the proceeding year, plus annual debt service. The operating reserve requirement for Brookridge Retirement Community was approximately \$6,519,000 and \$6,112,000 as of September 30, 2022 and 2021, respectively. The operating reserve requirement for The Gardens of Taylor Glen was approximately \$2,043,000 and \$3,724,000 as of September 30, 2022 and 2021, respectively.

Other investments, stated at fair value, at September 30 include:

	<u>2022</u>	<u>2021</u>
Other Investments:		
Cash and Cash Equivalents	\$ 562,251	\$ 10
Mutual Funds, Equities	29,165,968	36,455,956
Mutual Funds, Bonds and Government Bond Funds	12,804,717	16,208,663
Equity Securities	716,696	4,691,845
Real Estate Investment Trusts	<u>161,975</u>	<u>1,761</u>
Total	<u>\$ 43,411,607</u>	<u>\$ 57,358,235</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS (CONTINUED)

Investment income and unrealized and realized gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30:

	2022	2021
Investment Income and Realized and Unrealized Gains:		
Interest and Dividend Income	\$ 2,013,328	\$ 1,525,820
Net Realized Gains on Sales of Securities	4,946,286	2,486,940
Total	\$ 6,959,614	\$ 4,012,760
Unrealized Loss on Investments	\$ (18,581,304)	\$ 6,751,683

The Organization has assessed the classification of its investments and determined the investments should be classified as trading securities. The investments are managed by two different investment brokers who have the ability to buy and sell investments within the parameters set forth by the Organization's investment policies. The brokers are not expressly limited to any number of transactions they can execute to achieve investment goals. Due to this, the investments are classified as trading securities. As trading securities, the investments are not subject to other-than-temporary impairment.

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS

The irrevocable split-interest agreements in which the Organization has a beneficial interest are categorized as follows:

Charitable Remainder Trusts

A charitable remainder trust provides for payments to the grantor or other designated beneficiaries over the trust's term. The terms of most of the charitable remainder trusts which name the Organization as a remainder beneficiary are the lifetimes of the respective distribution recipients. At the end of the respective trust's terms, the remaining assets in which Homes has an interest will be distributed to the Organization.

Upon receipt of a beneficial interest in a charitable remainder trust, the present value of such interest is recorded as contribution revenue. The annual change in the present value of the beneficial interest is recorded as a change in value of charitable remainder trusts on the consolidated statements of activities and changes in net assets. Such valuations are based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculations were 4.02% and 1.52% for the fiscal years 2022 and 2021, respectively.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS (CONTINUED)

Beneficial Interest in Perpetual Trust

Beneficial interest in perpetual trusts represents assets held in trust and administered by a third party, from which the Organization has the irrevocable right to receive a share of income from the trust's assets in perpetuity. These assets are stated at the fair value of the Organization's share of trust assets, which is an approximation of the present value of the estimated future distributions from this trust.

Upon receipt of an irrevocable interest in the income of a perpetual trust administered by a third party, the Organization records the fair value of estimated future distributions from the trust as permanently restricted contribution revenue. Over the term of the perpetual trust, income distributions to the Organization are included in investment income. Annual changes in the fair value of trust assets are recorded as permanently restricted gains or losses on the consolidated statements of activities and changes in net assets. Such valuations are based on estimated mortality rates and other assumptions that could change in the near term.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land and Land Improvements	\$ 7,045,638	\$ 7,045,638
Buildings and Improvements	102,633,796	94,298,010
Furniture, Fixtures, and Equipment	5,194,303	5,496,817
Vehicles	<u>726,648</u>	<u>865,811</u>
Total	115,600,385	107,706,276
Less: Accumulated Depreciation	<u>67,768,141</u>	<u>64,768,624</u>
Total	47,832,244	42,937,652
Construction in Progress	<u>5,277,584</u>	<u>3,279,530</u>
Total Property and Equipment	<u><u>\$ 53,109,828</u></u>	<u><u>\$ 46,217,182</u></u>

Construction in progress as of September 30, 2022 and 2021 related mainly to renovations at the Taylor Glen and Brookridge locations.

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NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following at September 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Term Loan at 3.22%, Maturing in 2035	\$ 17,793,751	\$ 18,900,584
Term Loan at 3.22%, Maturing in 2035	<u>10,127,361</u>	<u>10,758,491</u>
Total	27,921,112	29,659,075
Less: Current Maturities	1,789,597	1,746,599
Less: Unamortized Deferred Financing Costs	<u>308,115</u>	<u>333,808</u>
Long-Term Debt, Net	<u>\$ 25,823,400</u>	<u>\$ 27,578,668</u>

In 2013, the Organization entered into a Term Loan Agreement for \$34,650,000 to refinance the remaining balances on the Organization's North Carolina Medical Care Commission term bonds. During the year ended September 30, 2020 the Organization refinanced this loan and recognized a loss on the early extinguishment of debt of approximately \$258,000 related to the write-off of unamortized deferred financing costs. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$142,416. The refinanced term loan carries an interest rate of 3.22%.

In 2012, the Organization entered into a Construction and Permanent Loan Agreement to finance construction and renovations at Brookridge Retirement Community with a maximum borrowing of \$16,500,000. Interest only was due and payable for the first 12 months under the agreement and then principal and interest based on the bank's amortization schedule. On October 25, 2014, the Loan Agreement was finalized upon the completion of the construction project to adjust the principal and interest payments based on the actual borrowings. During the year ended September 30, 2020, the Organization refinanced this loan and recognized a loss on the early extinguishment of debt of approximately \$274,000 related to the write-off of unamortized deferred financing costs. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$81,065. The refinanced term loan carries an interest rate of 3.22%.

Security for the debt agreements consist of a pledge and assignment to the lender of all rights, title, interest in and first priority deeds of trust on all property of Brookridge and The Gardens of Taylor Glen.

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NOTE 5 LONG-TERM DEBT (CONTINUED)

The debt agreements contain certain payments and covenants, which include the maintenance of a long-term debt service coverage ratio, cash-to-debt ratio and restricts, among other things, incurrence of indebtedness, existence of liens on property, consolidations and mergers, disposition of assets and changes in members of the obligated group. At September 30, 2022 and 2021, management believes the Organization is in compliance with these requirements.

Aggregate maturities required on long-term debt as of September 30, 2022 are due in future years as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 1,789,597
2024	1,869,540
2025	1,930,636
2026	1,993,728
2027	2,058,882
Thereafter	<u>18,278,729</u>
Total	<u><u>\$ 27,921,112</u></u>

NOTE 6 DEFERRED REVENUE FROM ADVANCE FEES AND REFUNDABLE ADVANCES

The Gardens of Taylor Glen and Brookridge Retirement Community offers contract options to new residents on a 90%, 50%, and 0% refundable basis.

At September 30, 2022 and 2021, the portion of advance fees subject to refund provisions was approximately \$5,084,000 and \$2,298,000, respectively. The amount expected to be refunded to current residents within the next year, based on the Organization's experience, is approximately \$209,000.

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NOTE 7 RESIDENT SERVICE REVENUE

Resident service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or housing residents receiving services in the facilities. The Organization considers daily services provided to residents of the skilled nursing facilities, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations have a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

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NOTE 7 RESIDENT SERVICE REVENUE (CONTINUED)

Agreements with third-party payors typically provide for payments at amounts less than the established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities were paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and met the coverage guidelines for skilled nursing facility services. The PPS was a per diem price-based system. CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduces variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Medicaid

The Organization's licensed nursing facilities participate in the Medicaid program which is administered by the North Carolina Division of Health Benefits. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined per diem rates as defined for each Medicaid provider in North Carolina. Annual cost report filings are required for Medicaid providers, which include the completion of the North Carolina Division of Health Benefit's supplemental schedules. For Continuing Care Retirement Facilities, the Supplemental Schedules do not contain a cost settlement.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Approximately 12% and 9% of the Homes' resident service revenue for the years ended September 30, 2022 and 2021, respectively, was derived from Medicare. Approximately 13% of Homes' resident service revenue for the years ended September 30, 2022 and 2021, was derived from Medicaid.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTE 7 RESIDENT SERVICE REVENUE (CONTINUED)

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2022 or 2021.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2022 and 2021. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized.

A summary of resident service revenue for the years ended September 30 is as follows:

	<u>2022</u>	<u>2021</u>
Gross Resident Service Charges	\$ 35,342,904	\$ 25,513,996
Contractual Adjustments and Benevolent Care	<u>(4,614,443)</u>	<u>(2,264,430)</u>
Resident Service Charges	30,728,461	23,249,566
Amortization of Deferred Revenue	<u>2,418,587</u>	<u>2,010,377</u>
Total	<u>\$ 33,147,048</u>	<u>\$ 25,259,943</u>

The Organization maintains records, and the board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. These include reduced rates for Medicare, Medicaid, and other governmental programs. The charges foregone, based on established rates, were approximately \$3,098,000 and \$1,327,000 during the years ended September 30, 2022 and 2021, respectively.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTE 7 RESIDENT SERVICE REVENUE (CONTINUED)

The Organization has estimated the costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculated a ratio by comparing the charges foregone to total operating revenue and applying this ratio to expenses to estimate the costs of providing benevolent assistance. Using this methodology, the Organization has estimated the costs for services under the Organization's benevolent assistance policy to be approximately \$1,420,000 and \$1,035,000 for the years ended September 30, 2022 and 2021, respectively. In addition, the amount of direct benevolent assistance provided by Homes was approximately \$1,517,000 and \$937,000 during the years ended September 30, 2022 and 2021, respectively.

The total foregone charges and direct benevolent assistance totaled approximately \$4,614,000 and \$2,264,000 during the years ended September 30, 2022 and 2021, respectively.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue from Advanced Fees
Balance as of October 1, 2020	\$ 1,688,402	\$ 12,244,548
Balance as of September 30, 2021	2,231,841	13,041,051
Balance as of September 30, 2022	5,264,664	16,277,037

NOTE 8 RETIREMENT PLAN

The Organization has a defined contribution annuity plan (the Plan) with Guidestone Financial Resources. The Plan has a contributory feature and participation in the Plan is optional at the election of the employees. To qualify for the employer matching contribution, employees must have been employed with the Organization for two years and must contribute 3% of their compensation to the Plan. Employer contributions to the Plan are made after each pay period at an amount equal to 100% match of the first 3% of employees' contributions and a 50% match of the next 2% contributed by employees. Employer contributions to the Plan were approximately \$147,000 and \$146,000 for the years ended September 30, 2022 and 2021, respectively.

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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisting of contributions restricted as to purpose, the passage of time, or in perpetuity consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Restricted for Purpose:		
Charitable Remainder Trusts	\$ 851,301	\$ 1,699,722
Geneva Stroupe Support	166,645	205,417
Employee Benefit Account	8,906	12,656
New Residential Development	3,947,907	5,625,191
Taylor House Benevolence and Operating Support	4,401,841	5,574,234
Medicine from the Heart	44,354	78,046
Life at Home	<u>158,824</u>	<u>158,824</u>
Total Restricted for Purpose	9,579,778	13,354,090
Restricted in Perpetuity:		
Beneficial Interest in Perpetual Trusts	6,418,459	8,162,766
Endowments	<u>6,693,357</u>	<u>6,693,357</u>
Total Restricted in Perpetuity	13,111,816	14,856,123
Total Net Assets With Donor Restrictions	<u>\$ 22,691,594</u>	<u>\$ 28,210,213</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and/or by occurrence of other events specified by donors.

	<u>2022</u>	<u>2021</u>
New Residential Development	\$ 343,010	\$ 848,698
Taylor House Benevolence and Operating Support	750,429	929,717
Medicine from the Heart	56,000	35,000
Life at Home	-	95
Total	<u>\$ 1,149,439</u>	<u>\$ 1,813,510</u>

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NOTE 10 ENDOWMENT FUNDS

Interpretation of Relevant Law

The state of North Carolina adopted the North Carolina Prudent Management of Institutional Funds Act (the Act). The board of trustees of the Organization has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, restricted in perpetuity, (1) the original value of gifts donated to the permanent endowment and (2) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted Endowment Fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted for purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

Funds with Deficiencies

It is the Organization's policy to maintain the corpus amounts of each individual donor-restricted endowment fund received. If the fair value of assets associated with individual donor-restricted endowment funds were to fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration, in accordance with GAAP, then such deficiencies would be reported in net assets with donor restrictions.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standards to minimize the risk of large losses.

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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Management targets a diversified asset allocation that meets the Organization's long-term rate of return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

At September 30, 2022 and 2021, the Organization had approximately \$13,112,000 and \$14,856,000 in net assets with donor restrictions-restricted in perpetuity, respectively. Of these respective totals, approximately \$6,418,000 and \$8,163,000 relates to split-interest agreements that are administered and managed by third parties as trustees at September 30, 2022 and 2021, respectively. The remaining \$6,693,000 of net assets restricted in perpetuity at September 30, 2022 and 2021, are managed by two different investment brokers within the Organization's Investment Policy Statement. The Organization had no board-designated endowment funds as of September 30, 2022 or 2021.

The following is the change in endowment net assets for the years ended September 30, 2022 and 2021:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, September 30, 2020	\$ -	\$ 146,374	\$ 6,693,357	\$ 6,839,731
Unrealized Gains on Investments	-	1,139,430	-	1,139,430
Contributions	-	-	-	-
Net Assets Released from Restrictions	-	(96,771)	-	(96,771)
Endowment Net Assets, September 30, 2021	-	1,189,033	6,693,357	7,882,390
Unrealized Loss on Investments	-	(1,885,693)	-	(1,885,693)
Transfers	-	1,505,143	-	1,505,143
Net Assets Released from Restrictions	-	-	-	-
Endowment Net Assets, September 30, 2022	<u>\$ -</u>	<u>\$ 808,483</u>	<u>\$ 6,693,357</u>	<u>\$ 7,501,840</u>

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NOTE 11 CONCENTRATIONS OF CREDIT RISK

The Organization maintains demand deposits with financial institutions, the balances of which exceed the federally insured amount. Included in demand deposits are Advance Fee Escrow Accounts, which are mandated by State Statute. The Organization has not experienced any loss as a result of these holdings.

The Organization accepts residents based on strict financial verifications of assets, which become part of their residency contracts. No Medicare or Medicaid residents are accepted without approval from federal, state and/or county agencies.

The mix of accounts receivable from residents and third-party payors at September 30 was as follows:

	<u>2022</u>	<u>2021</u>
Medicare	22 %	24 %
Medicaid	11	13
Other Third-Party Payers	55	52
Self-Pay	12	11
Total	<u>100 %</u>	<u>100 %</u>

NOTE 12 FUNCTIONAL EXPENSES

The functional classification of expenses for the years ended September 30, 2022 and 2021 consist of the following:

	<u>2022</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 12,583,687	\$ 3,009,880	\$ 102,074	\$ 15,695,641
Benefits	1,598,903	485,214	20,415	2,104,532
Advertising	4,023	425,301	-	429,324
Insurance	-	491,565	-	491,565
Professional Services	6,431,432	559,076	-	6,990,508
Dues and Subscriptions	16,300	54,592	-	70,892
Occupancy	1,096,629	115,705	-	1,212,334
Meals and Entertainment	1,202,447	39,604	-	1,242,051
Interest	936,405	-	-	936,405
IT	-	301,975	-	301,975
Travel	5,099	53,730	-	58,829
Medical Supplies	490,030	-	-	490,030
Supplies	817,112	345,417	-	1,162,529
Pharmaceuticals	52,470	-	-	52,470
Equipment	79,916	23,242	-	103,158
Maintenance and Repair	1,070,828	130,706	-	1,201,534
Depreciation and Amortization	4,311,061	11,933	-	4,322,994
Development	61,909	54,382	46,961	163,252
Other	173,827	386,916	16,810	577,553
Bad Debt	489,956	-	-	489,956
Total	<u>\$ 31,422,034</u>	<u>\$ 6,489,238</u>	<u>\$ 186,260</u>	<u>\$ 38,097,532</u>

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NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)

	2021			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 11,009,650	\$ 2,523,857	\$ 90,277	\$ 13,623,784
Benefits	1,629,974	324,154	18,055	1,972,183
Advertising	767	421,382	-	422,149
Insurance	-	423,827	-	423,827
Professional Services	3,145,068	252,392	-	3,397,460
Dues and Subscriptions	291	42,043	-	42,334
Occupancy	1,030,344	137,529	-	1,167,873
Meals and Entertainment	933,436	28,887	-	962,323
Interest	996,928	-	-	996,928
IT	-	235,279	-	235,279
Travel	950	22,631	-	23,581
Medical Supplies	344,853	-	-	344,853
Supplies	277,102	723,845	-	1,000,947
Pharmaceuticals	49,998	-	-	49,998
Equipment	51,908	25,252	-	77,160
Maintenance and Repair	769,823	78,796	-	848,619
Depreciation and Amortization	3,546,003	11,791	-	3,557,794
Development	54,465	46,733	60,531	161,729
Other	185,177	1,181,058	21,090	1,387,325
Bad Debt	97,266	-	-	97,266
Total	<u>\$ 24,124,003</u>	<u>\$ 6,479,456</u>	<u>\$ 189,953</u>	<u>\$ 30,793,412</u>

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Nature of Organization and Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the consolidated balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of September 30, 2022 and 2021:

	Assets at Fair Value as of September 30, 2022			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments and Assets Limited as to Use:				
Mutual Funds				
Equities	\$ 36,387,469	\$ -	\$ -	\$ 36,387,469
Bonds	13,330,668	-	-	13,330,668
Equity Securities	716,696	-	-	716,696
Real Estate Investment Trusts	-	310,998	-	310,998
Total Investments	<u>50,434,833</u>	<u>310,998</u>	<u>-</u>	<u>50,745,831</u>
Charitable Remainder Trusts	-	824,095	-	824,095
Charitable Gift Annuities Fund	-	27,205	-	27,205
Beneficial Interest in Perpetual Trusts	-	-	6,418,459	6,418,459
Total	<u>\$ 50,434,833</u>	<u>\$ 1,162,298</u>	<u>\$ 6,418,459</u>	<u>\$ 58,015,590</u>

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

	Assets at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments and Assets Limited as to Use:				
Mutual Funds				
Equities	\$ 43,221,116	\$ -	\$ -	\$ 43,221,116
Bonds	17,677,922	-	-	17,677,922
Equity Securities	6,165,859			6,165,859
Real Estate Investment Trusts	-	1,855	-	1,855
Total Investments	67,064,897	1,855	-	67,066,752
Charitable Remainder Trusts	-	1,673,113	-	1,673,113
Charitable Gift Annuities Fund	-	26,609	-	26,609
Beneficial Interest in Perpetual Trusts	-	-	8,162,766	8,162,766
Total	<u>\$ 67,064,897</u>	<u>\$ 1,701,577</u>	<u>\$ 8,162,766</u>	<u>\$ 76,929,240</u>

The Organization had approximately \$1,918,000 and \$2,124,000 of cash and cash equivalents included with investments as of September 30, 2022 and 2021, respectively, which is not included in the fair value hierarchy.

Following is a description of the valuation methodologies used for assets measured at fair value subsequent to initial recognition. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation 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.

Mutual Funds and Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Other Various Investments

Bond securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the date of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. The remainder of investments included in this classification is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, or market price quotations (where observable) and are, therefore, categorized in Level 2 of the fair value hierarchy.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Perpetual Trusts

The value of Beneficial Interest in Perpetual Trusts represents an irrevocable right to receive distributions in perpetuity from a trust that is managed by a third-party. The Organization does not have variance power over the trust's portfolio. The value of Beneficial Interest in Perpetual Trusts uses a market approach and is estimated based on the fair value of the underlying investments held by the trust.

Beneficial Interest in Charitable Remainder Trusts

Valued using the income approach based on estimated mortality and discount rates. The discount rates used in the valuation calculations were 4.02% and 1.52% for fiscal years 2022 and 2021, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

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

Self-Insured Health Insurance

The Organization self-insures its employees' health plan. It has contracted with an administrative service company to supervise and administer the program and act as its representative. Provisions for expected future payments are accrued based on the Organization's experience and include amounts for claims filed and claims incurred but not reported. The Organization has stop loss insurance for excessive and unexpected health claims with an individual deductible of \$75,000 and an aggregate deductible of approximately \$1,137,000. The Organization reserved approximately \$171,000 and \$183,000 related to its self-insured health insurance at September 30, 2022 and 2021, respectively.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 15 LINES OF CREDIT

During the year ended September 30, 2020, the Organization obtained a revolving line of credit (LOC) with a maximum borrowing limit of \$800,000, which expired June 25, 2022. In 2022, the line of credit was extended to expire on April 5, 2024. Interest on the LOC is based upon the 30-Day Average Secured Overnight Financing Rate (SOFR) plus 1.90%, with a max of 18.00% and a floor of 2.00%. As of September 30, 2022, the interest rate on the LOC was 4.18%. As of September 30, 2022 and 2021, there were no outstanding balances.

During the year ended September 30, 2020, the Organization obtained an additional LOC with a maximum borrowing limit of \$2,000,000, which expired June 25, 2022. The line of credit was extended to expire on April 5, 2024 and the maximum borrowing limit was increased to \$5,000,000. Interest on the LOC is based upon SOFR plus 1.90%, with a max of 18.00% and a floor of 2.00%. As of September 30, 2022, the interest rate on the LOC was 4.18%. As of September 30, 2022, the balance on the LOC was \$1,200,000. As of September 30, 2021, there were no outstanding balances on the LOC.

NOTE 16 PROVIDER RELIEF FUNDS

As a result of the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Provider Relief Fund (PRF). During the years ended September 30, 2022 and 2021 the Organization received approximately \$27,000 and \$141,000, respectively. The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. As of September 30, 2022 and 2021, the Organization recognized approximately \$169,000 and \$937,000, respectively, as other operating revenue in the consolidated statement of activities. As of September 30, 2022, there were no balances recorded as a contract liability in the consolidated balance sheet. As of September 30, 2021, approximately \$141,000 is recorded as a contract liability in the consolidated balance sheet. Management believes the amounts have been recognized appropriately as of September 30, 2022 and 2021.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 17 REFUNDABLE ADVANCE

On April 23, 2020, the Organization received proceeds in the amount of \$2,273,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. In June 2021, the SBA granted formal forgiveness to the Organization related to its PPP Loan, and as such, the Organization has recognized \$2,273,300 as contribution revenue in the consolidated statement of activities for the year ended September 30, 2021. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 18 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating, capital, and benevolence needs. With a focus on maintaining adequate liquid funds to meet these needs, the Organization strives to maximize the return on the investment of its available funds, while adhering to the Investment Committee and Board Investment Policy Statement. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing care of its residents, campuses, and community outreach. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows, which identifies the sources and uses of the Organization's cash, reflects positive cash generated by operations.

The following table reflects the Organization's liquid financial assets as of September 30:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 4,664,853	\$ 6,005,297
Accounts Receivable	5,264,664	2,231,841
Investments	43,411,607	57,358,235
Contributions Receivable	145,000	132,500
Assets Limited as to Use:		
Internally Designated for Capital Development	690,018	1,996,546
Internally Designated for Statutory Operating Reserve	<u>8,562,000</u>	<u>9,835,999</u>
Total	<u>62,738,142</u>	<u>77,560,418</u>
Less: Net Assets with Donor Restrictions (Not Included in Charitable Remainder Trusts or Beneficial Interest in Perpetual Trusts)	<u>(15,421,834)</u>	<u>(18,347,725)</u>
Financial Assets Available to Meet Liquidity Needs	<u>\$ 47,316,308</u>	<u>\$ 59,212,693</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 19 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared COVID-19 a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Organization's results are dependent on the breadth and duration of the pandemic and could be affected by other factors currently unable to be predicted. These impacts may include, but are not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Baptist Retirement Homes of North Carolina, Incorporated
Winston-Salem, North Carolina

We have audited the consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of and for the year ended September 30, 2022, and our report thereon dated February 27, 2023, which contains an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 27, 2023

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2022**

ASSETS	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 3,424,293	\$ 1,240,560	\$ -	\$ 4,664,853
Accounts Receivable	5,264,664	-	-	5,264,664
Investments	9,598,340	33,813,267	-	43,411,607
Contributions Receivable	145,000	-	-	145,000
Prepaid Expenses and Other Assets	622,244	5,000	-	627,244
Due from Foundation	2,255,142	-	(2,255,142)	-
Total Current Assets	<u>21,309,683</u>	<u>35,058,827</u>	<u>(2,255,142)</u>	<u>54,113,368</u>
ASSETS LIMITED AS TO USE				
Internally Designated for Capital Development	690,018	-	-	690,018
Internally Designated for Statutory Operating Reserve	8,562,000	-	-	8,562,000
Total Assets Limited as to Use	<u>9,252,018</u>	<u>-</u>	<u>-</u>	<u>9,252,018</u>
INVESTMENTS AND OTHER ASSETS				
Assets in Split-Interest Agreements:				
Charitable Remainder Trusts	824,095	27,205	-	851,300
Beneficial Interest in Perpetual Trust	4,507,302	1,911,157	-	6,418,459
Other Assets	15,000	-	-	15,000
Total Investments and Other Assets	<u>5,346,397</u>	<u>1,938,362</u>	<u>-</u>	<u>7,284,759</u>
PROPERTY AND EQUIPMENT, NET	<u>51,989,136</u>	<u>1,120,692</u>	<u>-</u>	<u>53,109,828</u>
 Total Assets	 <u>\$ 87,897,234</u>	 <u>\$ 38,117,881</u>	 <u>\$ (2,255,142)</u>	 <u>\$ 123,759,973</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2022**

LIABILITIES AND NET ASSETS	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 1,789,597	\$ -	\$ -	\$ 1,789,597
Line of Credit	1,200,000	-	-	1,200,000
Accounts Payable	3,456,178	5,166	-	3,461,344
Accrued Expenses	661,997	-	-	661,997
Accrued Employee Compensation	697,898	-	-	697,898
Due to Obligated Group	-	2,255,142	(2,255,142)	-
Other Current Liabilities	84,487	-	-	84,487
Current Portion of Refundable Advance Fees	208,806	-	-	208,806
CARES Act - Provider Relief Funds	-	-	-	-
Total Current Liabilities	<u>8,098,963</u>	<u>2,260,308</u>	<u>(2,255,142)</u>	<u>8,104,129</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	25,823,400	-	-	25,823,400
DEFERRED REVENUE AND OTHER LIABILITIES				
Deferred Revenue from Advance Fees	16,277,037	-	-	16,277,037
Refundable Advance Fees on Occupied Units, Net of Current Portion	4,875,157	-	-	4,875,157
Total Deferred Revenue and Other Liabilities	<u>21,152,194</u>	<u>-</u>	<u>-</u>	<u>21,152,194</u>
 Total Liabilities	 55,074,557	 2,260,308	 (2,255,142)	 55,079,723
NET ASSETS				
Without Donor Restrictions	24,155,728	21,832,928	-	45,988,656
With Donor Restrictions	8,666,949	14,024,645	-	22,691,594
Total Net Assets	<u>32,822,677</u>	<u>35,857,573</u>	<u>-</u>	<u>68,680,250</u>
 Total Liabilities and Net Assets	 <u>\$ 87,897,234</u>	 <u>\$ 38,117,881</u>	 <u>\$ (2,255,142)</u>	 <u>\$ 123,759,973</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Service Revenue, Including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$2,418,587	\$ 33,147,048	\$ -	\$ -	\$ 33,147,048
Gifts, including Gifts from Churches and Special Offerings	414,772	15,003	-	429,775
Income from Grants	337,100	-	-	337,100
Income from Estates and Trusts	82,002	734	-	82,736
Investment Income and Realized Gains	2,983,503	3,976,111	-	6,959,614
Contributions- Paycheck Protection Program	-	-	-	-
CARES Act- Provider Relief Fund Revenue	168,613	-	-	168,613
Net Assets Released from Restrictions	246,509	559,920	-	806,429
Other	520,214	134,661	-	654,875
Total Revenues, Gains, and Other Support	<u>37,899,761</u>	<u>4,686,429</u>	<u>-</u>	<u>42,586,190</u>
OPERATING EXPENSES				
Resident Care	18,523,885	-	-	18,523,885
Dietary	3,630,347	-	-	3,630,347
Maintenance and Housekeeping	5,658,094	-	-	5,658,094
General and Administrative	4,675,461	350,346	-	5,025,807
Depreciation	4,311,061	11,933	-	4,322,994
Interest	936,405	-	-	936,405
Total Operating Expenses	<u>37,735,253</u>	<u>362,279</u>	<u>-</u>	<u>38,097,532</u>
OPERATING INCOME	164,508	4,324,150	-	4,488,658
NONOPERATING LOSS				
Unrealized Loss on Investments	<u>(5,420,150)</u>	<u>(11,229,095)</u>	<u>-</u>	<u>(16,649,245)</u>
DEFICIT OF REVENUES OVER EXPENSES	(5,255,642)	(6,904,945)	-	(12,160,587)
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Transfers to Net Assets with Donor Restrictions	(757,745)	757,745	-	-
Net Assets Released from Restrictions for Property and Equipment	-	343,010	-	343,010
Total Other Changes in Net Assets Without Donor Restrictions	<u>(757,745)</u>	<u>1,100,755</u>	<u>-</u>	<u>343,010</u>
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,013,387)	(5,804,190)	-	(11,817,577)

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	\$ 417,111	\$ -	\$ -	\$ 417,111
Transfers from Net Assets Without Donor Restrictions	757,745	(757,745)	-	-
Investment Income	-	-	-	-
Change in Value of Charitable Remainder Trusts	(849,018)	596	-	(848,422)
Change in Unrealized Loss on Investments	(312,303)	(1,619,756)	-	(1,932,059)
Change in Value of Beneficial Interest in Perpetual Trusts	(1,446,472)	(559,338)	-	(2,005,810)
Net Assets Released from Restrictions	(246,509)	(902,930)	-	(1,149,439)
Decrease in Temporarily Restricted Net Assets	<u>(1,679,446)</u>	<u>(3,839,173)</u>	<u>-</u>	<u>(5,518,619)</u>
DECREASE IN NET ASSETS	(7,692,833)	(9,643,363)	-	(17,336,196)
Net Assets - Beginning of Year	<u>40,515,510</u>	<u>45,500,936</u>	<u>-</u>	<u>86,016,446</u>
NET ASSETS - END OF YEAR	<u><u>\$ 32,822,677</u></u>	<u><u>\$ 35,857,573</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 68,680,250</u></u>

**Financial Data –
Actual Compared to
Forecasted**

Notes to the Comparison of Actual Net Income Results to Forecasted Projected

For the Statement of Operations, any variances greater than 5% and \$619,000 (.5% of assets) are highlighted on the comparison and explained below. For the Balance Sheet and Statement of Cash Flows, any variances greater than 5% and \$1,238,000 (1% of assets) are highlighted on the comparison and explained below.

Statement of Operations

- A. Actual Investment Income and Realized Gains was \$5.56M or 397% above the forecast. The variance was primarily due to market volatility and repositioning to address the market volatility during the year.
- B. Net Assets Released from Restrictions are not included in the forecast due to their unpredictable nature.
- C. Resident Care was \$2.56M or 16% above the forecast due to increased FTEs to meet the increased occupancy, increased wages to attract and retain quality staff and contract labor to address staffing shortages.
- D. Maintenance and Housekeeping was \$669k or 14% above the forecast due to increased FTEs to meet the increased occupancy, increased wages to attract and retain quality staff and contract labor to address staffing shortages.
- E. General and administrative was \$944k or 16% below the forecast due to restructuring and lower than anticipated property taxes.
- F. Depreciation was \$770k or 22% above the forecast due to increased investment in property and equipment.
- G. Because the market is not predictable, these investment line items are not included in the forecast.

Balance Sheet

- H. Cash and Cash equivalents was \$5.26M or 53% below the forecast primarily due the purchases of property and equipment and increase in accounts receivable.
- I. Accounts Receivable was \$2.89M or 121% above the forecast due to a software conversion that delayed billing and the increase in occupancy and revenues.
- J. Actual investments were \$11.7M or 21% below the forecast. Actual market performance was much worse than forecasted.
- K. Internally designated for capital development was 1.3M or 65% below the forecast due to releases for ongoing capital development associated with the Taylor Glen and Brookridge master plans.
- L. Beneficial interest in perpetual trust was \$1.74M or 21% below the forecast due to poor market performance.
- M. Actual accounts payable was \$2.26M or 187% above forecast due to the amount of renovations and capital projects related to the increased investment in property and equipment.
- N. Actual deferred revenue from advance fees was \$2.16M or 15% above the forecast due to higher than forecasted net entrance fees received.

- O. Refundable advance fees on occupied units, net of current portion was \$1.66M or 52% above the forecast due to deposits on units under renovations.
- P. Actual net assets were lower than forecast due to investment performance and higher than forecast expenses.

Statement of Cash Flows

- Q. Investment performances are not typically forecasted as the market is not predictable and we have limited control on outcomes.
- R. Advance fees received was \$4.3M or 85% above the forecast due to higher than expected entrance fees per the unit mix and contract type assumptions used in the forecast.
- S. Actual net change of assets who are limited \$3.9M or 303% below the forecast due market performance.
- T. Actual purchases of property and equipment was \$5.7m or 133% above the forecast due to the actual volume of renovations and equipment purchases that occurred during the fiscal year.

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Statements of Operations and Changes in Net Assets
FYE 9/30/2022 (In Thousands of Dollars)

	2022 Actual (Audited)	2022 Forecasted	Variance	%	
Revenues, gains and other support:					
Net resident service revenue, including amortization of deferred revenue from nonrefundable advance fees of \$2,418,587 in 2022	\$ 33,147	\$ 33,312	\$ (165)	-0.5%	
Gifts, including gifts from churches and special day offerings	430	278	152	54.7%	
Income from Grants	337	315	22	0.06984127	
Income from Estates and Trusts	83	405	(322)	-79.5%	
Investment Income and Realized Gains	6,960	1,400	5,560	397.1%	A
CARES ACT - Provider Relief Fund Revenue	169	141	28	19.9%	
Net Assets Released from Restrictions	806	-	806	N/A	B
Other	654	68	586	861.8%	
Total revenues, gains and other support	42,586	35,919	6,667	18.6%	
Operating expenses:					
Resident care	18,524	15,966	(2,558)	-16.0%	C
Dietary	3,630	3,726	96	2.6%	
Maintenance & Housekeeping	5,658	4,959	(699)	-14.1%	D
General & administrative	5,026	5,970	944	15.8%	E
Depreciation	4,323	3,553	(770)	-21.7%	F
Interest	936	954	18	1.9%	
Total operating expenses	38,097	35,128	(2,969)	-8.5%	
Operating Income	4,489	791	3,698	467.5%	
Nonoperating Income					
Unrealized Gains (Losses) on Investments	(16,649)	-	(16,649)	N/A	G
Total Nonoperating income	(16,649)	-	(16,649)	N/A	
Excess (Deficit) of Revenues Over Expenses and Increase (Decrease) in Unrestricted Net Assets	(12,160)	791	(12,951)	-1637.3%	
Other Changes in Net Assets Without Donor Restriction					
Transfers to Net Assets With Donor Restriction	-	-	-	N/A	
Net Assets Released from Restrictions for Property and Equipment	343	-	343	N/A	
Total Other Changes in Net Assets Without Donor Restrictions	343	-	343	N/A	
Changes in Net Assets with Donor Restrictions					
Contributions	417	-	417	N/A	
Change in Value of Charitable Remainder Trusts	(848)	-	(848)	N/A	G
Change in Unrealized Gains(Losses) on Investments	(1,932)	-	(1,932)	N/A	G
Change in Value of Beneficial Interest in Perpetual Trusts	(2,006)	-	(2,006)	N/A	G
Net Assets Released from Restrictions	(1,150)	-	(1,150)	N/A	B
Change in temporarily restricted net assets	(5,519)	-	(5,519)	#DIV/0!	
Change in net assets	(17,336)	791	(18,470)	-2335.02%	

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Balance Sheet
FYE 9/30/2022 (In Thousands of Dollars)

	2022 Actual (Audited)	2022 Forecasted	Variance	%	
Assets					
Current Assets					
Cash and Cash Equivalents	4,665	9,927	(5,262)	-53.0%	H
Accounts receivable, net	5,264	2,378	2,886	121.4%	I
Investments	43,412	55,110	(11,698)	-21.2%	J
Contributions receivable	145	183	(38)	-20.8%	
Prepaid expenses and other current assets	627	559	68	12.2%	
Total Current Assets	54,113	68,157	(14,044)	-20.6%	
Assets whose Use is Limited, Net					
Internally designated for capital development	690	1,997	(1,307)	-65.4%	K
Internally designated for statutory operating reserve	8,562	8,562	-	0.0%	
Total assets limited to use	9,252	10,559	(1,307)	-12.4%	
Investments, Deferred Costs and Other Assets					
Assets in split-interest agreements:					
Charitable remainder trusts	851	1,700	(849)	-49.9%	
Beneficial interest in perpetual trust	6,419	8,163	(1,744)	-21.4%	L
Other assets	15	15	-	0.0%	
	7,285	9,878	(2,593)	-26.3%	
Property and equipment, Net	53,110	46,934	6,176	13.2%	
Total assets	123,760	135,528	(11,768)	-8.7%	
Liabilities and Net Assets					
Current Liabilities					
Current maturities of long-term debt	1,790	1,810	(20)	-1.1%	
Line of Credit	1,200	-	1,200	#DIV/0!	
Accounts payable	3,461	1,203	2,258	187.7%	M
Accrued expenses	662	419	243	58.0%	
Accrued employee compensation	698	1,818	(1,120)	-61.6%	
Other current liabilities	84	84	-	0.0%	
Current portion of refundable advance fees	209	259	(50)	-19.3%	
Total current liabilities	8,104	5,593	2,511	44.9%	
Long-Term Debt, Less Current Maturities	25,823	25,788	35	0.1%	
Deferred Revenue and Other Liabilities					
Deferred revenue from advance fees	16,277	14,122	2,155	15.3%	N
Refundable advance fees on occupied units, net of current portion	4,875	3,218	1,657	51.5%	O
Total Deferred Revenue and Other Liabilities	21,152	17,340	3,812	22.0%	
Total liabilities	55,079	48,721	6,358	13.0%	
Net Assets					
Net Assets Without Donor Restrictions	45,988	58,597	(12,609)	-21.5%	P
Net Assets With Donor Restrictions	22,692	28,210	(5,518)	-19.6%	P
Total net assets	68,680	86,807	(18,127)	-20.9%	
Total liabilities and net assets	123,759	135,528	(11,769)	-8.7%	

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

STATEMENT OF CASH FLOWS
FYE 09/30/2022 (In Thousands of Dollars)

	2022 Actual (Audited)	2022 Forecasted	Variance	%	
Cash Flows From Operating Activities					
Increase (decrease) in net assets	\$ (17,336)	\$ 791	\$ (18,127)	-2291.7%	
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				N/A	
Depreciation	4,323	3,553	770	21.7%	
Loss on extinguishment of debt	-	-	-	N/A	
Unrealized gains on investments	18,581	-	18,581	N/A	Q
Change in value of charitable remainder trusts	849	-	849	N/A	
Change in value of beneficial interest in perpetual trusts	2,006	-	2,006	N/A	Q
Endowment Contributions	(262)		(262)	N/A	
Amortization of deferred revenue from advance fees	(2,419)	(2,443)	24	-1.0%	
Amortization of deferred costs and bond discount	41	25	16	64.0%	
Bad debt expense	490		490	N/A	
Advance fees received	9,339	5,060	4,279	84.6%	R
Advance fees refunded	(898)	(369)	(529)	143.4%	
Realized Gains on Investments	(4,946)	-	(4,946)	N/A	Q
(Gain) Loss on Disposal of Assets	(23)	-	(23)	N/A	
Contributions restricted for long-term purposes	-	-	-	N/A	
Change in assets and liabilities:				N/A	
(Increase) decrease in Assets:				N/A	
Accounts receivable	(3,522)	(146)	(3,376)	2312.3%	I
Contributions receivable	(13)	(50)	37	-74.0%	
Prepaid expenses and other current assets	(134)	(66)	(68)	103.0%	
Accounts payable, accrued expenses, accrued compensation, and other current liabilities	351	209	142	67.9%	
CARES Act - Provider Relief Fund	(141)	(141)	-	0.0%	
Net cash provided by operating activities	6,286	6,423	(137)	-2.1%	
Cash Flows From Investing Activities					
Net change in investments	4,442	2,248	2,194	97.6%	Q
Net change of assets whose use is limited	(2,580)	1,274	(3,854)	-302.5%	S
Purchase of property and equipment	(9,965)	(4,270)	(5,695)	133.4%	T
Net cash provided in investing activities	(8,103)	(748)	(7,355)	983.3%	
Cash Flows From Financing Activities					
Payments of long-term debt	(1,753)	(1,753)	-	0.0%	
Proceeds from Line of Credit	1,200		1,200	N/A	
Endowment Contributions	262		262	N/A	
Net cash used in financing activities	(291)	(1,753)	1,462	-83.4%	
Net increase in cash and cash equivalents	(2,108)	3,922	(6,030)	-153.7%	
Cash and cash equivalents:					
Beginning	8,129	8,129	-	0.0%	
Ending	\$ 6,021	\$ 12,051	\$ (6,030)	-50.0%	

Pro-Forma Financial Statements

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED DBA THRIVEMORE
AND ITS CONSOLIDATED AFFILIATE**

**PROJECTED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
AND SUPPLEMENTAL PROJECTED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDING
SEPTEMBER 30, 2023 THROUGH SEPTEMBER 30, 2027**



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Officers and Trustees
Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore
Winston-Salem, North Carolina

Management is responsible for the accompanying projected consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore and its consolidated affiliate (the "Organization"), which comprise the projected consolidated balance sheets as of September 30, 2023, 2024, 2025, 2026 and 2027, and the related projected consolidated statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection 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 projected consolidated financial statements 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 these projected consolidated financial statements or the assumptions. Furthermore, even if the Organization is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 5 (the "Hypothetical Assumptions"), the projected results may not be achieved as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying supplementary information beginning on page 37 is presented for purposes of additional analysis and is not a required part of the consolidated projection. Such information is the responsibility of Management. 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, or provide any assurance on such information.

The accompanying projection information and this report are intended solely for the information and use of management, the Board of Trustees, and the North Carolina Department of Insurance (pursuant to the requirement of North Carolina General Statutes, Chapter 58, Article 64 and is included in the Organization's disclosure statement filing) and is not intended to be and should not be used, by anyone other than these specified parties.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Charlotte, North Carolina
September 14, 2023

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
REVENUES, GAINS, AND OTHER SUPPORT					
Resident Service Revenue	\$ 33,611	\$ 34,102	\$ 35,929	\$ 37,110	\$ 38,123
Net Resident Service Revenue - At Home Program	-	67	231	428	632
Amortization of Deferred Revenue from Nonrefundable Advance Fees	2,831	3,347	3,561	3,625	3,580
Amortization of Deferred Revenue from Nonrefundable Advance Fees - At Home Program	-	108	257	413	574
Gifts, Including Gifts from Churches and Special Day Offerings	469	769	777	785	792
Income from Estates and Trusts	415	419	424	428	432
Investment Income	2,228	2,396	2,439	2,567	2,709
Net Assets Released from Restrictions	-	-	-	-	-
Other	166	501	514	526	383
Other - At Home Program	-	3	11	26	48
Total Revenues, Gains, and Other Support	39,720	41,712	44,143	45,908	47,273
OPERATING EXPENSES					
Health Care	17,133	18,186	19,099	19,731	20,312
Dietary	4,309	3,593	3,786	3,915	4,030
Maintenance and Housekeeping	6,093	5,205	5,487	5,674	5,840
Laundry	358	194	201	208	214
General and Administrative	6,653	6,283	6,607	6,830	7,030
At Home Program	200	404	609	698	921
Depreciation	4,488	5,644	5,736	5,817	5,900
Amortization of Goodwill	147	1,758	1,758	1,758	1,758
Interest Expense	993	1,810	1,735	1,654	1,568
Total Expenses	40,374	43,077	45,018	46,285	47,573
OPERATING LOSS	(654)	(1,365)	(875)	(377)	(300)
NON-OPERATING INCOME (LOSS)					
Gain (Loss) on Disposal	8,972	-	-	-	-
Accreted Interest	(103)	(618)	(618)	(618)	(618)
Total Non-Operating Income (Loss)	8,869	(618)	(618)	(618)	(618)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
	8,216	(1,983)	(1,493)	(995)	(918)
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	8,216	(1,983)	(1,493)	(995)	(918)
Change in Net Assets with Donor Restrictions	-	-	-	-	-
Increase (Decrease) in Net Assets	8,216	(1,983)	(1,493)	(995)	(918)
Net Assets - Beginning of Year	68,678	76,894	74,911	73,418	72,423
Net Assets - End of Year	\$ 76,894	\$ 74,911	\$ 73,418	\$ 72,423	\$ 71,505

See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountants' Compilation Report

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase (Decrease) in Net Assets	\$ 8,216	\$ (1,983)	\$ (1,493)	\$ (995)	\$ (918)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	4,488	5,644	5,736	5,817	5,900
(Gain) Loss on Sale of Property	(8,972)	-	-	-	-
Amortization of Goodwill	147	1,758	1,758	1,758	1,758
Amortization of Deferred Revenue from Advance Fees	(2,831)	(3,347)	(3,561)	(3,625)	(3,580)
Amortization of Deferred Revenue from Nonrefundable Advance Fees - At Home Program	-	(108)	(257)	(413)	(574)
Amortization of Deferred Issuance Costs	44	61	61	61	61
Accreted Interest	103	618	618	618	618
Advance Fees Received	4,138	6,855	7,122	7,622	7,572
Advance Fees Refunded	(1,012)	(3,238)	(3,382)	(3,482)	(3,587)
Advance Fees Received, Net - At Home Program	-	1,298	1,800	1,871	1,945
(Increase) Decrease in Current Assets					
Accounts Receivable	1,474	509	(198)	(122)	(76)
Contributions Receivable	(49)	28	(10)	(5)	(3)
Prepaid Expenses and Other Current Assets	(9)	55	(33)	(22)	(23)
Increase (Decrease) in Current Liabilities					
Accounts Payable	(1,133)	(142)	119	85	84
Accrued Expenses	(156)	67	34	26	29
Accrued Employee Compensation	732	(288)	66	42	38
Net Cash Provided by Operating Activities	5,179	7,787	8,380	9,236	9,244
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in Investments	9,971	(1,314)	316	(7,000)	(636)
(Increase) Decrease in Assets Limited as to Use	(7,734)	988	(1,549)	2,669	(1,725)
Acquisition of Arden Woods	(21,875)	-	-	-	-
Net Proceeds from Sale of Property	12,925	-	-	-	-
Change in Note Receivable - Western	(2,500)	-	-	2,500	-
Acquisition of Property and Equipment	(7,354)	(4,594)	(3,948)	(3,962)	(3,726)
Net Cash Used in Investing Activities	(16,567)	(4,920)	(5,181)	(5,793)	(6,087)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(1,810)	(1,982)	(2,218)	(2,299)	(2,383)
Proceeds from Issuance of Long-Term Debt	15,071	-	-	-	-
Payment of Financing Costs	(500)	-	-	-	-
Initial Entrance Fees	-	-	-	-	-
Payments to the Line of Credit	(1,200)	-	-	-	-
Net Cash Provided (Used in) Investing Activities	11,561	(1,982)	(2,218)	(2,299)	(2,383)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	173	885	981	1,144	774
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,665	4,838	5,723	6,704	7,848
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 4,838	\$ 5,723	\$ 6,704	\$ 7,848	\$ 8,622
Cash and Cash Equivalents	\$ 4,838	\$ 5,723	\$ 6,704	\$ 7,848	\$ 8,622
Total Cash, Cash Equivalents, and Restricted Cash	\$ 4,838	\$ 5,723	\$ 6,704	\$ 7,848	\$ 8,622
Supplementary Disclosure: Cash Paid for Interest Paid, Net of Capitalized Interest	\$ 949	\$ 1,730	\$ 1,653	\$ 1,572	\$ 1,488

See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountants' Compilation Report

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
PROJECTED CONSOLIDATED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
AT SEPTEMBER 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 4,838	\$ 5,723	\$ 6,704	\$ 7,848	\$ 8,622
Accounts Receivable, Net	3,791	3,282	3,480	3,602	3,678
Investments	33,441	34,755	34,439	41,439	42,075
Contributions Receivable	194	166	176	181	184
Prepaid Expenses and Other Assets	662	607	640	662	685
Total Current Assets	42,926	44,533	45,439	53,732	55,244
ASSETS LIMITED AS TO USE					
Internally Designated for Capital Development	690	690	690	690	690
Internally Designated for Statutory Operating Reserve	12,796	11,808	12,357	8,688	8,913
Internally Designated - AtHome Program	-	-	1,000	2,000	3,500
Internally Designated for Working Capital	1,500	1,500	1,500	1,500	1,500
Internally Designated for Capital Expenditures	2,000	2,000	2,000	2,000	2,000
Total Assets Limited as to Use	16,986	15,998	17,547	14,878	16,603
INVESTMENTS AND OTHER ASSETS					
Investments Under Split-Interest Agreements:					
Charitable Remainder Trusts	851	851	851	851	851
Beneficial Interest in Perpetual Trust	6,418	6,418	6,418	6,418	6,418
Note Receivable - Western	2,500	2,500	2,500	-	-
Other Assets	15	15	15	15	15
Total Investments and Other Assets	9,784	9,784	9,784	7,284	7,284
PROPERTY AND EQUIPMENT, NET	73,122	72,073	70,285	68,430	66,256
GOODWILL, NET OF ACCUMULATED AMORTIZATION	17,437	15,679	13,921	12,163	10,405
Total Assets	\$ 160,255	\$ 158,066	\$ 156,975	\$ 156,486	\$ 155,791
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 1,982	\$ 2,218	\$ 2,299	\$ 2,383	\$ 2,468
Accounts Payable	2,328	2,186	2,305	2,390	2,474
Accrued Expenses	542	609	643	669	698
Accrued Employee Compensation	1,430	1,142	1,208	1,250	1,288
Other Current Liabilities	84	84	84	84	84
Current Portion of Refundable Advance Fees	210	210	210	210	210
Total Current Liabilities	6,576	6,449	6,749	6,986	7,222
LONG-TERM DEBT, LESS CURRENT MATURITIES, NET OF ISSUANCE COSTS	38,436	36,279	34,041	31,719	29,312
DEFERRED REVENUE AND OTHER LIABILITIES					
Deferred Revenue from Advance Fees	18,708	18,613	18,410	18,467	18,421
Refundable Advance Fees On Occupied Units, Net of Current Portion	19,641	20,624	21,624	22,700	23,769
Deferred Revenue from Advance Fees - At Home Program	-	1,190	2,733	4,191	5,562
Refundable Advance Fees On Occupied Units, Net of Current Portion - At Home Program	-	-	-	-	-
Total Deferred Revenue and Other Liabilities	38,349	40,427	42,767	45,358	47,752
Total Liabilities	83,361	83,155	83,557	84,063	84,286
NET ASSETS					
Net Assets Without Donor Restrictions	51,632	49,649	48,156	47,161	46,243
Net Assets With Donor Restrictions	25,262	25,262	25,262	25,262	25,262
Total Net Assets	76,894	74,911	73,418	72,423	71,505
Total Liabilities and Net Assets	\$ 160,255	\$ 158,066	\$ 156,975	\$ 156,486	\$ 155,791

See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION

Basis of Presentation

This financial projection presents, to the best of management's knowledge and belief, the Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore (the "Homes") and its consolidated affiliate, Baptist Retirement Homes Foundation (the "Foundation") (collectively, the "Organization"), expected consolidated balance sheets, statements of operations and changes in net assets and cash flows as of September 30, 2023, 2024, 2025, 2026 and 2027 (the "Projection Period") and for each of the years then ending. As used herein, management of the Organization is referred to as "Management."

Accordingly, the projection reflects Management's judgment as of September 14, 2023, the date of this projection, of the expected conditions and its expected course of action during the Projection Period. The financial projection is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the projection or are key factors upon which the financial results of the Organization depend.

There will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. Management does not intend to revise this projection to reflect changes in present circumstances or the occurrence of unanticipated events.

A projection is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be a "Hypothetical Assumption" as defined by the American Institute of Certified Public Accountants' *Guide for Prospective Financial Information*. A Hypothetical Assumption is defined as follows: "An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation."

Management has prepared its financial projection with the following Hypothetical Assumptions:

- Management is able to achieve the operating revenue inflationary rate increases and operating expense inflationary increases as projected;
- Management is able to achieve projected occupancies, operating revenue, and entrance fee receipts as a result of increased marketing efforts, capital improvements, and strategic initiatives of the Homes;
- Management is able to market and achieve the projected fill-up of the "ThriveMore at Home Program" or "TMAHP", as defined hereinafter, as projected;
- Adequate demand exists to support TMAHP utilization and staffing;
- The TMAHP is able to achieve the pricing, entrance fee plan selection and service plan selection mix, as projected;
- Management operates the TMAHP, as projected;
- Management is able to achieve the sale of Western North Carolina Baptist Home ("Western") and the acquisition of Ardenwoods at the timing and under the terms projected;
- Management is able to finance the portion of the Ardenwoods acquisition that is not funded by equity; and
- Management is able to achieve projected occupancies, operating revenue and expenses, and entrance fee receipts for Ardenwoods.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

Background of the Organization

Homes is a church-related, not-for-profit corporation organized under the laws of the state of North Carolina. Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore is governed by a Board of Trustees (the "Board"). The Board of Trustees nominates and elects its own members, each serving a four-year term.

The Foundation was established primarily to raise funds for the benevolent ministries of the Homes.

The board members of the Foundation are appointed by and serve at the pleasure of the Board of Trustees of Homes.

Homes owns, maintains, and operates facilities throughout North Carolina for the purpose of providing for the care of older adults. The facilities consist of independent living homes and apartments, and freestanding and combination facilities that include assisted living residences and skilled and intermediate nursing care rooms. Homes receives direct support from North Carolina Baptist churches, special church offerings, grants from foundations and through gifts and bequests from individuals and businesses to assist with capital projects and the benevolent ministries of the Homes.

Principles of Consolidation

The projected consolidated financial statements include the accounts of the Homes and the Foundation. All material related party balances and transactions have been eliminated in consolidation.

The Homes' Facilities

Brookridge Retirement Community: Brookridge Retirement Community ("Brookridge") is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in Winston-Salem, North Carolina. The community consists of 137 independent living units, 26 adult care home residences, 10 memory-enhanced residences, and a 77-unit nursing care center. Brookridge also contains the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, dining rooms, a cafe, beauty/barber shops, a convenience store, a mail area, parlors, pool and exercise area, a kitchen, and several areas for environmental services, maintenance and laundry. The facility originally opened in 1989, with additions made in 1998, 1999, 2001, 2006 and 2012-2014. The facility also underwent significant updating to its common areas in 2022 that was completed by October 2022.

The Gardens of Taylor Glen Retirement Community: The Gardens of Taylor Glen Retirement Community ("Gardens") is a continuing care retirement community that opened in November 2002. It is located on a 134-plus-acre tract of land located in Concord, North Carolina. The community consists of 130 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. The Gardens also incorporates the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a pond and walking paths, dining areas, beauty/barber shops, a convenience store, a mail area, parlors, a cafe, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance and laundry.

Taylor House: The Taylor House ("Taylor") is a licensed 30-bed adult care home residence located on a 3-acre tract of land on Palmer Street in Albemarle, North Carolina. It was opened for service to its first resident in 1953.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

Western North Carolina Baptist Home: The Western North Carolina Baptist Home is a combination facility with 50 licensed adult care home residences and 100 licensed nursing care beds located on a 22-acre tract of land on Richmond Hill in Asheville, North Carolina. It was opened for services to its first residents in April 1979. A 100-bed Medicare/Medicaid certified nursing care center (the Rickman Center) opened in February 1993. **Management has projected the sale of Western North Carolina Baptist Home to occur during September 2023.** Management has projected receiving net sales proceeds of approximately \$12,925,000, inclusive of a \$2,500,000 receivable due from the buyer and certain transaction costs. In accordance with the terms of the sale, Management has projected collection of this receivable in 2026. In addition, Management has projected a gain on disposal of Western Carolina of approximately \$8,972,000.

The following table shows the current unit configurations for each of the Homes' facilities as of October 1, 2022.

	Brookridge	Gardens	Taylor ⁽¹⁾	Western ⁽²⁾
Independent Living Units:				
Studio	11	-	-	-
One Bedroom	49	36	-	-
Two Bedroom	31	94	-	-
Garden Homes, Single Units	4	-	-	-
Garden Homes, Duplex	42	-	-	-
Total Independent Living Units	137	130	-	-
Assisted Living Units:				
Traditional Residence	26	12	28	46
Memory-Enhanced Residence	10	12	-	-
Total Assisted Living Units	36	24	28	46
Total Nursing Units	77	24	-	77
Total Units	250	178	28	123

Source: Management

Notes:

- 1) Taylor is licensed for 30 adult care home residences but is operating 28 adult care home residences.
- 2) Western is licensed for 50 adult care home residences but is operating 46 adult care home residences and is licensed for 100 nursing care beds but is operating 77 beds.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

Expansion Plans: ThriveMore at Home Program

In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the state to offer “continuing care services without lodging.” The Organization is seeking approval from the North Carolina Department of Insurance to offer its Without Walls Program (hereinafter the “ThriveMore at Home Program” or “TMAHP”) that will offer such services, as more fully described hereinafter.

The Organization desires to offer older adults of North Carolina a Continuing Care at Home program in addition to its current “brick and mortar” campuses. This will be a life care membership program for independent adults, without major health concerns, ages 62 and older who have expressed a desire to “age in place” in their own homes. Members will be covered by a comprehensive package of long-term care services designed to enable them to remain independent and live at home as their care needs increase.

See the disclosure statement for more information regarding the contractual components of the TMAHP and the actual contract for such services.

The core elements of the TMAHP are as follows:

- Eligible applicants will be independent with activities of daily living and without major health concerns at time of acceptance as well as able to demonstrate the financial ability to afford the program.
- Acceptance is based upon a review of the potential member’s medical records by the program’s Medical Advisor and a review of provided financial information by the Organization’s Chief Financial Officer.
- Upon acceptance, the person becomes a “Member” of the TMAHP and remains living in their current home. Members accept the ThriveMore at Home Services Agreement (the “TMAHP Agreement”, or “Agreement” for this Supplemental Disclosure section) providing them with support services as described in the Agreement and the ability to project and plan for the cost of future health care.
- Members do not reserve a residential unit on any campus nor are they planning to move to a campus in the immediate future.
- Members pay a TMAHP a “membership fee” (entrance fee) and agree to a TMAHP monthly service fee that covers the costs of support services and future access to long-term care services subject to the agreed upon Published Cost of Care described hereafter.
- If the member subsequently moves to an independent living residence in one of Baptist Retirement Homes campuses, a portion of the membership fee (fee less cost of care paid by program) they paid originally for the TMAHP will be applied to the entrance fee for the residence to which they are moving.
- Member’s individual needs and goals will be reviewed initially and updated on an annual basis and as needed from time to time.
- In-home services that might be needed over time may be provided either by the Organization, a Provider Preferred Vendor, or other area providers, and will be limited to the agreed upon pricing for such services at the Published Cost of Care. The Organization can not guarantee or make any assertions as to whether certain services could be obtained in different market areas.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

The TMAHP will offer five plan types based on an annual Published Cost of Care that will be provided by the Organization, without any lifetime maximum benefit as noted below:

Table 2
ThriveMore at Home Program
2023 Plan and Coverage Levels ⁽¹⁾

Type of Service	Diamond	Platinum	Gold	Silver	Bronze
Wellness / Coordination Support	100%	100%	100%	100%	100%
Residence-Based Services:					
Home Care Aides	100%	75%	50%	50%	0%
Companion / Homemaker	100%	75%	50%	50%	0%
Live-in Assistance	100%	75%	50%	50%	0%
In-Home Hospice	100%	75%	50%	50%	0%
Facility-Based Services:					
Assisted Living / Memory Care	100%	75%	50%	0%	0%
Skilled Nursing / Rehabilitation Services	100%	75%	50%	0%	0%
Inpatient Hospice	100%	75%	50%	0%	0%

Source: Management

Notes:

- (1) Maximum Daily Benefit Amount means the amount equal to the lesser of: (i) the actual fees, costs and charges to Member by the Provider for the services provided to Member in a day; and (ii) the maximum dollar amount limit of fees, costs and charges covered per day by the Provider as published by Provider from time to time ("Published Cost of Care") for services provided by Provider with both (i) and (ii) subject to the Member Plan (and corresponding percentages thereunder) selected by Member, including co-payments, deductibles and limitations, and subject to fees, costs and charges that are covered by any governmental payor program and/or insurance. The 2023 Published Cost of Care is \$374.

The plans provide the following benefits:

- Relationship with a Wellness Coordinator
 - Creation of individualized wellness plan with expressed goals
 - Coaching support to achieve goals of the wellness plan
 - Ready access to knowledgeable professionals to navigate health care systems
 - Monthly "check-in" to assess any needs and monitoring of agreed upon individualized wellness plan
- Access to Provider and Preferred Vendors for Home Health, Home Care and additional services to the extent available in a particular market area
- In-home safety assessment with attention to fall prevention and aging in place upon enrollment
- Access to the Organization's Medical Advisor
- Provision of educational opportunities addressing healthy aging and safety
- Provision of opportunities for social connection with other members

Revenue and expenses related to the TMAHP are reported separately on the projected consolidated financial statements for this projection, as is required by the North Carolina Department of Insurance.

The North Carolina Department of Insurance is currently reviewing the TMAHP program for approval.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

Ardenwoods Acquisition

Ardenwoods: The Ardenwoods community is located on approximately 48 acres in Arden, North Carolina at 2400 Appalachian Boulevard and provides a continuum of resident accommodations that currently include 96 independent living apartments and 48 assisted living units. The community includes two campuses that separately house the independent living units (the “Upper Campus”) and the assisted living units (the “Lower Campus”), and a main common area (the “Clubhouse”). **Management has projected the acquisition of Ardenwoods to occur during September 2023.**

The following table shows the current unit configurations for the Homes’ after the projected sale of Western and the projected acquisition of Ardenwoods.

Table 3
Unit Configuration
Before and After the Sale of Western North Carolina Baptist Home and the Ardenwoods Acquisition

	As of October 1, 2022:	Sale of Western	Acquisition of Ardenwoods	As of September 30, 2023:
Independent Living Units	267	-	96	363
Assisted Living Units	134	(46)	48	136
Skilled Nursing Beds ⁽¹⁾	178	(77)	-	101
Total Units / Beds	579	(123)	144	600

Source: Management

Notes:

- 1) Western is licensed for 50 adult care home residences but is operating 46 adult care home residences and is licensed for 100 nursing care beds but is operating 77 beds.

Summary of Significant Projection Assumptions and Accounting Policies

PLAN OF FINANCE – ARDENWOODS ACQUISITION

Management has assumed the following sources and uses of funds in preparing its financial projection based on information provided by Management and Herbert J. Sims & Co. (the “Underwriter”). A summary of the projected sources and uses of funds for the Organization’s financing is provided in the following table:

Table 4
Projected Sources and Uses of Funds
(In Thousands of Dollars)

Sources of Funds:		
2023 Note Payable	\$ 15,071	(1)
Equity Contribution	10,804	(2)
Total Sources of Funds	\$ 25,875	
Uses of Funds:		
Acquisition of Ardenwoods	\$ 21,875	(3)
Capital Improvement Fund	2,000	(4)
Working Capital Fund	1,500	(5)
Cost of Issuance	500	(6)
Total Uses of Funds	\$ 25,875	

Source: Management and Underwriter

Notes to Table 4:

- 1) The Organization’s Underwriter projected proceeds from the 2023 Notes Payable in the amount of \$15,071,000 are planned to be generated utilizing the following structure and terms: The 2023 Note Payable is projected to bear interest at a rate of 6.00 percent with monthly interest payments projected to begin on September 1, 2023 and monthly principal and interest payments projected to begin on May 1, 2024 through August 1, 2048.
- 2) The Organization intends to contribute equity of approximately \$10,804,000 towards the acquisition of Ardenwoods.
- 3) Represents the amount projected for the purchase of Ardenwoods.
- 4) Represents the amount projected to be used from proceeds from the 2023 Note Payable to established a capital improvement fund for Ardenwoods.
- 5) Represents the amount projected to be used from proceeds from the 2023 Note Payable to established a working capital fund for Ardenwoods.
- 6) Represents amounts projected to be used towards costs of issuance for the 2023 Note Payable.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization classifies its funds for accounting and reporting purposes as either without donor restrictions or with donor restrictions:

Net Assets without Donor Restrictions

Resources of the Organization that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.

Net Assets with Donor Restrictions

Included in net assets with donor restrictions are those resources that carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified for which the restrictions are satisfied by the passage of time or by actions of the Organization. As those restrictions are met, the contributions are released from net assets with donor restrictions and are transferred to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions. In addition, included in net assets under donor restrictions are those resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less from the date of acquisition which are not included in assets limited as to use or investments.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. The Organization provides an allowance for uncollectible accounts using management's judgment. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be uncollectible are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts.

Contributions and Support

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their present values. Conditional promises to give are not included as support until the conditions are substantially met.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated balance sheets. Management has not projected any contribution income from cost-reimbursable based grants during the Projection Period.

Assets Limited as to Use

Assets limited as to use include amounts set aside to meet the operating reserve requirements of North Carolina General Statute Chapter 58, Article 64. In addition, assets limited as to use include amounts held for future capital expenditures. The Board retains control over amounts held for future capital expenditures and may, at its discretion, subsequently use them for other purposes. The statutory operating reserve balance can only be released upon the submittal of a detailed request and approval of the Commissioner of the North Carolina Department of Insurance.

Investments

Investments in debt and equity securities are measured at fair value based on quoted market prices. In determining realized gains and losses, the cost of investments is determined using the first-in first-out method. Donated investments are reported at fair value at the date of receipt.

The Organization's investments are classified as trading securities. The investments are managed by brokers who actively buy and sell investments within the Organization's Investment Policy Statement. Investment income (including realized gains and losses on investments, interest, and dividends) is included in excess of revenues over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments, if any, are included in excess of revenues over expenses on the projected consolidated statement of operations and changes in net assets.

Assets in Split-Interest Agreements

The Organization is a beneficiary to several irrevocable split-interest agreements. These split-interest agreements are categorized as charitable remainder trusts and beneficial interests in perpetual trusts, both of which are included in net assets with donor restrictions. Charitable remainder trusts are stated at fair value net of discounted future contractual payment obligations. The value of beneficial interests in perpetual trusts represents an irrevocable right to receive distributions in perpetuity from a trust that is managed by a third-party. The Organization does not have variance power over the trust's portfolio. The value of beneficial interest in perpetual trusts uses a market approach and is estimated based on the fair value of the underlying investments held by the trust.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at market value at date of contribution. Property and equipment are capitalized if it has a cost over \$2,000 and an estimated useful life of at least 2 years. Depreciation is computed over the estimated useful lives of the related assets, ranging from 5 to 31.5 years, using the straight-line method. All additions are depreciated beginning on the date of acquisition.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 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, Homes reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Financing costs relative to the permanent financing of the Homes have been deferred and will be amortized over the term of the respective loans. Deferred financing costs are presented as a reduction of the related borrowings and the amortization is presented as a component of interest expense.

Deferred Revenue from Advance Fees

Advance fees paid by a resident, net of the estimated portion that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. Advance fees are refundable pro-rata over the first 24 or 60 months of residency depending on the contract type.

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 advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. Management has not projected any obligation to provide future services liability during the Projection Period.

Excess (Deficit) of Revenue Over Expenses

The projected consolidated statements of operations and changes in net assets include excess (deficit) of revenues over expenses. Changes in net assets without donor restrictions, that are included in excess (deficit) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments in trading securities. Changes that are excluded include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets), transfers of net assets, and net assets released from restrictions for property and equipment.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Resident and Health Care Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services, home health services, or housing residents receiving services in the facilities. The Organization considers daily services provided to residents of the skilled nursing facilities, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations have a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than the established charges. A summary of the payment arrangements with major third-party payors follows:

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Medicare

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities were paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and met the coverage guidelines for skilled nursing facility services. The PPS was a per diem price-based system. CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead use the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Medicaid

The Organization's licensed nursing facilities participate in the Medicaid program which is administered by the North Carolina Division of Health Benefits. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined per diem rates as defined for each Medicaid provider in North Carolina. Annual cost report filings are required for Medicaid providers, which include the completion of the North Carolina Division of Health Benefit's supplemental schedules. For Continuing Care Retirement Facilities, the Supplemental Schedules do not contain a cost settlement.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments are not projected by Management during the Projection Period. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized.

The Organization maintains records, and the board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. These include reduced rates for Medicare, Medicaid, and other governmental programs.

The Organization has estimated the costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculated a ratio by comparing the charges foregone to total operating revenue and applying this ratio to expenses to estimate the costs of providing benevolent assistance.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Income Taxes

Homes and Foundation are not-for-profit organizations that are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE

Revenue for the Organization is generated primarily from monthly service fees for the independent living units, amortization of entrance fees, and monthly service fees and per diem charges from the assisted living residents, nursing residents, and individuals receiving home health services.

Revenue for the independent living units is based on the monthly service fees assumed by Management to be charged to the residents and the assumed utilization of the independent living units. Health care revenues consist of funds generated from services provided to residents transferring from the independent living units, and those services provided to residents admitted directly to the Health Center.

Management's projected occupancy assumptions are presented in Table 5.

Health Center Free Days

At the date of occupancy, each resident whose residence is in independent living at Gardens or Brookridge, is granted 30 Health Center Free Days (Free Days). Free Days are non-transferable, must be used only as defined in the Resident Agreements and in Corporate policy, and have no value if not used. No new Free Days are granted after the resident moves to either assisted living or nursing, collectively the Health Center. Free Days will not be applied if the resident is receiving Medicare benefits.

For each day a resident occupies or holds an accommodation in the Health Center, whether or not that accommodation is the primary residence, Free Days will be credited until all such accumulated days are used. When Free Days are exhausted, the resident will be charged the private pay rate for their Health Center unit. While the resident uses Free Days, service fees continue based on the independent living residence from which the resident moved or transferred, and the resident will be charged for medicines, physician's services, and for supplies not normally included in the base fee for Health Center services.

The 30 Free Days benefit is not available for residents who were admitted directly to the Health Center and assisted living.

Projected Occupancy Levels

Projected occupancy for the Organization's independent living units is based upon the historical experience of Management as well as marketing efforts and strategies aimed at improving occupancy through a build-up of brand awareness of the Organization and upgrades to the product standards within the Organization.

Occupancy of the assisted living units and nursing beds are projected to be from transfers from independent living units, when available at the particular community, as well as direct admissions from the local market areas. Nursing bed occupancy for Gardens is based solely on internal transfers primarily from both independent living units and assisted living units. Projected resident transfers from independent living to assisted living or nursing have been provided by Management, and are based on the Organization's historical experience.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table shows projected occupancy for each of the Homes’ facilities for the Projection Period, as projected by Management based in part on the Organization’s historical experience and adjusted to give effect to a revamped marketing program, including additional market staff additions, that are expected to positively impact marketing and sales activities.

Table 5 Homes Projected Occupancy In The Years Ending September 30,					
	2023	2024	2025	2026	2027
Brookridge					
Independent Living Units	76.1%	80.8%	84.5%	89.8%	93.6%
Assisted Living Units	94.7%	94.3%	95.0%	95.0%	95.0%
Nursing Units	85.3%	89.9%	92.0%	92.0%	92.0%
Gardens:					
Independent Living Units	95.0%	95.0%	95.0%	95.0%	95.0%
Assisted Living Units	84.1%	86.9%	92.0%	94.0%	94.0%
Nursing Units	61.2%	73.8%	81.5%	85.0%	85.0%
Taylor:					
Assisted Living Units	77.9%	79.3%	80.0%	80.0%	80.0%
Western:					
Assisted Living Units ⁽¹⁾	81.4%	NA	NA	NA	NA
Nursing Units ⁽¹⁾	67.2%	NA	NA	NA	NA
Ardenwoods:					
Independent Living Units ⁽²⁾	88.7%	92.7%	92.7%	92.7%	92.7%
Assisted Living Units ⁽²⁾	91.7%	91.7%	91.7%	91.7%	91.7%

Source: Management

Notes:

- (1) The average occupancy presented above for Western reflect management’s average occupancy from October 1, 2022 through the assumed date of sale in September 2023.
- (2) The average occupancy presented above for Ardenwoods reflects management’s assumed average occupancy from the date of sale in September 2023 until the fiscal year ending on September 30, 2023.

The projected double occupancy percentages in the independent living units of Gardens, Brookridge, and Ardenwoods are approximately 34 percent, 24 percent, and 22 percent, respectively, based upon historical operating experience and the assumptions provided by Management.

ThriveMore at Home Program Fill Schedule

Projected usage of the TMAHP is based upon Management’s assumed fill schedule for the program.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table reflects Management’s anticipated fill schedule for the TMAHP, as well as the projected usage assumption. Management projects being able to offer this program to participants beginning in October 1, 2023.

Table 6
ThriveMore at Home Program
Projected Fill Schedule

Month	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2024	2024	2025	2025	2026	2026	2027	2027
	New	Cumulative	New	Cumulative	New	Cumulative	New	Cumulative
	Enrollees	Enrollees	Enrollees	Enrollees	Enrollees	Enrollees	Enrollees	Enrollees
October	1.5	1.5	2.0	18.0	2.0	40.0	2.0	62.0
November	1.5	3.0	2.0	20.0	2.0	42.0	2.0	64.0
December	1.5	4.5	2.0	22.0	2.0	44.0	2.0	66.0
January	1.5	6.0	2.0	24.0	2.0	46.0	2.0	68.0
February	1.5	7.5	2.0	26.0	2.0	48.0	2.0	70.0
March	1.5	9.0	2.0	28.0	2.0	50.0	2.0	72.0
April	1.5	10.5	2.0	30.0	2.0	52.0	2.0	74.0
May	1.5	12.0	2.0	32.0	2.0	54.0	2.0	76.0
June	1.5	13.5	2.0	34.0	2.0	56.0	2.0	78.0
July	1.5	15.0	2.0	36.0	2.0	58.0	2.0	80.0
August	1.5	16.5	2.0	38.0	2.0	60.0	2.0	82.0
September	1.5	18.0	2.0	40.0	2.0	62.0	2.0	84.0

Source: Management

Projected Entrance and Monthly Service Fees

The following tables summarize the entrance fees, monthly service fees and daily rates for the Organization’s facilities. Note that these fees became effective during fiscal year 2023.

Brookridge Retirement Community offers three options for entrance fee payments for residents living in the garden home units. The resident may choose between a traditional entrance fee plan (the “Standard Plan – 24 Month”), a Fifty Percent Refund Plan, and a Ninety Percent Refund Plan. The Standard Plan – 24 Month provides for a twenty-four-month amortization of the resident’s entrance fee, and after 24 months, no refund balance remains. The Fifty Percent Refund Plan provides for a fifty-percent refund of the entrance fee paid at admission and the Ninety Percent Refund Plan provides for a ninety percent refund of the entrance fee paid at admission.

The Gardens of Taylor Glen Retirement Community offers three options for entrance fee payments for residents. The traditional entrance fee plan (the “Standard Plan – 60 Month”) provides for a sixty-month amortization of the resident’s entrance fee, and after 60 months, no refund balance remains. The Gardens of Taylor Glen also offers the Fifty Percent Refund Plan and the Ninety Percent Refund Plan.

Ardenwoods offers one entrance fee payment for residents, a Ninety Percent Refund Plan. Under the Ardenwoods Ninety Percent Refund Plan, the resident is entitled to a refund of 90 percent upon (1) the termination of the residency agreement of vacancy of the independent living unit and transfer to an assisted living unit or (2) the earlier of reoccupancy of the independent living unit or 36 months from the date of termination of the residency agreement.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Management assumes that all units sold are under the Standard Refund Plan – 24 Month for Brookridge Retirement Community, the Standard Plan – 60 Month for The Gardens of Taylor Glen Retirement Community and the Ninety Percent Refundable Plan for Ardenwoods, based on historical experience.

The following table summarizes the monthly service fees and daily rates for those facilities that comprised the Homes as of October 1, 2022:

Table 7
Homes
Monthly Fees / Daily Fees - 2023

	Brookridge	Gardens	Taylor	Western
Independent Living Units (Monthly Rates):				
Single Rates:				
Studio	\$ 1,596	\$ -	\$ -	\$ -
One Bedroom	2,070	2,218	-	-
One Bedroom, Deluxe	2,555	2,563	-	-
Two Bedrooms	2,555	3,714	-	-
Two Bedrooms, Deluxe	3,216	4,105	-	-
Two Bedrooms, Classic	2,810	4,283	-	-
Two Bedroom, Combo	-	4,653	-	-
Garden Homes, Single Unit	3,066	-	-	-
Garden Homes, Duplex	2,922	-	-	-
Second Person Fees	890 - 1,014	842	-	-
Assisted Living Units (Monthly Rates):				
Large Room	\$ -	\$ -	\$ 3,362	\$ -
Regular Room	6,445	5,791	3,247	4,991
Regular Room, Entrance Fee	5,436	-	-	-
Suites	10,633	-	5,196	7,986
Suites, Entrance Fee	8,972	-	-	-
Memory-Enhanced Residence	8,033	7,457	-	-
Nursing Beds (Daily Rates):				
Semi-Private	\$ 326	\$ -	\$ -	\$ 324
Private	348	334	-	337

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

As previously noted, Management has projected all units sold under the Standard Refund Plan (Brookridge) and the Standard Plan (Gardens). The below table reflects those respective entrance fee pricings:

**Table 8
Homes
Entrance Fees – 2023**

	Brookridge	Gardens	Taylor	Western
Independent Living Units:				
Studio	\$ 43,446	\$ -	\$ -	\$ -
One Bedroom	68,758	91,129	-	-
One Bedroom, Deluxe	95,662	105,149	-	-
Two Bedrooms	95,662	139,242	-	-
Two Bedrooms, Deluxe	171,989	186,436	-	-
Two Bedrooms, Classic	103,791	226,138	-	-
Two Bedroom Combo	-	255,552	-	-
Garden Homes, Single Unit	188,615	-	-	-
Garden Homes, Duplex	150,250 - 156,892	-	-	-
Second Person Fees	15,000	-	-	-
Assisted Living Units:				
Large Room	\$ -	\$ -	\$ -	\$ -
Regular Room	-	30,300	-	-
Suites	-	-	-	-
Memory-Enhanced Residence	-	38,380	-	-
Nursing Beds:				
Semi-Private	\$ -	\$ -	\$ -	\$ -
Private	-	-	-	-

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table shows the current unit configurations, monthly fees and entrance fees for Ardenwoods.

Table 9
Ardenwoods
Unit Configuration, Monthly Fees and Entrance Fees

Unit Type	Number of Units / Beds	Square Footage	Monthly Fees ⁽¹⁾⁽²⁾	Entrance Fee ⁽³⁾
The Upper Campus				
<i>Independent Living Apartments</i>				
<i>Azalea:</i>				
One Bedroom	20	680	\$ 2,969	\$ 189,000
One Bedroom with Patio	3	680	2,969	221,000
<i>Laurel:</i>				
Two Bedroom	41	1,039	3,504	267,000
Two Bedroom with Patio	6	1,039	3,504	299,000
<i>Dogwood:</i>				
Three Bedroom	20	1,203	3,751	327,000
Three Bedroom with Patio	6	1,203	3,751	359,000
Total / Weighted Average	96	997	\$ 3,443	\$ 269,563
The Lower Campus:				
<i>Assisted Living Units</i>				
Studio / Private	48	360	\$ 5,251	\$ 2,500
Total / Weighted Average	48	360	\$ 5,251	\$ 2,500
Total	144			
Second Person Fee			\$ 900	\$ 9,200

Source: Management

Notes:

- 1) Monthly fees in effect for fiscal year ending September 30, 2023
- 2) Level I and Level II Care Fees for Assisted Living Units are \$500 and \$750, respectively.
- 3) Entrance Fee reflective above is for a 90% refundable entrance fee plan.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table summarizes the monthly service fees and membership fees for the program in 2024 dollars, the opening year of the TMAHP.

Table 10
ThriveMore at Home Program
Fee Schedule 2024 ⁽¹⁾

Age	Individual Membership Fee ⁽²⁾	Individual Monthly Service Fee ⁽²⁾	Couple Membership Fee ⁽³⁾	Couple Monthly Service Fee ⁽³⁾
Diamond				
62	\$ 55,000	\$ 780	\$ 43,000	\$ 741
65	\$ 70,000	\$ 780	\$ 58,000	\$ 741
70	\$ 84,000	\$ 780	\$ 71,000	\$ 741
75	\$ 100,000	\$ 780	\$ 80,000	\$ 741
80	\$ 112,000	\$ 780	\$ 90,000	\$ 741
85	\$ 113,000	\$ 780	\$ 90,500	\$ 741
90	\$ 114,000	\$ 780	\$ 91,000	\$ 741
Platinum				
62	\$ 46,000	\$ 675	\$ 32,500	\$ 641
65	\$ 56,000	\$ 675	\$ 44,000	\$ 641
70	\$ 68,000	\$ 675	\$ 54,000	\$ 641
75	\$ 73,000	\$ 675	\$ 62,000	\$ 641
80	\$ 86,000	\$ 675	\$ 70,000	\$ 641
85	\$ 89,000	\$ 675	\$ 70,500	\$ 641
90	\$ 90,000	\$ 675	\$ 71,000	\$ 641
Gold				
62	\$ 46,000	\$ 520	\$ 35,000	\$ 494
65	\$ 52,000	\$ 520	\$ 40,000	\$ 494
70	\$ 58,000	\$ 520	\$ 46,000	\$ 494
75	\$ 61,000	\$ 520	\$ 51,500	\$ 494
80	\$ 66,000	\$ 520	\$ 52,000	\$ 494
85	\$ 67,000	\$ 520	\$ 52,500	\$ 494
90	\$ 68,000	\$ 520	\$ 53,000	\$ 494
Silver				
62	\$ 46,000	\$ 420	\$ 30,000	\$ 399
65	\$ 50,000	\$ 420	\$ 34,000	\$ 399
70	\$ 52,000	\$ 420	\$ 38,000	\$ 399
75	\$ 53,000	\$ 420	\$ 39,500	\$ 399
80	\$ 54,000	\$ 420	\$ 40,000	\$ 399
85	\$ 56,000	\$ 420	\$ 40,500	\$ 399
90	\$ 57,000	\$ 420	\$ 41,000	\$ 399
Bronze ⁽⁴⁾				
62	\$ 7,000	\$ 400	\$ 3,750	\$ 380
65	\$ 8,500	\$ 400	\$ 4,500	\$ 380
70	\$ 11,500	\$ 400	\$ 6,000	\$ 380
75	\$ 13,500	\$ 400	\$ 7,000	\$ 380
80	\$ 15,500	\$ 400	\$ 8,000	\$ 380
85	\$ 16,500	\$ 400	\$ 8,500	\$ 380
90	\$ 17,000	\$ 400	\$ 8,750	\$ 380

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Notes:

- (1) The membership fee assumes a 0 percent refundable amount. The membership fee will be amortized at a rate of 2 percent per month, over a period of 50 months. After which, it will be non-refundable.
- (2) Membership fee and monthly service fee presented are for a single individual.
- (3) Membership fee and monthly service fee presented are on a per-person basis amount for a couple.
- (4) Represents fees available to non-medically qualifying members in the same residence as a qualifying member only.

The Participant agrees to pay to the Homes a membership fee as a condition of becoming a Participant in the TMAHP. The membership fee is non-refundable, except as previously described in Table 10. In the event that the Participant elects to and is granted residency to a Homes accommodation, the membership fee paid for the TMAHP will be applied to the entrance fee required for the selected accommodation at one of the Homes' communities.

The ThriveMore at Home Agreement can be terminated by the Participant for any reason prior to receiving membership by giving written notice. However, if the Participant dies before receiving membership or becomes incapable of meeting the physical, mental or financial requirements for admission, the ThriveMore at Home Agreement shall be cancelled and the membership fee shall be refunded. In the event of such termination, the Participant shall receive a refund of the membership fee within sixty (60) days following receipt of written notification of termination.

The following table presents the projected occupancy for the TMAHP and the projected average monthly service fees during the Projection Period.

Table 11
ThriveMore at Home Program
Projected Average Occupancy and Average Monthly Service Fees

For the Years Ending September 30,	2023	2024	2025	2026	2027
Average Participant Occupancy	-	5.6	18.7	33.4	47.9
Weighted Average Monthly Service Fees ⁽¹⁾	N/A	\$ 1,000	\$ 1,030	\$ 1,067	\$ 1,100

Source: Management

Note:

(1) The weighted average monthly service fees presented is the weighted average of all first person and second person monthly service fees.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table reflects projected rate increases. Increases in fees are generally anticipated to approximate increases in operating expenses during the Projection Period. However, fee increases may be adjusted to reflect actual changes in expenses.

	2023	2024	2025	2026	2027
Independent Living Rate Increases					
Monthly Fee	**	5.00%	4.00%	3.00%	3.00%
Entrance Fee	**	10.00%	8.00%	3.00%	3.00%
Independent Living Rate Increases - Ardenwoods					
Monthly Fee	**	5.50%	4.50%	3.50%	3.50%
Entrance Fee	**	5.00%	4.00%	3.00%	3.00%
Assisted Living Rate Increases					
Monthly Fee	**	6.50%	5.00%	3.00%	3.00%
Assisted Living Rate Increases - Ardenwoods					
Monthly Fee	**	5.50%	4.50%	3.50%	3.50%
Nursing Rate Increases					
Private	**	6.50%	5.00%	3.00%	3.00%
Medicare	**	2.00%	2.00%	2.00%	2.00%
Medicaid	**	1.00%	1.00%	1.00%	1.00%
Thrivemore at Home Rate Increases					
Monthly Service Fee	N/A	***	4.00%	4.00%	4.00%
Membership Fee	N/A	***	4.00%	4.00%	4.00%

Source: Management

* Annual pricing increases are effective on October 1 of the fiscal year.

** The 2023 pricing is noted in Table 7, Table 8, and Table 9.

*** Annual pricing increases are effective on October 1 of the fiscal year. Management did not project any rate increases in 2024 from the rates presented in Table 10.

Entrance Fee Receipts

Entrance fee receipts and refunds are based on information provided by Management based on historical experience. The following table reflects entrance fees received and refunds paid during the Projection Period for the Organization, as projected by Management.

	2023	2024	2025	2026	2027
Advance Fees from Turnover	\$ 4,138	\$ 6,855	\$ 7,122	\$ 7,622	\$ 7,572
Advance Fees Refunded	(1,012)	(3,238)	(3,382)	(3,482)	(3,587)
Total Advance Fees, Net	\$ 3,126	\$ 3,617	\$ 3,740	\$ 4,140	\$ 3,985

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table summarizes Management's projected utilization of the membership fee plans by the ThriveMore at Home Participants' during the Projection Period.

Membership Fee Plan Mix ⁽¹⁾	Distribution Mix
0% Refundable Plan	100%
Total Membership Fee Plan Mix	100%
Service Package Mix ⁽²⁾	Distribution Mix
Diamond	59%
Platinum	19%
Gold	12%
Silver	10%
Total Service Package Mix	100%

Source: Management

Notes:

- (1) Represents the projected allocation of membership fee plan types selected by the TMAHP Participants during each year of the Projection Period.
- (2) Represents the projected allocation of service package types selected by the TMAHP Participants during each year of the Projection Period.

The following table presents the assumed membership fees received and the total membership fee refunds as well as the assumed number of membership fees received and refunds paid during each year of the Projection Period.

	2023	2024	2025	2026	2027
Total Membership Fees, Net	\$ -	\$ 1,298	\$ 1,800	\$ 1,871	\$ 1,945
Number of Membership Fees Received	-	18.0	24.0	24.0	24.0
Number of Membership Fees Refunded	-	(0.6)	(1.4)	(2.5)	(3.7)
Total Number of Membership Fees Received, Net	-	17.4	22.6	21.5	20.3

Source: Management and the Actuary

Notes:

- (1) Management has assumed membership fee receipts for the TMAHP based upon the membership fee pricing as summarized in **Table 10** and the utilization of the membership fee contract types as summarized in **Table 14**.

Investment Income

Investment income consists of interest earnings on cash, cash equivalents, investments, and assets limited as to use, as provided by Management. Management has assumed investment returns on certain assets as noted in Table 16. Management does not project unrealized gains or losses during the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table reflects Management's assumed realized (net of expenses) investment earning rates during the Projection Period for funds invested by the Organization.

Table 16
Projected Investment Earning Rates
For The Years Ending September 30,

	2023	2024	2025	2026	2027
Cash and Cash Equivalents	2.00%	2.00%	2.00%	2.00%	2.00%
Investments	4.00%	4.00%	4.00%	4.00%	4.00%
Assets Limited as to Use	4.00%	4.00%	4.00%	4.00%	4.00%

Source: Management

Other Revenue Items

Management projects income from gifts, grants, estates, and trusts based upon past experience. Management projects that income from gifts, grants, estates and trusts will be approximately \$884,000 in 2023, approximately \$1,188,000 in 2024 and an assumed a 1.0 percent increase throughout the remainder of the Projection Period.

Other revenue items include food service income from additional meals, guest meals, guest house, catering, etc., for the Organization. Management assumes that charges for other revenues will increase approximately 5.0 percent in 2024 and then approximately 3.0 percent annually throughout the remainder of the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OPERATING EXPENSES

Operating Expenses

Management has projected operating expenses based upon Management's operating plans, as well as historical operations, and has increased expenses in part based on inflationary increases as well as increases from increased occupancy levels.

Management has projected inflationary increases for all organizations of the Homes, except Ardenwoods and TMAHP, on both wage and non-wage expenses, of 5.0 percent in 2024, 4.0 percent in 2025, and 3.0 percent for all expenses thereafter during the Projection Period.

For Ardenwoods, Management has projected a 9.0 percent wage increase in 2024 and a 5.0 percent non-wage increase in 2024, a 4.0 percent increase in 2025 for wage and non-wage expenses, and then a 3.0 percent increase for wage and non-wage expenses thereafter during the Projection Period.

For TMAHP, Management has projected inflationary increases on all expenses of 4.0 percent, beginning in 2025

The specific basis for major expense items were formulated by Management and are discussed below.

Salaries and Related Benefits

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, retirement plan, incentives and other miscellaneous benefits for the entire facility. These salaries and related benefit costs are assumed to vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

Resident and Health Care

Nonsalary related costs of resident health care include costs for care and support of residents. These costs are anticipated to vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience. These costs include activities and other similar costs.

Dietary

Nonsalary related costs of the dietary department include costs for raw food and dietary supplies and other such costs and are based on the historical operating experience of Management. Management projects that these costs would vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

Maintenance, Housekeeping and Laundry

Nonsalary related costs in these departments include housekeeping, laundry, and all activities of maintenance for the campuses. Management assumes that these costs would vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

General and Administrative

Nonsalary related costs of general and administrative include costs for supplies, professional fees, insurance, and other miscellaneous costs. Management projects that these costs would vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OPERATING EXPENSES (CONTINUED)

In addition, in 2023 is approximately \$1,011,000 of additional expenses projected within Resident and Health Care expenses related to contract labor, therapy expenses and other related expenses. In addition, in 2023 is approximately \$200,000 of additional expenses projected within General and Administrative expenses related to legal and other purchased services expenses. Management has not projected any further incremental expenses subsequent to 2023 related to these expenses.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS

Assets Limited as to Use

A narrative description of the assets limited as to use follows:

Internally Designated for Capital Development

The Board has designated certain amounts to be held for future capital requirements.

Internally Designated for Statutory Operating Reserve

Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64-33) (or 25 percent of the total operating costs if such facilities maintain an occupancy level in excess of 90 percent and the North Carolina Commissioner of Insurance so approves) projected for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

The following reflects the operating reserve requirements, as projected by Management:

Table 17
Projected Operating Reserve Requirements - Brookridge
For The Years Ending September 30,

Brookridge	2023	2024	2025	2026	2027
Total Operating Expenses ⁽¹⁾	\$ 15,114	\$ 16,121	\$ 16,815	\$ 17,266	\$ 17,722
Include:					
Loan Principal Payments	842	869	897	926	957
Exclude:					
Depreciation	(1,861)	(1,991)	(2,021)	(2,046)	(2,071)
Amortization of Issuance Costs included in Interest Expense	(9)	(9)	(9)	(9)	(9)
Debt Service Portion, if provided for by way of a separate reserve account	-	-	-	-	-
Total Operating Costs	\$ 14,086	\$ 14,990	\$ 15,682	\$ 16,137	\$ 16,599
Operating Reserve Percentage	50%	50%	50%	25%	25%
Operating Reserve at 9/30	\$ 7,043	\$ 7,495	\$ 7,841	\$ 4,034	\$ 4,150
Projected Occupancy Level ⁽²⁾	82.7%	84.3%	88.9%	93.1%	94.5%

Source: Management

Notes:

(1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community.

(2) The occupancy noted above is the projected occupancy of the independent living and assisted living occupants as of September 30 of each respective year presented, for Brookridge.

Table 18
Projected Operating Reserve Requirements - Gardens
For The Years Ending September 30,

Gardens	2023	2024	2025	2026	2027
Total Operating Expenses ⁽¹⁾	\$ 10,007	\$ 10,805	\$ 11,375	\$ 11,736	\$ 11,975
Include:					
Loan Principal Payments	946	977	1,009	1,042	1,076
Exclude:					
Depreciation	(1,711)	(1,831)	(1,858)	(1,881)	(1,904)
Amortization of Issuance Costs included in Interest Expense	(32)	(32)	(32)	(32)	(32)
Debt Service Portion, if provided for by way of a separate reserve account	-	-	-	-	-
Debt Payment Funded by Initial Entrance Fees	-	-	-	-	-
Total Operating Costs	\$ 9,210	\$ 9,919	\$ 10,494	\$ 10,865	\$ 11,115
Operating Reserve Percentage	25%	25%	25%	25%	25%
Operating Reserve at 9/30	\$ 2,303	\$ 2,480	\$ 2,623	\$ 2,716	\$ 2,779
Projected Occupancy Level ⁽²⁾	93.2%	94.2%	94.8%	94.8%	94.8%

Source: Management

Notes:

(1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community.

Summary of Significant Projection Assumptions and Accounting Policies

(2) The occupancy noted above is the projected occupancy of the independent living and assisted living occupants as of September 30 of each respective year presented, for the Gardens.

Table 19
Projected Operating Reserve Requirements - Ardenwoods
For The Years Ending September 30,

	As Projected 2023	Annualized 2023	2024	2025	2026	2027
Total Operating Expenses ⁽¹⁾⁽²⁾	\$ 799	\$ 9,582	\$ 10,015	\$ 10,276	\$ 10,479	\$ 10,688
Include:						
Loan Principal Payments						
Exclude:						
Depreciation	(77)	(924)	(926)	(947)	(969)	(993)
Amortization of Goodwill	(147)	(1,758)	(1,758)	(1,758)	(1,758)	(1,758)
Total Operating Costs	\$ 575	\$ 6,900	\$ 7,331	\$ 7,571	\$ 7,752	\$ 7,937
Operating Reserve Percentage	50%	50%	25%	25%	25%	25%
Operating Reserve at 9/30	\$ 288	\$ 3,450	\$ 1,833	\$ 1,893	\$ 1,938	\$ 1,984
Projected Occupancy Level ⁽³⁾	88.2%	88.2%	92.4%	92.4%	92.4%	92.4%
	2023	2023	2024	2025	2026	2027
IL	83.0	83.0	89.0	89.0	89.0	89.0
AL	44	44	44	44	44	44
	127.0	127.0	133.0	133.0	133.0	133.0
Total Units	144.0	144.0	144.0	144.0	144.0	144.0
	88.2%	88.2%	92.4%	92.4%	92.4%	92.4%

Source: Management

Notes:

- (1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community.
- (2) In 2023, the Organization has projected the acquisition of Ardenwoods to occur in September 2023. For purposes of establishing the Operating Reserve, Management has projected the operating expenses, for purposes of the Operating Reserve calculation only, based upon the required 12-months of expenses.
- (3) The occupancy noted above is the projected occupancy of the independent living and assisted living occupants as of September 30 of each respective year presented, for Ardenwoods.

The following table reflects the total operating reserve requirements, as projected by Management:

Table 20
Total Projected Operating Reserve Requirements
For The Years Ending September 30,

	2023	2024	2025	2026	2027
Operating Reserve - Brookridge	\$ 7,043	\$ 7,495	\$ 7,841	\$ 4,034	\$ 4,150
Operating Reserve - Gardens	2,303	2,480	2,623	2,716	2,779
Operating Reserve - Ardenwoods	3,450	1,833	1,893	1,938	1,984
Total Operating Reserve	\$ 12,796	\$ 11,808	\$ 12,357	\$ 8,688	\$ 8,913

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

Property and Equipment

Property and equipment balances, net of accumulated depreciation, were projected based on anticipated property and equipment additions during the Projection Period, reduced by estimated annual depreciation.

Management has projected the following major property and equipment categories:

Table 21
Projected Property and Equipment Major Categories
For The Years Ending September 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
Land and Land Improvements	\$ 7,046	\$ 7,046	\$ 7,046	\$ 7,046	\$ 7,046
Buildings and Improvements	114,436	116,400	118,112	119,833	121,464
Furniture, Fixtures, and Equipment	9,024	11,655	13,891	16,132	18,227
Vehicles	727	727	727	727	727
Total	131,233	135,828	139,776	143,738	147,464
Less: Accumulated Depreciation	(63,389)	(69,033)	(74,769)	(80,586)	(86,486)
Add: Construction in Process	5,278	5,278	5,278	5,278	5,278
Property and Equipment, Net	\$ 73,122	\$ 72,073	\$ 70,285	\$ 68,430	\$ 66,256

Source: Management

Assets in Split-Interest Agreements

Management has not projected any change in balance of the assets in split-interest agreements nor any gains or losses arising from changes in the value of assets in split-interest agreements during the Projection Period.

Long-Term Debt and Interest Expense

Projected interest expense and long-term debt for 2023 and subsequent years were based on the construction loan and the commercial loan associated with the improvements at Brookridge, Gardens, and Western, as well as the projected issuance of the 2023 Note Payable associated with the acquisition of Ardenwoods.

In 2013, the Homes entered into a Term Loan Agreement for \$34,650,000 to refinance North Carolina Medical Care Commission term bonds outstanding. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$142,416. The refinanced term loan carries an interest rate of 3.22%.

Management made draws under a Construction and Permanent Loan Agreement that closed in 2012 for the purpose of improvements at the Homes' Brookridge Retirement Community. The total amount financed was \$16,018,000. The financing required interest-only payments until March 2013 when the Homes began making principal payments on this loan. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$81,065. The refinanced permanent loan carries an interest rate of 3.22%.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

Projected principal payments on the Organization's debt are as follows:

Table 22
Projected Principal Payments on the Organization's Debt
(In Thousands of Dollars)

Year Ending September 30,	Permanent Loan	Term Loan	2023 Note Payable	Total Debt
2023	\$ 657	\$ 1,153	\$ -	\$ 1,810
2024	678	1,192	112	1,982
2025	700	1,231	287	2,218
2026	723	1,271	305	2,299
2027	747	1,312	324	2,383
2028	771	1,355	342	2,468
2029	796	1,399	365	2,560
2030	822	1,445	388	2,655
2031	849	1,492	412	2,753
2032	877	1,541	436	2,854
Thereafter	2,507	4,403	12,100	19,010
Total Projected Long-Term Debt	\$ 10,127	\$ 17,794	\$ 15,071	\$ 42,992

Source: Management

Goodwill

As previously noted, Management has projected a purchase price of Ardenwoods of approximately \$21,875,000. A summary of the projected fair value of assets and liabilities at the date of the purchase are as follows:

Assets Assumed:	
Inventory	\$ 26,155
Property and Equipment	21,100,000
Liabilities Assumed:	
Accounts Payable and Accrued Expenses	(36,373)
Deferred Revenue from Advance Fees	(1,091,295)
Refundable Advance Fees On Occupied Units, Net	(15,706,890)
Consideration Exchanged	(21,875,000)
<u>Goodwill - Acquisition</u>	<u>\$ (17,583,403)</u>

Management has not assumed any impairment of the goodwill during the Projection Period and has assumed projected amortizing goodwill over an assumed life of 10 years.

Refundable Advance Fees and Accreted Interest

The residency agreements acquired upon acquisition are projected at their estimated fair value. The fair value of those refundable advance fees are accreted to face value using the effective interest method over the estimated life expectancy of the residents at acquisition. The discount rate assumed by Management in its projection was 4.25%. At the projected acquisition date, Management has assumed an unamortized discount of approximately \$4,323,000. Accreted interest upon amortization of these agreements is projected as accreted interest on the projected combined statements of operations and changes in net assets.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalents balances for the Projection Period are projected based on historical levels throughout the Projection Period.

Net Accounts Receivable

Net accounts receivable is projected based on historical levels throughout the Projection Period.

Contributions Receivable

Contributions receivable is projected based on historical levels throughout the Projection Period.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets have been projected based on historical levels.

Accounts Payable

Accounts payable has been projected based on historical levels.

Accrued Expenses

Accrued expenses have been projected based on historical levels, with the exception of accrued interest. Accrued interest has been calculated based on projected interest rates and repayment terms of the debt agreements.

Accrued Employee Compensation

Accrued employee compensation has been projected based on historical levels.

Other Current Liabilities

Other current liabilities have been projected based on historical levels.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS

THE TAYLOR GLEN PROJECT

Management has projected an expansion to the Gardens of Taylor Glen Retirement Community. The "Taylor Glen Project" is projected to consist of 50 New Independent Living Units and 12 New Assisted Living Units.

The information provided in this section provides Management's key projection assumptions relating to the Taylor Glen Project. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the Projection Period and are the assumptions which Management believes are significant to the financial projection included in the Supplemental Disclosure. However, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The disclosures in the Supplemental Disclosure add specific disclosures related to the Taylor Glen Project. Other key assumptions have been presented in Management's Summary of Significant Projection Assumptions and Accounting Policies as disclosed previously, and also apply to Management's supplemental projection included in this Supplemental Disclosure. Management has included supplemental projected consolidated financial statements, assuming the Supplemental Hypothetical Assumptions, as defined hereafter, to provide readers with information about the hypothetical operation of the Taylor Glen Project which should not be considered a presentation of expected future results and has been included for disclosure purposes.

Management has identified the following hypothetical assumptions (the "Supplemental Hypothetical Assumptions") for the Taylor Glen Project:

- Financing to fund the construction of an additional 50 independent living apartments (the "New Independent Living Units") and 12 new assisted living units (the "New Assisted Living Units" is accomplished through the issuance of approximately \$62,212,000 in direct bank placed bonds (the "Series 2024 Bonds") at the rates, structure, and terms disclosed herein;
- The Taylor Glen Project costs and timing of construction are consistent with the assumptions disclosed herein; and
- All regulatory approvals are received in accordance with the timeline detailed herein;
- The New Independent Living Units are successfully marketed, at the disclosed fee levels, and occupied during the Supplemental Projection Period as projected.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

Management has projected an expansion to the Gardens of Taylor Glen Retirement Community. The Taylor Glen Project is projected to consist of 50 New Independent Living Units and 12 New Assisted Living Units.

The following table shows the current unit configurations, monthly fees and entrance fees for the Taylor Glen Project.

Table 23
The Taylor Glen Project
Unit Configuration, Monthly Fees and Entrance Fees
(in 2023 Dollars)

Unit Name	Unit Type	Number of Units / Beds	Square Footage	Monthly Service Fees	Entrance Fee	
					90% Refundable Plan	0% Refundable Plan
New Independent Living Units						
Lily	2 Bedroom	5	1,508	\$ 4,578	\$ 565,000	\$280,300
Peony	2 Bedroom	7	1,800	5,465	675,000	334,570
Dahlia	2 Bedroom	5	2,006	6,090	750,000	372,860
Dogwood	2 Bedroom	9	1,700	5,161	690,000	342,310
Dogwood II	2 Bedroom	-	1,700	5,161	690,000	342,310
Lupine	2 Bedroom	17	1,842	5,592	745,000	370,910
Iris	2 Bedroom	4	2,085	6,330	845,000	419,840
Iris Two-Story	3 Bedroom	3	2,962	8,993	1,200,000	596,430
Total / Weighted Average - New Independent Living Units		50	1,880	\$ 5,708	\$ 743,100	\$369,254
Second Person Fees				\$ 800	\$21,697	\$21,697
New Assisted Living Units		12		\$ 7,489		

Source: Management

The following table summarizes Management's projected utilization of the entrance fee plans for first generation independent living residents and by subsequent residents of the Taylor Glen Project during the Supplemental Projection Period.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

**Table 24
The Taylor Glen Project
Projected Utilization of Entrance Fee Plans**

Resident Agreement Plan	First Generation Residents of the New Independent Living Units ⁽¹⁾		Future Residents ⁽²⁾
	Number	Percent of Total	Percent of Total
90% Refundable Plan	23.50	50%	50%
0% Refundable Plan	23.50	50%	50%
Total / Percentage	47.00	100%	100%

Source: Management

Notes:

(1) Represents the projected allocation of entrance fee plan types selected by initial residents of the New Independent Living Units.

(2) Represents the projected allocation of entrance fee plan types selected by subsequent residents of the New Independent Living Units during the Projection Period.

Taylor Glen Project Timeline

The following table presents the projected timeline, as provided by Management, for the Taylor Glen Project.

**Table 25
The Taylor Project
Development Timeline**

Date	Milestone
January-24	Issuance of the Series 2024 Bonds
January-24	Construction of the Taylor Glen Project Commences
September-25	Construction of the Taylor Glen Project is Complete and Occupancy Commences
August-26	New Independent Living Units Achieve Stabilized Occupancy (94%)
August-26	New Assisted Living Units Achieve Stabilized Occupancy (92%)

Source: Management

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

PLAN OF FINANCE – TAYLOR GLEN PROJECT

Management has assumed the following sources and uses of funds in preparing its financial projection based on information provided by Management and Herbert J. Sims & Co. (the "Underwriter"). A summary of the projected sources and uses of funds for the Corporation's financing is provided in the following table:

Table 26
Projected Sources and Uses of Funds
(In Thousands of Dollars)

Sources of Funds:		
Series 2024A Bonds	\$	39,560 (1)
Series 2024B Bonds		22,652 (1)
Total Sources of Funds	\$	62,212
Uses of Funds:		
Project Costs		
Design and Engineering	\$	1,361 (2)
Construction Costs		50,712 (3)
Furniture and Equipment		468 (4)
Development Costs and Fees		100 (5)
Marketing		300 (6)
Owner's Contingency		4,059 (7)
Total Project Costs		57,000
Funded Interest		4,435 (8)
Cost of Issuance		777 (9)
Total Uses of Funds	\$	62,212

Source: Management and Underwriter

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

Notes to Table 26:

- 1) The Organization's Underwriter projected proceeds from the Series 2024 Bonds in the amount of \$62,212,000 are planned to be generated utilizing the following structure and terms: The responsibility for the payment of the debt service on the Series 2024 Bonds is expected to be solely that of the Homes.
- Management has projected that a portion of the Taylor Glen Project would be financed through the issuance of a direct bank placed fixed rate term bonds (the "Series 2024A Bonds"), bearing interest at 5.50 percent, subject to monthly principal and interest payments, with interest only payments beginning February 2024 and monthly principal and interest payments beginning February 2028 through January 2054.
- Management has projected that a portion of the Taylor Glen Project would be financed through the issuance of a direct bank placed short term fixed rate debt (the "Series 2024B Bonds"). This debt is anticipated to be repaid from the availability of "Initial Entrance Fees" received from the Taylor Glen Project. The debt is assumed to have a 5 year maturity and is projected to qualify as qualified intermediate term indebtedness. Management has projected the repayment of the Series 2024B Bonds with Initial Entrance Fees from the Taylor Glen Project to occur within 3 years. Annual interest on the Series 2024B Bonds is assumed to approximate 5.50 percent.
- 2) Management has projected design and engineering costs of approximately \$1,361,000.
- 3) Management has projected construction costs of approximately \$50,712,000.
- 4) Management has projected furniture and equipment costs of approximately \$468,000
- 5) Management has projected development costs and fees of approximately \$100,000.
- 6) Management has projected marketing costs of approximately \$300,000.
- 7) Management has projected a project contingency of approximately \$4,059,000, or 7.7 percent of the project costs.
- 8) Represents the amount Management projects to be utilized to pay projected related debt service for 25 months from the assumed issuance date of the Series 2024 Bonds.
- 9) Management has projected issuance costs of the proposed Series 2024 Bonds of approximately \$777,000.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT’S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

Management’s Basis for Projected Revenues and Entrance Fees – The Taylor Glen Project

Revenues for the New Independent Living Units and New Assisted Living Units are primarily based on the New Independent Living Units and New Assisted Living Units fees assumed by Management to be charged to the residents and the assumed utilization of the New Independent Living Units and New Assisted Living Units.

Projected occupancy for the Taylor Glen Project is based upon Management’s assumed move-in schedule for the New Independent Living Units as depicted in the following tables

**Table 27
Taylor Glen Project Move-In Schedule
New Independent Living Units**

Month	Total Units	Net Move-Ins	Cumulative Occupancy	
			Number of Units	Percentage
2025				
September	50.0	5.0	5.0	10.0%
2026				
October	50.0	5.0	10.0	20.0%
November	50.0	5.0	15.0	30.0%
December	50.0	5.0	20.0	40.0%
January	50.0	4.0	24.0	48.0%
February	50.0	4.0	28.0	56.0%
March	50.0	4.0	32.0	64.0%
April	50.0	4.0	36.0	72.0%
May	50.0	3.0	39.0	78.0%
June	50.0	3.0	42.0	84.0%
July	50.0	3.0	45.0	90.0%
August	50.0	2.0	47.0	94.0%
September	50.0	0.0	47.0	94.0%
Thereafter	50.0		47.0	94.0%

Source: Management

Management has projected double occupancy for the New Independent Living Units of 50 percent.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

**Table 28
Taylor Glen Project Move-In Schedule
New Assisted Living Units**

Month	Total Units	Net Move-In	Cumulative Occupancy	
			Number of Units	Percentage
2025				
September	12.0	1.0	1.0	8.3%
2026				
October	12.0	1.0	2.0	16.7%
November	12.0	1.0	3.0	25.0%
December	12.0	1.0	4.0	33.3%
January	12.0	1.0	5.0	41.7%
February	12.0	1.0	6.0	50.0%
March	12.0	1.0	7.0	58.3%
April	12.0	1.0	8.0	66.7%
May	12.0	1.0	9.0	75.0%
June	12.0	1.0	10.0	83.3%
July	12.0	0.0	10.0	83.3%
August	12.0	1.0	11.0	91.7%
September	12.0	0.0	11.0	91.7%
Thereafter	12.0		11.0	91.7%

Source: Management

The following table reflects projected rate increases. Increases in fees are generally anticipated to approximate increases in operating expenses during the Supplemental Projection Period. However, fee increases may be adjusted to reflect actual changes in expenses.

**Table 29
Taylor Glen Project
Projected Rate Increases***

	2023	2024	2025	2026	2027
Independent Living Monthly Fee Increases	**	5.00%	4.00%	3.00%	3.00%
Entrance Fee Increases	**	4.00%	4.00%	4.00%	4.00%
Assisted Living Rate Increases	**	5.00%	4.00%	3.00%	3.00%

Source: Management

* Annual pricing increases are effective on October 1 of the fiscal year.

** The 2023 pricing is noted in Table 23.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

Entrance Fee Receipts

Entrance fee receipts and refunds are based on information provided by Management based on historical experience. The following table reflects entrance fees received and refunds paid during the Supplemental Projection Period for the Taylor Glen Project, as projected by Management.

Table 30
Projected Entrance Fee Receipts, Net of Refunds
For The Years Ending September 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
Advance Fees / Deposits Received from Initial Residents	\$ 851	\$ 1,814	\$ 2,551	\$21,434	\$ -
Advance Fees Received from Unit Turnover	-	-	-	-	354
Advance Fees Refunded from Unit Turnover	-	-	-	-	(225)
Total Advance Fees Received, Net of Refunds	\$ 851	\$ 1,814	\$ 2,551	\$21,434	\$ 129

Source: Management

Investment Income

Investment income consists of interest earnings on cash, cash equivalents, investments, and assets limited as to use, as provided by Management. Management has assumed investment returns on certain assets as noted in Table 31. Management does not project unrealized gains or losses during the Supplemental Projection Period.

The following table reflects Management's assumed realized (net of expenses) investment earning rates during the Supplemental Projection Period for funds invested by the Organization .

Table 31
Projected Investment Earning Rates
For The Years Ending September 30,

	2023	2024	2025	2026	2027
Cash and Cash Equivalents	2.00%	2.00%	2.00%	2.00%	2.00%
Investments	4.00%	4.00%	4.00%	4.00%	4.00%
Assets Limited as to Use	4.00%	4.00%	4.00%	4.00%	4.00%

Source: Management

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

MANAGEMENT'S BASIS FOR SUPPLEMENTAL PROJECTION OF EXPENSES

Management has projected operating expenses related to the Taylor Glen Project based upon its plans to operating the Taylor Glen Project, its experience operating its current facilities, and using similar assumptions and methodologies as disclosed in "Management's Basis for Projected Expenses" section of the Summary of Significant Projection Assumptions and Accounting Policies" contained previously herein.

Management has assumed a 3 percent inflation related to utilities, raw food, maintenance, supplies, insurance, and other costs, beginning in 2026 and for the remainder of the Projection Period, as well as the addition of staffing for housekeeping, dining, and maintenance.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

MANAGEMENT'S BASIS FOR SUPPLEMENTAL PROJECTION OF OTHER ITEMS

Assets Limited as to Use

A narrative description of the assets limited as to use follows:

Internally Designated for Statutory Operating Reserve

Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64-33) (or 25 percent of the total operating costs if such facilities maintain an occupancy level in excess of 90 percent and the North Carolina Commissioner of Insurance so approves) projected for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

Table 32
Projected Operating Reserve Requirements - Gardens
For The Years Ending September 30,

Gardens	2023	2024	2025	2026	2027
Total Operating Expenses ⁽¹⁾	\$ 10,007	\$ 11,000	\$ 11,882	\$ 16,210	\$ 17,995
Include:					
Loan Principal Payments	946	977	1,009	23,694	1,076
Exclude:					
Depreciation	(1,711)	(1,831)	(1,858)	(2,344)	(3,913)
Amortization of Issuance Costs included in Interest Expense	(32)	(128)	(240)	(125)	(55)
Debt Service Portion, if provided for by way of a separate reserve account	-	-	-	-	-
Debt Payment Funded by Initial Entrance Fees	-	-	-	(22,652)	-
Total Operating Costs	\$ 9,210	\$ 10,018	\$ 10,793	\$ 14,783	\$ 15,103
Operating Reserve Percentage	25%	25%	50%	25%	25%
Operating Reserve at 9/30	\$ 2,303	\$ 2,504	\$ 5,396	\$ 3,696	\$ 3,776
Projected Occupancy Level ⁽²⁾	93.2%	94.2%	70.4%	94.4%	94.4%

Source: Management

Notes:

(1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community.

(2) The occupancy noted above is the projected occupancy of the independent living and assisted living occupants as of September 30 of each respective year presented, for the Gardens.

Supplemental Disclosure: Projected Financial Statements for Periods Covered by the Projection

MANAGEMENT'S SUMMARY OF KEY SUPPLEMENTAL PROJECTION ASSUMPTIONS (CONTINUED)

Property and Equipment – The Taylor Glen Project

Property and equipment, net of accumulated depreciation, related to the Taylor Glen Project has been projected based on the estimated costs of constructing the Taylor Glen Project, and other routine property and equipment additions related to the Taylor Glen Project, reduced by estimated annual depreciation. The following table reflects the Taylor Glen Project related costs, capitalized interest, and other routine capital additions related to the Taylor Glen Project.

Table 33
Projected Property and Equipment Additions – The Taylor Project
For The Years Ending September 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
Beginning Balance	\$ -	\$ 682	\$ 26,732	\$ 59,778	\$ 59,315
Project Costs	682	25,396	30,622	-	-
Capitalized Interest, Net	-	654	2,424	-	-
Annual Depreciation	-	-	-	(463)	(2,009)
Projected Property and Equipment, Net	\$ 682	\$ 26,732	\$ 59,778	\$ 59,315	\$ 57,306

Source: Management

Series 2024 Bonds – The Taylor Glen Project

See note to Table 26 for information relating to the proposed Series 2024 Bonds assumed for the financing the Taylor Glen Project. The following table summarizes the projected principal payments on the existing debt as well as the projected Series 2024 Bonds.

Table 34
Projected Principal Payments on the Organization's Debt
(In Thousands of Dollars)

Year Ending September 30,	Permanent Loan	Term Loan	2023 Note Payable	Series 2024A Bonds	Series 2024B Bonds	Total Debt
2023	\$ 657	\$ 1,153	\$ -	\$ -	\$ -	\$ 1,810
2024	678	1,192	112	-	-	1,982
2025	700	1,231	287	-	-	2,218
2026	723	1,271	305	-	22,652	24,951
2027	747	1,312	324	-	-	2,383
2028	771	1,355	342	457	-	2,925
2029	796	1,399	365	724	-	3,284
2030	822	1,445	388	766	-	3,421
2031	849	1,492	412	809	-	3,562
2032	877	1,541	436	850	-	3,704
Thereafter	2,507	4,403	12,100	35,954	-	54,964
Total Projected Long-Term Debt	\$ 10,127	\$ 17,794	\$ 15,071	\$ 39,560	\$ 22,652	\$ 105,204

Source: Management

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
SUPPLEMENTAL PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 37
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
REVENUES, GAINS, AND OTHER SUPPORT					
Resident Service Revenue	\$ 33,611	\$ 34,102	\$ 35,963	\$ 39,755	\$ 42,114
Net Resident Service Revenue - At Home Program	-	67	231	428	632
Amortization of Deferred Revenue from Nonrefundable Advance Fees	2,831	3,347	3,636	4,011	4,341
Amortization of Deferred Revenue from Nonrefundable Advance Fees - At Home Program	-	108	257	413	574
Gifts, Including Gifts from Churches and Special Day Offerings	469	769	777	785	792
Income from Estates and Trusts	415	419	424	428	432
Investment Income	2,214	2,383	2,493	2,700	2,872
Net Assets Released from Restrictions	-	-	-	-	-
Other	166	501	514	526	383
Other - At Home Program	-	3	11	26	48
Total Revenues, Gains, and Other Support	39,706	41,699	44,306	49,072	52,188
OPERATING EXPENSES					
Health Care	17,133	18,186	19,104	20,220	21,084
Dietary	4,309	3,593	3,788	4,136	4,419
Maintenance and Housekeeping	6,093	5,205	5,501	5,916	6,133
Laundry	358	194	201	208	214
General and Administrative	6,653	6,283	6,633	7,148	7,358
At Home Program	200	404	609	698	921
Depreciation	4,488	5,644	5,736	6,280	7,909
Amortization of Goodwill	147	1,758	1,758	1,758	1,758
Interest Expense	993	2,005	2,195	4,395	3,797
Total Expenses	40,374	43,272	45,525	50,759	53,593
OPERATING LOSS	(668)	(1,573)	(1,219)	(1,687)	(1,405)
NON-OPERATING INCOME (LOSS)					
Gain (Loss) on Disposal	8,972	-	-	-	-
Accreted Interest	(103)	(618)	(618)	(618)	(618)
Total Non-Operating Income (Loss)	8,869	(618)	(618)	(618)	(618)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	8,202	(2,191)	(1,837)	(2,305)	(2,023)
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	8,202	(2,191)	(1,837)	(2,305)	(2,023)
Change in Net Assets with Donor Restrictions	-	-	-	-	-
Increase (Decrease) in Net Assets	8,202	(2,191)	(1,837)	(2,305)	(2,023)
Net Assets - Beginning of Year	68,678	76,880	74,689	72,852	70,547
Net Assets - End of Year	\$ 76,880	\$ 74,689	\$ 72,852	\$ 70,547	\$ 68,524

See Summary of Key Supplemental Projection Assumptions and Accompanying Independent Accountants' Compilation Report

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
SUPPLEMENTAL PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 37
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase (Decrease) in Net Assets	\$ 8,202	\$ (2,191)	\$ (1,837)	\$ (2,305)	\$ (2,023)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	4,488	5,644	5,736	6,280	7,909
(Gain) Loss on Sale of Property	(8,972)	-	-	-	-
Amortization of Goodwill	147	1,758	1,758	1,758	1,758
Amortization of Deferred Revenue from Advance Fees	(2,831)	(3,347)	(3,636)	(4,011)	(4,341)
Amortization of Deferred Revenue from Nonrefundable Advance Fees - At Home Program	-	(108)	(257)	(413)	(574)
Amortization of Deferred Issuance Costs	44	157	269	154	84
Accreted Interest	103	618	618	618	618
Advance Fees Received	4,138	6,855	7,122	7,622	7,926
Advance Fees Refunded	(1,012)	(3,238)	(3,382)	(3,482)	(3,812)
Advance Fees Received, Net - At Home Program	-	1,298	1,800	1,871	1,945
(Increase) Decrease in Current Assets					
Accounts Receivable	1,474	509	(201)	(329)	(183)
Contributions Receivable	(49)	28	(10)	(5)	(3)
Prepaid Expenses and Other Current Assets	(9)	55	(34)	(32)	(23)
Increase (Decrease) in Current Liabilities					
Accounts Payable	(1,133)	(142)	140	229	84
Accrued Expenses	(156)	67	34	26	29
Accrued Employee Compensation	732	(288)	66	42	38
Net Cash Provided by Operating Activities	5,165	7,675	8,186	8,023	9,432
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in Investments	10,667	(1,972)	356	(9,879)	(807)
(Increase) Decrease in Assets Limited as to Use	(8,585)	(850)	(4,014)	6,843	(1,742)
Acquisition of Arden Woods	(21,875)	-	-	-	-
Net Proceeds from Sale of Property	12,925	-	-	-	-
Change in Note Receivable - Western	(2,500)	-	-	2,500	-
Acquisition of Property and Equipment	(8,036)	(30,644)	(36,994)	(3,962)	(3,726)
Net Cash Used in Investing Activities	(17,404)	(33,466)	(40,652)	(4,498)	(6,275)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(1,810)	(1,982)	(2,218)	(24,951)	(2,383)
Proceeds from Issuance of Long-Term Debt	15,071	27,621	33,157	1,434	-
Payment of Financing Costs	(500)	(777)	-	-	-
Initial Entrance Fees	851	1,814	2,551	21,434	-
Payments to the Line of Credit	(1,200)	-	-	-	-
Net Cash Provided (Used in) Investing Activities	12,412	26,676	33,490	(2,083)	(2,383)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	173	885	1,024	1,442	774
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,665	4,838	5,723	6,747	8,189
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 4,838	\$ 5,723	\$ 6,747	\$ 8,189	\$ 8,963
Cash and Cash Equivalents	\$ 4,838	\$ 5,723	\$ 6,747	\$ 8,189	\$ 8,963
Total Cash, Cash Equivalents, and Restricted Cash	\$ 4,838	\$ 5,723	\$ 6,747	\$ 8,189	\$ 8,963
Supplementary Disclosure: Cash Paid for Interest Paid, Net of Capitalized Interest	\$ 949	\$ 1,625	\$ 1,681	\$ 4,260	\$ 3,694

See Summary of Key Supplemental Projection Assumptions and Accompanying Independent Accountants' Compilation Report

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
SUPPLEMENTAL PROJECTED CONSOLIDATED BALANCE SHEETS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 37
AT SEPTEMBER 30,
(In Thousands of Dollars)

	2023	2024	2025	2026	2027
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 4,838	\$ 5,723	\$ 6,747	\$ 8,189	\$ 8,963
Accounts Receivable, Net	3,791	3,282	3,483	3,812	3,995
Investments	32,745	34,717	34,361	44,240	45,047
Contributions Receivable	194	166	176	181	184
Prepaid Expenses and Other Assets	662	607	641	673	696
Total Current Assets	42,230	44,495	45,408	57,095	58,885
ASSETS LIMITED AS TO USE					
Internally Designated for Capital Development	690	690	690	690	690
Internally Designated for Statutory Operating Reserve	12,796	11,832	15,130	9,668	9,910
Internally Designated - AtHome Program	-	-	1,000	2,000	3,500
Internally Designated for Working Capital	1,500	1,500	1,500	1,500	1,500
Internally Designated for Capital Expenditures	2,000	2,000	2,000	2,000	2,000
Entrance Fee Deposits	851	2,665	2,381	-	-
Total Assets Limited as to Use	17,837	18,687	22,701	15,858	17,600
INVESTMENTS AND OTHER ASSETS					
Investments Under Split-Interest Agreements:					
Charitable Remainder Trusts	851	851	851	851	851
Beneficial Interest in Perpetual Trust	6,418	6,418	6,418	6,418	6,418
Note Receivable - Western	2,500	2,500	2,500	-	-
Other Assets	15	15	15	15	15
Total Investments and Other Assets	9,784	9,784	9,784	7,284	7,284
PROPERTY AND EQUIPMENT, NET	73,804	98,805	130,063	127,745	123,562
GOODWILL, NET OF ACCUMULATED AMORTIZATION	17,437	15,679	13,921	12,163	10,405
Total Assets	\$ 161,092	\$ 187,449	\$ 221,876	\$ 220,144	\$ 217,735
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 1,982	\$ 2,218	\$ 2,299	\$ 2,383	\$ 2,925
Accounts Payable	2,328	2,186	2,325	2,554	2,637
Accrued Expenses	542	609	643	669	698
Accrued Employee Compensation	1,430	1,142	1,208	1,250	1,288
Other Current Liabilities	84	84	84	84	84
Current Portion of Refundable Advance Fees	1,061	2,875	2,591	210	210
Total Current Liabilities	7,427	9,114	9,150	7,150	7,842
LONG-TERM DEBT, LESS CURRENT MATURITIES, NET OF ISSUANCE COSTS	38,436	63,219	94,346	70,899	68,058
DEFERRED REVENUE AND OTHER LIABILITIES					
Deferred Revenue from Advance Fees	18,708	18,613	19,474	28,710	27,794
Refundable Advance Fees On Occupied Units, Net of Current Portion	19,641	20,624	23,321	38,647	39,955
Deferred Revenue from Advance Fees - At Home Program	-	1,190	2,733	4,191	5,562
Refundable Advance Fees On Occupied Units, Net of Current Portion - At Home Program	-	-	-	-	-
Total Deferred Revenue and Other Liabilities	38,349	40,427	45,528	71,548	73,311
Total Liabilities	84,212	112,760	149,024	149,597	149,211
NET ASSETS					
Net Assets Without Donor Restrictions	51,618	49,427	47,590	45,285	43,262
Net Assets With Donor Restrictions	25,262	25,262	25,262	25,262	25,262
Total Net Assets	76,880	74,689	72,852	70,547	68,524
Total Liabilities and Net Assets	\$ 161,092	\$ 187,449	\$ 221,876	\$ 220,144	\$ 217,735

See Summary of Key Supplemental Projection Assumptions and Accompanying Independent Accountants' Compilation Report

VII. Exhibits

Exhibit A
Residency Agreement

THRIVEMORE

FAITH • FAMILY • FULFILLMENT

RESIDENCE AND SERVICES AGREEMENT

This Residence and Services Agreement (together with all exhibits and schedules that are attached and are hereby incorporated herein, the “Agreement”) is entered into between BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED dba THRIVEMORE (“ThriveMore”) located in Forsyth County at 1912 Bethabara Road, Winston-Salem, NC 27106 and _____, (“you” or “Resident”) effective this ___ day of _____ 202__ (“Effective Date”). If two persons enter into this Agreement as co-residents, the word “you” will apply to both unless the context requires otherwise. All residents that are parties to this Agreement shall be jointly and severally responsible for all fees, charges and obligations under this Agreement. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “ThriveMore” refer to ThriveMore, and the words “you”, “your”, and “Resident(s)” refer to _____.

Under the laws of the State of North Carolina, ThriveMore is organized as a nonprofit corporation and operates a continuing care retirement community commonly referred to as _____ (the “Community”) created to provide housing, recreation, health care and other services to people sixty-two (62) years of age or older.

ThriveMore is pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. ThriveMore encourages, supports, and is committed to operating a community where there are no barriers or discrimination because of race, color, religion, sex, handicap, familial status or national origin.

Your residence in the Community (“Residence”) and your “Date of Occupancy” of your Residence is as set forth on Exhibit A attached hereto.

All references in this Agreement to skilled nursing or skilled nursing facility shall only apply in the event the Community provides skilled nursing care or services or a skilled nursing facility.

THEREFORE, in consideration of the deposits, entrance fee, monthly fee and other fees and charges paid or payable by Resident stated hereafter, and in further consideration of the mutual covenants and agreements herein cited, the sufficiency of said consideration being hereby acknowledged, the parties hereto agree as follows:

I. Pledge of Service

ThriveMore will provide you the following services and facilities upon occupancy. Unless otherwise specified in this Agreement, there will be no additional charge made for any of these services and facilities other than payment of the Entry Fee and Monthly Fees, each of which is described in this Agreement, and outlined in Exhibit A. A “Schedule of Ancillary Charges” for certain services and items not covered by the Entry Fee and Monthly Fees is

included as Exhibit B. This schedule is updated periodically and will be made available to you each time it is updated.

A. Community Facilities:

You may use, along with other residents, the common facilities of the Community including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreation rooms and designated outdoor activity areas.

B. Living Accommodations:

- 1. Right to Reside** – You have a non-transferable right to reside in the independent living residence described in Exhibit A, subject to the terms and conditions of this Agreement.
- 2. Furnishings** – ThriveMore provides standard carpeting, window coverings, refrigerator, range, garbage disposal, microwave, and dishwasher. A washer and dryer are provided for in cottages and may be included in some apartments. The Community will make available to residents outside of their residences washers and dryers for Resident's use. All other furnishings and personal property shall be provided by Resident.
- 3. Changes to Your Residence** – ThriveMore allows limited, non-structural changes to personalize your residence. Any such changes must have prior written approval by ThriveMore.

In addition, you are responsible for the cost of any custom changes, and are required to use installers and contractors approved or provided by ThriveMore. You may select certain options and custom features in your residence for an additional charge. ThriveMore will present you with a written quote detailing the prices specific to your options and custom features requested. The cost of options and custom features selected will be paid by you at the time of selection and will become part of the Residence and the property of ThriveMore. The value of such improvements will not be considered in computing Entry Fee refunds, unless specifically agreed to in an Addendum to this Agreement. All options and custom features must be approved by ThriveMore administration in advance of the changes made. All such changes become the property of ThriveMore.

You may be responsible for costs associated with restoring the residence to its standard condition prior to occupancy by a subsequent resident. You may also be responsible for the cost of repairing or replacing finishes or appliances damaged as the result of extraordinary wear and tear.

C. Services:

- 1. Dining Services** - ThriveMore will provide a variety of meal plan options, which are subject to change from time to time, in the Community's dining venues, which are subject to change from time to time. Each meal plan will specify those costs that are the responsibility of ThriveMore and those costs that are the responsibility of Resident.

1. **Utilities** – Water, sewer service, trash disposal, electricity, heat, air conditioning, basic cable television and wireless internet services are provided. Although telephone access is provided, if you elect to have telephone service, you are responsible for the establishment of telephone hook-up and ongoing service. Individual thermostatic control for heating and air conditioning, cable television outlets, telephone outlets, and smoke alarms are also provided.
2. **Housekeeping** – Housekeeping services (“Housekeeping Services”) are provided twice monthly in apartments based upon the Housekeeping Services schedule. These services include vacuuming, dusting and cleaning of bathrooms and kitchens. Housekeeping Services may be provided twice monthly in cottages depending on the housekeeping plan elected by Resident and based upon the Housekeeping Services schedule. These services include vacuuming, dusting and cleaning of bathrooms and kitchens.
3. **Maintenance and Repairs** – ThriveMore performs the necessary repairs, maintenance, and reasonable replacement of its own property, common facilities and equipment. You will be responsible for the cost of repairing damage to property of ThriveMore caused by you, your pets or any of your guests, ordinary wear and tear excepted.
4. **Security** – ThriveMore will use reasonable care in providing security on the premises of the Community. Smoke detectors are provided in all residences. Twenty-four (24) hour security staffing, including regular security patrols, is provided. You are responsible for taking appropriate security measures to protect yourself and your property at the Community. Each residence will be provided with emergency response protocols, monitored twenty-four (24) hours a day. There may be a charge to Resident for certain emergency response protocols.
5. **Groundskeeping** – Basic groundskeeping service, including lawn, tree, and shrubbery care, is provided. You may plant and maintain certain areas designated and approved by ThriveMore.
6. **Activities** – ThriveMore provides scheduled social, recreational, spiritual, educational and cultural activities, creative arts, exercise and wellness programs, and other activities designed to meet the interest of the residents. There may be a charge to the Resident associated with certain activities.
7. **Transportation** – Scheduled transportation is provided to shopping centers, public events, and other destinations as determined by the Community. Should transportation be desired at times or to places not included in the standard schedule, the Community will assist with those transportation needs to the degree staff and equipment are available, and an additional charge may apply.
8. **Storage** – Limited storage space is provided.
9. **Parking** – One automobile parking space per independent residence is provided. Additional limited parking may be available.

10. Wellness and Health Services – ThriveMore offers assisted living and skilled nursing services and may provide oversight by a licensed physician serving as the Clinical Team in accordance with and subject to the provision of Section V of this Agreement.

11. Insurance – ThriveMore maintains insurance on all of its property and its operations to include general public liability insurance, property insurance, including coverage for acts of God, vandalism and theft, professional liability insurance and worker’s compensation. You are encouraged to maintain a personal insurance policy for coverage of your personal belongings.

12. Taxes – Any real estate taxes are paid by ThriveMore.

13. Optional Services ThriveMore will make available to the Resident on an optional basis, at an additional cost to the Resident or Resident’s insurance:

- i. One or two additional meals per day in a dining venue at the Community;
- ii. In case of temporary illness, tray service of meals in the Resident’s residence;
- iii. Additional housekeeping services as required;
- iv. Transportation to certain extra-curricular events and locations;
- v. Beauty and barber services;
- vi. Regularly scheduled access to the on-site Health Clinic maintained by the Community.

II. Terms of Residency

A. Resident’s Application

The Resident’s Application for Residency is attached to this Agreement as Exhibit C and incorporated by reference herein. Resident represents and warrants that Exhibit C is true, complete and accurate in all material respects. Resident further certifies the continuing accuracy and completeness of the factual representations contained in the application. Resident understands and agrees that the representations contained in the Application for Residency, and in particular the financial representations, were made by Resident to induce ThriveMore to enter into this Agreement. Any material misrepresentations or omissions in the Application for Residency shall render this Agreement voidable or terminable, including, the right to terminate the Resident’s residency, at the option of ThriveMore.

Resident may be asked to provide ThriveMore accurate and complete financial and health care statements periodically when requested by ThriveMore.

B. Rights of Resident:

You have the right to occupy, use, and enjoy your assigned residence, together with the common areas, amenities, programs, and services of the Community during your lifetime, subject to the terms and conditions of this Agreement, unless this Agreement is terminated as provided herein. It is understood that this Agreement is not a lease and does not transfer or grant any interest in the real or personal property owned by ThriveMore other than the rights and privileges as described in this Agreement.

C. Policies, Rules and Regulations:

You agree to abide by the policies, rules, and regulations of ThriveMore including such changes as may be adopted from time to time. These policies, rules, and regulations will be made available to you prior to the execution of this Agreement, and at any time when they are updated.

D. Business and Health Care Directives:

You agree to execute and maintain in effect a North Carolina Durable Power of Attorney valid and enforceable in accord with the provisions of Chapter 32C of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact, a bank, a lawyer, relative or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as if you would be acting personally. It shall be in a form which survives your incapacity or disability and otherwise be satisfactory to ThriveMore. You will deliver a fully executed copy of this Power of Attorney to ThriveMore prior to the Date of Occupancy. Additionally, you further agree to provide ThriveMore with a copy of any Living Will, or Durable Power of Attorney for health care decisions which may be in existence, and to provide such documentations which may develop subsequent to the execution of this Agreement. ThriveMore strongly encourages all residents to designate a Health Care Attorney in Fact capable of making health care decisions in the case of incapacity or emergency.

E. Property:

To the maximum extent permitted by law, ThriveMore will not be responsible for the loss or damage of any property not belonging to ThriveMore due to any cause. It is understood by both parties that you will have the responsibility for providing insurance protection covering any such loss or damage of personal property. Upon termination of this Agreement, ThriveMore has the right to promptly (within thirty (30) days) remove from the residence any and all of your property that remains therein or that is stored elsewhere on the property of ThriveMore, and ThriveMore may store such property either on or off the premises. You or your estate will be obligated for the payment of moving and storage charges and will reimburse ThriveMore for its incurred expenses.

Should such belongings remain stored for longer than ninety (90) days, ThriveMore shall have the right to sell such belongings and pay the proceeds from such sale to you or your estate, net of all expenses incurred to move, store and sell such property. If the proceeds are not adequate to fully reimburse ThriveMore for all such costs, you or your estate shall be responsible to ThriveMore for the deficiency.

F. Insurance:

1. Application for Benefits: Assignment of Benefits

You shall apply for any federal, state or local benefits for which you may be eligible or entitled upon request by ThriveMore. If requested by ThriveMore, any or all such benefits will be applied to the daily or monthly fee, as applicable, or other fees or charges incurred by you at ThriveMore.

You agree to assign to ThriveMore all insurance benefits received from third party payers for health services provided by ThriveMore. You agree to grant to ThriveMore a limited Power of Attorney for the purpose of permitting ThriveMore to act as your agent or attorney in fact in all matters relating to any such benefit.

2. Health Insurance:

You shall maintain eligible Medicare coverage (and supplemental health insurance coverage) and health insurance coverage that adequately covers hospital, medical, prescriptions and skilled nursing deductibles and co-payments required under your primary insurance policy. Your primary and secondary insurance coverage must recognize ThriveMore as a healthcare provider, or you shall be responsible for the cost of services rendered that otherwise could be covered by insurance. You agree to furnish ThriveMore with evidence of such coverage prior to the Date of Occupancy as stated in Exhibit A and also upon request.

If your health insurance coverage lapses, ThriveMore may require you to reapply for suitable insurance coverage. If you are unable to obtain suitable insurance coverage, you shall be responsible for the cost of any healthcare services rendered that otherwise could be covered by insurance. Upon request by ThriveMore, you shall provide evidence of health insurance coverage.

If Resident is ineligible for Medicare, Resident shall maintain equivalent health insurance in full force and effect, unless Resident demonstrates to ThriveMore's satisfaction that Resident is financially able to pay for those services that otherwise would be paid for by Medicare. Resident shall take such action and execute such forms as are reasonable and necessary to secure the payment to any hospital, nursing facility or other provider of health care services (including to ThriveMore for services provided by it), or to any physician, of any and all amounts payable in respect of services rendered to Resident and for which insurance is available.

However, notwithstanding any other provision in this Agreement, and to the extent allowed by law, Resident's failure to qualify for, obtain benefits under, or be reimbursed for any or all services set forth herein under a federal, state, or local grant, aid, benefit, or

health care program or under any private health care insurer shall not effect Resident's and Responsible Party's direct obligation to pay the fees, costs and charges set forth herein.

3. Medicare-Certified Skilled Nursing Facility Beds:

The Community maintains a limited number of Medicare-certified beds in the skilled nursing facility, which are available for use by residents whose skilled nursing care would qualify for Medicare payment on an "if and as available" basis. In the event that you need admission and the admission would qualify for Medicare payment, then your financial responsibility to ThriveMore will depend upon the type of Medicare coverage you have and whether ThriveMore is a contractual provider for your coverage.

a) Medicare-certified bed is not available.

In the event that there is not a Medicare-certified bed at the Community at the time you require admission, you may either choose to obtain skilled nursing care services at another healthcare facility at your cost until such time as a Medicare-certified bed becomes available at the Community (presuming you would use a facility that could provide a Medicare-certified bed) or be admitted to a bed in the skilled nursing facility at your cost which is not certified to accept Medicare payment until such time as a Medicare-certified bed becomes available at the Community.

b) Medicare-certified bed is available and you have traditional Medicare.

If you are admitted to a Medicare-certified bed in the skilled nursing facility and you have traditional Medicare coverage, ThriveMore will accept the Medicare reimbursement amount of such care while you shall be responsible for any applicable deductible, co-payment and/or co-insurance amounts that are not paid by Medicare and any supplemental Medicare insurance that you maintain.

c) Medicare-certified bed is available and you have Medicare Advantage coverage for which ThriveMore is an in-network provider.

In the event that ThriveMore is an in-network provider for your Medicare Advantage coverage, then ThriveMore will accept the reimbursement amount from your Medicare Advantage insurance carrier while you shall be responsible for any deductible, co-payment and/or co-insurance amounts that are not paid by the Medicare Advantage insurance that you maintain.

d) Medicare-certified bed is available and you have Medicare Advantage coverage for which ThriveMore is not an in-network provider.

ThriveMore will charge you the full private-payment amount for your admission into a Medicare-certified bed and credit against your financial obligation to ThriveMore the amount that is paid by your Medicare Advantage insurance if the insurance provides an out-of-pocket network benefit. A full private-pay resident in a Medicare-certified bed may be required by ThriveMore to relocate to a bed that is not Medicare-certified when such a bed becomes available.

G. Resident's Medical Examination:

You agree to be examined by a physician when there is reasonable cause for concern for your health and well-being.

H. Subrogation Rights:

In case of injury to you by a third party, ThriveMore shall have the right to subrogation for all of its costs and expenses incurred by reason of such injuries, and shall have the right, in your name or otherwise, to take all necessary steps and procedures to enforce the payment of the same by the person responsible for the injury. You agree to cooperate fully and to assist ThriveMore in recovering any such costs and expenses.

I. Resident Representation:

Residents have the right of self-organization through a residents' association which may convene to arrange social and recreational programs and to review the interests of the resident population.

J. Right of Entry:

ThriveMore recognizes your right to privacy, and ThriveMore shall limit entry to your Residence to legitimate emergencies and to scheduled work, including housekeeping, repairs, maintenance, and inspections. You hereby expressly authorize employees or agents of ThriveMore to enter your Residence upon reasonable notice for all such purposes.

K. Appliances:

ThriveMore is not obligated to determine your ability to safely utilize the appliances in your Residence. However, should ThriveMore determine that you have demonstrated an inability to safely operate the range, microwave, refrigerator, disposal unit, or any other appliances in your Residence, ThriveMore will have the right to turn off the power serving such appliance(s) and/or to remove any and all such appliances. In any such instance, you shall remain obligated to pay for any extra meals that you may incur due to the unavailability of any appliance.

L. Guests:

Guests are welcome at the Community subject to the Community's guest policies. Guests may also use the Community's guest room accommodations, subject to availability and based upon the Guest Room Reservation Policy in the Resident Handbook. At all times, you will be responsible for any injury to others, or damage to the property of others or of ThriveMore, caused by your guest(s). ThriveMore reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.

M. Emergency Notification:

You agree to provide ThriveMore with the following information prior to the Date of Occupancy:

- Names, addresses, and phone numbers of persons to notify in an emergency, or death
- Copy of current Durable Power of Attorney
- Copy of current Health Care Power of Attorney
- Copy of any Advance Directives
- Copy of current Insurance Coverages

ThriveMore shall not be responsible for funeral or burial arrangements or costs.

N. Compliance with Applicable Laws:

ThriveMore will operate in full compliance with all laws, rules, regulations, and ordinances promulgated by lawful governmental authorities. Notwithstanding any other provisions of this Agreement, ThriveMore shall have the right to change your Residence, and the terms of this Agreement, to meet the requirements of any law or regulation.

O. Relocation:

ThriveMore reserves the right to relocate you to another accommodation when deemed necessary in order for ThriveMore to fulfill its strategic plans, financial obligations or other obligations. ThriveMore will use reasonable efforts to relocate you to a similar or better accommodation. Any such decision to relocate you will be discussed thoroughly with you in order to enlist your understanding of the need for and cooperation with the relocation. ThriveMore will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between your accommodation and any new accommodation to which you may be relocated.

III. Financial Provisions

A. Deposits:

Funds paid toward the Entry Fee may be refundable as outlined in Sections VI and VIII of this Agreement.

B. Entry Fee, Working Capital Fee and Monthly Fee:

You agree to pay ThriveMore an Entry Fee (as indicated below) and the Monthly Fee for the selected residence as outlined in Exhibit A. Within five (5) days of the Effective Date of this Agreement, you agree to pay a ten percent (10%) deposit to secure the Residence as outlined in Exhibit A. You are then required to make the final balance payment of the Entry Fee at least fourteen (14) days prior to the Date of Occupancy, as stated on Exhibit A. You agree to pay all fees and charges as set forth in this Agreement.

All references in this Agreement to Working Capital Fees shall only apply to Communities that charge Working Capital Fees. Working Capital Fees are paid at the same time your Entrance Fee and your Monthly Fee begin for your residence. You will pay ThriveMore a one time

Working Capital Fee in the amount equal to the monthly fee for your residence (including a 2nd person Monthly Fee if there are 2 of you). This is a one time non-repayable charge, which we will place in Working Capital Account to be used by us only for purposes related to Ardenwoods.

You agree to pay ThriveMore one of the following Entry Fees (selected option checked below) as a condition of becoming a Resident of ThriveMore. This Entrance Fee is refundable in whole or in part as described below and in Section VI of this Agreement, subject to the terms and conditions of this Agreement.

Entrance Fee Option	Entry Fee Option	Amount of Entry Fee	Amortization Schedule
_____	Standard Refund Entrance Fee	\$ _____ 2 nd Person _____	2% a month for 48 months less 4% non-refundable fee.
_____	50% Refund Entry Fee	\$ _____ 2 nd Person _____	2% per month for 23 months less 4% non-refundable fee. Refund never less than 50% of original entrance fee.
_____	90% Refund Entry Fee	\$ _____ Non-Refundable 2 nd Person _____	1% per month for 6 months less 4% non-refundable fee. Refund never less than 90% of original entrance fee.

The Monthly Fee varies depending upon the type of residence. A Double Occupancy Monthly Fee is charged for Co-Residency. The Monthly Fee and costs for additional services are billed by the fifth (5th) business day of each calendar month, with payment due from you by the fifteenth (15th) of the same month. ThriveMore reserves the right, with thirty (30) days' notice, to change the billing date and the payment due date. For a partial first month, the Monthly Fee is pro-rated on a per diem basis. Thereafter, Monthly Fees are paid in advance and are not pro-rated at termination. If you fail to pay the Monthly Fee, ThriveMore reserves the right to terminate the Agreement. ThriveMore may add a service charge of one percent (1%) per month to fees and charges not paid by the fifteenth (15th) of the month. ThriveMore requires an automatic bank draft for the monthly charges.

C. Delayed Residency:

If you choose to defer occupancy, later than the Date of Occupancy as stated in Exhibit A, both the Entry Fee and the applicable Monthly Fee must still be paid as if you moved into ThriveMore on the Date of Occupancy. You will be credited as appropriate, with the Away Allowance as

described in Section III. I. until such time that you move to ThriveMore. Additionally, any refund will be calculated as of the Date of Occupancy as stated in Exhibit A.

D. Fee Increases:

It is understood by both parties that ThriveMore is a nonprofit corporation dedicated to providing high quality services, facilities, and care at the lowest feasible cost. The parties also recognize the uncertain nature of future costs and expenses for goods and services and their mutual need to maintain a sound financial basis for the continued operation of the facility. You agree that ThriveMore may adjust the Monthly Fee and any and all other fees and charges upon a thirty (30) day written notice to you, as may be reasonably necessary according to the economic requirements and conditions, and the level of services offered. The decision to adjust the Monthly Fee and all other fees and charges is made, in its sole discretion, by the Board of Trustees of ThriveMore.

E. Financial Hardship:

It is the intent of ThriveMore to admit only those persons who are able to pay its current and projected Entry Fee, Monthly Fee and any additional fees and charges. Resident agrees to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by ThriveMore under this Agreement or otherwise. Resident agrees to provide ThriveMore thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident shall promptly notify ThriveMore of any material change in Resident's medical or financial condition, including but not limited to Resident's qualification for and intention to seek assistance from any public assistance benefit program, as hereinafter defined.

Upon verification satisfactory to ThriveMore that Resident has complied with the foregoing obligations and that Resident's income, resources, and assets are insufficient to pay for services required, ThriveMore will endeavor to provide financial assistance to Resident, by prudent use of finite funds available to it for such purposes. ThriveMore has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to Resident. In any event, such assistance as may be available will be provided only after Resident has applied for and taken all necessary steps to qualify for Medicaid, public assistance, any public benefit program, or private funds or programs through which benefits ("public assistance benefits") may be available for payment of services required by Resident. ThriveMore's ability to subsidize residents who have encountered financial hardship is expressly limited by its obligation to meet its commitments to all residents, and to operate on a sound financial basis. If it is apparent to ThriveMore that you have voluntarily divested assets and resources, or have used resources in a manner other than to meet ordinary and customary living expenses, ThriveMore may refuse to subsidize your fees and charges, and may elect to terminate this Agreement if payments for all fees and charges are not received in a timely manner. The use of ThriveMore's funds to subsidize residents who have encountered financial hardship is at the sole discretion of ThriveMore.

You agree to provide, if requested, financial statements and current financial information and copies of your tax returns for the purpose of demonstrating capacity to meet financial obligations to ThriveMore and other providers arising out of or in connection with this Agreement.

Resident agrees that he or she have not and will not make gifts of real or personal property for the purpose of evading his or her financial obligations to ThriveMore.

F. Subsidy by ThriveMore:

Should ThriveMore elect to subsidize your fees and charges, or any other cost for services or care which ThriveMore under this Agreement is not obligated to pay on your behalf, the accumulated amount of any such subsidy shall be offset against any refund that might become due to you, and any unrecovered balance shall also be a valid claim against your estate. This paragraph shall apply whether or not you reside at ThriveMore at the time of death or termination of this Agreement.

G. Occupancy by Two Residents:

When two (2) Residents occupy a Residence and one of them is no longer domiciled in the Residence, whether as a result of death or otherwise, or in the event of the termination of this Agreement with respect to one of the Residents, this Agreement shall continue in effect for the remaining Resident. The remaining Resident will thereafter pay the Single Occupancy Monthly Fee associated with the Residence. No Entry Fee refunds shall be paid to the remaining Resident until the Residence is vacated as described in this Agreement. Section V.B.7. addresses Resident's obligations when Resident(s) is transferred to the Health Care Center.

H. Addition of a Second Resident to Share a Living Accommodation with a Current Resident:

If, after the Date of Occupancy indicated on Exhibit A, you choose to have a second resident share your residence, ThriveMore may charge the second resident an Entry Fee equal to the current applicable Single Occupancy Entry Fee for such living accommodation, or such lesser amount as ThriveMore may determine in its discretion. Thereafter, you are responsible for paying the applicable Double Occupancy Monthly Fee for the residence.

Second residents are subject to the same review and entrance requirements as initial residents and must sign a Residence and Services Agreement. If the second resident is an existing resident, the second resident is subject to the same entrance requirements as initial residents, except in regard to health status evaluation.

I. Away From the Community:

If Resident is away from the Community for thirty (30) consecutive days, Resident will receive a credit for up to 30 days based on Resident's meal plan selection. If Resident takes advantage of the away rate, no meal credits are accrued during the away time. If for any reason Resident returns to the Community for an overnight stay, he or she will be ineligible to take advantage of the away rate. The away rate can be taken for a maximum of three (3) months.

IV. Resident Moves and Transfers

It is understood that when you move from one independent living residence to another, or if you move from one level of care to another, your status or rights as a ThriveMore resident do not change. You may transfer and/or move on a temporary or a permanent basis, at the determination of ThriveMore.

A. Independent Internal Moves:

- 1. Move to a Larger Independent Living Residence** – Should you desire to transfer to a larger independent living residence, an internal move request should be made in writing according to the Internal Move Policy in the Resident Handbook, which may be subject to change from time to time. An internal move fee may apply as noted in the policy. An additional Entry Fee equal to the difference between the then current Entry Fee for the larger residence and the Entry Fee you originally paid for the smaller residence will be due to ThriveMore prior to your move to the larger residence.

Any additional Entry Fee amounts paid shall be considered paid from the Date of Occupancy of the original residence (Exhibit A) for purposes of calculating any refund. You will also be responsible for the Monthly Fee associated with the larger residence from the Date of Occupancy for the larger residence, or the actual date of move-in, whichever is earlier. The Monthly Fee for the smaller residence is still in effect, and will be charged until all personal belongings have been removed, and a final walk-through has been completed as per the Internal Move Policy.

- 2. Move to a Smaller Independent Living Residence** – Should you desire to transfer to a smaller independent living residence, an internal move request should be made in writing according to the Internal Move Policy in the Resident Handbook. You will not be due any refund at the time of your transfer. Your refund, if any, shall be calculated and paid in accordance with the provisions of this Agreement based on the independent living residence you initially occupied under this Agreement.

You will be responsible for the Monthly Fee associated with the smaller residence beginning on the Date of Occupancy of the smaller residence, or the actual date of move-in, whichever is earlier. You will also be responsible for the Monthly Fee for the larger residence until all personal belongings have been removed from the larger residence, and a final walk-through has been completed as per the Internal Move Policy.

B. Moves to the Health Care Center:

ThriveMore expressly reserves the right to move you to an accommodation that can best provide for your safety and care. If your physical or mental condition deteriorates so that, in the best judgment of ThriveMore and upon the recommendation of ThriveMore's Clinical Team, you are unable to live independently, or if you cannot live in an independent living residence without endangering yourself or the health or safety of others, ThriveMore may move you to a more

appropriate accommodation. Such changes (if not at your request) shall be made only to protect your health or safety, or the general welfare of the residents of ThriveMore or others. Residents may request a meeting with ThriveMore for the discussion and consideration of any actions taken by ThriveMore. Should you fail or refuse to cooperate with any such move, ThriveMore has the right to terminate this Agreement and require you to leave the Community altogether.

If in the sole discretion of ThriveMore, it determines that your transfer is permanent, ThriveMore may assign your independent living residence to another resident. Should your condition subsequently improve to a point that you are able to live independently, you may apply for an independent living residence upon the same basis as existed before the transfer. You shall bear all costs of moving and storing your furniture and belongings in the case of such transfer. In addition, if ThriveMore determines that you can resume occupancy in an independent living residence, you will have priority for a similar residence as soon as one is available.

C. Limitations of Care/Transfer:

ThriveMore's facilities and services are not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should ThriveMore determine that your physical and/or mental condition becomes such that your continued presence at ThriveMore is dangerous or detrimental to your health or safety, or to others, ThriveMore may arrange for such transfer to a special service facility as may be required, and this Agreement will be terminated.

If you or your designee prefers a different institution or special service facility than that selected by ThriveMore, arrangements will be made to accommodate such preference with the understanding that ThriveMore is relieved of any financial responsibility associated with such transfer, or the costs of such a transfer.

V. Health Care Services

During the process of applying to ThriveMore, you have disclosed a true and correct health status and history, and have been approved by ThriveMore for independent living. You have disclosed any significant changes in your health status since your initial review. It is understood by both parties that your health condition may change and that you will inform ThriveMore of any significant changes. If there is reasonable cause for concern, you agree that a ThriveMore physician may examine you.

A. Health Care Center:

The Community's Health Care Center includes a primary care clinic, assisted living residences, skilled nursing residences, and residences offering special care/dementia services.

B. Continuing Care Services:

ThriveMore agrees to provide the health care services outlined below. These services are included in the Monthly Fee, except for those requiring additional payment as described below.

ThriveMore will seek reimbursement from any and all third party payers to the fullest extent available.

- 1. Wellness and Exercise Programs** – ThriveMore staff will conduct wellness and exercise programs for residents who wish to participate. Some special programs may require extra charges.
- 2. Other Health Care Services:**
 - a) Primary Care** – ThriveMore will make available primary care services to you in the Health Care Center during regularly scheduled office hours. Trained health care personnel will be on-site twenty-four (24) hours a day. A physician will be available for scheduled office visits and is on call for Community residents twenty-four (24) hours a day, seven (7) days a week. The ThriveMore physician will refer you to specialists as needed. You will be responsible for the cost of care rendered by physicians not reimbursed by Medicare or other third party payer.
 - b) Laboratory Tests and Other Procedures** – Limited laboratory testing services and diagnostic procedures will be provided in the Health Care Center according to the Health Care Center's fee schedule. You will be responsible for the costs of such services and procedures not reimbursed by Medicare or other third party payer.
 - c) Visiting Nursing Services** – Visiting nursing services may be available for consultation and assistance to you in your residence on a short-term basis. Such services may require an additional charge.
 - d) Special Services** – ThriveMore will provide facilities to accommodate some special services such as Dentistry, Physical Therapy, Occupational Therapy, Speech Therapy, and Pharmacy Services. You will be responsible for the cost of these, and other special services not reimbursed by Medicare or any other third party payer. You are responsible for the costs of medications procured through ThriveMore pharmacy service or elsewhere.
- 3. Assistance with Insurance Claims** – ThriveMore will assist you with the filing of health care insurance claims for services rendered by ThriveMore. Whenever ThriveMore files insurance claims for you, you agree to promptly and fully cooperate in the filing of all such claims. Resident shall be responsible for all fees, costs and expenses should Resident's insurance be denied for any reason.
- 4. Personal Assistants** – You may arrange for limited assistance to accomplish activities of daily living. Personal assistants may be required to be approved by ThriveMore before they are allowed access to ThriveMore facilities. You are responsible for any costs related to the services of any personal assistant. You are responsible for any injury to others or damage to the property of others or of ThriveMore by your assistant(s). ThriveMore may limit or terminate the services of any assistant and may refuse access to the grounds or facilities of ThriveMore by such assistant. You understand that arranging

and receiving care from a personal assistant does not take the place of care that may best be provided in the Health Care Center (See Section IV.B).

5. **Hospitalization** – ThriveMore may assist you in arranging your inpatient hospital care when ordered by a physician. You will be responsible for all hospital charges not covered by Medicare or other third party payer.

7. **Health Care Services in ThriveMore Health Care Center** – ThriveMore will provide temporary or permanent assisted living services, skilled nursing services, and respite care services to you when ordered by a physician. Health care services are provided based upon a specific fee structure as outlined below:
 - a) **Pre-Paid Days:** You are eligible for thirty (30) “free” days in the Health Care Center beginning with the initial Date of Occupancy at ThriveMore. Pre-paid days may also be used for a stay in an alternative health care facility. Should it be necessary to use one or more “free” days, these may again accrue to a maximum of thirty (30) days. One pre-paid day accrues on the first day of each month for which you have not occupied a Health Care Center bed or a bed in an alternative health care facility in the prior month up to a maximum of thirty (30) days. While residing in the Health Care Center or in an alternative health care facility (but only if such alternative health care facility is due to the Community’s inability to provide the necessary care to Resident and not for an alternative health care facility that Resident has chosen) when pre-paid days are available, you continue to pay the current Monthly Fee. After the accrued pre-paid days have been used, the rates as outlined in paragraphs 7.b through 7.h below apply or the rates actually charged by the alternative health care facility.

 - b) **Single Occupancy, Temporary Health Care Center:** When it is deemed by ThriveMore that you are a temporary resident of the Health Care Center, and after pre-paid days have been used, you will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore in addition to the regular Monthly Fee. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident’s meal plan selection.

 - c) **Single Occupancy, Permanent Health Care Center:** When it is deemed by ThriveMore that you are a permanent resident of the Health Care Center and after pre-paid days have been used, you will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Once you become a permanent resident of the Health Care Center, all personal belongings have been removed from your independent living residence and a final walk-through has been completed, you will relinquish the independent living residence, and the Monthly Fee for the independent living residence will no longer be paid.

 - d) **Double Occupancy, One Resident Temporarily in Health Care Center:** After pre-paid days have been used, the resident temporarily transferred to the Health Care Center and the resident remaining in the independent living residence will continue to pay the Double Occupancy Monthly Fee, plus One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Resident that is

temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.

- e) **Double Occupancy, One Resident Permanently in Health Care Center:** After pre-paid days have been used, the resident permanently transferred to the Health Care Center and the resident remaining in the independent living residence will continue to pay the Single Occupancy Monthly Fee plus One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore.
- f) **Double Occupancy, Both Residents Temporarily in Health Care Center:** After pre-paid days have been used, if both residents are temporarily transferred to the Health Care Center, each will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. In addition, the resident temporarily transferred to the Health Care Center and the resident remaining in the independent living residence will continue to pay the Double Occupancy Monthly Fee. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.
- g) **Double Occupancy, Both Residents Permanently in Health Care Center:** After pre-paid days have been used, if both residents are permanently transferred to the Health Care Center, each will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Once all personal belongings have been removed from the independent living residence, and a final walk-through has been completed, you will relinquish the independent living residence and the Monthly Fee will no longer be paid for the independent living residence.
- h) **Double Occupancy, One Resident Temporarily in Health Care Center and One Resident Permanently in Health Care Center:** After pre-paid days have been used, if one resident is temporarily transferred to the Health Care Center, and the other resident is permanently transferred to the Health Care Center, the rates outlined in Section V.B.7.e will apply. In addition, the resident temporarily transferred to the Health Care Center will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.

If appropriate accommodations suited to meet your needs are not available, ThriveMore will be responsible for identifying alternative health care facilities for you, until such time as an appropriate accommodation is available in ThriveMore's Health Care Center.

Resident is responsible for the costs of care at the alternative health care facility. During the period of stay in an alternative health care facility, all costs of care will be billed to the Resident by the alternative health care facility. If such costs are not covered by Medicare or other third party payer, the Resident is responsible for the costs of care at the alternative health care facility and, the Resident may elect to use any available pre-paid days as described in paragraph 7.a above. Should you elect to use any available pre-paid days, ThriveMore will either reimburse you or credit your account for the scope of

services that would otherwise be included in the per diem rate, provided that ThriveMore's obligation shall not exceed the current prevailing per diem rate.

C. Direct Admission to the Health Care Center:

After the execution of this Agreement and prior to the Date of Occupancy, you may be admitted directly to the Health Care Center should it be determined that your physical or mental condition precludes you from living independently. Under this circumstance, health care services will be delivered as outlined below. Financial support as described in Section III.E. will not apply unless a co-resident takes occupancy of an independent living residence. Should independent living status as determined by ThriveMore be regained, you will have a priority right to an independent living residence equivalent to the independent accommodation previously contracted, and you may move to the independent living residence by paying the balance of the current Entry Fee and the applicable Monthly Fee.

- 1. Direct Admission to Skilled Nursing** – If after execution of this Agreement and prior to the Date of Occupancy, it is determined that you require skilled nursing services, you may be admitted directly to a skilled nursing residence if accommodations are available. You will pay the current daily skilled nursing rate, instead of the Entry Fee and Monthly Fees. Should you subsequently move to an independent living residence after having paid the remaining portion of the Entry Fee and again require Health Care Center services, you would be eligible for the reduced rates outlined in Section V.B.7 of this Agreement, after an agreed upon, pre-determined time of independent residency has been established and met.
- 2. Direct Admission to Assisted Living** – If after execution of this Agreement and prior to the Date of Occupancy it is determined that assisted living services are required, you may be admitted directly to an assisted living residence if accommodations are available. You will pay the current monthly assisted living rate instead of the Entry Fee and Monthly Fee. You may transfer to skilled nursing if more intensive care is needed and accommodations are available, and would then be charged the current daily skilled nursing rate. Should you move to an independent living residence after having paid the remaining portion of the Entry Fee and again require Health Care Center services, you would be eligible for the reduced rates outlined in Section V.B.7. of this Agreement, after an agreed upon, pre-determined time of independent residency has been established and met.
- 3. Double Occupancy and Direct Admission** – In the case of double occupancy, a resident entering an independent living residence with a co-resident directly admitted to the Health Care Center will pay the Single Occupancy Entry Fee and Single Occupancy Monthly Fee for the independent living residence.

VI. Termination Prior to Occupancy and Terms of Refund

A. Termination by the Resident:

- 1. Termination Within the Thirty (30) Day Right of Rescission Period** – You may rescind this Agreement prior to the Date of Occupancy, or after occupancy, by giving written notice to ThriveMore within thirty (30) days following the later of the execution of this Agreement or of the date that you received the Disclosure Statement as required by Section 58-64-1, et. seq. of the North Carolina General Statutes. You will receive a full refund equal to the funds paid toward the Entry Fee without interest, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate. You are not required to take occupancy before the end of the thirty (30) day rescission period.
- 2. Termination After the Thirty (30) Day Right of Rescission Period** – After the thirty (30) day rescission period and prior to the Date of Occupancy, if you terminate this Agreement, you will receive a refund equal to the funds paid toward the Entry Fee without interest, less an administrative fee equal to two percent (2%) of the Entry Fee for the independent living residence selected, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate.

B. Termination by ThriveMore:

The Agreement may be terminated by ThriveMore if it is determined by ThriveMore that you have misrepresented or omitted medical, financial, or other information given to ThriveMore during the application process, or if your financial status changes prior to the Date of Occupancy such that you no longer meet ThriveMore's financial requirements for admission. In such event, you will be due a refund equal to the total amount of funds paid toward the Entry Fee without interest, less an administrative fee equal to two percent (2%) of the Entry Fee based on the independent living residence selected, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of written notice to terminate.

C. Termination as a Result of Death or Illness of Resident:

Prior to the Date of Occupancy, should you die, become ill, be injured or otherwise incapacitated such that ThriveMore determines that independent living is not possible, this Agreement will automatically be terminated and a refund shall be due to you within sixty (60) days, equal to the funds paid toward the Entry Fee without interest, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. In lieu of terminating this Agreement, you may

elect to enter the Community's Health Care Center under the terms of the direct admissions policy outline in Section V.C.

D. Termination of Residency If Listed on a Sex Offender Registry

Resident hereby acknowledges that it is the policy of ThriveMore to conduct sex offender screening for every prospective resident, regardless of independent status or level of care, at the time of application for admission to ThriveMore and again prior to entering into a Residence and Services Agreement. If the screening shows that the prospective resident is identified as a sex offender, ThriveMore will deny admission of Resident on that basis and not execute a Residence and Services Agreement. In addition, Resident hereby acknowledges and agrees that if, after ThriveMore and Resident have entered into a Residence and Services Agreement, ThriveMore becomes aware that Resident is listed on any sex offender registry, ThriveMore may terminate this Agreement with Resident and remove Resident from the Community. If there is more than one resident who is a party to this Agreement, the termination of this Agreement in such instance shall only apply to the resident listed on the sex offender registry.

VII. Conditions of Termination After Occupancy

A. Termination by the Resident: In addition to Section VI., this Agreement may be terminated by you in accordance with the following conditions:

1. The Agreement will be terminated upon your death, or the death of the surviving resident in the case of co-residency.
2. A permanent move to the Health Care Center is not considered a contract termination, and therefore a refund is not applicable. Refunds may only apply upon the termination of the Agreement. The Termination Date will be determined in accordance with Section VII.C. below.
3. Except in the case of death, you must give ThriveMore sixty (60) days written notice of your intent to terminate the Agreement.
4. You must leave the Residence in a condition satisfactory to ThriveMore. ThriveMore may charge you for the cost of work required to restore the Residence to its standard condition, with the exception of reasonable wear and tear.
5. Refunds to you shall be reduced by the amount of your outstanding fees and charges due to ThriveMore.

B. Termination by ThriveMore: ThriveMore may terminate the Agreement with you if you breach this Agreement, or if you fail to pay the Monthly Fee and any other ancillary charges, or fail to follow the standard policies or procedures of ThriveMore, or refuse to relocate as required by this Agreement, or engage in activities or conduct disruptive to

the Community, or if you interfere with the health and safety of the Community, or if you have misrepresented or omitted medical, financial or other information given to ThriveMore during the application process. ThriveMore will be required to give you at least sixty (60) days written notice to vacate your residence.

You must leave the Residence in condition satisfactory to ThriveMore. ThriveMore may charge you for the cost of work required to restore the Residence to its standard condition, with the exception of reasonable wear and tear.

Refunds to you shall be reduced by the amount of your outstanding fees and charges due to ThriveMore.

- C. Termination Date:** The “Termination Date” of this Agreement will be the date on which your personal property has been removed from the residence or sixty (60) days following written notice, whichever is later. You will be required to continue paying the Monthly Fee until the Termination Date or until your personal belongings have been removed and a walk-through has been completed by you or your designee and management, whichever is later.

VIII. Conditions for Refund After Occupancy

- A. Termination of Standard Agreement by Resident or by Death:** You may be entitled to a refund of the Entry Fee. If Resident dies or terminates this Agreement during the first twenty-four (24) months of this Agreement, you or your estate may be entitled to a partial refund of the Entry Fee. You or your estate will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) of the Entry Fee on the Occupancy Date and then four percent (4%) of the Entry Fee for each month that this Agreement has been in effect for up to twenty-four (24) months; less (iii) any amounts due to ThriveMore. After twenty-four (24) months, there is no refund of the Entry Fee. Entry Fees will not be pro-rated for a period less than one month.
- B. Termination of Standard Agreement by ThriveMore:** If ThriveMore terminates this Agreement pursuant to Section VII.B, you may be entitled to a refund of the Entry Fee. If termination of this Agreement occurs during the first twenty-four (24) months of this Agreement, you or your estate may be entitled to a partial refund of the Entry Fee. You or your estate will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) of the Entry Fee on the Occupancy Date and then four percent (4%) of the Entry Fee for each month that this Agreement has been in effect for up to twenty-four (24) months; less (iii) any amounts due to ThriveMore. After twenty-four (24) months, there is no refund of the Entry Fee. Entry Fees will not be pro-rated for a period less than one month.
- C. Payment of Refunds:** Any refund of the Entry Fee will be paid after all outstanding fees and charges due to ThriveMore by you have been paid, your personal belongings have been removed, and a final walk-through has been completed. Such payment shall be deferred until the earlier of (i) thirty (30) days after the independent living residence

formerly occupied by you is re-occupied and a full Entry Fee is received by ThriveMore for the residence and (ii) the Twenty-Four (24) month anniversary of the effective date of the termination of this Agreement. Refunds will be paid to you, or in the event of your death, to your estate or if this Agreement has been amended to provide that the refund will be paid to trustee(s) of the revocable trust(s) of Resident, the refund shall be paid to the trustee(s) rather than to Resident's estate. ThriveMore shall have the right to offset any fees and charges owed to ThriveMore with any refund due to you or your estate.

- D. Release upon Termination:** Upon termination of this Agreement, ThriveMore is released from any further obligations to you except for the payment of any refund which may be due under Sections VI and VIII of this Agreement.

IX. Miscellaneous

- A. ThriveMore's Disclosure Requirements:** In keeping with North Carolina requirements for disclosure of financial information to the public and to ThriveMore's residents, ThriveMore will file an annual disclosure statement with the North Carolina Department of Insurance ("Disclosure Statement"). A copy of the most recent Disclosure Statement will be delivered to you prior to the execution of this Agreement and a copy of each subsequent Disclosure Statement shall be made available to you so long as you reside at ThriveMore.
- B. The Resident's Disclosure Requirements:** During the process of applying for admission, you have disclosed your complete health status and history, and your complete financial position to ThriveMore as of the date of this Agreement. ThriveMore will not be responsible for any financial support, or for the cost of your care if the true and correct nature of your financial position and/or medical condition has not been revealed to ThriveMore as of the date of this Agreement or subsequent to the date of this Agreement based upon information you provided to ThriveMore, at its request. Upon the request of ThriveMore, you are obligated to provide us the current status of your health and/or financial position so long as you remain a resident of ThriveMore.
- C. Rights, Privileges and Limitations:** The rights and privileges to you under this Agreement for living accommodations, facilities, and services are personal and non-transferable and do not include any proprietary interest in the properties or assets of ThriveMore.

Your rights shall at all times be subordinate to any obligations of ThriveMore. Upon request by ThriveMore, you agree to execute and deliver a subordination agreement to establish the priority of such obligations as a lien or liens against the property.

- D. Management of The Community:** The absolute rights of management are reserved by ThriveMore and its Board of Trustees. ThriveMore reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.

- E. Assignment:** This Agreement and the rights and privileges of Resident under this Agreement to a residence, facilities and services, and any other rights and privileges hereunder, are personal to Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise.
- F. Successors and Assigns:** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of ThriveMore and your heirs, executors, administrators and permitted assigns.
- G. Uncontrollable Interruption of Service:** No breach of ThriveMore's obligations under this Agreement and no liability for injury to you shall result from an interruption of, or failure to provide, contracted service due to an act of God or other cause beyond the reasonable control of ThriveMore, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, pandemic or epidemic, shortages of labor or materials, fire, flood, earthquake, inclement weather or acts of the resident. ThriveMore shall make reasonable efforts to continue to provide the usual services in such event.
- H. Confidentiality:** ThriveMore has the responsibility to keep all of the personal, medical and financial information you have supplied confidential. You agree that ThriveMore can disclose such information to those who have a need, in ThriveMore's judgment, or the right to know.
- I. Indemnity:** You agree to indemnify, defend and hold ThriveMore harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your acts or omissions or those of your guests, including private duty nurses or any other third party service contracted by you. This Section IX. I. shall survive termination of this Agreement.
- J. Affiliation:** ThriveMore has an historical relationship to the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of ThriveMore. ThriveMore holds membership in LeadingAge and LeadingAge NC.
- K. Subordination to Financing:** The rights of Resident are limited to those rights and privileges expressly granted by the terms of this Agreement. The Community or other ThriveMore facilities, properties, assets or revenues are or may be subject to a first deed of trust or other security instrument or serve as security for various financing arrangements. Certain legal rights of the lender, including any right of foreclosure in the event of default, are superior to the rights and privileges granted the Resident by this Agreement.
- L. Waiver of Breach:** The failure of ThriveMore in any one or more instances to insist upon the strict performance, observance, or compliance by you with any of the terms or provisions of this Agreement, or its waiver of a breach by you of any terms or provisions of this Agreement, shall not be construed as a waiver or relinquishment by ThriveMore of

its right to insist upon strict compliance by you with all terms or provisions of this Agreement.

- M. Rules Adopted by ThriveMore:** ThriveMore reserves the right to adopt policies, procedures and rules regarding the Community, ThriveMore, residents, residency, and/or services. You agree to observe the policies, procedures and rules adopted by ThriveMore for the convenience, comfort, and safety of all.
- N. Amendment of Residence and Services Agreement and General Conditions:** ThriveMore reserves the right, upon thirty (30) days prior written notice to all residents, to modify or amend the Residence and Services Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to ThriveMore, in particular, or to residential life care communities, in general, or whenever doing so is deemed by the Board of Directors of ThriveMore to be in the best interest of ThriveMore and the residents in light of changes in health insurance laws and coverages and/or local, state or federal tax laws or regulations.
- O. Entire Contract in this Agreement:** This Agreement, Exhibit A, Exhibit B, Exhibit C and any attached Exhibits, Schedules, Addenda, Application Forms, and Requests for Changes to the Living Residence constitute the entire contract between ThriveMore and you. ThriveMore is not liable for, nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent ThriveMore unless such statements, representations, or promises are set forth in this Agreement. Except as set forth in Section IX.N., this Agreement may not be amended or modified except by written agreement signed by the parties hereto and incorporated herein by reference.
- P. Governing Law: Venue:** This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Forsyth County or the United States District Court for the Western District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.
- Q. Notice Provisions:**

Any notices, consents, or other communications to ThriveMore shall be in writing and addressed as follows:

President/CEO
Baptist Retirement Homes of North Carolina, Incorporated dba
ThriveMore
1912 Bethabara Road
Winston-Salem, NC 27106

Your address for the purpose of giving notice prior to your move to ThriveMore is the address appearing after your signature on the following page or other such address you provide to ThriveMore in writing.

R. Counterparts:

This Agreement may be executed in two or more counterparts, and by the different parties in separate counterparts, and executed and delivered by facsimile, .pdf, DocuSign, Senior Sign or any other electronic means, each of which when executed will be deemed to be an original, but all of which taken together will constitute one and the same agreement.

[Signature page follows.]

NOTICE

BECAUSE THE AUTHORITY TO ENTER CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.

Acknowledgements

Your signature below certifies that you have received, read, understand, and accept this Residence and Services Agreement and the current Disclosure Statement for ThriveMore.

Resident’s Signature

Current Address: Street/P.O. Box

City, State, Zip Code

Telephone

Co-Resident’s Signature

Current Address: Street/P.O. Box

City, State, Zip Code

Telephone

By _____
President/CEO

EXHIBIT A

Your signature below certifies that you understand and accept the following terms:

DATE OF OCCUPANCY: _____

RESIDENCE NUMBER/TYPE: _____

REFUND PLAN: () Standard Amortized () 50% Refundable () 90% Refundable

RESIDENCY: () Single Occupancy () Double Occupancy

TOTAL ENTRY FEE: _____

WORKING CAPITAL FEE: _____

LESS; FUTURE RESIDENCY DEPOSIT: _____

LESS: RESERVATION DEPOSIT: _____

LESS: 10% DEPOSIT: _____

CURRENT MONTHLY FEE: _____

ADDENDA: _____

Resident's Signature **Date**

Co-Resident's Signature **Date**

By _____
President/CEO **Date**

EXHIBIT B

Schedule of Ancillary Charges
[Date]

EXHIBIT C

Resident's Application

See attached.

Exhibit B
List of Extra Charges

Fee Schedule

Dining Services

Guest Meals

- Lunch and Dinner - Adult (13 years of age & older).....\$13.00
 - Child (5 to 12 years of age).....\$8.00
 - Child (Under 5 years of age).....Free
- Sunday Brunch
 - Adult.....\$16.00
 - Child.....\$8.00
- Special Event Dinners
 - Adult.....\$18.00
 - Child.....\$8.00
- Additional Resident Meals.....\$11.00
- Meal Delivery Service (delivery per apartment).....\$3.00
 - Complimentary 3 meal deliveries per month.
 - Inclement weather deliveries not charged.
- For private parties of more than 8 an additional service fee will apply
Catering available upon request

Maintenance/Housekeeping

- Maintenance/Housekeeping.....\$25.00/hour

Business Office

- Book of stamps (20).....USPS regulation
- Greeting Cards.....\$2.00 each

Guest Apartment

- Guest apartment (1 Bedroom).....\$100.00/Night
- Guest apartment (2 Bedroom).....\$110.00/Night
- Guest apartment (3 Bedroom).....\$120.00/Night

Transportation

- Private driving (30 min. increments).....Mileage plus \$20.00/hr.
- Asheville Airport Flat Rate (To or From).....\$15.00

Replacement Costs

- Pendants.....\$165.00
- Cable TV Remote.....\$25.00
- Gate Remote.....\$45.00
- Keys.....\$5.00
- Key Rings.....\$3.00
- Name Badges.....\$10.00
- Storage Unit Lock.....\$15.00
- Vehicle Permit.....\$3.00

Exhibit C
Life Expectancy Table

LIFE EXPECTANCY IN YEARS

<u>AGE</u>	<u>MALE</u>	<u>FEMALE</u>
60	24.60	27.40
61	23.70	26.50
62	22.90	25.60
63	22.10	24.80
64	21.30	23.90
65	20.40	23.00
66	19.60	22.20
67	18.90	21.30
68	18.10	20.50
69	17.30	19.60
70	16.60	18.80
71	15.90	18.00
72	15.20	17.20
73	14.50	16.40
74	13.80	15.60
75	13.20	14.90
76	12.50	14.10
77	11.90	13.40
78	11.30	12.70
79	10.80	12.00
80	10.20	11.30
81	9.70	10.70
82	9.20	10.10
83	8.70	9.50
84	8.20	8.90
85	7.80	8.40
86	7.30	7.90
87	6.90	7.40
88	6.50	6.90
89	6.20	6.50
90	5.80	6.10
91	5.50	5.70
92	5.20	5.40
93	4.90	5.10
94	4.60	4.80
95	4.30	4.50
96	4.10	4.20
97	3.80	4.00
98	3.60	3.80
99	3.40	3.50
100	3.10	3.30

Exhibit D
October 2022 - September 2023
Interim Financial Statements
(Unaudited)

ThriveMore
Consolidated Income Statement-Summary YTD Budget to Actual
For the Year Ending September 30, 2023

Description	YTD Actual 9/30/2023	YTD Budget 9/30/2023	\$ Variance	% Variance
Resident Services Revenue				
Medicare Standard Rate	1,697,479	1,706,071	(8,592)	-1%
Medicaid	5,080,471	5,096,570	(16,099)	0%
Special Assistance	865,617	1,036,889	(171,272)	-17%
Commerical Insurance	2,064,230	972,449	1,091,782	112%
Ancillary-HMO/Managed Care A	561,833	1,154,003	(592,170)	-51%
Ancillary-HMO/Managed Care B	1,451,326	834,295	617,031	74%
Private Pay	23,373,199	23,363,713	9,486	0%
Other Ancillary	401,643	408,607	(6,965)	-2%
Medicare A-Ancillary	3,262,582	3,067,022	195,560	6%
Medicare B-Ancillary	1,748,428	1,605,893	142,534	9%
Medicaid-Ancillary	131,927	84,084	47,844	57%
Medicaid-Hospice Ancillary	6,470	7,429	(959)	
Total Resident Services Revenue	40,645,205	39,337,025	1,308,180	3%
Less: Contractual Adjustments				
Medicare Room & Board - Rug	1,412,081	1,942,988	(530,907)	-27%
Medicare A-Ancillary	(3,354,770)	(3,009,315)	(345,455)	11%
Medicare B-Ancillary	(515,037)	(297,883)	(217,154)	73%
Medicaid Room & Board - Rug	(251,334)	(574,354)	323,020	-56%
Medicaid-Ancillary	(132,301)	(122,306)	(9,995)	8%
Medicaid Monthly Assessment	(436,850)	(239,858)	(196,992)	82%
Medicaid-Hospice Ancillary	(7,160)	(4,859)	(2,301)	
Benevolent Care-Special Assistance	(617,544)	(721,480)	103,935	-14%
HMO/Managed Care Room & Board	355,542	141,286	214,256	152%
HMO/Managed Care A-Ancillary	(1,768,299)	(1,726,149)	(42,151)	2%
Contractual HMO/Managed(A Contract Rate)	(13,876)	-		
Private Pay Contractual Adjustment	(16,525)	6,464	(22,988)	
Benevolent Care	(977,702)	(619,427)	(358,275)	58%
Total Less: Contractual Adjust	(6,323,774)	(5,224,892)	(1,098,882)	21%
Total Net Resident SVS Rev	34,321,431	34,112,133	209,298	1%
Operating Expenses				
Salary, Wages & Benefits-Resident Care	12,367,083	11,061,922	1,305,161	12%
Salary, Wages & Benefits-Dietary	2,691,748	2,543,925	147,822	6%
Salary, Wages & Benefits-Facility Serv	3,280,278	3,339,980	(59,702)	-2%
Salary, Wages & Benefits-Administration	4,383,524	4,271,066	112,458	3%
Contract Services	4,654,188	3,723,508	930,680	25%
Food	1,440,147	1,380,984	59,163	4%
Medical Supplies & Other Ancillary Serv	1,062,567	905,343	157,225	17%
Insurance	445,381	456,959	(11,578)	-3%
Leases & Minor Equipment	267,981	228,643	39,338	17%
Auto & Travel	195,168	113,737	81,431	72%
Repairs & Maintenance	1,403,689	1,137,707	265,983	23%
Telephone	115,128	111,757	3,371	3%
Utilities	1,241,702	1,238,133	3,569	0%
Professional Fees	2,220,913	796,745	1,424,168	179%
Office & Other Supplies	218,299	137,471	80,828	59%
Paper Products	159,254	114,710	44,544	39%
Chemicals	86,554	70,560	15,994	23%
Advertising	748,599	723,896	24,703	3%
Other Expenses	807,278	606,129	201,149	33%
Provision for Bad Debt	131,600	131,600	-	0%
Total Operating Expenses	37,921,081	33,094,774	4,826,306	15%

ThriveMore
Consolidated Income Statement-Summary YTD Budget to Actual
For the Year Ending September 30, 2023

Description	YTD Actual 9/30/2023	YTD Budget 9/30/2023	\$ Variance	% Variance
Home Office Allocation				
Facility A&G Allocation	(4,394,873)	(3,135,558)	(1,259,314)	40%
Home Office Allocation	4,394,873	3,135,558	1,259,314	40%
Total Home Office Allocation	-	-	-	
Total Allocations & Op. Exps.	37,921,081	33,094,774	4,826,306	15%
Net Operating Income (Loss)	(3,599,650)	1,017,359	(4,617,009)	-454%
Non Operating Revenue				
Deferred Revenue Earned-Entrance Fees	2,792,221	2,988,040	(195,819)	-7%
Special Offering & Memorials	152,189	216,778	(64,588)	-30%
Grants, Trusts & Estates	1,153,364	415,180	738,184	178%
Direct from Churches	209,941	124,782	85,159	68%
Church Gifts-Baptist State Convention	60,775	67,255	(6,480)	-10%
Church Gifts-Cooperative Baptist Fellows	37,400	60,345	(22,945)	-38%
Interest Income	3,004	2,084	920	44%
Investment Income	1,636,272	2,227,769	(591,497)	-27%
Realized Gains/Losses on Investment	82,979	-	82,979	
Unrealized Gains/Losses on Investment	5,794,216	-	5,794,216	
Other Income	9,543,019	123,633	9,419,386	7619%
Cost Report Settlements	64,043	-	-	
Total Non Operating Revenue	21,529,423	6,225,866	15,303,557	246%
Non Operating Expenses				
Interest Expense	1,061,227	907,903	153,324	17%
Loan Fee Expense	100,693	25,500	75,193	295%
Depreciation & Amortization	5,725,754	4,410,573	1,315,181	30%
Total Non Operating Expenses	6,887,674	5,343,976	1,543,698	29%
Net Non Operating Rev (Loss)	14,641,749	881,890	13,759,859	1560%
Net Income (Loss)	11,042,099	1,899,249	9,142,850	481%

**YTD Income Statement Prior Year to Current Year
Consolidated
For the Year Ending September 30, 2023**

	Brookridge	Western	The Taylor House	The Gardens of Taylor Glen	ThriveMore At Home	Center & Foundation	Actual YTD 9/30/2023 Total	Budget YTD 9/30/2023 Total	Prior Year YTD 9/30/2022
Gross Resident Revenue	18,303,139	11,100,195	858,451	10,383,420	-	-	40,645,205	39,337,025	35,545,924
Less Contractual Adjust./Benevolent Care	(2,696,866)	(2,615,639)	(257,329)	(753,941)	-	-	(6,323,774)	(5,224,892)	(4,608,345)
Net Resident Revenues	15,606,273	8,484,556	601,122	9,629,479	-	-	34,321,431	34,112,133	30,937,579
Operating Expense (Excludes Interest & Depreciation)	13,558,945	9,729,409	923,367	8,435,177	273,364	5,000,819	37,921,081	33,094,774	32,867,469
Total Home Office Expense	1,821,745	1,205,834	97,664	1,269,630	-	(4,394,873)	-	-	-
Total Operating Expenses	15,380,690	10,935,243	1,021,030	9,704,807	273,364	605,946	37,921,081	33,094,774	
Net Income from Operations	225,583	(2,450,687)	(419,908)	(75,327)	(273,364)	(605,946)	(3,599,650)	1,017,359	(1,929,890)
Non Operating Revenue	1,332,151	9,482,176	3	1,532,903	-	9,182,190	21,529,423	6,225,866	(10,084,426)
Interest & Loan Fees	597,141	86,271	-	478,508	-	-	1,161,921	933,403	962,171
Depreciation & Amortization	2,403,750	512,238	93,149	2,512,650	-	203,967	5,725,754	4,410,573	4,322,994
Net Income/(Loss)	(1,443,157)	6,432,979	(513,054)	(1,533,582)	(273,364)	8,372,276	11,042,099	1,899,249	(17,299,481)

**ThriveMore
Balance Sheet**

	9/30/2023 (Unaudited)	9/30/2022 (Audited)
Assets		
Current Assets		
Cash & Cash Equivalents	13,750,071	4,664,853
Resident Accounts Receivable, net of all	4,039,692	5,264,664
Contributions Receivable	157,500	145,000
Prepaid Expenses & Other Current Asset	525,611	627,244
Investments	45,171,918	43,411,608
Other Assets	2,500,000	-
Total Current Assets	66,144,793	54,113,369
Assets Whose Use is Limited		
Internally Designated for Capital Develo		690,018
Internally Designated for State Operatin	8,562,000	8,562,000
Total Assets Whose Use is Limi	8,562,000	9,252,018
Investments, Deferred Costs and Other As		
Charitable Remainder Trusts	858,043	851,300
Beneficial Interest in Perpetual Trusts	6,886,924	6,418,459
Other Assets	20,000	15,000
Total Investments, Deferred Co	7,764,967	7,284,759
Property and Equipment, Net		
Property & Equipment	54,572,298	53,109,828
Total Property and Equipment,	54,572,298	53,109,828
Total Assets	137,044,058	123,759,973

**ThriveMore
Balance Sheet**

	9/30/2023 (Unaudited)	9/30/2022 (Audited)
Liabilities and Equity		
Current Liabilities		
Accounts Payable	1,761,712	3,461,344
Accrued Expenses	(83,133)	661,997
Accrued Employee Compensation	671,885	697,898
Other Current Liabilities	36,233	84,487
Line of Credit	3,775,000	1,200,000
Current Maturities of Long Term Debt	1,789,597	1,789,597
Refundable Fees	229,073	208,806
Total Current Liabilities	8,180,367	8,104,129
Long-Term Debt, Less Current Maturities		
Long Term Debt, Less Current Maturities	8,545,643	9,183,333
Long Term Debt Payable	15,494,643	16,640,067
Total Long-Term Debt, Less Cur	24,040,287	25,823,400
Deferred Revenue and Other Liabilities		
Deferred Revenue & Other Liabilities	18,396,645	16,277,037
Deposits on Occupied Units	6,913,040	4,875,157
Total Deferred Revenue and Oth	25,309,684	21,152,194
Total Liabilities	57,530,337	55,079,723
Net Assets		
Unrestricted	41,646,019	59,190,843
Temporarily Restricted	13,075,339	13,075,339
Permanently Restricted	13,750,264	13,750,264
Net Income (Loss)	11,042,099	(17,336,196)
Total Net Assets	79,513,720	68,680,250
Total Liabilities and Net Assets	137,044,058	123,759,972

ThriveMore
Statement of Cash Flows
For the Twelve Months Ending September 30, 2023

	9/30/2023	9/30/2022
Cash Flows from Operating Activities		
Net Income	11,042,099	(17,299,481)
Depreciation	5,725,754	4,322,994
Change in Net Unrealized (Gains)/Losses	(5,794,216)	15,355,150
Change in Net Realized (Gains)/Losses	(82,979)	
Change in Change in Unrealized (Gains)/Losses on B	(677,263)	1,953,105
Change in Amortization of Deferred Revenue from Ad	(2,792,221)	(2,418,588)
Change in Advanced Fees Received (Net of Refunds)	6,960,545	8,434,017
Change in Deferred Revenue HHS		(141,349)
Change in Accounts Receivable	1,474,970	(3,219,033)
Change in Contributions Receivable	(12,500)	(12,500)
Change in Prepaid Expenses and Other Current Asset	92,228	(197,799)
Change in Charitable Remainder Trust	(6,744)	1,047,550
Change in Other Assets	(2,499,082)	
Change in Accounts Payable, Accrued exp, accrued c	66,322	2,786,035
Change in Lease Liability	(918)	
Net cash provided by Operating Activities	13,495,995	10,610,101
Cash Flows from Investing Activities		
Increase in Purchases of Property and Equipment	(7,184,738)	(11,215,641)
Decrease in Investments	4,806,902	1,166,225
Net cash used by Investing Activities	(2,377,836)	(10,049,417)
Cash Flows from Financing Activities		
Decrease in Payments of long-term debt	(1,783,113)	(1,712,269)
Decrease in Change in Equity	(250,000)	(188,686)
Net cash used by Financing Activities	(2,033,113)	(1,900,955)
<hr/>		
Net decrease in cash	9,085,046	(1,340,272)
Cash at the beginning of the Year	4,665,025	6,005,297
Cash at September 30	13,750,071	4,665,025