



**Aldersgate**  
**United Methodist Retirement Community, Inc.**  
3800 Shamrock Drive  
Charlotte, North Carolina  
28215-3220  
704-532-7000

**DISCLOSURE STATEMENT**

**June 1, 2019**

**IN ACCORDANCE WITH CHAPTER 58, ARTICLE 64 OF THE NORTH  
CAROLINA GENERAL STATUTES:**

- **This Disclosure Statement may be delivered until revised, but not after October 26, 2020.**
- **Delivery of this Disclosure Statement to a contracting party before execution of a contract for continuing care is required.**
- **The Disclosure Statement has not been reviewed or approved by a government agency or representative to ensure accuracy or completeness of the information set out.**

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This Disclosure Statement is provided in compliance with the requirements of Chapter 58, Article 64 of the General Statutes of North Carolina. Its purpose is to give prospective residents, their families and their advisors, facts about Aldersgate United Methodist Retirement Community, Inc. and the people who operate it.

## **ORGANIZATION INTRODUCTION AND INFORMATION**

### **Narrative Description of the Organization, Nonprofit Status and Affiliations**

The name of this organization is Aldersgate United Methodist Retirement Community, Inc., herein generally referred to as “Aldersgate” or the “Community”. Aldersgate’s business address is 3800 Shamrock Drive, Charlotte, North Carolina 28215-3220. Aldersgate is a North Carolina nonprofit corporation, and it is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”). Aldersgate is a Continuing Care Retirement Community (CCRC). The term Life Plan Community, which may be used in our marketing materials, is interchangeable with CCRC.

Aldersgate is affiliated with the Western North Carolina Conference of the United Methodist Church (the “Conference”). The extent of the affiliation between Aldersgate and the Conference is set out in a Statement of Relationship executed by them, and a copy of that Statement is available, without charge, upon request to Aldersgate.

In addition, Aldersgate is affiliated with Aldersgate Life Plan Services, Inc. (“Parent”), the sole member of Aldersgate. Parent is a North Carolina nonprofit corporation and is in the process of preparing an application to the Internal Revenue Service (the “IRS”) to be recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. Parent does not have any members and is governed by its Board of Directors. Parent elects the Board of Directors of Aldersgate, and the Board of Directors is confirmed by the Conference. Currently, the members of the Board of Directors of Parent are also the members of the Board of Directors of Aldersgate. Also, certain actions of the Board of Directors of Aldersgate require the consent of Parent, as more fully described in Aldersgate’s bylaws.

Parent is also the sole member of Aldersgate at Home, Inc. (“Home Services”), a North Carolina nonprofit corporation, of Aldersgate at Sharon, Inc. (“Sharon”), a North Carolina nonprofit corporation, of Aldersgate at Shalom Park, Inc. (“Shalom Park”) a North Carolina nonprofit corporation and of Aldersgate Foundation, Inc. (“Foundation”) a North Carolina nonprofit corporation. Home Services, Sharon, and Shalom Park have been recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. The Foundation is currently preparing documents to submit to the IRS for exemption. The Board of Directors of each of Home Services and Sharon is elected by Parent. Currently, the members of the Board of Directors of Parent are also the members of the Board of Directors of Home Services and the Board of Directors of Sharon. Also, certain actions of the Board of Directors of Home Services and the Board of Directors of Sharon require the consent of Parent, as more fully described in each of their bylaws. Effective April 1, 2018, upon receipt of all necessary regulatory and legally required approvals, the assets (including all related licenses and permits) and liabilities associated with Home Services and previously provided by Aldersgate, were transferred to Home Services.

Aldersgate is the sole member of Aldersgate Holdings, Inc., a North Carolina nonprofit corporation (“Holdings”). Holdings is exempt from federal income taxation under Section 501(c)(2) of the Code. The members of the Board of Directors of Aldersgate also serve as the members of the Board of Directors of Holdings. Certain actions of the Board of Directors of Holdings require the consent of Parent, as more fully described in Holdings’ bylaws.

None of the entities affiliated with Aldersgate, including the Conference, Parent, Home Care Services, Sharon, Shalom Park, and Holdings, are responsible for the financial and contractual obligations of Aldersgate.

Aldersgate is currently working on its application for the North Carolina Department of Insurance’s continuing care at home program without lodging pursuant to Chapter 64 Article 58 Paragraph 7.

### **Accreditation**

Aldersgate is licensed as a continuing care retirement facility by the North Carolina Department of Insurance. In 2016, Aldersgate achieved CARF and EAGLE accreditation. By achieving CARF and EAGLE accreditation, Aldersgate is held to higher standards than the state minimum. These accreditations allow Aldersgate to share and spotlight best practices in the industry. CARF is an independent, nonprofit organization focused on advancing the quality of services providers use to meet their needs for the best possible outcomes. Aldersgate continues to operate according to CARF standards and seeks to continually hold this certification.

The purpose of EAGLE is to provide a voluntary program utilizing principles and goals that promotes, pursues, and recognizes excellence in the holistic, Christian mission and ministry of an organization.

## **FACILITY INTRODUCTION AND INFORMATION**

### **Narrative Description of the Facility and its Operation**

Aldersgate is comprised of several named facilities - Epworth Place, Ray Hall Community Center, Francis Residential Building, Azalea View Cottages, Lake Ridge Cottages, Wesley Glen Executive Homes, Magnolia View apartments, Lake View villas, Park View villas, Parker Terrace Assisted Living, Cuthbertson Village Memory Support Center (“Cuthbertson Village”), and Asbury Health and Rehabilitation. Aldersgate offers both informal market café dining, including a standalone coffee shop as well as a more formal dining atmosphere. Our Wellness Program includes instructor-led exercise classes, yoga classes, Tai Chi, a compliment of weight bearing machines, free weights, recumbent and upright bikes, ellipticals and treadmills.

### **Epworth Place**

Epworth Place is an eight-story congregate living facility with 128 accommodations, including Parker Terrace Assisted Living. Epworth Place is attached to The Commons, allowing easy access to several food venues.

### **Parker Terrace**

Parker Terrace is a 47 bed assisted living community located on the second and third floor of

Epworth Tower. Parker Terrace is an ideal location for residents who need some assistance but are able to maintain much of their daily independence. The community offers private pay one bedroom and studio apartments with personal bathrooms including walk in showers. Residents of Parker Terrace have access to a private dining room, four large covered patios, two living rooms, as well as dedicated life enrichment entertainment including animal therapy, chair yoga, and performers. Residents are also able to enjoy meals at the Market Café, Gatehouse Dining, The Rose and The Ivy Pub, and formal dining in the Sunroom. Parker Terrace residents enjoy all common areas as well as services such as Aldersgate's Salon and Spa.

### **Ray Hall Community Center**

Ray Hall Community Center ("RHCC") includes a chapel/multi-purpose center, wellness facility with exercise room and aquatic center featuring instructor led water conditioning classes and free swim, therapy suites, and an elegant two-story living room with a fireplace and balcony overlook. The architectural style reminds residents of a grand brick country home with an expansive front veranda and arched windows. The overall plan is designed around a courtyard focusing resident activity spaces on a garden containing plantings, walking paths and shaded seating areas. RHCC underwent an update in early 2018 including updated carpet, paint and door facades. Areas previously utilized for the library and trading post were repurposed to an ice cream parlor, multipurpose meeting room, and resident technology room. Renovation also included a new creative arts wing and resident council meeting space.

### **The Commons**

The Commons area serves the entire Community and includes a market café dining venue, salon and spa, activity and media rooms, outdoor terrace, bocce ball court, executive and marketing office, main reception area, a coffee, pastry and sandwich bar, scooter parking alcoves, trading post, a two-story winter garden gathering space with stone fireplace, a pub, card and billiard room, reading room, and pavilion bar. Open and bright, the areas are the entryway to common areas with views of the apartment and villa expansion and surrounding green space and gardens.

### **Francis Residential Building**

A three-story apartment building with 74 residences is located adjacent to the community building utilizing brick details and patterns similar to craftsmanship employed during the early 1900s. The exterior facade is conceived by projecting window bays with dormers and shaded balconies.

### **Azalea View Cottages**

There are 33 individual houses (referred to as cottages). Azalea View is our first cottage neighborhood with homes built over the course of a few decades. Each Azalea View cottage has its own character and charm.

### **Lake Ridge Cottages**

There are 16 individual houses (referred to as cottages) on the east side of the lake. Floor plans range in size from 1,598 to 1,867 square feet and typically have two bedrooms, two baths, living room, kitchen, den and 1 or 2 car garages.

### **Wesley Glen Executive Homes**

The Wesley Glen Executive Home community is on the east side of the campus. The four

standard floor plans of these homes range in square footage from 1,650 square feet to 2,340 square feet. They are freestanding, two- and three-bedroom homes with options such as fireplaces, sunrooms and vaulted ceilings. Master bedrooms offer large walk-in closets and tray ceilings and all homes have decks or patios and a two- car garage with additional storage. This community was originally approved to include fifty (50) homes, forty-two (42) of which are completed. Site plan reviews are currently being conducted with the intent to construct eight (8) new cottages.

### **Magnolia View Apartments**

The Magnolia View Apartments are located near the entrance to The Commons, overlooking a greenway linear park between it and Lake View and Park View . The largest of our Gateway Promise Expansion for independent living, Magnolia View has 38 apartments consisting of 7 different floorplans. The apartments range in size from 851 square feet to 1456 square feet. Each apartment features at least one balcony or patio, quartz countertops and stainless appliances, and range from 1 bedroom, 1.5 bath to 2 bedrooms, 2 full baths. Residents enjoy a common area sunroom with full kitchen available for their usage. Parking is below ground with additional spaces on the perimeter of the building.

### **Lake View Villas and Park View Villas**

Lake View Villas and Park View Villas contain 12 residences each across 3 floors with 4 different floorplan options. Lake View and Park View are situated next to each other across the greenway linear park from Magnolia Building. Villas range in size from 985 square feet to 1475 square feet with some offering the option for fireplaces. All finishes coordinate with Gateway Promise Expansion apartments in Magnolia Building and are adjacent to The Commons.

### **Cuthbertson Village Memory Support**

Cuthbertson Village is a sixty-one (61) room special care facility for residents experiencing dementia and memory loss. The building is divided into four (4) clustered "neighborhoods" which includes three neighborhoods of fifteen (15) rooms and one neighborhood of sixteen (16) rooms. Each neighborhood shares a country kitchen, a living room, a family room, a laundry room, and an activity room. The four clustered neighborhoods are connected to the newly renovated Town Center, which includes a movie theater, multi-purpose rooms, beauty salon and barber shop, satellite kitchen, outdoor garden courtyard, and renovated entrances.

### **Asbury Health and Rehabilitation Center**

Asbury Health and Rehabilitation Center is a 120-bed licensed nursing care facility of which 100 beds are Medicare certified and 20 beds are dually certified for Medicare and Medicaid. Asbury Health and Rehabilitation Center offers only private rooms. It contains support facilities such as a chapel, kitchen, beauty/barber shop, special medical offices for dentist, podiatrist, and a full range of therapy services is offered. It also offers community living areas, activity rooms and craft facilities. Asbury also includes 5 assisted living beds. Onsite dialysis wing is operated by Fresenius Kidney Care. Hospice care at Asbury, entitled the Levine & Dickson House at Aldersgate, is operated by Hospice and Palliative Care of Charlotte. With a capacity of 6 residents, amenities include comfortable patient rooms with private bathrooms, a spacious family room, chapel, landscaped garden, and family kitchen stocked with snacks.

## **Identification & Background of Board of Directors and Management Staff**

The names and business addresses of the members of the Board of Directors of Aldersgate are listed below. Officers and Directors serve as volunteers and may have no professional experience in the operation and management of facilities similar to Aldersgate.

No officer or any member of the Board of Directors has an interest of ten percent or more in any professional service firm, association, trust, partnership or corporation that may currently serve as a provider of goods or services to Aldersgate or its residents at an aggregate value of more than five hundred dollars within any year. No professional service firm, association, trust or partnership, or corporation has 10% or greater interest in any officer or board member that will provide services of \$500 or more to Aldersgate or its residents. This would include a person employed by a company that provided services to Aldersgate or residents.

### **Board of Directors**

**Christopher W. Davis**, 130 Harbour Place Drive, Ste 200, Davidson NC 28036. Managing Director, Davidson Wealth Management.

**Patricia G. Garrett**, *Secretary*, 301J Mandalay Court, Surf City, NC 28445. Retired

**Richard (Jerry) Gaudet**, 3800 Shamrock Dr, Charlotte, NC 28215. Resident.

**David J. Guilford**, 2210 Roswell Ave., #103, Charlotte NC 28207. Owner, DLG Associates.

**Martha D. Jones**, 3800 Shamrock Dr, Charlotte, NC 28215, Resident.

**Thomas R. Lawing, Jr.**, 2609 Valencia Terrace, Charlotte NC 28226. Realtor, T. R. Lawing Realty.

**Fred Longietti**, 6604 Marcella Drive, Charlotte, NC 28277. Owner, Carolinas Net Care.

**Billy Maddalon**, 2301 Belvedere Ave, Charlotte, NC 28205. Founder/Owner, Unique Southern Estates.

**Kevin McKane**, 11327 McClure Manor Drive, Charlotte, NC 28277. Financial Director, Wells Fargo.

**Blake Morris**, 311 Sardis Pointe Road, Matthews NC 28105. NewBridge Bank

**William K. Springs**, *Vice-Chair* 2724 Shady Reach Lane, Charlotte, NC 28214. Vice-President, Wells Fargo.

**Dr. Robert Dee Vaughn Jr.**, 12530 Preservation Pointe Drive, Charlotte, NC 28216. Retired Board Certified General Surgeon, working as Locum Tenens General Surgeon.

**Irene Vogelsong**, 1600 Gupton Court, Matthews, NC 28105. Director of Interior Design, Perkins+Will.

**Stanley Watkins**, 11023 Tavernay Parkway, Charlotte, NC 28262. Principal of City Strata Consulting.

**Mary Wilson**, *Chair*, 4912 Piper Glen Drive, Charlotte, NC 28277. Licensed Attorney at Law with a Masters in Christian Leadership.

Residents, elected by the Resident Association, are represented on the Board of Directors and all operating committees of the Board.

## **Management Staff**

***Suzanne Hodge Pugh, NHA, ALA, CMP – President and Chief Executive Officer*** has been on staff at Aldersgate for 22 years. Ms. Pugh served as the Director of Marketing for over ten (10) years and then received her Nursing Home Administrator's license and her certification as an Assisted Living Administrator and was named the Chief Operating Officer. In 2011, Ms. Pugh became President and CEO and continues to serve in that role today. Ms. Pugh is a 2012 alumnus of the LeadingAge Leadership Academy and serves as Vice-Chair on the Board of Directors for LeadingAge North Carolina. She serves on the Board of the United Methodist Association, as well as on the board member for Charlotte Will, a non-profit dedicated to raising awareness around poverty and socioeconomic mobility in the Charlotte area. She enjoys spending time with family and loves to mountain bike, kayak and fish with her son, Wyatt.

***Jeff Weatherhead – Chief Operating Officer*** has been the Chief Operating Officer and Healthcare Administrator since 2014. Within this position, Mr. Weatherhead serves as the Healthcare Administrator for the skilled nursing and assisted living areas, in addition to overseeing the Culinary Department, Life Enrichment Department, Resident and Family Services, Beauty Shop, Chaplain Services, Physician Services, Facility Services, Security, Housekeeping and Resident Clinic for the community. Mr. Weatherhead has over twenty years' experience in the senior living field working in Ohio and Florida prior to moving to North Carolina. His career in senior living has been exclusively with not-for-profit and faith-based organizations. He is a licensed nursing home administrator in North Carolina. Mr. Weatherhead attained a Bachelor of Arts in Interpersonal and Public Communication from Bowling Green State University and a Master of Health Services Administration degree from Xavier University.

***Michael J. Sulhan - Chief Financial Officer*** joined Aldersgate in March 2016. Prior to joining Aldersgate, he worked as the Chief Financial Officer and Treasurer of the Clemson University Foundation (2012-2016). He has healthcare experience, for profit experience, and has owned and operated his own company through his time as Treasury Manager of Children's Hospital and Health System of WI, Treasury Analyst for Miller Brewing when the merger with Coors formed MillerCoors LLC, owner of Mek-Elek Inc., and a management training program with FirstEnergy Corp. Michael received a bachelor's degree in banking and finance from Case Western Reserve University, a master's degree in Business Administration from Marquette University, and is a Certified Treasury Professional.

***M. Kathlene Hendrick – Director of Human Resources*** has been on staff since 2000. Ms. Hendrick began her career in the Finance Department but recognized her desire to work with the employees of Aldersgate and subsequently transferred to the Human Resources department in 2003. Ms. Hendrick became the Director of Human Resources in 2010. Prior to joining Aldersgate, Ms. Hendrick worked for five (5) years with Sterling Capital Management as a customer service representative with the N.C. Capital Management Trust Fund. Ms. Hendrick's background includes more than ten (10) years of experience in recruitment, human resource management, training and development, compensation, and labor and employee relations. Ms. Hendrick has a bachelor's degree in Business Administration from Montreat College and is currently studying to take the Senior Professional of Human Resources exam.

***Yvette Porterfield – Chief Nursing Officer*** has been on staff since 1978. Ms. Porterfield became the Director of Nursing in 1994 and has served in this role until April 2018. Effective April 2018, Ms. Porterfield became the Chief Nursing Officer for Aldersgate. Prior to joining Aldersgate, Ms.



Porterfield was employed at Carolinas Medical Center. Ms. Porterfield is a graduate of Wingate College. Ms. Porterfield received board certification in gerontology nursing in 1991. In 2011, she received the Nurse of the Year award, as presented by Leading Age, North Carolina.

**Brooke Patterson Hodge, BSN, RN – Assistant to the Administrator** has been on staff at Aldersgate for 7 years. Mrs. Hodge has served in various roles at Aldersgate, such as Staff Development Coordinator, Assistant Director of Nursing, and Director of Nursing. Mrs. Hodge is now pursuing her Nursing Home Administrator’s license and will subsequently serve as Aldersgate’s Director of Health Services. Mrs. Hodge has participated in various vaccination and healthcare education programs in Belize and England, where she lived for several years. She has a Bachelor of Science in Healthcare Administration from St. Christopher’s School of Medicine in England and a Bachelor of Science in Nursing from Queens University of Charlotte. She enjoys spending time with her family, on the beach, and is an avid runner.

**Brooks Shelley - Director of Marketing and Brand Strategy** joined our team in September 2017 after working as a director for a local health and wellness firm for 15 years. Mr. Shelley was a licensed insurance claims manager earlier in his career prior to entering the health and wellness field. Mr. Shelley has served on various volunteer boards, including Plaza Midwood Neighborhood Association (treasurer, vice president, president), First United Methodist Church Board of Trustees, Eastland Area Strategy Team, and currently CPCC Hospitality Advisory Committee. Mr. Shelley is a therapeutic foster parent with 3 adopted teenage boys and received an award for Adopted Parents of the Year from NC Foster and Adoptive Parents Association in 2011. Mr. Shelley is a graduate of University of North Carolina at Wilmington and enjoys spending time with family, friends and playing sand volleyball.

**Erin Barbee - Director of Mission Advancement** is a native of Charlotte who recently returned home after living the last 5 years in Atlanta, Georgia. Erin received her degree in Sociology and Gerontology from UNC Charlotte in 2006. For the last 11 years Erin has been an Executive Director for different entities within the senior living field that ranged from free standing memory care communities to independent living facilities. In September 2017, Erin accepted her most rewarding position as the Director of Mission Advancement with Aldersgate Retirement Community. Her goal is to work with community partners to help bring more services and unique offerings to both the Elders that live at Aldersgate but, also patrons of East Charlotte and Mecklenburg County.

**Veronica Calderon – Chief Diversity and Inclusion Officer** has lived in Charlotte for over 20 years and currently serves as Aldersgate Chief Diversity and Inclusion Officer. Ms. Calderon has a bachelor’s degree in Business Management, an MBA and MHA from the University of North Carolina Charlotte and it is a proud graduate of CBI Leadership Development Initiative, the Charlotte Chamber Emerging Business leaders’ program and the LeadingAge National Leadership Academy Program. Prior to Aldersgate, she was the Diversity & Inclusion Senior Managing Consultant at Atrium Health in Charlotte. She has brought to Aldersgate over 15 years of experience to her role in Diversity, Inclusion and Equity. She also held various Community Benefit, Diverse Market Segment Leader and District Manager roles with Wells Fargo Bank with over twelve years of a highly successful banking career. Veronica currently serves on the boards of the Charlotte Chamber of Commerce, Latin American Chamber of Commerce, Communities in Schools and Your Voice CLT by UNC Charlotte.

***Boris Henderson - Chief Strategy Officer*** is a Charlotte native (graduated from Garinger High School) and is very familiar with Aldersgate and its surrounding community. He is a graduate of Davidson College and obtained a master's in business administration from Wake Forest University in 2006. Boris was inducted into the Davidson Athletic Foundation Hall of Fame in 2013, served a six-year term on the Davidson College Athletic Foundation Board and recently received the Emerging Philanthropist award from AFP's Charlotte Chapter. Previously, as a partner and Chief Financial Officer of the Drakeford Company, Boris brought a deep financial, underwriting and risk management experience to his role. Boris was responsible for capital-raise, cash flow forecasting and modeling and construction and loan procurement. He also held various Commercial Real Estate, Risk Management and Underwriting roles with Wells Fargo, Wachovia Corporation and Wachovia Securities over a successful thirteen-year banking career. Boris currently serves as the immediate past Chair of Habitat Charlotte, is a member of the Habitat International Board of Directors and is a board member of the Johnston YMCA Board of Members.

### **Criminal Violation Statement**

None of the officers, directors, trustees, managing or general partners, any person having a ten percent or greater equity or beneficial interest in the facility, or any person who will be managing the facility on a day-to-day basis has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment for any felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property. None of the officers, directors, trustees, managing or general partners, any person having a ten percent or greater equity or beneficial interest in the facility, or any person who will be managing the facility on a day-to-day basis listed above is subject to a currently effective injunctive or restrictive court order. Within the past five years, none of the officers, directors, trustees, managing or general partners, any person having a ten percent or greater equity or beneficial interest in the facility, or any person who will be managing the facility on a day-to-day basis has had any State or federal license or permit suspended or revoked as a result of an action brought about by a government agency or department, if the action arose out of or related to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Article 64 of Chapter 58 of the North Carolina General Statutes (Continuing Care Retirement Communities) or a similar law in another State.

### **Location and Description of Physical Property**

Aldersgate is located on a 231-acre site at 3800 Shamrock Drive in Charlotte, North Carolina. The campus includes a lake available for fishing, beautiful azalea gardens and acres of land for walking, relaxing and enjoying nature. Among the many options offered on campus, residents may utilize the services of physicians who maintain regular office hours at Aldersgate. Resident membership affords gracious retirement living with the peace of mind that if health care is ever needed, it is available on the campus.

### **Estimated Number of Residents**

As of December 31, 2018, the approximate number of continuing care retirement community residents of Aldersgate was 512. The mix of single and double occupancies will affect the total number of residents at any given time.

In addition to its members, Aldersgate serves residents admitted directly to Cuthbertson Village Memory Support, Parker Terrace Assisted Living, and to Asbury Health and Rehabilitation Center from the community. These persons do not necessarily have continuing care contracts as do the resident members but may simply pay on a monthly fee/per diem basis for services rendered.

## **POLICIES**

### **ADMISSION**

#### **Contract Options**

Prospective residents who desire to become Members will submit certain health and financial information, execute a Reservation Agreement, and pay a deposit to reserve a particular residence. See Attachment III for a sample of the Reservation Agreement. Upon acceptance as Members, residents will execute the Residence and Services Agreement and set an occupancy date.

Aldersgate offers a Residence and Services Agreement containing a Life Care benefit. See Attachment III for a sample of this agreement.

Residents qualifying for Life Care pay a one-time Entrance Fee and an ongoing monthly services fee. Should a Life Care resident need additional services in Assisted Living, Memory Care or the Health Care Facility on a permanent basis, the base monthly services fee will be changed to the then current Life Care rate plus the cost of additional meals such that the resident receives \$51 dining dollars per person per day.

Residents not qualifying for Life Care may be admitted to membership at the discretion of Aldersgate but the Life Care benefit will not be applicable to them. They will pay a one-time Entrance Fee and an ongoing monthly services fee. Should a non-Life Care resident need additional services in Assisted Living, Memory Care or the Health Care Facility on a permanent basis, the base monthly services fee will be changed to the then current market rate per day for the appropriate level of care.

A prospective resident qualifying for Life Care may choose to exclude themselves from the Life Care provisions of the agreement upon approval by Aldersgate.

Certain accommodations are also available for lease without admission to membership in the Community.

#### **Health Requirements**

Prior to entrance to Aldersgate, the prospective resident (“Applicant”) shall submit a report of a physical examination made by a physician selected by the Applicant within thirty (30) days prior to occupancy. Cost of the examination will be borne by the Applicant. The report will become an integral part of the Member’s record. It will serve as a baseline of information for Aldersgate staff and the Member’s physician as they begin to assist the Member in maintaining optimum health and enjoyment of the Aldersgate community experience. Aldersgate offers various levels of care and access to services to best meet the progressive needs of its Members.

## **Financial and Insurance Criteria**

### **Financial**

To be accepted as a Member and in order for residency to continue, the Applicant must agree to pay the Entrance Fee, monthly fees and charges associated with the accommodation and level of care required by the Applicant. Aldersgate requests the Applicant provide a financial statement. Applicants with inadequate financial resources to carry them through their projected life expectancy are considered for admission if family member(s) or other sponsors whom do have adequate financial resources provide guaranties of payment or if the Applicant qualifies for financial assistance within the provisions of Aldersgate's financial assistance policy.

In consideration of admission to and continuing care in Aldersgate, the Member agrees as follows:

- a. To furnish to Aldersgate accurate information with regard to the nature and extent of his or her assets (now owned or hereafter acquired). The Member must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Member and to meet ordinary living expenses of the Member;
- b. To manage those assets to the best of his or her ability in such a way as to permit the payment of the fees set forth;
- c. To furnish, if requested, a financial statement to indicate current financial status. Such statement shall include all assets and guaranteed income;
- d. To pay an Entrance Fee;
- e. To pay the monthly or daily fees for the accommodations utilized from time to time;
- f. To abide by all other terms and provisions of the Residence and Services Agreement and the Resident Handbook.

### **Health Insurance**

The Member agrees that he or she will enroll for Basic and Supplementary coverage under the federal Medicare program, if not so enrolled at the time of admission. If so enrolled, Member agrees to continue participation in these programs.

The following rules shall apply to payments made by the Medicare program on behalf of any Member at any time during which Aldersgate is eligible to receive Medicare reimbursement for services provided to Members:

- a. Any reimbursement received for Medicare Part A services provided to the Member by Aldersgate shall be accepted by Aldersgate as payment in lieu of daily service fees that otherwise would apply while living in the Health Care Facility, to the extent permitted under applicable Federal and State laws and regulations governing Medicare reimbursement.

- b. Any reimbursement received for Medicare Part B services provided to the Member by Aldersgate will be applied as a credit to Aldersgate's fees for those services to the extent permitted under applicable State and Federal laws and regulations governing Medicare reimbursement.

Should the Member or the Member's legally-authorized representative apply for assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated.

### **Age Requirements**

The Applicant must be at least 62 years of age or older; for couples, one Applicant must be at least 62 years of age.

### **Termination of Membership/Cancellation/Refund**

The Residence and Services Agreement ("Agreement") included as Attachment III of this Disclosure Statement makes the following provisions for terminations, cancellations and refunds:

#### **A. Right to Rescind Agreement**

The Member shall have the right to rescind the Agreement within thirty (30) days after executing the Agreement or receipt of the Disclosure Statement, if later, as required by law. The Member shall not be required to occupy the chosen residence at the Community before expiration of the thirty (30) day period. Upon rescission, the Community shall refund to the Member, or the Member's legally- authorized representative, any portion of Entrance Fees the Member paid to the Community less per diem or monthly charges specified in the Agreement for the Member's residence applicable to the period the residence was actually occupied by the Member; (ii) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and not to exceed the greater of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

#### **B. Termination by Member Prior to Occupancy Based on Change in Health Status**

If the Member dies before occupying his or her residence or becomes incapable of meeting the physical, mental or financial requirements for admission before such occupancy, the Agreement shall be automatically canceled. In such case, the Community shall refund to the resident, the resident's estate, or the resident's legally-authorized representative, any portion of Entrance Fees the Member paid to the Community less (i) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (ii) the greater of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

**C. Termination by Member Prior to Occupancy for Financial & Other Reasons**

Once the thirty (30) day rescission period described in “A”, above, has expired, but before the Member takes occupancy, the Member may terminate this Agreement for any reason not covered by “B”, by giving written notice to the Community. For rescinded or canceled contracts under this section, the resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; (ii) nonrefundable fees, if set out in the contract; and (iii) a reasonable service charge, if set out in the contract, not to exceed the greater of two percent (2%) of the entrance fee or of one thousand dollars (\$1,000). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

**D. Termination by Member After Occupancy**

Once the thirty (30) day rescission period described above has expired, and after the Member takes occupancy, the Member may, at any time upon ninety (90) days' notice in writing to the Community, terminate his or her membership. Upon termination, a portion of the Entrance Fee may be refunded to the withdrawing Member, as described in the Agreement Section VI, G.

**E. The Community's Right to Terminate Agreement**

The Community shall have the right at any time, upon thirty (30) days' notice in writing to the Member, to terminate his or her membership because the Member has failed to meet his or her obligations under the Agreement, including but not limited to:

- a. Member has not paid monthly fees and other charges on a timely basis;
- b. Member engages in behavior that unreasonably interferes with the quiet enjoyment of other Members; or
- c. Member has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of membership and discharge:

- a. Member engages in behavior that negatively impacts or threatens the health, safety or welfare of other Members, staff or visitors.

Such notice shall specify the obligation which the Member has failed to perform. Upon such termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as described in the Agreement Section VI, G.

**F. Termination Upon Death**

Death of a Member shall be treated as a termination of membership on the date of death. The refund due, if any, shall be computed as described in the Agreement Section VI, G.

**G. Refund Upon Termination**

Upon contract termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as follows:

1. **0% Refundable Entrance Fee Option** For Members who have chosen the 0% Refundable Entrance Fee Option, the refund due, if any, shall be the Entrance Fee paid, less: (i) ten percent (10%) for any termination occurring in months one through five after occupancy, (ii) two percent (2%) for each month that has elapsed between month six and the date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. No part of the 0% Refundable Entrance Fee is refundable after a Member has resided at the Community for fifty (50) months. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
2. **50% Refundable Entrance Fee Option** For Members who have chosen the 50% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%) for any termination occurring in months one through ten after occupancy; (ii) one percent (1%) for each month that has elapsed between month eleven and the date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
3. **90% Refundable Entrance Fee Option** For Members who have chosen the 90% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%); (ii) a fee of One Thousand Dollars (\$1,000); and (iii) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

If the Member is not alive when a refund becomes due, any refund shall be paid to the estate of the deceased Member or to a beneficiary identified in advance by the Member.

**H. Condition of Residence**

At the effective date of termination of the Agreement, the Member shall vacate the Residence and shall leave it in good condition except for normal wear and tear. The Member shall be liable to the Community for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Such costs will be deducted from any refund due to the Member under the terms of the Agreement.

**I. Use of Refundable Entrance Fee Option for Health Care Expenses at Aldersgate**

1. Should a Member who has chosen the 90% or 50% Refundable Entrance Fee Option vacate his or her Residence by transferring permanently to a Health Care Facility at the Community, the Member may then draw against his or her refund to supplement payment of his or her health care costs at Aldersgate but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on his or her health care.
2. The following conditions apply when "the Member" is used in the Agreement to apply to two married individuals in an Independent Living Residence who have chosen the 90% or 50% Refundable Entrance Fee Option:

  - a. The Entrance Fee relates to Member identified in the Agreement, not to either individual Member alone. As such, as long as one of the Members remains in the Community, no refund of the Entrance Fee is due to either Member, even if one Member vacates the Community for any reason.
  - b. Should both Members vacate their Residence by transferring permanently to a Health Care Facility at the Community, either or both Member(s) may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at Aldersgate but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The 90% and 50% Refundable Entrance Fee option can be accessed exclusively for health care services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
  - c. Should one Member vacate their Residence by transferring to a Health Care Facility at the Community, and the other Member vacates the Residence by transferring to an independent accommodation that carries a lesser Entrance Fee, the Member who has transferred to the Health Care Facility may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at Aldersgate, up to the difference between the original Entrance Fee, and the then current Entrance Fee (Revised Entrance Fee) for the new independent accommodation, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care



costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The Member would still be entitled to receive any applicable Member discount on their health care. Should the Member residing in the independent living accommodation vacate said accommodation by transferring to Assisted Living or the Health Care Facility at the Community, that Member may then draw upon the refundable portion of the Revised Entrance Fee to supplement payment of their health care costs at Aldersgate, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The 90% or 50% Refundable Entrance Fee can be accessed exclusively for health care services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

- d. Utilization of the 90% or 50% Refundable Entrance Fee option may be made to supplement payment of health care costs at Aldersgate only. Contingent upon a financial review of the Member's income and assets, Aldersgate reserves the right to determine the amount of the 90% or 50% Refundable Entrance Fee that may be used to supplement the Member's health care fees at Aldersgate.

### **Change of Accommodations**

The Member may request a change in type of accommodation from time to time, subject to permission of Aldersgate and the availability of the type requested. If such change is made, the following rules apply:

- a. If the Entrance Fee for the new accommodation is higher than the Entrance Fee paid for the accommodation to be vacated, the Member will pay the difference between the Entrance Fee for the new accommodation and the Entrance Fee paid for the prior accommodation. In the event of termination, the amount of the refund, if any, will be based on the total Entrance Fees paid.
- b. Member will be responsible for any costs associated with the change of accommodation, including moving expenses. Aldersgate charges a \$15,000 transfer fee to change accommodations.

In the best interests of the entire Aldersgate community and in consultation with the Member and/or his or her responsible party, Aldersgate may request the Member change accommodations. If agreement cannot be reached, Aldersgate may initiate mediation or arbitration for resolution. Any such resultant accommodation shall be subject to the provisions set forth in the Agreement, except that no greater Entrance Fee may be required of the Member.

Transfer of the Member to any of the health care facilities of Aldersgate, which currently includes Asbury Health and Rehabilitation Center, Parker Terrace Assisted Living, and

Cuthbertson Village Memory Support, does not constitute a change of accommodation for these purposes.

### **Marriages**

If a Member marries while residing at Aldersgate, the spouse of the Member is expected to follow Aldersgate's normal admission procedure. Among the basic factors for approval are:

- a. Behavioral characteristics must be appropriate for group living at Aldersgate;
- b. There must be sufficient financial resources to enable the couple to meet financial obligations, or their circumstances must be such as to qualify for financial assistance within Aldersgate's policies and ability to provide;
- c. Such married Member will be required to enter into the then current Residence and Services Agreement which will supersede any and all previous contracts or agreements.

If the applying spouse is approved for residency at Aldersgate and is to live in the same residential accommodation with the Member, additional Entrance Fee is required. If the applying spouse is to live in a separate unit, a regular Entrance Fee is required. Regular monthly (daily in nursing care) fees and other charges would be in accordance with Aldersgate's regular schedule for double or individual occupancy, as appropriate.

If the applying spouse should not meet the requirements of residency, the applying spouse would not be able to reside at Aldersgate and the Member may terminate the Agreement in the same manner as provided in Section VI of the Agreement with respect to a voluntary termination. As of the date of this Disclosure Statement, no applying spouse has failed to meet the requirements.

If a Member while occupying a residence marries a person who is also a Member, the two Members may occupy the residence of either Member if it is a residence designed for occupancy of two persons. Such married Members will be required to enter into the then current Residence and Services Agreement which will terminate any and all previous contracts or agreements with Aldersgate. Such married Members will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Member shall marry a person who is not a Member of the Community, the spouse may become a Member if such spouse meets all the then current requirements to reside in the Community and both Members of the couple enter into a then current version of the Residence and Services Agreement with the Community. The Member and spouse shall then pay the Monthly Fee for double occupancy associated with the Residence occupied by them.

### **Cohabitation Policy**

If a Member cohabitates with another Member while residing at Aldersgate, the Member who vacates his/her unit to move will be treated as a "related" non-married second occupant. The Member who is moving will be subject to his / her own entrance fee, the second person monthly fee with all rights and duties attendant to a "related" second person occupant. The Member who is moving will receive any applicable refundable entrance fee from the unit he / she is vacating. Any refundable amount shall be paid to the withdrawing Member only when

the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

**Inability To Pay**

If a Member should encounter financial difficulty while residing at Aldersgate, the Member may apply for financial assistance. Aldersgate has limited financial assistance resources for this purpose. In a number of cases, there are guaranty agreements between Aldersgate and a Member's family or other sponsor that make possible the Member's continued residency at Aldersgate. Continued residency is contingent upon payment in some manner of all fees and charges associated with residency. Aldersgate is unable to guarantee initial or continuing allocations of financial assistance to a Member.

**Lease Option**

Aldersgate also offers a lease option through which an individual can enter the community by signing a thirteen (13) month lease agreement. The lease agreement does not require payment of an Entrance Fee, but does require payment of a monthly fee at a higher rate than Members who have paid an Entrance Fee. This option provides lessees access to the same services and amenities as Members, with the exception of health care services. Lessees shall be charged direct admit rates for any higher levels of care. This lease option is available only in specified residences.

**SERVICES**

**Standard Services & Services Available At Extra Charge – Effective January 1, 2019**

For the monthly fee paid by the Member, Aldersgate shall provide to the Member the use of the accommodation selected, board, utilities, meal options, housekeeping services, laundry services, grounds keeping, maintenance and repairs, transportation services, security and activities in accord with the practices of Aldersgate as they may be in effect from time to time and the religious, social and creative life of Aldersgate. All Independent Living residents have the option of choosing a meal plan and \$527 dining dollars is included within the Monthly Service Fee. Adjustments that can be made are as follows:

Reduce to Zero (0) Dining Dollars	(\$216) monthly
Reduce to 264 Dining Dollars	(\$108) monthly
Purchase additional 264 Dining Dollars	\$108 monthly
Purchase additional 527 Dining Dollars	\$216 monthly
Purchase additional 1054 Dining Dollars	\$432 monthly

The current daily/monthly fee does not include items such as physicians' fees, outside hospitalization, therapies, drugs, medical supplies, dry cleaning, funeral or burial expenses, all of which remain the sole responsibility of the Member. Examples of other services currently available at an additional charge are those shown in the table below:

<u>Service</u>	<u>Fees</u>
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Beauty and Barber	\$1 - \$80 per specific service
Cable TV	\$40 per month
Telephone	\$38 per month
Extra Housekeeping / Maintenance-	\$25 per hour
Information Technology Services-	\$40 per hour
Tray service-	\$5 per delivery
Extra Meals	Menu Pricing
Guest Rooms	\$45 per day
Guest Meals	Menu Pricing
Group Outings	Per person – event specific
Event Catering	Per person – event specific
Independent Living Unit Transfer Fee	\$15,000 per transfer

### **Health Care Services**

If it is determined that the Member requires assisted living services or nursing care, the Community will provide assisted living services in its assisted living or memory support centers as described in the Agreement and subject to changes in law. The Community will admit the Member on a temporary or permanent basis as needed. Use of these nursing services requires the certification of such need by the Member’s attending physician and shall be subject to availability of an appropriate accommodation at the Community.

In the event that an appropriate accommodation is not available upon determination that a permanent transfer is required, the Community will arrange and pay for Member’s care in his/her Residence by a certified home health care agency of the Community’s choice, if reasonably possible, until an appropriate accommodation becomes available at Aldersgate. If home health care is not medically possible, the Community will arrange and pay for the member’s care in another facility of the Community’s choice that can provide the same care that would otherwise have been provided by the Community until space becomes available. The Community will pay for care in another facility to the same extent as if it were provided by the Community. The Member will pay monthly or daily service fees to Aldersgate as if the Member were living at Aldersgate.

### **Fees and Charges**

In exchange for payment of the applicable monthly or daily service fee, the Community will provide assisted living services or nursing care to the extent that it is not covered by Member’s insurance, Medicare or any other governmental programs or entitlements which Member is required to maintain under the Agreement, subject to the following:

### **Effect on Monthly Service Fee**

- a. **Temporary Transfers** A transfer is considered temporary when the condition that requires the Member’s transfer has the potential to be resolved in a manner which may allow the Member to return to the Residence. The Member’s Residence will be held for the Member’s return.
  - i. **Single Occupancy** Should the Member have a temporary need for Assisted Living or Health Care Facility services while still occupying a Residence, the Member will continue to pay both the then-current Monthly Service

Fee for the Residence and the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.

- ii. **Double Occupancy** Should one or both Residents have a temporary need for Assisted Living or Health Care Facility services while still occupying the Residence, the Resident will continue to pay the then-current Monthly Service Fee less the then-current second person Monthly Service Fee for the Residence. Additionally, each Resident requiring temporary care provided in Assisted Living or Health Care Facility, will be required to pay the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
  - iii. Temporary utilization of Assisted Living or Health Care Facility services does not constitute a change of accommodations subject to the provisions of Section IV.M of the Agreement.
- b. **Permanent Transfers** A transfer is considered permanent when the condition that requires transfer will not allow the Member to return to the Residence and the Residence has been vacated.
- i. **Single Occupancy** Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Member will be required to release the Residence as provided in Section V of the Agreement. The Member's Monthly Service Fee will be initially adjusted to the Life Care rate, which is the market rate of the 90% refundable contract option Monthly Service Fee for the two-bedroom, two-bathroom Sycamore type independent living residence, plus the cost of additional meals such that the resident receives \$51 dining dollars per person per day.
  - ii. **Double Occupancy** Should one Resident have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Residence for one person plus the Life Care rate. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Resident will be required to release the Residence as provided under Section V of the Agreement. The Monthly Service Fee will be initially adjusted to two times the Life Care rate.
- c. **Additional Charges** Residents will be responsible for all costs and charges associated with Assisted Living or the Health Care Facility that are not covered by the monthly or daily rates for such care then in effect which may include drugs, supplies, ancillary charges and level of care fees, if applicable. In the event of a temporary or permanent transfer, the member will be responsible for all costs of relocation.

Should the Member require health care services, Member may utilize such services as provided at Aldersgate. Use of these health care services shall require the certification of such need by the Member's attending physician and shall be subject to availability of

appropriate accommodation.

Should the Member or the Member's legally-authorized representative apply for and receive assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated.

Temporary utilization of the assisted living services and nursing services does not constitute a change of accommodations as referred to under "Change of Accommodations" in the Agreement.

## **FEES**

### **Reservation Fee**

10% of selected Entrance Fee.

### **Entrance Fee & Monthly Fee. Notification of Fee Increase**

Members of Aldersgate pay:

- (a) A One-time Entrance Fee, which is based upon the accommodation chosen and is payable when a contract is signed, and, provides life time access to the community as long as the conditions and terms of the Residence Services Agreement are met;
- (b) A Monthly Services Fee, which covers costs associated with living at Aldersgate.

Rates are subject to change by approval of the Board of Directors, with a thirty-day notification prior to implementation.

Residents may request Living Accommodation customizations or renovations. Such customizations or renovations must be approved by Aldersgate. The costs and maintenance of such features are the responsibility of the resident.

**Refundable Entrance Fee Schedule Existing Independent Living Units – Effective January 1, 2019**

<b>Residence Type</b>	<b>Approx. Sq. Ft</b>	<b>90% and 50% Refundable Plan</b>	<b>0% Refundable Plan</b>
<b>Apartments</b>			
<b>Epworth</b>			
1 Bedroom (Rose)	585	\$129,838 - \$170,756	\$90,818 - \$119,633
1 Bedroom (Knock-Out Rose)	585	\$141,769 - \$190,870	\$102,865 - \$142,441
1 Bedroom/Kitchen (Iris)	585	\$162,471 - \$211,572	\$113,626 - \$148,204
2 Bedroom (Tulip)	782	\$207,845 - \$240,580	\$145,503 - \$168,556
2 Bedroom/Kitchen (Lily)	1,067	\$228,314 - \$261,048	\$159,890 - \$182,942
2 Bedroom/Kitchen (Gardenia)	1,170	\$258,027 - \$298,945	\$184,187 - \$213,002
<b>Francis</b>			
1 Bedroom/1 Bath (Cherry)	750	\$188,195 - \$230,963	\$131,702 - \$161,820
1 Bedroom/1.5 Bath (Mimosa)	955	\$244,689 - \$286,211	\$171,236 - \$200,477
2 Bedroom/2 Bath/Balcony (Dogwood)	1,050	\$268,784 - \$310,306	\$188,078 - \$217,320
2 Bedroom/2 Bath/Balcony (Holly)	1,075	\$283,053 - \$291,358	\$198,254 - \$204,103
2 Bedroom/2 Bath/Dining (Magnolia)	1,150	\$301,183 - \$330,248	\$210,770 - \$231,238
2 Bedroom/2 Bath/Dining (Willow)	1,180	\$315,453 - \$315,453	\$220,945 - \$220,945
2 Bedroom/2 Bath/Dining/Balcony (Sycamore)	1,250	\$329,430 - \$351,021	\$230,653 - \$245,859
2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)	1,400	\$336,506 - \$338,997	\$235,449 - \$237,203
2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)	1,500	\$393,819 - \$395,479	\$275,685 - \$276,854
2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak)	1,660	\$435,926 - \$456,687	\$305,277 - \$319,897
<b>Cottages/Executive Homes</b>			
<b>Azalea View</b>			
2 Bedroom	1,362	\$201,763 - \$286,247	\$141,234 - \$200,629
3 Bedroom	1,754	\$295,510 - \$350,776	\$206,945 - \$245,543
<b>Lake Ridge</b>			
2 bedroom/2 Bath/Garage (Maple)	1,598	\$401,070 - \$459,202	\$280,714 - \$321,652
2 Bedroom/2 Bath/Den/Garage (Walnut)	1,740	\$452,067	\$316,388
2 Bedroom/2 Bath/Den/Garage (Hickory)	1,867	\$482,828 - \$524,351	\$339,079 - \$368,320
<b>Wesley Glen</b>			
2 Bedroom/2 Bath (Cedar)	1,548	\$429,338 - \$432,161	\$300,541 - \$302,517
2 Bedroom/2 Bath (Myrtle)	1,650	\$456,495 - \$485,776	\$319,551 - \$340,048
2 Bedroom/2.5 Bath/Den (Poplar)	1,880	\$484,235 - \$510,920	\$338,969 - \$357,649
2 Bedroom/2.5 Bath/Den (Redwood)	2,035	\$498,186 - \$544,273	\$348,735 - \$380,996
2 Bedroom/2.5 Bath/Den (Laurel)	2,340	\$463,957	\$324,774

Fees shown above apply to single occupancy. The rates for double-occupancy include an additional entrance fee of \$26,000 regardless of residence type.

If a member is 85 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee up to the age of 90. If a resident is 90 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee, and they are limited to the 0% refundable entrance fee option.

**Refundable Entrance Fee Schedule New Independent Living Units – Effective January 1, 2019**

<b>Residence Type</b>	<b>Approx. Sq. Ft</b>	<b>90% and 50% Refundable Plan</b>	<b>0% Refundable Plan</b>
<b>Apartments</b>			
<b>Magnolia View</b>			
1 Bedroom/1.5 bath (Catawba)	851	\$294,474	\$206,131
1 Bedroom/1.5 bath (Elk)	950	\$328,466	\$229,926
1 Bedroom/1.5 bath (Linville)	1002	\$340,147	\$238,103
1 Bedroom/1.5 bath (Elk Deluxe)	1034	\$343,137	\$240,196
2 Bedroom/2.5 bath (Mitchell)	1,192	\$410,751	\$287,526
2 Bedroom/2.5 bath (Pamlico)	1,280	\$428,655	\$300,059
2 Bedroom/2.5 bath (South Fork)	1,376	\$446,560	\$312,591
2 Bedroom/2.5 bath/Fireplace (Uwhaarie)	1376	\$470,393	\$329,276
2 Bedroom/2.5 bath/Fireplace (Yadkin)	1456	\$494,808	\$346,366
<b>Lake View and Park View</b>			
1 Bedroom/1.5 Bath (Badin)	985	\$345,518	\$241,862
2 Bedroom/2.5 Bath (James)	1,285	\$446,560	\$312,591
2 Bedroom/2.5 Bath (Jordan)	1,352	\$457,953	\$320,567
2 Bedroom/2.5 Bath /Fireplace (Norman)	1,352	\$482,251	\$337,576
2 Bedroom/2.5 Bath (Tillery)	1,475	\$488,762	\$342,133
2 Bedroom/2.5 Bath/Fireplace (Wylie)	1,475	\$512,596	\$358,818

Fees shown above apply to single occupancy. The rates for double-occupancy include an additional entrance fee of \$26,000 regardless of residence type.

If a member is 85 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee up to the age of 90. If a resident is 90 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee, and they are limited to the 0% refundable entrance fee option.



**Monthly Service Fee Schedule Existing Independent Living Units – Effective January 1, 2019**

Residence Type	Approx. Sq. Ft	0% and 90% Refundable Plan	50% Refundable Plan
<b>Apartments</b>			
<b>Epworth</b>			
1 Bedroom (Rose)	585	\$2,504	\$2,003
1 Bedroom (Knock-Out Rose)	585	\$2,563	\$2,062
1 Bedroom/Kitchen (Iris)	585	\$2,621	\$2,098
2 Bedroom (Tulip)	782	\$2,679	\$2,142
2 Bedroom/Kitchen (Lily)	1,067	\$2,773	\$2,219
2 Bedroom/Kitchen (Gardenia)	1,170	\$2,894	\$2,315
<b>Francis</b>			
1 Bedroom/1 Bath (Cherry)	750	\$3,001	\$2,400
1 Bedroom/1.5 Bath (Mimosa)	955	\$3,362	\$2,689
2 Bedroom/2 Bath/Balcony (Dogwood)	1,050	\$3,722	\$2,978
2 Bedroom/2 Bath/Balcony (Holly)	1,075	\$3,843	\$3,075
2 Bedroom/2 Bath/Dining (Magnolia)	1,150	\$3,963	\$3,169
2 Bedroom/2 Bath/Dining (Willow)	1,180	\$4,083	\$3,267
2 Bedroom/2 Bath/Dining/Balcony (Sycamore)	1,250	\$4,324	\$3,459
2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)	1,400	\$4,685	\$3,747
2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)	1,500	\$4,925	\$3,940
2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak)	1,660	\$5,285	\$4,228
<b>Cottages/Executive Homes</b>			
<b>Azalea View</b>			
2 Bedroom	1,362	\$3,540	\$2,835
3 Bedroom	1,754	\$3,728	\$2,981
<b>Lake Ridge</b>			
2 bedroom/2 Bath/Garage (Maple)	1,598	\$4,436	\$3,549
2 Bedroom/2 Bath/Den/Garage (Walnut)	1,740	\$4,517	\$3,614
2 Bedroom/2 Bath/Den/Garage (Hickory)	1,867	\$4,689	\$3,749
<b>Wesley Glen</b>			
2 Bedroom/2 Bath (Cedar)	1,548	\$4,283	\$3,426
2 Bedroom/2 Bath (Myrtle)	1,650	\$4,567	\$3,653
2 Bedroom/2.5 Bath/Den (Poplar)	1,880	\$4,837	\$3,871
2 Bedroom/2.5 Bath/Den (Redwood)	2,035	\$5,070	\$4,054
2 Bedroom/2.5 Bath/Den (Laurel)	2,340	\$5,126	\$4,101

Rates shown above apply to single-occupancy. The rates for double-occupancy include an additional \$1,139 per month regardless of residence type.

Five Hundred and Twenty-Seven (\$527) dining dollars per month is included in the rates for Independent Living Residents with an option for additional dining dollars to the plan at an additional charge or a credit for those residents who want less than \$527 dining dollars.

**Monthly Service Fee Schedule New Independent Living Units – Effective January 1, 2019**

<b>Residence Type</b>	<b>Approx. Sq. Ft</b>	<b>0% and 90% Refundable Plan</b>	<b>50% Refundable Plan</b>
<b>Apartments</b>			
<b>Magnolia View</b>			
1 Bedroom/1.5 bath (Catawba)	851	\$3,237	\$2,594
1 Bedroom/1.5 bath (Elk)	950	\$3,586	\$2,866
1 Bedroom/1.5 bath (Linville)	1002	\$3,641	\$2,911
1 Bedroom/1.5 bath (Elk Deluxe)	1034	\$3,755	\$3,009
2 Bedroom/2.5 bath (Mitchell)	1,192	\$4,338	\$3,477
2 Bedroom/2.5 bath (Pamlico)	1,280	\$4,507	\$3,608
2 Bedroom/2.5 bath (South Fork)	1,376	\$4,688	\$3,749
2 Bedroom/2.5 bath/Fireplace (Uwhaarie)	1376	\$4,688	\$3,749
2 Bedroom/2.5 bath/Fireplace (Yadkin)	1456	\$4,971	\$3,979
<b>Lake View and Park View</b>			
1 Bedroom/1.5 Bath (Badin)	985	\$3,701	\$2,965
2 Bedroom/2.5 Bath (James)	1,285	\$4,540	\$3,630
2 Bedroom/2.5 Bath (Jordan)	1,352	\$4,742	\$3,793
2 Bedroom/2.5 Bath /Fireplace (Norman)	1,352	\$4,742	\$3,793
2 Bedroom/2.5 Bath (Tillery)	1,475	\$4,971	\$3,979
2 Bedroom/2.5 Bath/Fireplace (Wylie)	1,475	\$4,971	\$3,979

Rates shown above apply to single-occupancy. The rates for double-occupancy include an additional \$1,139 per month regardless of residence type.

Five Hundred and Twenty-Seven (\$527) dining dollars per month is included in the rates for Independent Living Residents with an option for additional dining dollars to the plan at an additional charge or a credit for those residents who want less than \$527 dining dollars.

**Monthly Service Fee Schedule Existing and New Health Care Beds– Effective January 1, 2019**

<b>Residence Type</b>	<b>Direct Admit</b>	<b>Member - with Health Care Benefit</b>	<b>Member - without Health Care Benefit</b>
Parker Terrace (Assisted Living)			
Studio			
- Tier 1	\$5,125/month		\$4,920/month
- Tier 2	\$6,150/month		\$5,596/month
- Life Care Rate		\$4,756/month	
One Bedroom Apartment			
- Tier 1	\$5,324/month		\$5,111/month
- Tier 2	\$6,352/month		\$5,779/month
- Life Care Rate		\$4,756/month	
Cuthbertson Village Memory Support (Assisted Living)			
One Bedroom Apartment			
- Tier 1	\$6,328/month		\$5,759/month
- Tier 2	\$7,309/month		\$6,651/month
- Life Care Rate		\$4,756/month	
Asbury Health and Rehabilitation (Health Care Facility)			
- Tier 1	\$314/day		\$8,759/month
- Tier 2	\$355/day		\$9,902/month
- Life Care Rate		\$4,756/month	
Asbury Health and Rehabilitation (Health Care Facility)			
- Home for the Aged - Tier 1	\$239/day		\$6,668/month
- Home for the Aged - Tier 2	\$271/day		\$7,561/month
- Life Care Rate		\$4,756/month	

Rates for residents of Asbury Health and Rehabilitation Center, Cuthbertson Village and Parker Terrace Assisted Living include \$51 dining dollars per day.

Temporary absence of the Resident from Aldersgate for vacation, travel, business, medical care or otherwise does not change the Resident's obligation to pay the full monthly fee.

The per diem/monthly fee does not include items such as physicians' fees, outside hospitalization, therapies, drugs, medical supplies, dry cleaning, funeral or burial expenses, all of which remain the sole responsibility of the resident. For those residents covered under Medicare Part A and/or Medicaid, services will be provided consistent with those of the Medicare and/or Medicaid billing program. There may be services for which the resident is billed that are not covered by these programs.

### Changes in Fees for the Previous Five Years

Effective Date	Independent Living		Assisted Living		Memory Support		Skilled Nursing	
	% Per Month (Average)	\$ Per Month (Average)	% Per Month (Average)	\$ Per Month (Average)	% Per Month (Average)	\$ Per Month (Average)	% Per Month (Average)	\$ Per Month (Average)
01/01/2015	3.50%	\$98	3.50%	\$143	3.50%	\$143	3.50%	\$5
01/01/2016	3.00%	\$87	3.00%	\$127	3.00%	\$127	3.00%	\$4
01/01/2017	3.00%	\$90	3.00%	\$131	3.00%	\$131	3.00%	\$4
01/01/2018	2.75%	\$85	3.00%	\$135	4.00%	\$180	5.00%	\$8
01/01/2019	3.00%	\$95	3.50%	\$162	4.00%	\$187	5.00%	\$8

## **FINANCIAL INFORMATION**

### **Financial Overview Statement**

Aldersgate has relied upon gifts, pledges, bequests and funds received from trust balances to cover a portion of the cost of construction, equipment, landscaping, other extraordinary expenses and debt service. Aldersgate has long term debt arising from tax-exempt bond issuance in October 2013, the proceeds of which were used to refund the Series 2009 and 2010 bonds and in October 2015, the proceeds of which were used for project related cost for the New Memory Care Suites, the Town Center, and the New Nursing Center. Additionally, Aldersgate issued tax-exempt bonds and two bank loans to construct a new Commons (community center) and 62 new independent living units.

General Statutes Chapter 58, Article 64 requires Aldersgate to establish and maintain an operating reserve equal to twenty-five percent of the total operating costs projected for the twelve-month period ending December 31, 2019, or fifty percent of such total operating costs if occupancy at Aldersgate is less than ninety percent (the "Operating Reserve Requirement"). Aldersgate expects to maintain an occupancy rate more than ninety percent and have sufficient funds available to meet the Operating Reserve Requirement. The projected amount of the Operating Reserve Requirement is \$11,013,250 as defined by statute for the forecasted year ending December 31, 2019. Aldersgate's operating reserve consists of cash, cash equivalents and marketable securities, principally mutual funds.

A more detailed discussion of long-term debt is contained in Note 7 to the Audited Financial Statements in Attachment I.

The Board of Directors determines the way funds of Aldersgate are invested. The funds of Aldersgate are

invested in a diversified portfolio of marketable securities, including cash, cash equivalents, bonds, stocks, mutual funds and other permitted instruments.

Aldersgate operates on a fiscal year that ends on the last day of December. The financial records of the facility are audited annually by an independent certified public accountant. Audited Financial Statements for the years ended December 31, 2018 and December 31, 2017 are included in Attachment I.

Interim, unaudited financial statements as of April 30, 2019, and the year then ended are included as Attachment IV.

Projected Financial Statements for the fiscal years 2019 through 2023 are included as Attachment II.

### **Reserves, Escrow, and Trust**

Aldersgate continues to develop funds that are to be used for assistance to residents who are approved for financial assistance. As of December 31, 2018, the principal of these funds was approximately \$833,703 consisting of both donor and board-designated amounts. The income from these funds constitutes one of several sources of Aldersgate's financial assistance. Other sources of assistance include an annual Mother's Day Offering and grants from wills, trusts, foundations and the Western North Carolina Conference of the United Methodist Church. Aldersgate does not guarantee that the principal of board designated funds will remain committed solely for financial assistance.

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Aldersgate United Methodist Retirement Community, Inc.  
Schedule of Variances between Forecasted and Actual Balance Sheet (in thousands of dollars)

**Materiality Threshold is 15% variance from prior year's forecast applied to major categories**

	<u>12/31/2018</u> <u>Projected</u>	<u>12/31/2018</u> <u>Actual</u>	<u>Dollar Fav.</u> <u>(Unfav.)</u> <u>Variance</u>	<u>Percentage Fav.</u> <u>(Unfav.)</u> <u>Variance</u>
<b><u>ASSETS</u></b>				
CURRENT ASSETS	\$ 1,476	\$ 1,649	\$ 173	12%
Cash and Cash Equivalents				
Investments (See note 1)	8,234	13,720	5,486	67%
Accounts receivable, net	2,200	2,086	(114)	-5%
Entrance Fees Receivable (See Note 1)	264	196	(68)	-26%
Prepaid Expenses and Other Current Assets (See Note 1)	1,144	811	(333)	-29%
<b>Total Current Assets</b>	<b>13,318</b>	<b>18,462</b>	<b>5,144</b>	<b>39%</b>
PROPERTY, PLANT, AND EQUIPMENT, NET	134,743	124,254	(10,489)	-8%
ASSETS LIMITED AS TO USE (See Note 1)	33,676	22,539	(11,137)	-33%
OTHER ASSETS (See Note 1)	240	724	484	202%
<b>Total Assets</b>	<b>181,977</b>	<b>165,979</b>	<b>(15,998)</b>	<b>-9%</b>
	4,018	6,728	(2,710)	-67%
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses (See Note 2)				
Accrued Interest	2,127	2,126	1	0%
Entrance Fee Deposits on Unoccupied Units (See Note 2)	2,002	3,610	(1,608)	-80%
Current portion of long-term debt (See Note 2)	5,723	11,401	(5,678)	-99%
<b>Total Current Liabilities</b>	<b>13,870</b>	<b>23,865</b>	<b>(9,995)</b>	<b>-72%</b>
LONG-TERM DEBT, NET OF CURRENT PORTION	125,446	108,706	16,740	13%
DEFERRED ENTRANCE FEE REVENUE, NET (See Note 2)	19,205	15,340	3,865	20%
REFUNDABLE ENTRANCE FEES	32,498	30,289	2,209	7%
<b>Total Liabilities</b>	<b>191,019</b>	<b>178,200</b>	<b>12,819</b>	<b>7%</b>
<b><u>NET ASSETS</u></b>	<b>(10,164)</b>	<b>(13,066)</b>	<b>(2,902)</b>	<b>29%</b>
Without Donor Restriction				
With Donor Restriction	1,122	845	(277)	-25%
<b>Total Net Assets (See Note 2)</b>	<b>(9,042)</b>	<b>(12,221)</b>	<b>(3,179)</b>	<b>35%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 181,977</b>	<b>\$ 165,979</b>	<b>\$ (15,998)</b>	<b>-9%</b>

*The notes to this schedule are an integral component of it and should be read in connection therewith.*

Aldersgate United Methodist Retirement Community, Inc.  
Schedule of Variances between Forecasted and Actual Operations Statement (in thousands of dollars)

**Materiality Threshold is 15% variance from prior year's forecast applied to major categories**

	12/31/2018 Projected	12/31/2018 Actual	Dollar Fav. (Unfav.) Variance	Percentage Fav. (Unfav.) Variance
<b><u>REVENUE, GAINS AND OTHER SUPPORT</u></b>				
Net Resident Service Revenue	\$ 18,420	\$ 17,540	\$ (880)	-5%
Health Care Revenue	13,044	14,021	977	7%
Amortization Of Deferred Entrance Fees	2,440	2,654	214	9%
Investment Income, Net <i>(See Note 3)</i>	1,072	1,745	673	63%
Other Support <i>(See Note 3)</i>	708	1,034	326	46%
Net Assets Released From Restrictions Used In Operations <i>(See Note 3)</i>	-	489	489	100%
Unrestricted Contributions <i>(See Note 3)</i>	240	698	458	191%
<b>Total Revenue, Gains and Other Support</b>	<b>35,924</b>	<b>38,181</b>	<b>2,257</b>	<b>6%</b>
<b><u>EXPENSES</u></b>				
Nursing and Related Services	10,799	12,084	(1,285)	-12%
Dietary	4,556	4,897	(341)	-7%
Housekeeping	1,302	1,275	27	2%
Laundry	254	260	(6)	-2%
Plant Operations and Maintenance <i>(See Note 3)</i>	3,255	4,523	(1,268)	-39%
Administration	9,755	9,612	143	1%
Interest Expense	5,308	4,540	768	14%
Depreciation And Amortization <i>(See Note 3)</i>	6,317	4,554	1,763	28%
<b>Total Expenses</b>	<b>41,546</b>	<b>41,745</b>	<b>(199)</b>	<b>0%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,622)</b>	<b>(3,564)</b>	<b>2,058</b>	<b>-37%</b>
<b>DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES</b>	<b>(5,622)</b>	<b>(3,564)</b>	<b>2,058</b>	<b>-37%</b>
<b><u>OTHER CHANGES IN UNRESTRICTED NET ASSETS</u></b>				
Change in Net Unrealized (Losses) on Investments <i>(See Note 4)</i>	-	(3,153)	(3,153)	100%
<b>(DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ (5,622)</b>	<b>\$ (6,717)</b>	<b>\$ (1,095)</b>	<b>19%</b>
<b><u>NET ASSETS WITH DONOR RESTRICTIONS <i>(See Note 3)</i></u></b>				
Contributions	-	251	251	100%
Net Assets Released from Restrictions	-	(489)	(489)	100%
Investment Income, Net	-	6	6	100%
Change in Net Unrealized Losses on Investments With Donor Restriction	-	(46)	(46)	100%
<b>(DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>-</b>	<b>(278)</b>	<b>(278)</b>	<b>100%</b>
<b>DECREASE IN NET ASSETS <i>(See Note 5)</i></b>	<b>(5,622)</b>	<b>(6,995)</b>	<b>(1,373)</b>	<b>24%</b>
Net assets, beginning of year	(5,225)	(5,225)	-	0%
Net assets, end of year	\$ (10,847)	\$ (12,220)	\$ (1,373)	13%

*The notes to this schedule are an integral component of it and should be read in connection therewith.*

Aldersgate United Methodist Retirement Community, Inc.  
Schedule of Variances between Forecasted and Actual Cash Flow Statement (in thousands of dollars)

**Materiality Threshold is 15% variance from prior year's forecast applied to major categories**

	<u>12/31/2018</u> <u>Projected</u>	<u>12/31/2018</u> <u>Actual</u>	<u>Dollar Fav.</u> <u>(Unfav.)</u> <u>Variance</u>	<u>Percentage Fav.</u> <u>(Unfav.)</u> <u>Variance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Increase (decrease) in Net Assets <i>(See Note 2)</i>	\$ (5,622)	\$ (6,995)	\$ (1,373)	20%
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Proceeds from Entrance Fees <i>(See Note 4)</i>	13,456	7,619	(5,837)	-77%
Depreciation and Amortization <i>(See Note 3)</i>	6,446	4,867	(1,579)	-32%
Bad Debt Expense <i>(See Note 4)</i>	-	710	710	100%
Amortization of Deferred Entrance Fees	(2,440)	(2,652)	(212)	8%
Net Unrealized (Gains) Losses on Investments <i>(See Note 4)</i>	-	3,200	3,200	100%
Net Realized Gains on Investments <i>(See Note 4)</i>	-	(1,146)	(1,146)	100%
Changes in operating assets and liabilities:				0%
Accounts and Other Receivable <i>(See Note 1)</i>	(303)	(900)	(597)	66%
Prepaid Expenses and Other Current Assets <i>(See Note 1)</i>	(114)	218	332	152%
Other Assets <i>(See Note 1)</i>	-	(14)	(14)	100%
Entrance Fee Receivable <i>(See Note 1)</i>	(62)	-	62	0%
Accounts Payable and Accrued Expenses <i>(See Note 1)</i>	227	3,271	3,044	93%
Accrued Interest <i>(See Note 2)</i>	(39)	(41)	(2)	5%
<b>Net cash provided by operating activities</b>	<b>11,549</b>	<b>8,137</b>	<b>(3,412)</b>	<b>-42%</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Property and Equipment <i>(See Note 4)</i>	(28,855)	(21,933)	6,922	-32%
Change in Investments, Net <i>(See Note 4)</i>	7,964	-	(7,964)	0%
Capitalized Interest, Net <i>(See Note 4)</i>	(1,141)	(541)	600	-111%
Construction and Retainage Payable <i>(See Note 4)</i>	(4,529)	(2,379)	2,150	-90%
Sales of Investments and Assets Limited as to Use, Net <i>(See Note 4)</i>	(9,499)	2,064	11,563	560%
<b>Net cash used in investing activities</b>	<b>(36,060)</b>	<b>(22,789)</b>	<b>13,271</b>	<b>-58%</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Repayments of Long-Term Debt	(1,540)	(1,540)	-	0%
Proceeds from the Issuance of Long-Term Debt <i>(See Note 4)</i>	29,896	18,592	(11,304)	-61%
Entrance Fees Refunded <i>(See Note 4)</i>	(3,754)	(2,136)	1,618	-76%
<b>Net cash provided by financing activities</b>	<b>24,602</b>	<b>14,916</b>	<b>(9,686)</b>	<b>-65%</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>91</b>	<b>264</b>	<b>173</b>	<b>66%</b>
CASH AND CASH EQUIVALENTS—Beginning of year	1,385	1,385	-	0%
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<b>\$ 1,476</b>	<b>\$ 1,649</b>	<b>\$ 173</b>	<b>10%</b>

*The notes to this schedule are an integral component of it and should be read in connection therewith.*



**Materiality Threshold is 15% variance from prior year's forecast applied to major categories**

*Aldersgate United Methodist Retirement Community, Inc.*  
Notes to Schedule of Variance in Forecast and Actual Financial Statements

**Materiality Threshold is 15% variance from prior year's forecast applied to major categories.**

**Note 1:**

- Investments – Favorable to projection due to stock market growth above projected results.
- Entrance Fees Receivable – Unfavorable to projection due to the timing of payments received on notes.
- Prepaid Expenses and Other Current Assets – Unfavorable to projection due to the timing of invoices being received and payments being made.
- Assets Limited as to Use – Unfavorable to projection as it was anticipated that the Gateway expansion would be completed in 2018, however, the building would not achieve stable occupancy and require a 50% reserve as opposed to 25%. As the building was not completed during 2018, occupancy was considered stabilized.
- Other Assets – Favorable to projection due to construction delays. Deferred marketing costs were significantly higher than anticipated due to no residents moving in during 2018 and therefore no amortization being incurred.

**Note 2:**

- Accounts Payable and Accrued Expenses – Unfavorable to projection due to construction delays. It was projected that the Gateway expansion would have been opened in 2018, but it was not completed or opened prior to year-end. There was still work on-going and therefore still retainage and payable at year-end.
- Entrance Fee Deposits on Unoccupied Units – Unfavorable to projection due to the timing of entrance fee receipt and refund.
- Current Portion of Long Term Debt – Unfavorable to projection due to originally being budgeted that the taxable bank loan would be paid off in 2020, however, the vast majority will be paid in 2019.
- Deferred Entrance Fee Revenue, Net – Favorable to projection due to construction delays. As new residents did not move in during 2018, the funds were not received and deferred at year-end.
- Total Net Assets – Unfavorable to projection due to variances explained in Note 3.

**Note 3:**

- Investment Income, Net – Favorable to projection due to improved stock market performance.
- Other Support – Favorable to projection due to two new leases in the current year that brought in more revenue than projected.
- Net Assets Released From Restrictions Used In Operations – Favorable to plan as these releases are not projected in future year.
- Unrestricted Contributions – Favorable to budget due to receipt of a large estate gift.
- Plant Operations and Maintenance – Unfavorable to projection due to asbestos abatement and demolition costs that were not included.
- Depreciation and Amortization – Favorable to projection due to the construction delays. The expansion was not placed in service and depreciation did not being in 2018, as anticipated.
- Change in Net Unrealized (Losses) on Investments – Unfavorable to budget as this line is not included in the prior projection.
- Net Assets With Donor Restrictions – Unfavorable to budget as restricted net assets are not included in the projection.

**Note 4:**

- Proceeds from Entrance Fees – Unfavorable to projection due to construction delays. It was projected that our Gateway expansion would be opened during 2018 and begin collecting entrance fees, however, construction was not completed until 2019.
- Bad Debt Expense – Unfavorable to projection as this line was not included in the prior year projection.
- Amortization of Deferred Financing Costs – Due to an accounting change, this is now shown as part of interest expense.
- Purchases of Property and Equipment – Favorable to projection due to construction delays pushing the completion of the Gateway expansion into 2019.
- Construction Retainage – Unfavorable to projection due to construction delays pushing the completion of the Gateway expansion into 2019.
- Capitalized Interest, Net – Unfavorable to projection due to construction delays pushing the completion of the Gateway expansion into 2019.
- Proceeds from the Issuance of Long-Term Debt – Unfavorable to projection due to construction delays not requiring draws on the projected schedule.
- Entrance Fees Refunded – Favorable to projection due to the timing of entrance fee payments required.

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## Attachment I

Most Recent Certified Financial Statements

**ALDRSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.  
(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDERSGATE LIFE PLAN SERVICES, INC.)**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Aldersgate United Methodist Retirement Community, Inc.  
(An Affiliate of Aldersgate Life Plan Services, Inc.)  
Charlotte, North Carolina

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Aldersgate United Methodist Retirement Community, Inc. (an affiliate of Aldersgate Life Plan Services, Inc.) (a nonprofit corporation), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Aldersgate United Methodist Retirement Community, Inc.  
(An Affiliate of Aldersgate Life Plan Services, Inc.)

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aldersgate United Methodist Retirement Community, Inc. as of December 31, 2018 and 2017, its operations, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis-of-Matter Regarding Change in Accounting Principle**

As discussed in Note 1 to the financial statements, Aldersgate United Methodist Retirement Community, Inc. adopted the provisions of Financial Accounting Standards Board Accounting Standards Updates 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.

As discussed in Note 1 to the financial statements, Aldersgate United Methodist Retirement Community, Inc. adopted the provisions of Financial Accounting Standards Board Accounting Standards Updates 2014-09, *Revenue from Contracts with Customers*. The new accounting standard clarifies how revenue is to be recognized and requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this standard resulted in a cumulative change in accounting principle as described in Note 1. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

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



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 15, 2019

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,648,674	\$ 1,384,641
Investments	13,720,540	16,198,244
Accounts Receivable, Net of Allowance for Doubtful Accounts of Approximately \$989,000 in 2018 and \$195,000 in 2017	2,085,648	1,896,605
Entrance Fees Receivable	196,200	201,500
Prepaid Expenses and Other Current Assets	811,212	1,030,059
Total Current Assets	18,462,274	20,711,049
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	124,254,162	108,855,218
<b>ASSETS LIMITED AS TO USE</b>		
Designated for Statutory Operating Reserve	8,675,045	7,721,978
Held Under Bond Agreements	11,979,860	14,637,921
Board Designated	1,038,418	696,135
Donor Restricted	845,212	1,122,309
Total Assets Limited as to Use	22,538,535	24,178,343
<b>OTHER ASSETS</b>		
Deferred Marketing Costs, Net	512,223	414,768
Other	212,178	198,176
Total Other Assets	724,401	612,944
Total Assets	\$ 165,979,372	\$ 154,357,554

See accompanying Notes to Consolidated Financial Statements.



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 6,704,210	\$ 5,956,986
Construction and Retainage Payable	2,046,123	4,529,022
Entrance Fee Deposits on Unoccupied Units	3,609,588	2,669,673
Current Portion of Long-Term Debt	11,401,294	1,540,000
Other Current Liabilities	103,680	-
Total Current Liabilities	23,864,895	14,695,681
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	108,706,103	101,143,652
<b>DEFERRED ENTRANCE FEES, NET</b>	15,340,198	15,028,341
<b>REFUNDABLE ENTRANCE FEES</b>	30,288,723	28,715,149
Total Liabilities	178,199,919	159,582,823
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	(14,104,177)	(7,043,713)
Designated by the Board for Endowment Fund	1,038,418	696,135
Total Without Donor Restrictions	(13,065,759)	(6,347,578)
With Donor Restrictions	845,212	1,122,309
Total Net Assets	(12,220,547)	(5,225,269)
Total Liabilities and Net Assets	\$ 165,979,372	\$ 154,357,554

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>		
Net Resident Service Revenue	\$ 31,561,292	\$ 27,219,238
Amortization of Deferred Entrance Fees	2,652,379	2,766,897
Investment Income, Net	1,744,726	2,775,336
Other Support	1,033,973	580,575
Net Assets Released from Restrictions for Use in Operations	489,344	238,369
Unrestricted Contributions	698,467	127,440
Total Revenue, Gains, and Other Support	38,180,181	33,707,855
<b>EXPENSES</b>		
Nursing and Related Services	12,083,785	10,395,190
Dietary	4,896,884	4,493,793
Housekeeping and Laundry	1,535,729	1,318,891
Plant Operations	4,523,131	3,492,634
Administration	9,611,986	9,397,474
Interest Expense	4,539,619	2,811,631
Amortization	73,747	103,814
Depreciation	4,480,158	4,409,913
Total Expenses	41,745,039	36,423,340
<b>OPERATING LOSS</b>	(3,564,858)	(2,715,485)
<b>OTHER NONOPERATING LOSS</b>		
Loss on Extinguishment of Debt	-	(295,651)
<b>DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT UNDER EXPENSES</b>	(3,564,858)	(3,011,136)
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Change in Net Unrealized Losses on Investments	(3,153,323)	(38,797)
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	\$ (6,718,181)	\$ (3,049,933)

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Deficit of Revenues, Gains, and Other Support		
Under Expenses	\$ (3,564,858)	\$ (3,011,136)
Change in Net Unrealized Losses on Investments	(3,153,323)	(38,797)
<b>DECREASE IN NET ASSETS WITHOUT RESTRICTIONS</b>	(6,718,181)	(3,049,933)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	252,327	233,863
Net Assets Released from Restrictions	(489,344)	(238,369)
Investment Income, Net	6,173	46,418
Change in Net Unrealized Gains (Losses) on Investments		
With Donor Restrictions	(46,253)	95,469
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(277,097)	137,381
<b>DECREASE IN NET ASSETS</b>	(6,995,278)	(2,912,552)
Net Assets - Beginning of Year, Previously Reported	(5,225,269)	(675,475)
Restatement - Deferred Marketing Costs	-	(1,637,242)
Net Assets - Beginning of Year, Restated	(5,225,269)	(2,312,717)
<b>NET ASSETS - END OF YEAR</b>	\$ (12,220,547)	\$ (5,225,269)

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	\$ 14,588,794	\$ 371,871	\$ 110,451	\$15,071,116
Employee Benefits	923,756	474,215	-	1,397,971
Payroll Taxes	958,162	116,181	8,732	1,083,075
Professional Services	3,319,556	1,898,759	-	5,218,315
Advertising and Promotion	-	424,337	40,044	464,381
Office Expenses	57,558	436,684	43,070	537,312
Occupancy	11,323	278	-	11,601
Travel	19,259	77,919	7,329	104,507
Conferences and Meetings	16,553	105,075	7,133	128,761
Interest	4,520,891	18,728	-	4,539,619
Insurance	173,536	285,746	-	459,282
Supplies	3,051,276	-	-	3,051,276
General and Administrative	1,558,411	1,568,455	-	3,126,866
Depreciation and Amortization	4,206,943	346,962	-	4,553,905
Equipment Expenses	268,180	268,264	-	536,444
Dues and Subscriptions	100,635	108,079	-	208,714
Other	1,030,425	215,120	6,349	1,251,894
Total Expense	<u>\$ 34,805,258</u>	<u>\$ 6,716,673</u>	<u>\$ 223,108</u>	<u>\$41,745,039</u>

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in Net Assets	\$ (6,995,278)	\$ (2,912,552)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Proceeds from Entrance Fees	7,619,440	7,240,079
Depreciation	4,480,158	4,409,913
Amortization of Deferred Marketing Costs	14,727	66,134
Amortization of Bond Discount	59,020	37,681
Amortization of Debt Issuance Costs	313,209	180,509
Bad Debt Expense	710,638	258,363
Loss on Extinguishment of Debt	-	295,651
Amortization of Deferred Entrance Fees	(2,652,379)	(2,766,897)
Net Unrealized (Gains) Losses on Investments	3,199,576	(56,672)
Net Realized Gains on Investments	(1,146,281)	(2,089,562)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(899,681)	(70,895)
Prepaid Expenses and Other Current Assets	218,847	(354,850)
Other Assets	(14,002)	(21,455)
Accounts Payable and Accrued Expenses	3,230,123	146,422
Other Long-Term Liabilities	-	(500)
Net Cash Provided by Operating Activities	8,138,117	4,361,369
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant, and Equipment	(22,474,183)	(29,083,960)
Change in Construction and Retainage Payable	(2,379,219)	742,067
Sales of Investments and Assets Limited as to Use	2,387,459	10,761,189
Purchases of Investments and Assets Limited as to Use	(323,242)	(323,242)
Net Cash Used by Investing Activities	(22,789,185)	(17,903,946)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Long-Term Debt	(1,540,000)	(9,656,706)
Proceeds from the Issuance of Long-Term Debt	18,591,516	27,990,643
Bond Issue Discount on Issuance of Long-Term Debt	-	(32,307)
Cash Paid for Debt Issuance Costs	-	(700,585)
Entrance Fees Refunded	(2,136,415)	(3,199,189)
Net Cash Provided by Financing Activities	14,915,101	14,401,856
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	264,033	859,279
Cash and Cash Equivalents - Beginning of Year	1,384,641	525,362
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,648,674	\$ 1,384,641

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	2018	2017
Cash Paid for Interest, Excluding Amounts Capitalized	<u>\$ 5,065,121</u>	<u>\$ 2,047,131</u>
Purchases of Property, Plant, and Equipment Included in Accounts Payable, Including Retainage	<u>\$ 2,046,123</u>	<u>\$ 4,529,022</u>

*See accompanying Notes to Consolidated Financial Statements.*

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Aldersgate United Methodist Retirement Community, Inc. (Aldersgate UMRC) is a North Carolina nonprofit corporation operated in cooperation with the Western North Carolina Conference of The United Methodist Church (the Conference). Aldersgate UMRC is a continuing care retirement community located in Charlotte, North Carolina. Its campus includes independent living apartments and cottages, assisted living apartments including memory-support, and a skilled nursing facility offering long-term care and Medicare and Medicaid certified skilled nursing and rehabilitation services.

Aldersgate Holdings, Inc. (Holdings), a nonprofit corporation, is consolidated with Aldersgate UMRC as Aldersgate UMRC has an economic interest in Holdings and common control exists. Holdings holds land for the sole support of Aldersgate UMRC.

Aldersgate UMRC is an affiliate of Aldersgate Life Plan Services, Inc. (ALPS), the sole member of Aldersgate UMRC. ALPS was incorporated in 2016 as a North Carolina nonprofit corporation. The purpose of ALPS is to create, maintain, and operate continuing care retirement communities and to provide related services as a nonprofit corporation. ALPS also functions as the sole member of Aldersgate at Home, Inc. (Aldersgate at Home), Aldersgate at Sharon, Inc. (Aldersgate at Sharon), and Aldersgate at Shalom Park, Inc. (Aldersgate at Shalom Park). These entities are related organizations to Aldersgate UMRC. As of December 31, 2018 and 2017, Aldersgate at Sharon and Aldersgate at Shalom Park are not operational and there were no related party transactions between the entities.

Aldersgate at Home is a North Carolina nonprofit corporation that provides quality, reliable, and cost-effective home care services to individuals within their own homes. In April 2018, Aldersgate UMRC transferred its home care operations to Aldersgate at Home. Assets of the home care operations were transferred to Aldersgate at Home at net book value, which approximated fair market value at the time of transfer.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Aldersgate UMRC and Holdings (collectively, Aldersgate). Significant intercompany balances and transactions between the consolidated organizations have been eliminated.

**Basis of Presentation**

Aldersgate reports in accordance with the industry audit and accounting guide for Health Care Entities issued by the American Institute of Certified Public Accountants. These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America to present balances and transactions according to the existence or absence of donor-imposed restrictions. This is accomplished by classification of net assets and transactions into two classes which are with donor restrictions and without donor restrictions.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Basis of Presentation (Continued)**

*Net Assets With Donor Restrictions* – Net assets with donor restrictions are net assets subject to donor-imposed stipulations that are either restricted in perpetuity, time restricted, or restricted for certain purposes. Generally, the donor of these assets will permit Aldersgate to use all or part of the income earned on related investments for general or specific purposes.

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are net assets which represent resources generated from operations, contributions received without donor-imposed restrictions, and contributions with donor-imposed restrictions that have been met by actions of Aldersgate and/or the passage of time.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates made by Aldersgate relate primarily to the life expectancies used to amortize deferred revenue from entrance fees, the collectability of accounts receivable and the economic lives of depreciating assets. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Aldersgate considers all cash, money market funds, and highly liquid investments with a stated maturity of three months or less when purchased to be cash and cash equivalents unless classified as assets limited as to use.

**Allowance for Doubtful Accounts**

The carrying amount of accounts receivable has been reduced by an allowance using management's estimate of the amounts that will not be collected. Payment for services is required upon receipt of invoice or claim submitted. The allowance for doubtful accounts is based on actual cash receipts as a percentage of the previous month's ending accounts receivable balance. Accounts past due are individually analyzed for collectability. Aldersgate believes all receivables net of the allowance for doubtful accounts are collectible as of December 31, 2018.

**Investments**

Investments are held as available for sale and are stated at fair value in the consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in the deficit of revenues, gains, and other support over expenses unless restricted by donors or law. Unrealized gains and losses on investments, if any, are excluded from investment income and included as changes in net assets without donor restrictions or net assets with donor restrictions, as appropriate.



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Investments (Continued)**

Management continually reviews its investments and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, the recommendation of investment advisors and the length of time and extent to which the market value has been less than cost. At December 31, 2018 and 2017, Aldersgate determined that no provision for other-than-temporary decline was necessary.

**Assets Limited as to Use**

Assets limited as to use are stated at fair value in the consolidated balance sheets and include assets required by statute, held under bond agreements, held under donor restrictions or designated by the board of directors for financial assistance to residents. The board may, at its discretion, subsequently use assets it has designated for other purposes.

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, net of accumulated depreciation. Assets contributed to Aldersgate are recorded at fair market value at the date of contribution.

Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years.

**Debt Issuance Costs**

Debt issuance costs have been incurred in connection with the issuance of Aldersgate's long-term debt. These costs are amortized over the term of the related indebtedness, which approximates the effective interest method. Debt issuance costs, net of accumulated amortization, were approximately \$1,950,000 and \$2,277,000 at December 31, 2018 and 2017, respectively.

In accordance with Generally Accepted Accounting Principles (GAAP), Aldersgate presents debt issuance costs as a direct deduction from the face amount of the related borrowings, amortizes debt issuance costs using the effective interest method over the life of the debt, and records the amortization as a component of interest expense.

**Entrance Fees**

Entrance fees represent initial payments made by residents in exchange for membership at Aldersgate. Membership includes the use and privileges of amenities at the community and discounted fees when using health care accommodations. Entrance fees are based upon the accommodation chosen by the member. Aldersgate offers three types of lifecare residency agreements distinguished by the extent to which the entrance fee is refundable:

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Entrance Fees (Continued)**

*Standard Contract* – Entrance fees are refundable less a processing fee and less 2% per month for each of the first 50 months of residency, unless refunded within the first 5 months, in which case the refund is the entrance fee paid less a processing fee and 10% of the entrance fee paid.

*90% Refundable Contract* – Entrance fees are refundable less a processing fee and less 10%.

*50% Refundable Contract* – Entrance fees are refundable less a processing fee and less 1% per month for each of the first 50 months of occupancy, unless refunded within the first 11 months, in which case the refund is the entrance fee paid less a processing fee and 10% of the entrance fee paid. After 50 months of occupancy, the refund is 50% of the entrance fee paid.

The defined health care benefit for these contracts is an equalized rate that residents would pay while in either assisted living or nursing, regardless of the type of independent unit they occupy.

The refundable portion of entrance fees is recorded as Refundable Entrance Fees until such time as the agreement is terminated. The non-refundable portion of entrance fees is recorded as Deferred Entrance Fees and amortized into income using the straight-line method over the remaining life of the member, actuarially adjusted annually, beginning with the date of each member's occupancy.

**Financial Assistance**

Aldersgate has a financial assistance policy to identify residents who are unable to pay and use certain funds designated for financial assistance to subsidize the entrance fees and services provided to those residents. A resident who enters Aldersgate and later becomes unable to pay some or all of their charges after receiving care, may apply for financial assistance from Aldersgate's Financial Assistance Program. The policy governing this program has established a committee consisting of management and members of the board of directors to accept and consider applications for assistance.

Aldersgate has estimated its direct and indirect costs of providing financial assistance under its Financial Assistance Program. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amounts charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing financial assistance. Using this methodology, Aldersgate has estimated the costs for services under Aldersgate's financial assistance policy to be approximately \$854,000 and \$691,000 for the years ended December 31, 2018 and 2017, respectively.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Financial Assistance (Continued)**

Aldersgate received approximately \$191,000 and \$168,000 to subsidize the costs of providing financial assistance under its policy for the years ended December 31, 2018 and 2017, respectively.

**Donor-Restricted Contributions**

Conditional promises to give and indications of intentions to give cash and other assets to Aldersgate are reported at fair value at the date the contribution is received. The contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statements of operations as net assets released from restrictions if used for services, and are reported as changes in net assets without donor restrictions if used for purchase of property and equipment. Donor-restricted contributions, whose restrictions are met within the same year as received, are reported as other income in the accompanying consolidated statements of operations.

**Performance Indicator**

Aldersgate's operations include deficit of revenue, gains, and other support under expenses, known as the performance indicator. Changes in net assets without donor restrictions which are excluded from this performance indicator include unrealized gains and losses on investments. Nonoperating losses include losses on the extinguishment of debt and gains or losses on the disposal of capital assets, if any.

**Income Taxes**

Aldersgate UMRC and Holdings are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, Aldersgate UMRC and Holdings have made no provision for income taxes in the consolidated financial statements.

Aldersgate UMRC and Holdings are not aware of any activities that would jeopardize their tax-exempt status. Aldersgate UMRC and Holdings follow accounting guidance regarding recognition and measurement of uncertain tax positions. As of December 31, 2018 and 2017, management is not aware of any uncertain tax positions.

**Fair Value of Financial Instruments**

Aldersgate uses fair value measurements to record certain assets and liabilities. Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under the Fair Value Measurements and Disclosures standard. Aldersgate 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:

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Fair Value of Financial Instruments (Continued)**

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Aldersgate 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 may be 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.

The Fair Value Option Standard for Financial Assets and Financial Liabilities allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for eligible financial assets and liabilities on an instrument-by-instrument basis. Aldersgate has not elected to measure any existing financial assets or financial liabilities at fair value under this option.

During the year ended December 31, 2018, Aldersgate has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which amends the disclosure requirements of Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, for reporting entities that measure the fair value of an investment using the net asset value (NAV) per share (or its equivalent) as a practical expedient. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy and make certain disclosures for all investments for which fair value is measured using the NAV per share practical expedient. This standard has been retrospectively applied for all periods presented.

**Functional Allocation of Expenses**

The costs of programs and supporting services activities have been summarized on a functional basis in the consolidated statements of operations. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**New Accounting Pronouncements – ASU 2016-14**

During the year ended December 31, 2018, Aldersgate adopted FASB Accounting Standards Update (ASU) 2014-09, *Presentation of Financial Statements for Not-for-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. The adoption of this accounting standard did not have an impact on Aldersgate's financial position or changes in net assets and has been applied retrospectively to all periods presented, with the exception of functional expenses presented in the consolidated statement of functional expenses.

**New Accounting Pronouncements – ASU 2014-09**

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which was further codified under Accounting Standards Codification (ASC) 606-10. The standard attempts to create a global, consistent revenue recognition model to be applied to all industries, including health care. The standard requires Aldersgate to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which Aldersgate expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgements and changes in judgements, and assets recognized from the cost to obtain or fulfill a contract. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Aldersgate adopted ASU 2014-09 on January 1, 2018 as described in Note 10 – Net Resident Service Revenue.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. Aldersgate adopted ASU 2014-09 using the full retrospective method for all contracts effective January 1, 2017 and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Full retrospective adoption requires entities to apply the standard retrospectively to the earliest period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets. As a result of the adoption of this standard, a prior period adjustment was recorded to write-off previously capitalized marketing costs that no longer qualify for capitalization under the provisions of the new standard.

The prior period adjustment resulted in a decrease of net assets of \$1,637,242 as of January 1, 2017. There was also an increase in the 2017 Administration expenses presented for comparative purposes that further decreased net assets as of December 31, 2017 by \$517,840 related to marketing costs capitalized in 2017 that no longer qualify for capitalization under the new standard. These entries resulted in a decrease of property, plant, and equipment, net as of December 31, 2017 of \$2,155,082 of what was previously reported.

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

**New Accounting Pronouncements – ASU 2014-09 (Continued)**

The below table summarizes the impact of the adoption of the standard on the consolidated financial statements as of and for the year ended December 31, 2017:

	Pre-Adoption Balance	Change	Post-Adoption Balance
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	\$ 111,010,300	\$ (2,155,082)	\$ 108,855,218
<b>TOTAL ASSETS</b>	156,512,636	(2,155,082)	154,357,554
<b>NET ASSETS</b>			
Net Assets Without Donor Restrictions	(4,192,496)	(2,155,082)	(6,347,578)
<b>TOTAL NET ASSETS</b>	(3,070,187)	(2,155,082)	(5,225,269)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	156,512,636	(2,155,082)	154,357,554
<b>OPERATING EXPENSES</b>			
Administration	8,879,634	517,840	9,397,474
<b>TOTAL OPERATING EXPENSES</b>	35,905,500	517,840	36,423,340
<b>OPERATING LOSS</b>	(2,197,645)	(517,840)	(2,715,485)
<b>DECREASE IN NET ASSETS</b>	(2,394,712)	(517,840)	(2,912,552)
<b>NET ASSETS - BEGINNING OF YEAR, AS RESTATED</b>	(675,475)	(1,637,242)	(2,312,717)
<b>NET ASSETS - END OF YEAR</b>	(3,070,187)	(2,155,082)	(5,225,269)

**Subsequent Events**

In preparing these consolidated financial statements, Aldersgate has evaluated events and transactions for potential recognition or disclosure through April 15, 2019, the date the consolidated financial statements were available to be issued.

**NOTE 2 STATUTORY OPERATING RESERVE**

Regulations of the North Carolina Department of Insurance (Department) requires Aldersgate to maintain an operating reserve equal to a percentage of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department. As of December 31, 2018 and 2017, Aldersgate has reserved approximately \$8,675,000 and \$7,722,000, respectively, in compliance with these regulations.

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**NOTE 3 RISKS AND UNCERTAINTIES**

**Concentrations of Credit Risks**

Financial instruments, which potentially subject Aldersgate to concentration of credit risk, consist principally of cash equivalents, investments, assets limited as to use, and receivables. Aldersgate limits the amount of credit exposure to each individual financial institution and places its temporary cash and investments with high credit quality financial institutions. At times, such cash and investments may be in excess of Federal Deposit Insurance Corporation limits. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

**Regulatory Matters**

Aldersgate is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, Medicare program participation requirements and reimbursement for patient services, and Medicare fraud and abuse.

**Insurance**

Aldersgate purchases commercial insurance policies for general and professional liability, director and officer, workers' compensation, property, and other general business coverage with minimal deductibles. Adequate provision has been made for amounts expected to be paid under each policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

On July 1, 2016, Aldersgate changed from a fully insured health insurance plan for its employees to a self-insured arrangement. From the employee perspective, the elements of the self-insured plan are identical to what had been in place under the fully insured plan, but the risk for payment of all claims is now borne by Aldersgate rather than an insurance company. Aldersgate has engaged Blue Cross Blue Shield of NC (BCBSNC) as Third Party Administrator, giving employees access to the BCBSNC network and negotiated fees. Aldersgate also has purchased specific stop loss protection from BCBSNC for all claims over \$90,000, and aggregate stop loss protection for aggregated claims which exceed \$1.6 million over the policy period of 12 months.

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**NOTE 4 INVESTMENTS**

Investments consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 2,068,758	\$ 6,473,456
Equity Securities	-	1,529,517
Mutual Funds	-	1,767,980
Exchange Traded Funds	-	6,414,925
Commonfund Contingent Asset Portfolio	396,858	-
Commonfund Multi-Strategy Equity Investors	5,844,761	-
Commonfund Multi-Strategy Bond Investors	5,406,476	-
Alternative Funds	3,687	12,366
	<u>\$ 13,720,540</u>	<u>\$ 16,198,244</u>

Realized gains and losses on sales of investments are calculated using the specific identification method. Investment income included in net assets is comprised of the following:

	<u>2018</u>		
	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Revenues, Gains, and Other Support:			
Interest and Dividends	\$ 604,618	\$ 598,445	\$ 6,173
Realized Net Gains on Investments	1,146,281	1,146,281	-
	<u>1,750,899</u>	<u>1,744,726</u>	<u>6,173</u>
Other Changes in Net Assets:			
Unrealized Net Losses on Investments	(3,199,576)	(3,153,323)	(46,253)
Total Investment Return	<u>\$ (1,448,677)</u>	<u>\$ (1,408,597)</u>	<u>\$ (40,080)</u>
	<u>2017</u>		
	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Revenues, Gains, and Other Support:			
Interest and Dividends	\$ 732,192	\$ 729,737	\$ 2,455
Realized Net Gains on Investments	2,089,562	2,045,599	43,963
	<u>2,821,754</u>	<u>2,775,336</u>	<u>46,418</u>
Other Changes in Net Assets:			
Unrealized Net Gains (Losses) on Investments	56,672	(38,797)	95,469
Total Investment Return	<u>\$ 2,878,426</u>	<u>\$ 2,736,539</u>	<u>\$ 141,887</u>



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**NOTE 5 PROPERTY, PLANT, AND EQUIPMENT**

The components of property, plant, and equipment at December 31 were as follows:

	2018	2017
Land and Improvements	\$ 12,707,370	\$ 12,758,892
Buildings and Improvements	137,023,840	135,896,523
Furniture, Fixtures, and Equipment	17,433,162	18,623,374
Vehicles	857,284	908,435
	<u>168,021,656</u>	<u>168,187,224</u>
Less: Accumulated Depreciation	<u>(66,253,672)</u>	<u>(65,812,619)</u>
	101,767,984	102,374,605
Construction in Progress	22,486,178	6,480,613
Property and Equipment, Net	<u>\$ 124,254,162</u>	<u>\$ 108,855,218</u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled approximately \$4,480,000 and \$4,410,000, respectively. The majority of the construction in progress at December 31, 2018 and 2017 relates to the construction of the new independent living units on the Aldersgate UMRC campus.

Construction began in October 2015 on a new replacement nursing care facility. The new nursing care facility opened in October 2017. In September 2016, construction began on a new, approximately 14,000 square foot community center as well as the renovation of approximately 29,000 square feet of the adjacent Ray Hall Community Center (collectively, the New Community Center). The New Community Center serves the entire Aldersgate UMRC community and opened December 2017. In May 2017, construction began on new independent living units with an anticipated completion of April 2019. Each of the construction contracts contains payments that will be based on specific milestones outlined in each contract or monthly retainers. The total estimated construction costs to be incurred in 2019 related to the new independent living units will be approximately \$2,600,000.

**NOTE 6 ASSETS LIMITED AS TO USE**

Assets limited as to use are stated at fair value and consist of cash and cash equivalents, mutual funds, fixed income investments, equity securities, exchange traded funds, and Commonfund contingent asset, multi-strategy equity, and multi-strategy bond investor portfolios at December 31, 2018 and 2017.

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**NOTE 7 LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
North Carolina Medical Care Commission:		
Retirement Facilities Revenue Bonds, Series 2013	\$ 31,260,000	\$ 32,800,000
Retirement Facilities Revenue Bonds, Series 2015	49,240,000	49,240,000
Retirement Facilities Revenue Refunding Bonds, Series 2017A	19,080,000	19,080,000
Retirement Facilities Revenue Bonds, Series 2017B	13,309,912	3,942,977
Taxable Loan	9,571,183	346,602
	<u>122,461,095</u>	<u>105,409,579</u>
Less: Current Portion	(11,401,294)	(1,540,000)
Less: Unamortized Bond Discount	(404,100)	(448,513)
Less: Unamortized Debt Issuance Costs	(1,949,598)	(2,277,414)
	<u>\$108,706,103</u>	<u>\$101,143,652</u>

In October 2013, the North Carolina Medical Care Commission issued its \$38,025,000 Retirement Facilities First Mortgage Revenue Refunding Bonds Series 2013 (the 2013 Bonds). The proceeds of the 2013 Bonds were used to refund the then outstanding 2009 and 2010 Bonds, to fund a debt service reserve fund, and to pay certain costs incurred in connection with the authorization and issuance of the 2013 Bonds. Principal payments on the 2013 Bonds began in July 2014 and extend through July 2035. Interest on the 2013 Bonds is paid semi-annually with interest rates ranging from 2% to 6.25%.

In November 2015, the North Carolina Medical Care Commission issued its \$49,240,000 Retirement Facilities First Mortgage Revenue Bonds Series 2015 (the 2015 Bonds). The proceeds of the 2015 Bonds are for the purpose of providing funds to Aldersgate UMRC to be used to finance the cost of an approximately 140,000 square foot replacement 125-bed nursing home, to refinance the cost of the completion of, and the additions and improvements to, the existing memory care support facility, renovation and reconfiguration of the existing memory support town center, and to pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds. Principal payments on the 2015 Bonds begin in July 2032 and extend through July 2045. Interest on the 2015 Bonds is paid semi-annually with interest rates ranging from 4.7% to 5%.

In September 2016, Aldersgate UMRC entered into a loan agreement with a financial institution for an amount not to exceed \$16,400,000. An initial advance of approximately \$2,878,000 was provided at closing to refund outstanding debt. Additional advances on the loan were made by the financial institution at the request of Aldersgate UMRC as needed for construction. Interest was payable monthly beginning October 2016 at a rate of LIBOR plus a credit spread (ranging from 2.2% to 2.9%) depending on Aldersgate UMRC's debt to capitalization ratio. The balance was paid from the proceeds related to the issuance of the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2017A. A loss of approximately \$296,000 was recognized on the refunding for the year ended December 31, 2017, which related to the write-off of unamortized debt issuance costs.

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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

In May 2017, the North Carolina Medical Care Commission issued its \$19,080,000 Retirement Facilities First Mortgage Revenue Refunding Bonds Series 2017A (the 2017A Bonds). The proceeds of the 2017A Bonds are to refund the outstanding 2016 bank loan, finance the costs of constructing, renovating, equipping and furnishing an approximately 43,000 square foot community center, to acquire a parcel of land, to fund a debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2017A Bonds. Principal payments on the 2017A Bonds begin in July 2020 and extend through July 2047. Interest on the 2017A Bonds is paid semi-annually with interest rates ranging from 2.5% to 4.5%.

In May 2017, the North Carolina Medical Care Commission issued its \$15,712,645 Retirement Facilities First Mortgage Revenue Bonds Series 2017B (the 2017B Bonds). The proceeds of the 2017B Bonds are being used to construct, equip, furnish and market 62 new independent living units, fund routine capital improvements to buildings throughout Aldersgate UMRC's campus and to pay certain expenses incurred in connection with the issuance of the Series 2017B Bonds. Principal payments on the 2017B Bonds begin in July 2019 and extend through June 2044. The 2017B Bonds are a draw down loan. Monthly interest payments began July 2017 at a variable rate based upon 67% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread.

In May 2017, Aldersgate UMRC entered into a taxable loan agreement (2017 Taxable Loan) with a financial institution for an amount not to exceed \$18,473,050. The 2017 Taxable Loan consists of a bank placed variable rate taxable loan whose principal will be funded on a draw down basis. The 2017 Taxable Loan has monthly interest payments which began in June 2017. The interest rate is based upon 100% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread. The 2017 Taxable Loan is assumed to mature January 1, 2020. Principal payments will occur based upon the anticipated availability of entrance fee receipts relating to the new independent living expansion project.

The terms of the agreements related to the 2013, 2015, 2017A, 2017B and the 2017 Taxable Loan require, among other provisions, a debt coverage ratio (as defined) greater than or equal to 1.2. At December 31, 2018 and 2017, management believes Aldersgate UMRC was in compliance with these requirements as well as all other financial covenants contained in its bond agreements. The series 2013, 2015, 2017A, 2017B, and 2017 Taxable Loan are collateralized by certain property of Aldersgate.

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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

Scheduled annual principal maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>
2019	\$ 11,401,294
2020	2,515,038
2021	2,629,758
2022	2,743,608
2023	2,872,889
Thereafter	100,298,508
	<u>\$ 122,461,095</u>

**NOTE 8 ENTRANCE FEES**

Deferred entrance fee revenue by contract type as of December 31 was as follows:

	<u>2018</u>	<u>2017</u>
Standard	\$ 8,784,803	\$ 9,712,856
90% Refundable	1,013,061	1,170,869
50% Refundable	5,542,334	4,144,616
	<u>\$ 15,340,198</u>	<u>\$ 15,028,341</u>

Refundable entrance fees by contract type as of December 31 were as follows:

	<u>2018</u>	<u>2017</u>
90% Refundable	\$ 22,659,222	\$ 23,021,659
50% Refundable	7,629,501	5,693,490
	<u>\$ 30,288,723</u>	<u>\$ 28,715,149</u>

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**NOTE 9 NET ASSETS**

Net Assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2018</u>	<u>2017</u>
Subject to Expenditure for Specific Purpose:		
Financial Assistance to Residents	\$ 189,087	\$ 349,944
Employee Training	-	8,242
Columbarium Fund	-	45,961
Art Fund	11,509	75,155
Library Fund	-	600
	<u>200,596</u>	<u>479,902</u>
Subject to Aldersgate's Spending Policy and Appropriation:		
Endowment Funds	<u>644,616</u>	<u>642,407</u>
Total Net Assets With Donor Restrictions	<u>\$ 845,212</u>	<u>\$ 1,122,309</u>

During the years ended December 31, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2018</u>	<u>2017</u>
Purpose Restrictions Accomplished:		
Financial Assistance to Residents	\$ 305,361	\$ 196,946
Employee Training	8,242	-
Columbarium Fund	82,336	-
Art Fund	92,805	41,423
Library Fund	600	-
	<u>489,344</u>	<u>238,369</u>
Total Net Assets Released from Restrictions	<u>\$ 489,344</u>	<u>\$ 238,369</u>

Aldersgate's net assets with donor restrictions include individual endowments established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

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**NOTE 9 NET ASSETS (CONTINUED)**

Aldersgate complies with the North Carolina Uniform Prudent Management of Institutional Funds Act (the Act). Aldersgate has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. Aldersgate classifies as net assets with donor restrictions the original value of gifts with donor-imposed restrictions and the portion of income derived from the gift, if any, that the donor requires to be kept in perpetuity. The portion of income derived from the gift, if any, that the donor does not require to be kept in perpetuity is classified in the consolidated balance sheets as net assets with donor restrictions until those amounts are appropriated for expenditure by Aldersgate in a manner consistent with the donor's stipulation and the standard of prudence prescribed in the Act. Unless a donor explicitly stipulates otherwise, unrealized net appreciation in market value of the original gift is maintained as net assets with donor restrictions until those amounts are appropriated for expenditure by Aldersgate in a manner consistent with the donor's stipulation and the standard of prudence prescribed in the Act. Any unrealized net depreciation that causes total market value to decline below the amount of the original gift is reported in net assets without donor restrictions.

Endowment net asset composition by type and fund was as follows as of December 31, 2018 and 2017:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,038,418	\$ -	\$ 1,038,418
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	644,616	644,616
Total	<u>\$ 1,038,418</u>	<u>\$ 644,616</u>	<u>\$ 1,683,034</u>
	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 696,135	\$ -	\$ 696,135
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	642,407	642,407
Total	<u>\$ 696,135</u>	<u>\$ 642,407</u>	<u>\$ 1,338,542</u>

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**NOTE 9 NET ASSETS (CONTINUED)**

The following are the changes in endowment net assets managed by Aldersgate for the years ended December 31, 2018 and 2017:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of the Year	\$ 696,135	\$ 642,407	\$ 1,338,542
Contribution - Income	342,283	-	342,283
Distributions	-	-	-
Realized Gains/Losses and Change in Unrealized Gains/ Losses on Investments	-	2,209	2,209
Endowment Net Assets, End of the Year	<u>\$ 1,038,418</u>	<u>\$ 644,616</u>	<u>\$ 1,683,034</u>
	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of the Year	\$ 696,135	\$ 637,443	\$ 1,333,578
Contributions - Income	-	68,356	68,356
Distributions	-	(65,847)	(65,847)
Realized Gains/Losses and Change in Unrealized Gains/ Losses on Investments	-	2,455	2,455
Endowment Net Assets, End of the Year	<u>\$ 696,135</u>	<u>\$ 642,407</u>	<u>\$ 1,338,542</u>

Aldersgate had board designated endowment funds of \$1,038,418 and \$696,135 for the years ended December 31, 2018 and 2017, respectively. These board designated endowment funds are included as a component of net assets without donor restrictions.

**Return Objectives and Risk Parameters**

Aldersgate has adopted an investment policy for donor-restricted gifts that attempts to provide a predictable stream of funding. Such assets are invested in a manner that is intended to maximize income while preserving capital, strive for consistent absolute returns, and preserve purchasing power by striving for returns which exceed fees and inflation without putting the principal value at imprudent risk. Management targets an asset allocation that diversifies investments consistent with commonly accepted industry standards to minimize the risk of large losses and meet Aldersgate's return objectives. Imprudent concentrations in any single asset class or investment vehicle are prohibited.

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**NOTE 9 NET ASSETS (CONTINUED)**

**Spending Policy**

Aldersgate spends income generated from endowment assets according to stipulations of the donors. Aldersgate's spending policy preserves the value of the original gift of the endowment assets held in perpetuity.

**NOTE 10 NET RESIDENT SERVICE REVENUE**

Net resident service revenue is reported at the amount that reflects the consideration to which Aldersgate 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, Aldersgate bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Aldersgate. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Aldersgate 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 residents receiving services in the facilities or in their homes (home care). Aldersgate measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Aldersgate considers 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 our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and Aldersgate does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, Aldersgate 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.



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**NOTE 10 NET RESIDENT SERVICE REVENUE (CONTINUED)**

Aldersgate 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 Aldersgate's policy, and/or implicit price concessions provided to residents. Aldersgate determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. Aldersgate 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 established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid

Aldersgate's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. The PPS is a per diem price-based system. 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.

Aldersgate's licensed nursing facility participates 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 rate 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 life plan communities, 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.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 10 NET 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 Aldersgate'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 2018 or 2017.

Generally residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Aldersgate 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 changes to the estimate of the transaction price are generally 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 December 31, 2018 and 2017. 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.

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

The composition of net resident service revenue by primary payor for the years ended December 31 is as follows:

	2018	2017
Medicare	\$ 7,381,547	\$ 5,936,501
Medicaid	538,245	-
Private	23,641,500	21,282,737
	\$ 31,561,292	\$ 27,219,238

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on primary payor.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 10 NET RESIDENT SERVICE REVENUE (CONTINUED)**

The composition of resident service revenue based on Aldersgate's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Service Lines:		
Independent Living	\$ 9,722,721	\$ 9,717,297
Assisted Living	2,542,060	2,231,262
Skilled Nursing Facility	13,194,746	9,078,926
Home Care	281,146	1,015,493
Memory Support	3,868,706	3,385,630
Other	1,951,913	1,790,630
	\$ 31,561,292	\$ 27,219,238
Method of Reimbursement:		
Monthly Service Fees	\$ 22,878,185	\$ 19,676,074
Fee for Service	8,683,107	7,543,164
	\$ 31,561,292	\$ 27,219,238
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	\$ 31,561,292	\$ 27,219,238
	\$ 31,561,292	\$ 27,219,238

**Financing Component**

Aldersgate has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Aldersgate's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, Aldersgate does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

**Contract Costs**

Aldersgate 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.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 11 BENEFIT PLAN**

Aldersgate has a defined contribution retirement plan that covers all employees of Aldersgate who have completed thirty days of employment and who are regularly scheduled to work a minimum of twenty hours per week. Employees whose annual compensation hours exceed 1,000 shall be eligible to receive a discretionary annual contribution of a percentage of annual gross compensation subject to approval by the board of directors, depending on the financial performance of Aldersgate. Aldersgate matches fifty percent of the voluntary contribution of each employee up to a maximum of four percent of annual compensation. Employees vest in employer contributions on a graded scale over a six-year period.

There were no discretionary contributions made to the plan by Aldersgate during the years ended December 31, 2018 and 2017.

**NOTE 12 FAIR VALUE MEASUREMENTS**

Aldersgate uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

All assets have been valued using a market approach, except for funds which are valued based on a net asset value per share (or its equivalent). Alternative funds held by Aldersgate seek long-term capital appreciation and reduction of overall portfolio risk through investing in Commonfund contingent asset, multi-strategy equity, and multi-strategy bond investor portfolios, and directional and nondirectional hedge fund of funds. Aldersgate has an alternative investment valuation procedure in which management validates the fair value reported by the third-party investment manager.

For additional information on how Aldersgate measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of Aldersgate measured at fair value on a recurring basis, except those measured by using net asset value (NAV) per share as a practical expedient, as of December 31, 2018 and 2017:

	2018			Total
	Level 1	Level 2	Level 3	
Assets				
Assets Limited as to Use				
Fixed Income	\$ 7,138,777	\$ -	\$ -	\$ 7,138,777
Total Assets Measured at Fair Value	<u>\$ 7,138,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,138,777</u>

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)**

	2017			Total
	Level 1	Level 2	Level 3	
Assets				
Investments				
Equity Securities	\$ 1,529,517	\$ -	\$ -	\$ 1,529,517
Mutual Funds	1,767,980	-	-	1,767,980
Exchange Traded Funds	6,414,925	-	-	6,414,925
Assets Limited as to Use				
Mutual Funds	9,540,422	-	-	9,540,422
Fixed Income	7,013,798	-	-	7,013,798
Total Assets Measured at Fair Value	<u>\$26,266,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$26,266,642</u>

Certain alternative investments held by Aldersgate calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of funds that calculate net asset value per share (or its equivalent) for the years ended December 31, 2018 and 2017:

	2018			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
CF Multi-Strategy Equity Investors, LLC	\$ 11,142,876	\$ -	Short-term	5 Days
CF Multi-Strategy Bond Investors, LLC	10,307,296	-	Short-term	5 Days
CF Contingent Asset Portfolio, LLC	756,598	-	Short-term	5 Days
Aurora Offshore Fund Ltd II	3,687	-	Quarterly	95 Days
Total Alternative Funds	<u>\$ 22,210,457</u>	<u>\$ -</u>		

	2017			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Aurora Offshore Fund Ltd II	\$ 12,366	\$ -	Quarterly	95 Days
Total Alternative Funds	<u>\$ 12,366</u>	<u>\$ -</u>		

The alternative investment funds are valued at the net asset value (NAV) of units, which are based on market prices of the underlying investments, held by Aldersgate at year-end.

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

Aldersgate is subject to potential litigation arising in the ordinary course of business. Management is currently not aware of any such litigation.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 14 LIQUIDITY AND AVAILABILITY**

Aldersgate invests cash in excess of short-term requirements in short-term investments, which include asset, equity, and bond portfolios, which are liquid within one week. Certain alternative investments are liquid within one year or less.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, compromise the following:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 1,648,674	\$ 1,384,641
Investments and Assets Limited as to Use:		
Operating Investments	13,720,540	16,198,244
Designated for Statutory Operating Reserve	8,675,045	7,721,978
Held Under Bond Agreements	11,979,860	14,637,921
Board Designated	<u>1,038,418</u>	<u>696,135</u>
Total Investments and Assets Limited As to Use	35,413,863	39,254,278
Accounts Receivable, Net	2,085,648	1,896,605
Entrance Fees Receivable	<u>196,200</u>	<u>201,500</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 39,344,385</u>	<u>\$ 42,737,024</u>

## **SUPPLEMENTARY INFORMATION**

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2018**

<b>ASSETS</b>	Aldersgate United Methodist Retirement Community, Inc.	Aldersgate Holdings, Inc.	Eliminating Entries	Consolidated
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,648,674	\$ -	\$ -	\$ 1,648,674
Investments	13,720,540	-	-	13,720,540
Accounts Receivable, Net of Allowance for Doubtful Accounts	2,085,648	-	-	2,085,648
Entrance Fees Receivable	196,200	-	-	196,200
Prepaid Expenses and Other Current Assets	811,212	-	-	811,212
Total Current Assets	<u>18,462,274</u>	<u>-</u>	<u>-</u>	<u>18,462,274</u>
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	123,904,162	350,000	-	124,254,162
<b>ASSETS LIMITED AS TO USE</b>				
Designated for Statutory Operating Reserve	8,675,045	-	-	8,675,045
Held Under Bond Agreement	11,979,860	-	-	11,979,860
Board Designated	1,038,418	-	-	1,038,418
Donor Restricted	845,212	-	-	845,212
Total Assets Limited as to Use	<u>22,538,535</u>	<u>-</u>	<u>-</u>	<u>22,538,535</u>
<b>OTHER ASSETS</b>				
Deferred Marketing Costs, Net	512,223	-	-	512,223
Other	212,178	-	-	212,178
Total Other Assets	<u>724,401</u>	<u>-</u>	<u>-</u>	<u>724,401</u>
<b>Total Assets</b>	<u>\$ 165,629,372</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 165,979,372</u>



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2018**

	Aldersgate United Methodist Retirement Community, Inc.	Aldersgate Holdings, Inc.	Eliminating Entries	Consolidated
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 6,704,210	\$ -	\$ -	\$ 6,704,210
Construction and Retainage Payable	2,046,123	-	-	2,046,123
Entrance Fee Deposits on Unoccupied Units	3,609,588	-	-	3,609,588
Current Portion of Long-Term Debt	11,401,294	-	-	11,401,294
Other Current Liabilities	103,680	-	-	103,680
Total Current Liabilities	<u>23,864,895</u>	-	-	<u>23,864,895</u>
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	108,706,103	-	-	108,706,103
<b>DEFERRED ENTRANCE FEES, NET</b>	15,340,198	-	-	15,340,198
<b>REFUNDABLE ENTRANCE FEES</b>	<u>30,288,723</u>	-	-	<u>30,288,723</u>
Total Liabilities	178,199,919	-	-	178,199,919
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	(14,454,177)	350,000	-	(14,104,177)
Designated by the Board for Endowment Fund	1,038,418	-	-	1,038,418
Total Without Donor Restrictions	<u>(13,415,759)</u>	350,000	-	<u>(13,065,759)</u>
With Donor Restrictions	845,212	-	-	845,212
Total Net Assets	<u>(12,570,547)</u>	<u>350,000</u>	<u>-</u>	<u>(12,220,547)</u>
Total Liabilities and Net Assets	<u>\$ 165,629,372</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 165,979,372</u>

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

	Aldersgate United Methodist Retirement Community, Inc.	Aldersgate Holdings, Inc.	Eliminating Entries	Consolidated
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Net Resident Service Revenue	\$ 31,561,292	\$ -	\$ -	\$ 31,561,292
Amortization of Deferred Entrance Fees	2,652,379	-	-	2,652,379
Investment Income, Net	1,744,726	-	-	1,744,726
Other Support	1,033,973	-	-	1,033,973
Net Assets Released from Restrictions for Use in Operations	489,344	-	-	489,344
Unrestricted Contributions	698,467	-	-	698,467
Total Revenue, Gains, and Other Support	<u>38,180,181</u>	<u>-</u>	<u>-</u>	<u>38,180,181</u>
<b>EXPENSES</b>				
Nursing and Related Services	12,083,785	-	-	12,083,785
Dietary	4,896,884	-	-	4,896,884
Housekeeping and Laundry	1,535,729	-	-	1,535,729
Plant Operations	4,523,131	-	-	4,523,131
Administration	9,611,986	-	-	9,611,986
Interest Expense	4,539,619	-	-	4,539,619
Amortization	73,747	-	-	73,747
Depreciation	4,480,158	-	-	4,480,158
Total Expenses	<u>41,745,039</u>	<u>-</u>	<u>-</u>	<u>41,745,039</u>
<b>OPERATING LOSS AND DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT UNDER EXPENSES</b>	<b>(3,564,858)</b>	<b>-</b>	<b>-</b>	<b>(3,564,858)</b>
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Change in Net Unrealized Losses on Investments	<u>(3,153,323)</u>	<u>-</u>	<u>-</u>	<u>(3,153,323)</u>
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b><u>\$ (6,718,181)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (6,718,181)</u></b>

## Attachment II

Five Year Projection

**ALDRSGATE UNITED METHODIST RETIREMENT  
COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**COMPILATION OF A FINANCIAL PROJECTION**  
**FOR THE YEARS ENDING**  
**DECEMBER 31, 2019 THROUGH 2023**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Aldersgate Life Plan Services, Inc.  
Charlotte, North Carolina

Management is responsible for the accompanying projected financial statements of Aldersgate United Methodist Retirement Community, Inc. ("Aldersgate" or the "Company") (an affiliate of Aldersgate Life Plan Services, Inc.), which comprise the projected balance sheets as of December 31, 2019, 2020, 2021, 2022, and 2023 and the related projected statements of operations and changes in net assets (deficit), and cash flows as of and for each of 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 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 financial statements or the assumptions. Furthermore, even if Aldersgate is able to (the "Hypothetical Assumptions" as discussed in page 6):

- Construct the addition of 62 independent living units (the "Independent Living Expansion Project") at the costs and timing as projected;
- Fill the Independent Living Expansion Project as projected;
- Achieve projected payer mix for the nursing, memory care and assisted living units and resident entrance fee plan selections as projected; and,
- Achieves operating expenses as projected

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's financial projection has been prepared for the specific purpose of presenting the projected statements of operations and changes in net assets, statements of cash flows and balance sheets of Aldersgate. This presentation is not intended to present the consolidated projected financial statements of Aldersgate since it excludes Aldersgate Holdings, Inc. ("Aldersgate Holdings"). Accordingly, the projection is not intended to be a presentation in conformity with U.S. generally accepted accounting principles since it excludes Aldersgate Holdings, which would be required to be consolidated under U.S. generally accepted accounting principles.*

Board of Directors  
Aldersgate Life Plan Services, Inc.

The accompanying projection information and this report are intended solely for the information and use of Management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and is included in the Company'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.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
May 30, 2019

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**ASSUMING THE HYPOTHETICAL ASSUMPTION NOTED ON PAGE 6**  
**FOR THE YEARS ENDING DECEMBER 31,**  
**(000s Omitted)**

	2019	2020	2021	2022	2023
<b>Unrestricted Revenues, Gains and Other Support:</b>					
Monthly Service Fee Revenue	\$ 18,966	\$ 20,927	\$ 21,609	\$ 22,407	\$ 23,382
Health Care Revenue	13,438	14,212	14,586	14,950	15,308
Amortization of Deferred Entrance Fees	2,899	3,349	3,952	4,568	5,191
Investment Income	1,175	1,281	1,249	1,317	1,390
Other Support	304	313	322	332	342
Net Assets Released from Restriction for Use in Operations	-	-	-	-	-
Unrestricted Contributions	245	250	255	260	265
<b>Total Unrestricted Revenues, Gains and Other Support</b>	<b>37,027</b>	<b>40,332</b>	<b>41,973</b>	<b>43,834</b>	<b>45,878</b>
<b>Expenses:</b>					
Nursing and Related Services	11,475	11,779	12,093	12,415	12,746
Dietary	5,193	5,339	5,489	5,642	5,801
Housekeeping	1,221	1,254	1,288	1,322	1,358
Laundry	310	319	328	338	348
Plant Operations and Maintenance	4,754	3,877	3,987	4,100	4,216
Administration	9,283	9,634	9,907	10,191	10,490
Interest Expense	6,277	5,751	5,617	5,498	5,373
Depreciation and Amortization	6,099	6,761	6,873	6,987	7,106
<b>Total Expenses</b>	<b>44,612</b>	<b>44,714</b>	<b>45,582</b>	<b>46,493</b>	<b>47,438</b>
Change in Net Deficit Without Donor Restriction	(7,585)	(4,382)	(3,609)	(2,659)	(1,560)
Change in Net Assets with Donor Restrictions	-	-	-	-	-
Change in Net Assets (Deficit)	(7,585)	(4,382)	(3,609)	(2,659)	(1,560)
Net Assets (Deficits), Beginning of Year	(12,571)	(20,156)	(24,538)	(28,147)	(30,806)
Net Assets (Deficits), End of Year	<b>\$ (20,156)</b>	<b>\$ (24,538)</b>	<b>\$ (28,147)</b>	<b>\$ (30,806)</b>	<b>\$ (32,366)</b>

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



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**PROJECTED STATEMENTS OF CASH FLOWS**  
**ASSUMING THE HYPOTHETICAL ASSUMPTION NOTED ON PAGE 6**  
**FOR THE YEARS ENDING DECEMBER 31,**  
**(000s Omitted)**

	2019	2020	2021	2022	2023
Cash Flows from Operating Activities:					
Change in Net Assets (Deficit)	\$ (7,585)	\$ (4,382)	\$ (3,609)	\$ (2,659)	\$ (1,560)
to Net Cash Provided by Operating Activities					
Depreciation	6,053	6,715	6,827	6,941	7,060
Amortization of Deferred Marketing Costs	46	46	46	46	46
Amortization of Bond Discount	40	40	40	40	40
Amortization of Deferred Entrance Fees	(2,899)	(3,349)	(3,952)	(4,568)	(5,191)
Amortization of Deferred Financing Cost	324	324	324	324	324
Changes in Operating Assets and Liabilities:					
Accounts Receivable	16	(161)	(69)	(69)	(92)
Entrance Fee Receivable	16	(14)	(6)	(6)	(8)
Other Receivable					
Prepaid Expenses and Other Current Assets	1	(63)	(27)	(27)	(36)
Accounts Payable	(90)	-	153	102	153
Accrued Interest	(42)	(43)	(46)	(48)	(50)
Other Current Liabilities	(16)	-	3	2	3
Net Cash Provided by (Used in) Operating Activities	(4,136)	(887)	(316)	78	689
Cash Flows from Investing Activities:					
Change in Investments, Net	(9,683)	3,356	(1,572)	(1,551)	(1,880)
Routine Purchases of Property and Equipment	(2,548)	(1,648)	(1,697)	(1,748)	(1,801)
Purchases of Property and Equipment - Independent Living Expansion Project	(7,001)	-	-	-	-
Construction Retainage	(2,046)	-	-	-	-
Deferred Marketing Costs	(30)	-	-	-	-
Change in Assets Whose Use is Limited, Net	2,251	(215)	(228)	(237)	(243)
Net Cash Provided by (Used in) Investing Activities	(19,057)	1,493	(3,497)	(3,536)	(3,924)
Cash Flows from Financing Activities:					
Proceeds from Long-Term Debt	11,305	-	-	-	-
Payments of Long-Term Debt	(15,685)	(7,133)	(2,630)	(2,744)	(2,873)
Proceeds from Entrance Fees - Existing	10,172	10,343	10,634	10,797	10,882
Proceeds from Entrance Fees - Independent Living Expansion Project	24,249	-	-	-	-
Change in Entrance Fee Deposits	(3,610)	-	-	-	-
Entrance Fee Refunds	(3,215)	(3,816)	(4,134)	(4,557)	(4,717)
Net Cash Provided by (Used in) Financing Activities	23,216	(606)	3,870	3,496	3,292
Change in Cash and Cash Equivalents	23	-	57	38	57
Cash and Cash Equivalents, Beginning of Year	1,649	1,672	1,672	1,729	1,767
Cash and Cash Equivalents, End of Year	\$ 1,672	\$ 1,672	\$ 1,729	\$ 1,767	\$ 1,824
<b>Supplemental Disclosure of Cash Flow Information:</b>					
Cash Paid During the Year for Interest	\$ 6,035	\$ 5,510	\$ 5,379	\$ 5,262	\$ 5,139

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**PROJECTED BALANCE SHEETS**  
**ASSUMING THE HYPOTHETICAL ASSUMPTION NOTED ON PAGE 6**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	2019	2020	2021	2022	2023
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,672	\$ 1,672	\$ 1,729	\$ 1,767	\$ 1,824
Investments	23,404	20,048	21,620	23,171	25,051
Assets Limited as to Use, Current Portion	-	-	-	-	-
Accounts Receivable, Net	2,070	2,231	2,300	2,369	2,461
Receivable - Entrance Fees	180	194	200	206	214
Prepaid Expenses and Other Current Assets	810	873	900	927	963
Total Current Assets	28,136	25,018	26,749	28,440	30,513
<b>Assets Limited as to Use</b>					
Designated for Statutory Operating Reserve	8,259	8,478	8,704	8,942	9,183
Debt Service Reserve Fund - Series 2013 Bonds	3,514	3,514	3,514	3,514	3,514
Debt Service Reserve Fund - Series 2015 Bonds	2,410	2,410	2,410	2,410	2,410
Debt Service Reserve Fund - Series 2017A Bonds	1,239	1,239	1,239	1,239	1,239
Interest Fund - Series 2013 Bonds	927	885	842	796	748
Interest Fund - Series 2015 Bonds	1,200	1,200	1,200	1,200	1,200
Interest Fund - 2017A/2017B Bonds	45	45	45	45	45
Principal Fund - Series 2013 Bonds	810	848	893	938	988
Board Designated Funds	1,038	1,038	1,038	1,038	1,038
Donor Restricted	845	845	845	845	845
Total Assets Limited as to Use	20,287	20,502	20,730	20,967	21,210
Less: Current Portion	-	-	-	-	-
Assets Limited as to Use, Less Current Portion	20,287	20,502	20,730	20,967	21,210
Property and Equipment, Net	127,398	122,331	117,201	112,008	106,749
Deferred Marketing Cost	496	450	404	358	312
Other	212	212	212	212	212
<b>TOTAL ASSETS</b>	<b>\$ 176,529</b>	<b>\$ 168,513</b>	<b>\$ 165,296</b>	<b>\$ 161,985</b>	<b>\$ 158,996</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses	\$ 4,488	\$ 4,488	\$ 4,640	\$ 4,742	\$ 4,895
Accrued Interest	2,084	2,041	1,995	1,947	1,897
Current Maturity of Long-Term Debt	7,133	2,630	2,744	2,873	3,001
Other Current Liabilities	88	88	91	93	96
Total Current Liabilities	13,793	9,247	9,470	9,655	9,889
<b>Long-Term Liabilities:</b>					
Long-Term Debt, Less Current Maturity	110,584	107,994	105,290	102,457	99,496
Less: Debt Issuance Cost	(1,627)	(1,303)	(979)	(655)	(332)
Long-Term Debt, Net	108,957	106,691	104,311	101,802	99,164
Deferred Revenue, Nonrefundable Portion of Resident Entrance Fees	27,626	30,225	32,388	34,029	35,096
Refundable Portion of Resident Entrance Fees	46,309	46,888	47,274	47,305	47,213
Total Long-Term Liabilities	182,892	183,804	183,973	183,136	181,473
Total Liabilities	196,685	193,051	193,443	192,791	191,362
<b>Net Assets (Deficits):</b>					
Without Donor Restriction	(21,001)	(25,383)	(28,992)	(31,651)	(33,211)
With Donor Restriction	845	845	845	845	845
Total Net Assets (Deficits)	(20,156)	(24,538)	(28,147)	(30,806)	(32,366)
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICITS)</b>	<b>\$ 176,529</b>	<b>\$ 168,513</b>	<b>\$ 165,296</b>	<b>\$ 161,985</b>	<b>\$ 158,996</b>

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

## **INTRODUCTION AND BACKGROUND INFORMATION**

### **Basis of Presentation**

The financial projection (the “Projection”) presents, to the best of management’s (“Management”) of Aldersgate United Methodist Retirement Community, Inc. (“Aldersgate” or the “Company”) (an affiliate of Aldersgate Life Plan Services, Inc.) knowledge and belief, the Company’s expected financial position, results of operations and cash flows as of December 31, 2019, 2020, 2021, 2022, and 2023 and each of the years then ending (the “Projection Period”).

### **Hypothetical Assumptions**

A **projection**, although similar to a **forecast**, 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 “Hypothetical Assumptions” 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’s hypothetical assumptions, (the “Hypothetical Assumptions”) are that Aldersgate is able to:

- Construct the addition of 62 independent living units (the “Independent Living Expansion Project”) at the costs and timing as projected;
- Fill the Independent Living Expansion Project as projected;
- Achieve projected payer mix for the nursing, memory care and assisted living units and resident entrance fee plan selections as projected; and,
- Achieves operating expenses as projected.

Accordingly, the Projection reflects Management’s judgment as of May 30, 2019, the date of this projection, of the expected conditions and its expected course of action assuming the Hypothetical Assumptions.

The assumptions disclosed herein are the assumptions that Management believes are significant to the financial projection. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Aldersgate purchased a parcel of land for \$745,000 in 2015. This parcel of land includes a church building and was purchased to provide alternative access to the Nursing Beds, as defined hereinafter, which will include a dedicated short-term stay section. Management established a separate corporation in 2015 called Aldersgate Holdings, Inc. (“Aldersgate Holdings”). Management transferred the land and building (subsequent to writing off of the value of the building) to Aldersgate Holdings in 2015. As such, as used hereinafter, the “Aldersgate” refers solely to the Company, exclusive of Aldersgate Holdings.

*Management’s financial projection has been prepared for the specific purpose of presenting the projected statements of operations and changes in net assets (deficit), statements of cash flows and balance sheets of Aldersgate. This presentation is not intended to present the consolidated projected financial statements of Aldersgate since it excludes Aldersgate Holdings, Inc. (“Aldersgate Holdings”). Accordingly, the projection is not intended to be a presentation in conformity with U.S. generally accepted accounting principles since it excludes Aldersgate Holdings, which would be required to be consolidated under U.S. generally accepted accounting principles.*

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

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

**The Company**

The Company is a not-for-profit corporation organized under the laws of the state of North Carolina. The Company, incorporated in 1945, was formed for the purpose of developing and operating a continuing care retirement community ("CCRC") in Charlotte, North Carolina known as "Aldersgate" (the "Community"). The Company has received a determination letter dated November 20, 1946 from the Internal Revenue Service ("IRS") stating that the Company is an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code.

The Company is governed by a voluntary board of directors (the "Board") that serves without compensation. The Board currently consists of 15 directors (the "Directors") who serve for a term of three years.

The Company is an affiliate of Western North Carolina Conference of the United Methodist Church (the "Conference"). All members of the Board are confirmed by the Conference; however, the Conference is not responsible in any way for the financial and contractual obligations of the Corporation.

The Company is an affiliate of Aldersgate Life Plan Services, Inc., (the "Parent") who is the sole member of the Company. Aldersgate Life Plan Services, Inc. also functions as the sole member of Aldersgate at Sharon, Inc., Aldersgate at Home, Inc., and Aldersgate at Shalom Park, Inc. These entities are related organizations to the Company. As of May 30, 2019, Aldersgate at Sharon, Inc. and Aldersgate at Shalom Park, Inc. are not operational and there are no related party transactions between the entities. Currently, the members of the Board of Directors of the Parent are also the members of the Board of Directors of Aldersgate at Sharon, Inc. and Aldersgate at Home, Inc. Additionally, certain actions of the Board of Directors of Aldersgate at Sharon, Inc. and Aldersgate at Home, Inc. require the consent of Aldersgate Life Plan Services, Inc., as more fully described in each of their respective bylaws.

**Description of the Community**

The Community is located on a 231-acre site at 3800 Shamrock Drive in Charlotte, North Carolina. The site includes a lake available for fishing, azalea gardens, a three-hole golf course and acres of land for walking, relaxing, and enjoying nature.

The Community currently consists of multiple stand-alone buildings, which total approximately 708,000 square-foot of space and which currently consists of 154 independent living apartments in two (2) residential buildings ("Epworth Place" and "Francis Residential Building"), and ninety-three (93) cottages, which consist of thirty-five (35) "Azalea View Cottages," sixteen (16) "Lake Ridge Cottages," and forty-two (42) "Wesley Glen Cottages." Also included within the Community is a forty-six (46) unit assisted living area, a sixty-one (61) unit memory support assisted living facility (known as the "Cuthbertson Village"), and the "Asbury Health and Rehabilitation Center," which currently consists of one-hundred and twenty (120) nursing units, and five (5) home for the aged units.

Currently, Ray Hall Community Center is a two-story, approximately 43,000 square-foot, building containing a chapel/multi-purpose center, wellness facility with aquatic center and exercise room, administrative spaces and a two (2) story living room with a fireplace and balcony overlook. The overall plan is designed around a courtyard.

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

Renovations on the Ray Hall Community Center were completed in 2017 with proceeds from the issuance of the 2017 A Bonds (defined hereafter). The Ray Hall Community Center serves the entire Community and includes a new dining room, beauty and spa salon, activity and media rooms, lounge and bar, outdoor terrace, executive and marketing office, and a winter garden.

The Community provides services through its independent living, assisted living, memory care and nursing facilities. The following descriptive categories are utilized throughout the Projection Period:

Independent Living Units

- The Epworth Place Independent Living Apartments (80) and the Francis Residential Building (74) total 154 independent living units, are collectively referred to as the “Existing Independent Living Apartments.”
- Azalea View Cottages (35), Lake Ridge Cottages (16) and Wesley Glen Cottages (42) total 93 independent living units, are collectively referred to as the “Independent Living Cottages.”
- Collectively, the Existing Independent Living Apartments and the Independent Living Cottages are referred to as the “Existing Independent Living Units.”

Assisted Living Units

- Cuthbertson Village consists of 61 memory care units, also referred to as the “Memory Support Suites.” During June 2016, Management completed a 16-unit expansion of the Memory Support Suites (the “Recent Expansion”), increasing the total from 45 to 61 units.
- Parker Terrace Assisted Living consists of 46 assisted living units, also referred to as the “Standard Assisted Living Units.”

Nursing

- Asbury Health and Rehabilitation Center (the “Nursing Beds”), which opened in 2017 and replaced Asbury Care Center (“Prior Nursing Beds”), currently consists of 120 nursing beds (the “Existing Nursing Beds”), as well as 5 homes for the aged beds. A portion of the Series 2015 Bonds, as defined hereinafter, was used to construct the Nursing Beds and five home for the aged beds (the “Home for the Aged Beds”), in an approximately 140,000 square feet building. Of the total nursing beds, 120 nursing beds are operated under an open Certificate of Need allowing for direct admissions from the greater community as well as members of the Community and are Medicare certified. In addition, 20 of the nursing beds are duly certified by Medicare and Medicaid. All rooms are private rooms with European showers. It contains support facilities such as a chapel, kitchen, beauty/barber shop, and special medical offices for dentist, podiatrist, and a full range of therapy services. It also offers community living areas, activity rooms and craft facilities.

Effective April 2018, the Company transitioned its home health services out of the Community and into a separate legal entity, Aldersgate at Home, Inc. which is not a subsidiary of Aldersgate United Methodist Retirement Community, Inc. The Company received a management fee of approximately five percent of revenues of Aldersgate at Home, Inc., which is included in the projected statements of operations and changes in net assets (deficit). Beginning in 2019, Aldersgate and Aldersgate at Home, Inc. will pay a management fee of approximately five percent of revenue to Aldersgate Life Plan Services, Inc.

In furtherance of Aldersgate's mission to provide a benefit to the greater community of Charlotte, Aldersgate leases certain of its real property to organizations serving the greater community. Under a majority of these leases, with the exception of the leases to Branch Banking and Trust Company, SPRINTCOM, Inc., BMA of North Carolina, Inc., and Hospice & Palliative Care Charlotte Region, the organizations remit a nominal rent payment of \$1.00 per year to Aldersgate. Additionally, Aldersgate provides utilities pursuant to the lease between Aldersgate and OurBRIDGE, Inc. during the Summer Camp Period, as defined in the lease.

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

The following is a list of the leases between Aldersgate and the various organizations that lease real property on the campus. As indicated below, certain of these leases are located on real property which is encumbered by the Deed of Trust (the "Included Property Leases"), and certain of these leases are located on real property which is unencumbered by the Deed of Trust (the "Excluded Property Leases").

Included Property Leases:

- *Branch Banking and Trust Company*. This company utilizes space on Aldersgate's property to provide general banking services to both residents of the Community as well as the greater community of Charlotte.
- *SPRINTCOM, Inc.* This corporation leases approximately 3,600 square-feet of property from Aldersgate on which it constructed an equipment base station and antenna structure.
- *Hospice & Palliative Care Charlotte Region ("HPCCR")*. This company will utilize space within the new Skilled Nursing Facility as a six (6) bed hospice and general inpatient unit.

Excluded Property Leases:

- *Charlotte-Mecklenburg Parks and Recreation*. A portion of The Methodist Home Park came from land designated for that use by Aldersgate and became an important part of the development of the Eastway/Shamrock community recreation area.
- *The Western North Carolina Conference Memorial Center*. The regional headquarters for the United Methodist Church is located on the Northwest corner of the campus.
- *The Hezekiah Alexander Homesite*. The historic home and related period buildings are managed by the Charlotte Museum of History. Built in 1774, the two (2) story stone house is the oldest surviving structure in Mecklenburg County and is listed on the National Register of Historic Places. The museum collects, preserves, researches and interprets regional artifacts in order to capture and share the stories of the Charlotte region from settlement forward.
- *United Methodist Agency for the Retarded ("UMAR")*. This agency and ministry of the Conference operates three (3) group homes for developmentally challenged female residents of UMAR.
- *BMA of North Carolina, Inc. d/b/a Fresenius Medical Center ("BMA")*. This entity leases space for the use of a ten (10) station hemodialysis facility.
- *Carolina Farm Trust, Inc.* This entity leases land from Aldersgate for the purpose of creating and running an urban farm.

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

The following table summarizes the type, number, approximate square footage, monthly fees and entrance fees for the Existing Independent Living Units:

**Table 1**  
**Existing Independent Living Units, Square Footage, Entrance Fees and Monthly Fees**

Independent Living	Number of Units	Square Footage	Entrance Fees <sup>(1)(2)</sup>		Monthly Fees <sup>(1)(2)(3)</sup>	
			90% and 50% Refundable Plan	Non-Refundable Plan	90% & Non-Refundable Plan	50 % Refundable Plan
<i>Apartments</i>						
Epworth Place						
1 bedroom	45	585	\$129,838 - \$211,572	\$90,818 - \$148,204	\$2,504 - \$2,621	\$2,003 - \$2,098
2 bedroom	35	782 - 1,085	\$207,845 - \$298,945	\$145,503 - \$213,002	\$2,679 - \$2,894	\$2,142 - \$2,315
Francis Residential Building						
1 bedroom	24	750 - 955	\$188,195 - \$286,211	\$131,702 - \$200,477	\$3,001 - \$3,362	\$2,400 - \$2,689
2 bedroom	50	1,050 - 1,660	\$268,784 - \$456,687	\$188,078 - \$319,897	\$3,722 - \$5,285	\$2,978 - \$4,228
<i>Cottages</i>						
Azalea View Cottages						
2 bedroom	25	1,382 - 1,482	\$201,763 - \$263,251	\$141,234 - \$245,543	\$3,540	\$2,835
3 bedroom	10	1,672 - 1,754	\$295,510 - \$350,776	\$206,945 - \$239,110	\$3,728	\$2,981
Lake Ridge Cottages						
2 bedroom	16	1,598 - 1,867	\$401,070 - \$524,351	\$280,714 - \$368,320	\$4,436 - \$4,689	\$3,549 - \$3,749
Wesley Glen Cottages						
2 bedroom	42	1,548 - 2,035	\$429,338 - \$544,273	\$300,541 - \$380,996	\$4,283 - \$5,126	\$3,426 - \$4,101
Total Independent Living Units	<u>247</u>					

Source: Management

Notes:

- (1) The entrance fees and monthly fees pricing is effective as of January 1, 2019.
- (2) The second person entrance fee and monthly fee is \$26,000 and \$1,139, respectively.
- (3) As noted hereinafter, there is a lease option on independent living units with monthly fees ranging from \$3,121 to \$3,871 as of the date of the Projection Period. Also, the monthly lease fee can vary based on the selection of \$527 dining dollars, \$1,054 dining dollars, or \$1,581 dining dollars per month plan.

For assisted living units, memory support suites, and nursing beds, Management offers tier-one and tier-two base pricing. The distinction in pricing for tier-one and tier-two is based upon a Resident's acuity. For the Projection Period, Management has projected tier-one pricing as noted in the following tables.

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

The following table summarizes the unit types, number, approximate square footage, and monthly fees for the Standard Assisted Living Units and the Memory Support Suites.

**Table 2**  
**Standard Assisted Living Units, Memory Support Suites, Square Footage and Monthly Fees**

	<u>Number of Units <sup>(2)</sup></u>	<u>Square Footage</u>	<u>Monthly Fees <sup>(1)</sup></u>
<b>Assisted Living Units (Parker Terrace Assisted Living)</b>			
Studio Efficiency	13	285	\$ 4,952
1 bedroom, 1 bath	33	570	5,144
<b>Total Assisted Living Units / Wgt. Avg.</b>	<b>46</b>	<b>489</b>	<b>\$ 5,090</b>
<b>Memory Support Suites (Cuthbertson Village Memory Support)</b>			
1 bedroom, 1 bath	45	235	\$ 6,085
1 bedroom, 1 bath	16	295	6,085
<b>Total Memory Support Suites / Wgt. Avg.</b>	<b>61</b>	<b>251</b>	<b>\$ 6,085</b>

Source: Management

Notes:

- (1) The monthly fees shown are as of January 1, 2019 for direct admissions and tier one base pricing.
- (2) While the table above indicates that Aldersgate has forty-six (46) available assisted units, it should be noted that it is licensed for a total of fifty-three (53) residents in the Assisted Living Facility.

The following table summarizes the unit types, number, approximate square footage and the daily fees for the Nursing Beds:

**Table 3**  
**Nursing Beds, Square Footage and Daily Fees**

	<u>Number of Units</u>	<u>Square Footage</u>	<u>Daily Fees <sup>(1)</sup></u>
<b>Nursing Beds (Asbury Health and Rehabilitation Center)</b>			
Private Nursing Beds	120	300	\$ 299
Home for the Aged Beds	5	300	\$ 239
<b>Total Existing Nursing Beds/ Home for the Aged Beds / Wgt. Avg.</b>	<b>125</b>	<b>300</b>	<b>\$ 297</b>

Source: Management

Notes:

- (1) The daily fees shown are as of January 1, 2019 for direct admissions and tier-one base pricing.

See Independent Accountants' Compilation Report



**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

***The Independent Living Expansion Project***

In January 2019, the Company completed construction of additional independent living units (the “Independent Living Expansion Project” or the “Project”).

The Independent Living Expansion Project consists of 62 new independent living apartments in three mid-rise buildings (the “New Independent Living Apartments”) known as “Gateway.”

The New Independent Living Apartments are comprised of 62 apartments in three three-story buildings consisting of approximately 74,000 square feet. The following table summarizes the number of units, square feet, by unit type, monthly service fees, and entrance fees for the New Independent Living Apartments.

**Table 4**  
**New Independent Living Apartments**  
**Unit Configuration, Size, Entrance Fees, and Monthly Fees**

Independent Living	Number of Units	Square Footage	Entrance Fees <sup>(1)(2)</sup>		Monthly Fees <sup>(1)(2)</sup>	
			90% and 50% Refundable Plan	Non-Refundable Plan	90% & Non-Refundable Plan	50 % Refundable Plan
Magnolia View:						
1 bedroom	18	851 - 1,034	\$294,474 - \$343,137	\$206,131 - \$240,196	\$3,237 - \$3,755	\$2,594 - \$3,009
2 bedroom	20	1,192 - 1,456	\$410,751 - \$494,808	\$287,526 - \$346,365	\$4,338 - \$4,971	\$3,477 - \$3,979
Lake View:						
1 bedroom	3	985	\$345,518	\$241,862	\$3,701	\$2,965
2 bedroom	9	1,285 - 1,475	\$446,560 - \$512,596	\$312,591 - \$358,818	\$4,540 - \$4,971	\$3,630 - \$3,979
Park View:						
1 bedroom	3	985	\$345,518	\$241,862	\$3,701	\$2,965
2 bedroom	9	1,285 - 1,475	\$446,560 - \$512,596	\$312,591 - \$358,818	\$4,540 - \$4,971	\$3,630 - \$3,979
Total Independent Living Units	<u>62</u>					

Source: Management

Notes:

- (1) The entrance fees and monthly fees pricing is effective as of January 1, 2019.
- (2) The second person entrance fee and monthly fee is \$26,000 and \$1,139, respectively.

The design of the New Independent Living Apartments is sometimes referred to as “hybrids” since each building captures the socialization and community sometimes found in larger buildings along with some of the greater independent experience oftentimes associated with cottages. All buildings will have underground parking, and elevators to each building floor. Furthermore, most units will have at least two sides with windows, greatly enhancing lighting and visual access to the outdoors. The New Independent Living Apartments will offer an alternative to cottages or apartments.

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

***Projected Utilization of Entrance Fee Plans***

The following table summarizes Management’s projected utilization of the entrance fee plans:

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**Table 5**  
**Projected Utilization of Entrance Fee Plans by**  
**Existing Independent Living Units, First Generation Residents and Post-First**  
**Generation Residents of the Independent Living Expansion Project**

---

Entrance Fee Options	Existing Independent	First Generation	Post-First Generation
	Living Units	Independent Living Expansion Units	Independent Living Expansion Units
90% Refundable Plan	25%	60%	60%
50% Refundable Plan	40%	15%	15%
0% Refundable Plan	35%	25%	25%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

---

Source: Management

Although residents select their refund plans initially, they can change their selection upon move-in so long as alternative plan contracts are available. Management has indicated that the projected selection patterns for Existing Independent Living Units are consistent with current experience in plan selections. For the Independent Living Expansion Units, Management has developed a strategic marketing plan that assumes the above indicated projected mix of plan selections.

***Marketing of the New Independent Living Apartments***

In October 2014, Management engaged Spectrum Consultants (“Spectrum”), a nationally recognized and experienced leader in the marketing and sales of senior living communities, to market the Existing Independent Living Units and the New Independent Living Apartments. In April 2015, Spectrum began an “Expression of Interest Campaign” whereby interested seniors were presented with a description of the Community and the Independent Living Expansion Project, including proposed pricing, collateral and renderings, and programs. Effective November 2018, Management ended their engagement with Spectrum Consultants and contracted with GlynnDevins to take over the marketing efforts for the New Independent Living Apartments. Management has been accepting deposits equal to 10 percent of the selected New Independent Living Apartments (the “Entrance Fee Deposit” or the “Deposit”). Management views the marketing campaign to be a critical element to the success of the marketing of the New Independent Living Apartments. As of April 30, 2019, the Community had received 44 Entrance Fee Deposits.

***Charter Benefits***

The Community, through March 31, 2017, offered to all depositors of the New Independent Living Apartments (“Charter Members”) a package of additional benefits (the “Charter Benefits”). Charter Benefits include the following:

- Charter Members have the opportunity to select the style and location of a new apartment or villa in the Gateway expansion and lock in the entrance fee.
- Charter Members choosing the 90% refundable entrance fee plan will actually receive a 95% refundable rate, instead of a 90% refundable rate.
- Charter Members will receive \$150 off of the first person monthly fee (for a Gateway residence) for life.

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

The benefit is limited to the monthly fee while living in independent living in a Gateway residence.

- Charter Members who have a second person monthly fee will, upon taking occupancy, receive a \$400 discount in the second person monthly fee for 5 years after occupancy. The benefit is limited to the monthly fee while living in independent living in Gateway.
- Charter Members will receive a credit of \$1,500 that can be used for upgrades offered during the options and selections process.

To receive any or all of the Charter Benefits listed above, Charter Members must pay the balance of the Entrance Fee and begin paying the Monthly Fee for the new Gateway residence within 90 days following notification of availability to move in.

Management has projected that approximately 65 percent of first generation residents will receive Charter Benefits.

A proposed timeline for the various projects, as provided by Management, is summarized in the following table:

---

**Table 6**  
**Projected Project Timelines**

---

<b>ite</b>	<b>Item</b>
<b>Independent Living Expansion Project</b>	
January 2019	Substantial construction completed <sup>(1)</sup>
January 2019	Move-ins begin for the New Independent Living Apartments
December 2019	New Independent Living Apartments reach stabilized occupancy (95%)

---

Source: Management

Notes:

- (1) Management obtained certificate of occupancy for Magnolia View in January 2019 and for Lake View and Park View in May 2019.

***SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES***

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**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

***Independent Living Expansion Project Fill Schedule***

Projected occupancy for the New Independent Living Apartments is based upon Management's assumed move-in schedule for these units.

The following table reflects Management's anticipated move-in schedule for the New Independent Living Apartments, as well as the projected occupancy assumption.

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**Table 7**  
**New Independent Living Apartments**  
**Projected Move-In Schedule**

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	Total Units	Net Move-ins	Cumulative Occupancy	Occupancy Percentage
2019				
January	62	4	4	6.5%
February	62	8	12	19.4%
March	62	7	19	30.6%
April	62	6	25	40.3%
May	62	6	31	50.0%
June	62	6	37	59.7%
July	62	5	42	67.7%
August	62	5	47	75.8%
September	62	5	52	83.9%
October	62	4	56	90.3%
November	62	2	58	93.5%
December	62	1	59	95.2%
Thereafter	62		59	95.2%

---

Source: Management

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See Independent Accountants' Compilation Report

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

The following table summarizes the unit configuration at the Community prior to and after completion of the Independent Living Expansion Project:

---

**Table 8**  
**The Community – Unit Configuration**

---

<b>Level of Care</b>	<b>Existing</b>	<b>The Project</b>		<b>Total</b>
		<b>Eliminations</b>	<b>Additions</b>	
Independent Living Units	247	-	62	309
Assisted Living Units	46	-	-	46
Memory Support Units	61	-	-	61
Nursing Beds	120	-	-	120
Homes for the Aged <sup>(1)</sup>	5	-	-	5
<b>Total</b>	<b>479</b>	<b>-</b>	<b>62</b>	<b>541</b>

---

Source: Management

Notes:

- (1) The Homes for the Aged beds are the licensing designation for assisted living. These beds are built to nursing specification but are intended to function as transitional beds between nursing and independent living, but operate seamlessly as part of the nursing beds. The Community is licensed for these 5 beds.

**Residency Agreements**

In order to reserve an independent living unit, a prospective resident must execute a residence and services agreement (the “Residency Agreement”) and provide payment of an initial entrance fee deposit equal to 10 percent of the applicable entrance fee pricing (the “Deposit”) for the selected independent living unit (the “Depositor”) within 10 days of signing the Residency Agreement. The Depositor must also provide a self-disclosure of his or her health and finances.

The Residency Agreement is a contract under which the Company is obligated, upon payment by the resident of an entrance fee and ongoing payments of the monthly fee to the Community, to provide certain services for life to the resident.

To be accepted for admission to the independent living units, a prospective resident must be at least 62 years of age (or if a couple, one spouse is at least 62 years of age) at the time residency is established, have financial assets adequate to pay the entrance fee, and have sufficient income to meet the anticipated monthly fee and other personal expenses not provided under the Residency Agreement (the “Resident”). The remaining 90 percent of the entrance fee is due on or before the date of occupancy (the “Occupancy Date”).

The Residency Agreement may be terminated by the Resident for any reason prior to occupancy by giving written notice. In the event of such termination, the Resident shall receive a refund of the entrance fee according to the reason for termination. However, if the Resident dies before occupying his or her residence or becomes incapable of meeting the physical, mental or financial requirements of admission, the Residency Agreement shall be cancelled and the entire entrance fee amount shall be refunded.

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

**Services and Amenities**

Under the Residency Agreement, payment of the entrance fee and monthly fee entitles all Residents to occupy the selected independent living unit and receive the following services and amenities at no additional cost:

- Utilities (except telephone and cable television);
- \$527 dining dollars per month; additional dining dollars are available for purchase;
- Routine maintenance;
- 24-hour emergency response service;
- 24-hour security;
- Planned social and recreational activities;
- Scheduled local transportation;
- Weekly housekeeping;
- Priority admission to assisted living, memory support, and skilled nursing services;
- Weekly laundry for flat linens;
- Covered and uncovered parking; and
- Use of grounds and common facilities.

Additional services that are available to Residents for an extra charge include, but are not limited to, additional dining dollars, telephone service and cable television, high-speed internet access, guest accommodations, additional housekeeping or maintenance services, medicine and medical supplies, tray service, and catering.

**Health Care Benefit**

The Residency Agreement offers a defined lifecare benefit (the “Health Care Benefit”) that is based on an equalized rate that Residents would pay while in the Standard Assisted Living Units, Memory Support Suites, or Nursing Beds (collectively defined as “Health Care”), regardless of the type of independent living unit they occupy. The lifecare benefit that is offered is as follows:

- Temporary Transfers to Health Care - If a Resident temporarily transfers to Health Care, the resident is required to pay both the monthly fee for their independent living unit and the applicable current private daily fee for the Health Care unit/bed.
- Permanent Transfers to Health Care - If a single Resident is permanently transferred to Health Care, the monthly fee adjusts to the monthly rate under a 90% refundable contract for a particular two (2) bedroom, two (2) bathroom independent living residence plus the cost of additional meals such that the Resident receives \$1,581 dining dollars per person (the “Health Care Benefit Rate”). The Health Care Benefit Rate is, therefore, a fixed amount payable by all Residents without regard to the type of independent living residence being released. In the case of a couple, if one resident remains in the independent living unit and the other is transferred to Health Care, the resident continues to pay the associated monthly fee for their independent living unit for a single occupant, plus the Health Care Benefit Rate. Should both residents enter Health Care, the Resident would release their independent living unit and each pay the Health Care Benefit Rate mentioned above.

Residents qualifying for the Health Care Benefit pay a one-time entrance fee and an ongoing monthly services fee. Should a Health Care Benefit Resident need additional services in Health Care on a permanent basis, the base monthly services fee will be changed to the then current Health Care Benefit Rate.

Residents not qualifying for the Health Care Benefit may be admitted to the Community at the discretion of Aldersgate, but the Health Care Benefit will not be applicable to them. These Residents will pay a one-time reduced entrance fee and an ongoing monthly services fee. Should a non-Health Care Benefit Resident need

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

additional services in Health Care on a permanent basis, the base monthly fee will be changed to the then current market rate per day for the appropriate level of care.

If it is determined that the Resident requires assisted living services or nursing care, the Community will provide assisted living services in its assisted living or memory support centers as described in the Residency Agreements and subject to changes in law. The Community will admit the Resident on a temporary or permanent basis as needed. Use of these nursing services requires the certification of such need by the Resident's attending physician and shall be subject to availability of an appropriate accommodation at the Community.

In the event that an appropriate accommodation is not available upon determination that a permanent transfer is required, the Community will arrange and pay for Resident's care in his/her residence by a certified home health care agency of the Community's choice, if reasonably possible, until an appropriate accommodation becomes available at Aldersgate. If home health care is not medically possible, the Community will arrange and pay for the Resident's care in another facility of the Community's choice that can provide the same care that would otherwise have been provided by the Community until space becomes available. The Community will pay for care in another facility to the same extent as if it were provided by the Community. The Resident will pay monthly or daily service fees to Aldersgate as if the Resident were living at the Community.

Residents are also responsible for any charges that are not covered by the Health Care Benefit Rate which may include drugs, supplies, ancillary services and level-of-care fees, if applicable.

**Prior Residency Agreements**

Prior to spring 2013, the Company offered a resident contract under which a Resident agreed to pay an initial entrance fee and a monthly fee, which entitles the resident to lifetime occupancy of a residential unit, subject to contractual conditions, with a modified discount for services in Health Care (the "Prior Residency Agreements"). Entrance fees paid under the Prior Residency Agreements were either non-refundable or 90 percent refundable upon termination.

Under the Prior Residency Agreements, Residents pay for services in the Health Care units as follows:

- Temporary Transfers - If a Resident temporarily transfers to Health Care, the Resident is projected to pay both the monthly fee for their independent living unit and the applicable current private daily rate within the Health Care unit.
- Permanent Transfers - If a single Resident is permanently transferred to Health Care, the Resident is required to pay the then current private pay monthly fee less a 20 percent discount (for Assisted Living Units or Memory Support Suites) or a 25 percent discount (for the Nursing Beds). In the case of a couple, if one Resident remains in the independent living unit and the other enters Health Care, they will continue to pay the associated monthly fee for their independent living unit, plus the corresponding discounted private pay rate mentioned above. Should both Residents require Health Care services, upon release of their independent living unit, the Residents pay the appropriate discounted private pay rate.

**Refund Upon Termination**

Aldersgate offers three (3) refund plans under the current Residency Agreement, as described below. As previously noted, under the Prior Residency Agreements, only the non-refundable and 90% refundable plan was offered to residents.

The table below describes refund provisions for both the current Residency Agreement and Prior Residency Agreement refund options.

**INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)**

**Table 9  
Entrance Fee Options and Amortization Timing**

<b>Entrance Fees Options</b>	<b>Amortization Timing</b>
90% Refundable Plan <sup>(1)</sup>	For Residents who have chosen the 90% Refundable Entrance Fee option, the refund due shall be the entrance fee paid less: (i) ten percent (10%); (ii) a fee of one thousand dollars (\$1,000); and (iii) any amount due to the Company for monthly care or other unpaid services.
50% Refundable Plan	For Residents who have chosen the 50% Refundable Entrance Fee option, the refund due shall be the entrance fee paid less: (i) ten percent (10%) for any termination occurring in months one (1) through ten (10) after occupancy; (ii) one percent (1%) for each month that has elapsed between month eleven (11) and the date of withdrawal up to month fifty (50); (iii) a fee of one thousand dollars (\$1,000); and (iv) any amount due to the Company for monthly care or other unpaid services.
0% Refundable Plan	For Residents who have chosen the 0% Refundable Entrance Fee option, the refund due, if any, shall be the Entrance Fee paid, less: (i) ten percent (10%) for any termination occurring in months one through five (5) after occupancy, (ii) two percent (2%) for each month that has elapsed between month six (6) and the date of withdrawal up to month fifty (50); (iii) a fee of one thousand dollars (\$1,000); and (iv) any amount due to the Company for monthly care or other unpaid services. No part of the 0% Refundable Entrance Fee is Refundable after a Resident has resided at the Company for fifty (50) months.

Source: Management

Notes: (1) Residents who put down deposits on expansion units before March 31, 2018 had the option of a 95% Refundable Plan which has the same amortization schedule as the 90% Refundable Plan.

Under all entrance fee options, upon termination of the Residency Agreement either by the Resident, by the Company or as the result of the death of the Resident, the balance of the refundable portion of the entrance fee will be refunded to the Resident or the Resident’s estate after the Community has received a new entrance fee for the vacated unit. Based on its review of its Residency Agreements, Management has indicated that from January 1, 2002 through December 31, 2016, it offered a refund policy such that refunds would be paid the earlier of unit reoccupancy or 2 years from when the refund obligation arose. Management has indicated that as of May 2019, there are 31 contracts that still had this refund provision.

**Lease Agreements**

For a limited number of specified residences at the Community, the Company offers a lease option. The lease option provides access to the same services and amenities as other residents. Health Care services are available at market rates (no discounts). The total number of available independent living units referenced in Table 1 above includes the Leased Units. For the Leased Units, Aldersgate offers a thirteen (13) month lease agreement (the "Lease Agreement"). As of May 30, 2019, there are five (5) individuals living at the Community under the Lease Agreement (the "Limited Residents). While the Lease Agreement does not require payment of an entrance fee, it does require payment of a monthly fee at a higher rate than Residents who have executed the Residency Agreement and paid the entrance fee. The Lease Agreement provides the Limited Residents access to the same services provided to Residents, with exception of services provided in Health Care. Further, the Limited Residents receive limited access to the wellness clinic in Ray Hall Community Center. Should the Limited Resident require admission into Aldersgate's Health Care, the Limited Resident agrees to pay for the services provided therein at the then current monthly or daily rate for non-Residents. At the expiration of the initial thirteen (13) month term, the Limited Resident may extend the Lease Agreement on a month-to-month term or the Limited Resident has the option of becoming a Resident by executing the Residency Agreement. Management has indicated that it would limit the number of Lease Agreements to 12 during the Projection Period.

See Independent Accountants’ Compilation Report



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The Company maintains its accounting and financial records according to the accrual basis of accounting. Management's financial projection has been presented in conformity with guidelines for presentation of a projection established by the American Institute of Certified Public Accountants.

**Use of Estimates**

The preparation of prospective 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 amounts reported in the financial statements and accompanying notes. Estimates made by the Company relate primarily to the life expectancy used to amortize deferred revenue from entrance fees and the collectability of accounts receivable. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**Investments**

Investments are stated at fair value in the projected balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in decrease in net deficit without donor restriction unless restricted by donors or law. Management does not assume any changes in the underlying values of investments during the Projection Period.

Management continually reviews its investments portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, the recommendation of investment advisors and the length of time and extent to which the market value has been less than cost. Management has projected that no provision for other-than temporary decline during the Projection Period is necessary.

**Revenue Recognition**

Health service revenue provided from third-party payers and related accounts receivable are recorded at their estimated net realizable amounts. Revenue under third-party payer agreements is subject to audit, retroactive adjustment, and significant regulatory actions. Provisions for amounts due to or from third-party reimbursement agencies are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. It is reasonably possible that the recorded estimates will change in the near term. Third-party payers retain the right to review and propose adjustments to amounts recorded by the Company. In the opinion of Management, actual adjustments, if any, will not be materially different from the amounts recorded. Approximately 17%, 20%, 20%, 20%, and 20% of the Company's combined monthly service fee revenue and health care revenue is projected to be derived from Medicare as of December 31, 2019, 2020, 2021, 2022, and 2023, respectively, during the Projection Period. Medicaid revenue is projected to be less than 2% of the Company's combined monthly service fee revenue and health care revenue as of December 31, 2019, 2020, 2021, 2022, and 2023.

**Allowance for Doubtful Accounts**

The Company provides an allowance for uncollectible accounts using Management's estimate about the collectability of past due accounts. Payment for services is required upon receipt of invoice or claim submitted. Accounts that are past due more than 30 days, are individually analyzed for collectability.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventories, included in other current assets in the projected balance sheets, consist primarily of medical supplies and are stated at the lower of cost or market, which is determined on a first-in, first-out basis.

**Assets Limited as to Use**

Assets limited as to use include assets designated by the board of directors for financial assistance to residents, held under bond agreements, restricted by donors, and required to fund the statutory operating reserve. Assets limited as to use are stated at fair value in the projected balance sheets. The board may, at its discretion, subsequently use assets it has designated for other purposes.

North Carolina General Statute section 58-64-33, as amended, establishes an operating reserve requirement that must be satisfied on an annual basis. Specifically, in years where the combined independent and assisted living occupancy of the licensed facility exceeds 90 percent, the operating reserve amount required equals 25 percent of projected operating expenses (adjusted for non-cash items). In years where the combined independent and assisted living occupancy is under 90 percent, a reserve equal to 50 percent of projected operating expenses (adjusted for non-cash items) must be established. To the extent that funds have been set aside for the payment of interest and principal on debt, interest expense and principal payments are excluded from the statutory operating reserve requirements.

**Property and Equipment**

Property and equipment is stated at cost, net of accumulated depreciation. Assets contributed to the Community are recorded at fair market value at the date of contribution. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years.

**Long-Term Debt and Deferred Issuance Costs**

Deferred issuance costs represent expenses incurred in connection with the issuance of debt and are deferred and amortized over the life of the related indebtedness using the straight-line method which approximates the effective interest method. In accordance with Generally Accepted Accounting Principles (GAAP), deferred issuance costs are presented as a direct deduction from the face amount of the related borrowings and the amortization of deferred issuance costs are presented as a component of interest expense.

**Deferred Marketing Costs**

Deferred marketing costs have been incurred in the initial marketing of continuing care resident contracts. These costs are being amortized over the average life of the Residents' contracts.

**Entrance Fees**

Under the terms of the Residency Agreement, each resident member pays an entrance fee. The Residency Agreement requires a deposit of 10 percent of the entrance fee prior to occupancy, with the balance of the fee to be paid upon occupancy. The Company may offer a six-month deferral on payment of the entrance fee upon move-in to residents that meet criteria to qualify for the deferral program. Once a unit is occupied, entrance fees are recorded as refundable fees and deferred revenue. Deferred revenue is recognized as income using the straight-line method over the estimated life expectancy of the resident. Refundable fees are recorded as a liability until refunded at contract termination. The refundable portion of entrance fees is not amortized into income.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets with Donor Restrictions**

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

The Company reports gifts of land, buildings and equipment as an increase in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash, other assets, and unconditional promises to give that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Company reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributions received, including unconditional promises to give, are recorded as support in the period received at their fair market values.

Net assets with donor restrictions also include net assets received that carry donor-imposed restrictions that stipulate that donated assets be maintained in perpetuity, but permit the Company to use or expend the income derived from donated assets.

**Income and Real Property Taxes**

Aldersgate is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (“IRC”), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. Aldersgate is also exempt from state income taxes. Aldersgate is subject to local real property taxes but may exclude up to 100% of the taxes due by providing a prescribed amount of community benefit, unreimbursed housing, and charitable health care services. Management has not projected Aldersgate owing any federal income or real property taxes.

**Obligation to Provide Future Services**

The Company enters into continuing care contracts with various Residents. A continuing care contract is an agreement between a Resident and the Company specifying the services and facilities to be provided to a Resident over his or her remaining life. Under the contracts, the Company has the ability to increase fees as deemed necessary.

The Company routinely calculates the present value of the estimated cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the cost of future services and use of facilities exceeds the deferred revenue from entrance fees and the present value of periodic fees, a liability is recorded with the corresponding charge to income (obligation to provide future services). For purposes of the projection, Management has assumed no future service obligation liability, consistent with the historical analysis that the Company has done.

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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**MANAGEMENT’S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES**

**Monthly Service Fee Revenue and Health Care Revenue**

Projected monthly service fee revenue and health care revenue for Aldersgate are primarily assumed to be generated from monthly fees projected to be charged to residents and projected utilization of the Community. Management has projected resident service revenue based upon its historical operating experience and its plans for operating during the Projection Period.

The following table summarizes the projected annual rate increases during the Projection Period:

---

**Table 10**  
**Projected Monthly Fee and Entrance Fee Annual Inflation**

---

Unit Type	2019 <sup>(1)</sup>	2020	2021	2022	2023
Existing Facilities:					
Independent Living Entrance Fee Increases	N/A	4.0%	4.0%	4.0%	4.0%
Independent Living Monthly Fee Increases	N/A	3.0%	3.0%	3.0%	3.0%
Assisted Living Monthly Fee Increases	N/A	3.0%	3.0%	3.0%	3.0%
Memory Support Monthly Fee Increases	N/A	3.0%	3.0%	3.0%	3.0%
Memory Support - Direct Admits	N/A	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Per Diem Increases	N/A	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Medicare	N/A	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Medicaid	N/A	1.0%	1.0%	1.0%	1.0%
Project:					
Independent Living Entrance Fee Increases	N/A	4.0%	4.0%	4.0%	4.0%
Independent Living Monthly Fee Increases	N/A	3.0%	3.0%	3.0%	3.0%

---

Source: Management

Notes:

(1) For 2019 pricing, refer to Table 1, Table 2, Table 3, and Table 4.

***SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES***

---

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES  
(CONTINUED)**

**Occupancy**

The following tables summarize the projected Independent Living Unit occupancies of Aldersgate:

---

**Table 11**  
**Projected Independent Living Units Occupancy**

---

<u>For the Years Ending December 31,</u>	<u>Average Number of Available Independent Living Units</u>	<u>Average Number of Occupied Units</u>	<u>Average Percent Occupancy</u>
2019 <sup>(1)</sup>	304	270	88.8%
2020	309	288	93.2%
2021	309	288	93.2%
2022	309	288	93.2%
2023	309	288	93.2%

---

Source: Management

Notes:

- (1) As noted in Table 6, the opening of the 62 unit Independent Living Expansion Project occurred in January 2019. As noted in Table 7, Management has projected achieving stabilized occupancy of 95% on the Independent Living Expansion Project in December 2019.

The projected double occupancy percentages for the Existing Independent Living Units and the New Independent Living Apartments are as follows:

---

**Table 12**  
**Projected Double Occupancy Percentage – Independent Living Units**

---

<u>For the Years Ending December 31,</u>	<u>Existing Independent Living</u>	<u>New Independent Living Apartments</u>
2019 <sup>(1)</sup>	28%	45%
2020	30%	40%
2021	30%	35%
2022	30%	30%
2023	30%	30%

---

Source: Management

Notes:

- 1) As noted in Table 6, the opening of the 62 unit Independent Living Expansion Project occurred in January 2019.

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See Independent Accountants' Compilation Report

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

---

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES  
(CONTINUED)**

**Health Care**

Health care revenues are generated from services provided to residents transferring from the Independent Living Units, the Assisted Living Units, as well as, residents from the surrounding communities.

The following table summarizes the projected Assisted Living Unit occupancy of Aldersgate:

---

**Table 13**  
**Projected Assisted Living Units Occupancy**

---

<u>For the Years Ending December 31,</u>	<u>Average Number of Available Standard Assisted Living Units</u>	<u>Average Number of Occupied Units</u>	<u>Average Percent Occupancy</u>
2019	46	43	93.5%
2020	46	43	93.5%
2021	46	43	93.5%
2022	46	43	93.5%
2023	46	43	93.5%

---

Source: Management

The following table summarizes the projected Memory Support Suites occupancy of Aldersgate:

---

**Table 14**  
**Memory Support Suites**  
**Projected Memory Support Occupancy**

---

<u>For the Years Ending December 31,</u>	<u>Average Number of Available Standard Assisted Living Units</u>	<u>Average Number of Occupied Units</u>	<u>Average Percent Occupancy</u>
2019	61	57	93.4%
2020	61	57	93.4%
2021	61	57	93.4%
2022	61	57	93.4%
2023	61	57	93.4%

---

Source: Management

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See Independent Accountants' Compilation Report

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES  
(CONTINUED)**

Occupancy of the Assisted Living Units is derived from residents transferring from the Independent Living Units and direct admissions. The following reflects Management's projected internal transfers:

---

**Table 15**  
**Projected Assisted Living and Memory Support Occupancy - Internal Transfers**

---

<u>For the Years Ending December 31,</u>	<u>Assisted Living and Memory Support Suites Average Number of Occupied Units</u>	<u>Internal Transfers <sup>(1)</sup></u>	<u>Average Percent Occupancy</u>
2019	100	26	26.0%
2020	100	24	24.0%
2021	100	23	23.0%
2022	100	22	22.0%
2023	100	22	22.0%

---

Source: Management

Notes:

- (1) Reflects the projected anticipated number of independent living residents that would occupy the Assisted Living Units.

The following table summarizes the projected Home for the Aged Beds occupancy:

---

**Table 16**  
**Home for the Aged Beds**  
**Projected Home for the Aged Occupancy**

---

<u>For the Years Ending December 31,</u>	<u>Average Number of Available Home for the Aged Beds</u>	<u>Average Number of Occupied Units</u>	<u>Average Percent Occupancy</u>
2019	5	4.5	90.0%
2020	5	4.5	90.0%
2021	5	4.5	90.0%
2022	5	4.5	90.0%
2023	5	4.5	90.0%

---

Source: Management

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See Independent Accountants' Compilation Report

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES  
(CONTINUED)**

The following table summarizes the projected Nursing Beds occupancy of Aldersgate:

**Table 17  
Nursing Beds  
Projected Skilled Nursing Occupancy**

For the Years Ending December 31,	Average Number						SNF Beds Occupied	SNF Beds Available	Average Occupancy Percentage
	Permanent Residents	Direct Admit Private Pay Residents	Temporary Residents	Medicare Residents	Medicaid Residents				
2019	12.9	47.3	8.0	30.8	11.0	110.0	120	91.7%	
2020	16.2	36.3	8.0	38.5	11.0	110.0	120	91.7%	
2021	16.2	36.3	8.0	38.5	11.0	110.0	120	91.7%	
2022	16.2	36.3	8.0	38.5	11.0	110.0	120	91.7%	
2023	16.2	36.3	8.0	38.5	11.0	110.0	120	91.7%	

Source: Management

The following table summarizes the projected payer mix for the Nursing Beds:

**Table 18  
Nursing Beds Days Mix**

	2019	2020	2021	2022	2023
Life Care Revenue	19%	22%	22%	22%	22%
Private Pay Revenue	43%	33%	33%	33%	33%
Medicare Revenue	28%	35%	35%	35%	35%
Medicaid Revenue	10%	10%	10%	10%	10%
	100%	100%	100%	100%	100%

Source: Management

Life Care Revenue is for the life care residents who pay the life care rate, as determined by the Residency Agreement, in health care. Private Pay Revenue is for direct admit residents who pay the market rate.

***Benevolence***

As part of operating the Community, Management has projected that benevolence is likely to be incurred on behalf of residents that may run low on funds or out of funds. Management has reduced its operating revenue to reflect benevolence cost during the Projection Period that may not be reimbursed by other sources (including contributions). The net reduction in revenue as a result of benevolence incurred approximates \$497,000 per year during the Projection Period, and is included as part of net resident service revenue.

***Entrance Fees***

The following table also summarizes projected entrance fees received and refunds paid, including those related to the New Independent Living Apartments upon its opening in January 2019 and during the remainder of the Projection.



**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES  
(CONTINUED)**

**Table 19**  
**Projected Entrance Fee Receipts and Refunds – Existing Independent Living Units and New Independent Living Apartments**  
**(In Thousands)**

	2019	2020	2021	2022	2023
Projected:					
Initial Entrance Fee Receipts from New Independent Living Apartments	\$ 24,249	\$ -	\$ -	\$ -	\$ -
Entrance Fee Receipts from Unit Turnover	10,172	10,343	10,634	10,797	10,882
Entrance Fee Refunds from Unit Turnover	(3,215)	(3,816)	(4,134)	(4,557)	(4,717)
Total Entrance Fees Received, Net of Refunds	\$ 31,206	\$ 6,527	\$ 6,500	\$ 6,240	\$ 6,165

Source: Management

Entrance fee receipts, net of refunds, are based on the available units of the New Independent Living Apartments coming online, available Existing Independent Living Units turning over, in addition to vacant units being filled. The following table presents Management's projected unit fill and turnover.

**Table 20**  
**Projected Unit Fill and Turnover**

	2019	2020	2021	2022	2023
Projected:					
Unit Turnover	34	35	34	34	33
Initial Fill	59	-	-	-	-
Total	93	35	34	34	33

Source: Management

**Amortization of Deferred Entrance Fees**

Projected earned entrance fees are based on the non-refundable portion of the entrance fees received each year amortized over the life expectancy of Residents in the Existing Independent Living Units and the Independent Living Expansion Project throughout the Projection Period.

**Unrestricted Contributions**

Contributions and gifts have been projected based upon the historical experience of the Company.

**Other Support**

Other support revenue is estimated based upon Management's experience and consists principally of revenue from the following operations: hospice and dialysis support revenue, guest and employee meals, guest rooms, miscellaneous facility rentals, beauty salon, rebates and refunds, and other miscellaneous charges. Charges for other support revenue are assumed to change as a percentage of their applicable total revenue throughout the Projection Period. Management has projected other support revenue to equal approximately 0.9 percent of the monthly service fee and health care revenues during the Projection Period based upon its plans to operate the New Independent Living Apartments and its experience operating the Community.

**Investment Income**

Investment income consists of interest earned on available cash and cash equivalents, investments and assets limited as to use. During construction, interest expense on the Series 2017 Bonds has been netted with interest earned on the various trustee-held funds relating to the Independent Living Expansion Project. The following table reflects

See Independent Accountants' Compilation Report

***SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES***

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**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES  
(CONTINUED)**

Management's assumed realized investment earning rates on cash and cash equivalents, investments, and assets limited as to use during the Projection Period.

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**Table 21**  
**Projected Interest Earning Rates**

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	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cash and Cash Equivalents	0.25%	0.25%	0.25%	0.25%	0.25%
Investments	4.00%	4.00%	4.00%	4.00%	4.00%
Assets Limited as to Use	2.00%	2.00%	2.00%	2.00%	2.00%

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Source: Management

Management does not project any unrealized or realized gains/losses from the valuation or sale of investments during the Projection Period.

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**MANAGEMENT’S BASIS FOR PROJECTION OF EXPENSES**

**Operating Expenses**

Operating expenses have been projected to be recognized during the month incurred. Management has projected operating expenses based primarily upon its historical experience operating the Company, adjusted primarily for inflation and also for increases in operating expenses as a result of the Independent Living Expansion Project.

Operating expenses are projected to increase at the inflation set forth below annually throughout the Projection Period (exclusive of increases related to the Project’s units).

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**Table 22**  
**Projected Expense Inflation**

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	2019 <sup>(1)</sup>	2020	2021	2022	2023
Salary Expense	n/a	2.50%	2.50%	2.50%	2.50%
Non-Salary Expense	n/a	3.00%	3.00%	3.00%	3.00%

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Source: Management

Notes:

(1) 2019 operating expenses are based on Management’s 2019 budget.

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

**Salaries and Benefits**

Management has projected salaries and wages based upon its historical operating experience and expectations for servicing Aldersgate. Management’s projection also includes additional staff relating to the Independent Living Expansion Project.

Management has projected that salaries and wages would increase primarily as a result of wage increases of approximately 2.5% for each during the Projection Period.

Employee benefits and payroll taxes are assumed to include FICA, unemployment taxes, workers’ compensation, health insurance, and other miscellaneous benefits.

**Non-Salary Related Operating Expenses**

***Nursing and Related Services***

Non-salary costs in this department include Management’s estimate of the costs of operating the standard Assisted Living Units, Memory Support Suites, and the Nursing Beds. These non-salary costs include costs for pharmacy, therapy, ancillary, lab supplies, equipment rental and other miscellaneous costs incurred in the provision of health care services. Management assumes that these costs would vary with changes in occupancy levels and inflation.

***Dietary***

Non-salary related costs of the food services department include Management’s estimate of the costs for raw food, contracted services, dietary supplies, equipment, linens and other such costs. Nutrition costs are projected to vary with changes in meal consumptions as a result of changes in occupancy levels and inflation.

***Housekeeping and Laundry***

Non-salary related costs of housekeeping and laundry services include Management’s estimate of the costs for contract services, supplies, and other miscellaneous costs associated with providing housekeeping and laundry

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

services to residents. Housekeeping and laundry costs are projected to vary with changes in occupancy levels and inflation.

***Plant Operations***

Non-salary related costs in this department include Management's estimate of the cost for electricity, water, sewer, gas, sanitation, service contracts, repairs, general maintenance, and operating supplies which Management assumes are primarily fixed in nature, and adjusted to reflect changes in occupancy levels. Included in Plant operations in 2019 is a one-time expense of approximately \$984,000 associated with the demolition of a building. Plant operations costs are projected to vary with changes in occupancy levels and inflation.

***Administration***

Non-salary related costs of administration are projected to include Management's estimate of costs for professional fees, insurance, fundraising, supplies, and other miscellaneous costs. In addition, non-salary related costs of marketing and sales are projected to include Management's estimates of costs for advertising, print and online materials and website, contract services, professional fees, and other miscellaneous costs.

***Interest Expense***

Interest expense is projected related to the debt service requirements of the Company's existing debt.

***Depreciation and Amortization***

Property and equipment are projected to be depreciated over their estimated useful lives by the straight-line method. Amortization expense of deferred marketing costs is projected based on the average life expectancy of the new residents of the Independent Living Expansion Project.

***Property Taxes Expense***

Management has not projected property taxes based on its historical experience.

The following provides additional description of Management's assumptions on non-salary related operating expenses for the Independent Living Expansion Project and is included in the same operating expenses sections noted above.

***Independent Living Expansion Project Expenses***

Non-salary related operating expenses of the dining services, activities and transportation services, and housekeeping, laundry and security services departments are projected beginning with the opening of the Independent Living Expansion Project in January 2019 and assumed to increase during the fill up period based upon occupancy levels, and by 3.0 percent annually thereafter during the remainder of the Projection Period.

Non-salary related operating expenses of the general and administrative services department, excluding marketing costs, are projected beginning with the opening of the Independent Living Expansion Project in January 2019 and inflated by 3.0 percent annually thereafter during the remainder of the Projection Period. Management has projected marketing costs incurred during the fill up of the Independent Living Expansion Project will be funded from proceeds of the Series 2017 Bonds and capitalized and amortized on a straight line basis over the average life expectancy of the initial residents occupying the Independent Living Expansion Project. Marketing costs incurred after the fill up of the Independent Living Expansion Project are expensed and inflated by approximately 3.0 percent per annum.

Non-salary related operating expenses of plant operations, maintenance and insurance are projected beginning with the opening of the Independent Living Expansion Project in January 2019 and are inflated by 3.0 percent annually through the remainder of the Projection Period.

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

Management has projected the Company will not pay property taxes related to the Independent Living Expansion Project based upon the historical treatment of the Existing Community.

**MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS**

**Current Assets and Current Liabilities**

***Cash and Cash Equivalents***

Cash and cash equivalent balances for the Projection Period are based on the results of the Projected Statements of Cash Flows.

***Accounts Receivable – Residents***

Resident accounts receivable, net of an allowance for non-collectible accounts, is projected based on historical levels which is approximately 23 days of total resident revenues.

***Receivable – Entrance Fees***

Receivable – entrance fees is a deferred entrance fee program that was established to allow residents to move into the Community in advance of payment of their entrance fee. This occurs generally in cases where a personal residence was to be sold, the proceeds of which were to be used to fund the entrance fee. Receivable - entrance fees are projected based on historical levels.

***Prepaid Expenses and Other Current Assets***

Prepaid expenses and other current assets are projected based upon Management's estimate of 9 days of non-capital operating expenses (excluding depreciation, amortization, and interest) throughout the Projection Period.

***Accounts Payable and Accrued Expenses***

Accounts payable and accrued expenses is projected based upon historical levels, which is approximately 51 days of non-capital operating expenses (excluding depreciation, amortization, and interest) throughout the Projection Period.

***Accrued Interest***

Accrued interest is projected based upon the terms of the Series 2017 A and B Bonds, 2017 Bank Loan, Series 2015 Bonds and the Series 2013 Bonds (as defined subsequently hereinafter) during the Projection Period.

**Assets Limited as to Use**

***Held by Trustee***

In general, the following funds are required to be maintained by trustees of the Series 2017 Bonds, Series 2015 Bonds, and/or Series 2013 Bonds (as defined subsequently hereinafter):

***Entrance Fee Fund*** – Pursuant to the Master Trust Indenture, first generation entrance fees related to the Independent Living Expansion Project are to be deposited into the entrance fee fund. Amounts on deposit in the entrance fee fund are assumed to be used to redeem the 2017 Taxable Loan. Subsequent to the repayment of the 2017 Taxable Loan, and assuming no events of default have occurred and are continuing under the Master Trust Indenture, any amounts remaining on deposit in the entrance fee fund are assumed to be related by the trustee to the Company. Management has assumed the Entrance Fee fund would be fully released as of December 31, 2019

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

*Debt Service Reserve Funds* – The Company is required to maintain a debt service reserve fund related to the Series 2017A Bonds, Series 2015 Bonds, and the Series 2013 Bonds. The debt service reserve fund is intended to be utilized should the Company not be able to meet its scheduled interest and principal payments. Management assumes no draw against the debt service reserve funds will be made during the Projection Period.

*Series 2013 Interest Fund / Principal Fund* – The interest fund and principal fund represents advance payments of bond principal and interest made by the Company to the trustee to make the principal payments and the interest payments to the owners of the Series 2013 Bonds.

*Series 2015 Interest Fund* – The interest fund represents advance payments of bond interest made by the Company to the trustee to make the interest payments to the owners of the Series 2015 Bonds.

*Series 2017A/2017B Interest Fund* – The interest fund represents advance payments of bond interest made by the Company to the trustee to make the interest payments to the owners of the Series 2017A and Series 2017B Bonds.

***Held by Corporation***

In addition, the Company maintains the following funds and accounts based on restrictions of the Board, outside donors, or other legal or regulatory requirements and include the following:

*Designated for Statutory Operating Reserve* – The Community is required to maintain a statutory operating reserve. The combined occupancy in the Existing Independent Living Units, the Memory Support Suites, and the Assisted Living Units is assumed to be greater than 90 percent throughout the Projection Period.

*Board Designated* – The Board has designated certain amounts to be held for future financial assistance to residents.

*Donor Restricted* – Certain donors have placed temporary or permanent restrictions on the use of their contributions.

*Designated for Statutory Operating Reserve - North Carolina Statutory Operating Reserve Requirement* – 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) forecasted for the twelve-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.

The following reflects the operating reserve requirements as forecasted by Management.

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

**MANAGEMENT’S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)**

**Table 23**  
**Aldersgate**  
**North Carolina Statutory Operating Reserve**  
**(In Thousands)**

	2019	2020	2021	2022	2023	Estimated (2024)
Statutory Operating Reserve Calculation:						
Available Units						
Independent Living	309	309	309	309	309	309
Assisted Living	46	46	46	46	46	46
Memory Support	61	61	61	61	61	61
Total Available Units	416	416	416	416	416	416
Occupied Units						
Independent Living	285	288	288	288	288	288
Assisted Living	43	43	43	43	43	43
Memory Support	57	57	57	57	57	57
Total Occupied Units	385	388	388	388	388	388
Occupancy at year End	93%	93%	93%	93%	93%	93%
						Estimated (2024)
Projected Operating Expenses	\$ 44,714	\$ 45,582	\$ 46,493	\$ 47,438	\$ 48,392	
Include:						
Principal Payments		7,133	2,630	2,744	2,873	3,001
Exclude:						
Amortization of Deferred Financing Cost		(324)	(324)	(324)	(324)	(324)
Depreciation and Amortization		(6,761)	(6,873)	(6,987)	(7,106)	(7,228)
Debt Service Reserve Funds Limited to Actual Debt Service Associated with the Debt Service Reserve Funds		(7,108)	(7,104)	(7,111)	(7,112)	(7,108)
Principal paid from Entrance Fees		(4,618)	-	-	-	-
Total Adjusted Expenses	\$ 33,036	\$ 33,911	\$ 34,815	\$ 35,769	\$ 36,733	
Required Reserve	25%	25%	25%	25%	25%	
Required Operating Reserve at December 31	\$ 8,259	\$ 8,478	\$ 8,704	\$ 8,942	\$ 9,183	

Source: Management

**Property and Equipment**

Property and equipment balances, net of accumulated depreciation, are projected based on historical balances, the Independent Living Expansion Project, and other routine property and equipment additions during the Projection Period, reduced by estimated annual depreciation. The following table reflects the Independent Living Expansion Project and routine capital additions during the Projection Period.

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**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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

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**Table 24**  
**Projected Property and Equipment Additions**  
**(In Thousands)**

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	2019	2020	2021	2022	2023
Independent Living Expansion Project	\$ 7,001	\$ -	\$ -	\$ -	\$ -
Routine Capital Additions	2,548	1,648	1,697	1,748	1,801
Total	<u>\$ 9,549</u>	<u>\$ 1,648</u>	<u>\$ 1,697</u>	<u>\$ 1,748</u>	<u>\$ 1,801</u>

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Source: Management

The following table reflects projected property and equipment, net, at December 31:

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**Table 25**  
**Projected Property and Equipment at December 31**  
**(In Thousands)**

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	2019	2020	2021	2022	2023
Land and Improvements	\$ 12,357	\$ 12,357	\$ 12,357	\$ 12,357	\$ 12,357
Buildings and Improvements	159,811	161,047	162,320	163,631	164,982
Furniture, Fixtures, and Equipment	25,442	25,854	26,278	26,715	27,165
Vehicles	857	857	857	857	857
Capitalized Interest	1,238	1,238	1,238	1,238	1,238
Total	<u>199,705</u>	<u>201,353</u>	<u>203,050</u>	<u>204,798</u>	<u>206,599</u>
Less: Accumulated Depreciation	<u>(72,307)</u>	<u>(79,022)</u>	<u>(85,849)</u>	<u>(92,790)</u>	<u>(99,850)</u>
Property and Equipment, Net	<u>\$ 127,398</u>	<u>\$ 122,331</u>	<u>\$ 117,201</u>	<u>\$ 112,008</u>	<u>\$ 106,749</u>

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Source: Management

**Long-Term Debt and Interest Expense**

The Company's long-term debt, as of December 31, 2018, is comprised of the following:

***Existing Long-Term Debt***

The Company's existing outstanding long-term debt totaled approximately \$122,461,095 at December 31, 2018, which was comprised of the following:

- \$31,260,000 of Series 2013 Bonds – In October 2013, the North Carolina Medical Care Commission issued its \$38,025,000 Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate), Series 2013 (the "2013 Bonds"). The proceeds of the 2013 Bonds were used to refund the then outstanding 2009 and 2010 Bonds, to fund a debt service reserve fund, and to pay certain costs incurred in connection with the authorization and issuance of the 2013 Bonds. Principal payments on the 2013 Bonds began in July 2014 and extend through July 2035. Interest on the 2013 Bonds is paid semi-annually with interest rates ranging from 2% to 6.25%.
- \$49,240,000 of Series 2015 Bonds – In November 2015, the North Carolina Medical Care Commission issued its \$49,240,000 Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate), Series

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**MANAGEMENT’S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)**

2015 (the “2015 Bonds”). The proceeds of the 2015 Bonds were used to finance the cost of Asbury Health and Rehabilitation Center which was completed in October 2017, refinance the cost of the completion of the memory support suites expansion, which was completed in August 2016, to fund a debt service reserve fund, and to pay certain costs incurred in connection with the authorization and issuance of the 2015 Bonds. Principal payments on the 2015 Bonds begin in July 2032 and extend through July 2045. Interest on the 2015 Bonds is paid semi-annually with interest rates ranging from 4.7% to 5.0%.

- \$19,080,000 of Series 2017A Bonds – In May 2017, the North Carolina Medical Care Commission issued its \$19,080,000 Retirement Facilities First Mortgage Revenue Refunding Bonds Series 2017A (the “2017A Bonds”). The proceeds of the 2017A Bonds were used to refund a prior 2016 bank loan, finance the costs of constructing, renovating, equipping, and furnishing the Ray Hall Community Center Expansion, to acquire a piece of land, to fund a debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2017A Bonds. Principal payments on the 2017A Bonds begin in July 2020 and extend through June 2047. Interest on the 2017A Bonds is paid semi-annually with interest rates ranging from 2.5% to 4.5%.
- \$13,309,912 of Series 2017B Bonds – In May 2017, the North Carolina Medical Care Commission issued its \$15,712,645 Retirement Facilities First Mortgage Revenue Refunding Bonds Series 2017B (the “2017B Bonds”). The proceeds of the 2017B Bonds were used to construct, equip, furnish, and market the Independent Living Expansion Project, fund routine capital improvements to buildings throughout the Company’s campus, and to pay certain expenses incurred in connection with the issuance of the Series 2017B Bonds. Principal payments on the 2017B Bonds begin in July 2019 and extend through June 2044. The 2017B Bonds is a draw down loan. Monthly interest payments began in July 2017 at a variable rate based upon 67% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread. As noted on the projected statements of cash flows, the Series 2017B Bonds is projected to be fully drawn down during 2019.
- \$9,571,183 Taxable Loan – In May 2017, the Company entered into a taxable loan agreement (“2017 Taxable Loan”) with a financial institution for an amount not to exceed \$18,473,050. The 2017 Taxable Loan consists of a bank placed variable rate taxable loan whose principal will be funded on a draw down basis. The 2017 Taxable Loan has monthly interest payments which began in June 2017. The interest rate is based upon 100% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread. The 2017 Taxable Loan is assumed to mature January 1, 2020. Principal payments will occur based upon the anticipated availability of entrance fee receipts relating to the Independent Living Expansion Project. As noted on the projected statements of cash flows, the Taxable Loan is projected to be fully drawn down during 2019.

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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

The following table presents a summary of the assumed annual principal payments for the Company's long-term indebtedness, which is presented on a December 31, fiscal year basis.

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**Table 26**  
**Schedule of Annual Principal Payments**  
**(In Thousands)**

<b>Year</b>	<b>Series 2013 Bonds</b>	<b>Series 2015 Bonds</b>	<b>Series 2017A Bonds</b>	<b>Series 2017B Bonds</b>	<b>Taxable Bank Loan <sup>(1)</sup></b>	<b>Total</b>
2019	\$ 1,620	\$ -	\$ -	\$ 210	\$ 13,855	\$ 15,685
2020	1,695	-	390	430	4,618	7,133
2021	1,785	-	400	445	-	2,630
2022	1,875	-	410	459	-	2,744
2023	1,975	-	425	473	-	2,873
2024	2,075	-	440	486	-	3,001
2025	2,205	-	450	503	-	3,158
Thereafter	18,030	49,240	16,565	12,707	-	96,542
Total	<u>\$ 31,260</u>	<u>\$ 49,240</u>	<u>\$ 19,080</u>	<u>\$ 15,713</u>	<u>\$ 18,473</u>	<u>\$133,766</u>

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Source: Management

Notes:

- (1) Reflects the payment of the Taxable Bank Loan based on the collection and availability of entrance fees related to the Independent Living Expansion Project.

## Attachment III

Residence and Services Agreement

Mediation and Binding Arbitration Agreement

Reservation Agreement

Lease Agreement

Acknowledgment of Receipt of Disclosure Statement

**RESIDENCE AND SERVICES AGREEMENT**  
**Aldersgate United Methodist Retirement Community, Inc.**  
**Charlotte, North Carolina**

This Residence and Services Agreement (“Agreement”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Aldersgate United Methodist Retirement Community (“the Community” or “Aldersgate”) and \_\_\_\_\_ (individually and/or collectively “you” or “Resident” or “Member”). If individuals desiring to share a Residence at Aldersgate enter into this Agreement, the terms “you” or “Resident” or “Member” shall apply to them jointly and severally and to their survivor.

WHEREAS, the Community is owned by Aldersgate United Methodist Retirement Community, Inc., a non-profit corporation of Charlotte, North Carolina; and

WHEREAS, the Community presently owns and operates a continuing care retirement community located at 3800 Shamrock Drive, Charlotte, North Carolina; and

WHEREAS, the Member desires to enter into membership at the Community, and the Community is willing to accept the Member and to provide services to the Member, all to be accomplished in accordance with the terms and conditions set forth in this Agreement;

WHEREAS, the Member desires to reserve an apartment or cottage in the Community; NOW,

THEREFORE, the Member and the Community agree as follows:

**I. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES**

- A. **Residence.** The Member shall have the exclusive right to occupy, use, and enjoy Residence number \_\_\_\_\_, a \_\_\_\_\_ type of Residence (“Residence”), subject to the terms of this Agreement and the policies and procedures of Aldersgate. The right to receive services under this Agreement shall apply exclusively to the named Member hereunder, and to no other individual(s). No person other than the Member entering into this Agreement shall be permitted to occupy the Residence without the express written permission of the Community as hereinafter provided.
- B. **Options and Custom Features in the Residence.** The Community may provide and the Member may select certain Options/Custom Features at an additional charge for the Residence as described in the Community’s Options/Custom Features literature. Any such Options/Custom Features selected and paid for by the Member will become part of the Residence and the property of the Community upon occupancy or re-occupancy. Approval of all said items is at the discretion of the Community. The cost of any such Options/Custom Features will not become part of a refundable Entrance Fee.
- C. **Common Areas and Amenities.** The Community currently provides common areas and amenities for the use and benefit of all Members which are subject to change upon

thirty (30) days' notice to Members.

**D. Parking.** The Community will provide lighted and well maintained parking areas for the Member's personal vehicle and his or her guests. Members living in the Gateway Project will be provided one parking space per residence in the underbuilding parking.

**E. Services and Programs.**

1. **Temporary Absence.** Temporary absence of the Resident from the Community for vacation, travel, business, medical care or otherwise does not change the Resident's obligation to pay the full monthly fee.
2. **Utilities.** The Community will furnish heating, air conditioning, electricity, water, sewer, trash removal, and municipal services. The Member is responsible for the charges related to telephone, cable television and internet service.
3. **Meals.** The Community will make available to Members nutritionally well-balanced meals daily served in Community dining areas. The cost of additional meals taken in excess of those provided by a selected meal plan will be billed on a monthly basis. Dining Dollars, with the equivalent point values to three meals a day, are included in the monthly or daily fee for Members living in Assisted Living or the nursing center ("Health Care Facility").
4. **Housekeeping Services.** The Community agrees to maintain the Residence by providing weekly housekeeping services including vacuum cleaning, dusting, dressing of beds, cleaning of baths and kitchens, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Member.
5. **Laundry.** Bed and bath linens will be provided for all Members in Assisted Living and the Health Care Facility.
6. **Grounds Keeping.** The Community will furnish basic grounds keeping services including lawn, tree, and shrubbery care for those items provided by Aldersgate. You may plant items approved by authorized staff, and you will maintain those certain areas designated for such purpose.

7. **Maintenance and Repairs.** The Community will maintain and keep in repair its own improvements, furnishings, and equipment. The Member will be responsible for the cost of repairing damage to property of the Community caused by the negligence of the Member or any guest of the Member, ordinary wear and tear excepted.
  
8. **Transportation.** The Community will provide local transportation for the Member on a regular, scheduled basis, and transportation to local doctor and medical appointments without additional charge within an area designated by the Community when scheduled through the Life Enrichment department, within a designated timeframe. An additional charge may be made for transportation for special or group trips.
  
9. **Security.** The Community will provide twenty-four (24) hour staffing including a security patrol.
  
10. **Activities.** The Community will provide planned and scheduled social, recreational, spiritual, educational, and cultural activities; arts and crafts; wellness and health programs; and other special activities designed to meet the needs of the Member(s).
  
11. **Health Care Benefit.** If it is determined in the future by the Community and your medical services provider that you require assisted living services or nursing care, the Community will provide you with assisted living services in our assisted living or memory support centers (together referred to as “Assisted Living”) or nursing services in our nursing center (“Health Care Facility”), as described below and subject to changes in law.
  - a. **Admission.** The Community will admit you to Assisted Living or the Health Care Facility on a temporary or permanent basis as needed. Use of these assisted living services or nursing care shall require the certification of such need by the Member’s attending physician and shall be subject to availability of an appropriate accommodation at the Community.

In the event that space for you, for any reason, is not available in Assisted Living or the Health Care Facility upon determination that a permanent transfer is required, the Community will arrange and pay for your care in your Residence or in another facility of the Community’s choice as deemed appropriate by the Community and your medical services provider, if reasonably possible, until space becomes available in Assisted Living or the Health Care Facility. The Community will pay for care in another facility to the same extent as if the care were provided by the Community. The Member will pay monthly or daily service fees to Aldersgate as if the Member were in Assisted Living or the Health Care Facility. If the cost of care at the other facility is higher than at the Community, the Community will pay the difference.

- b. **Assisted Living.** The Community will provide to you, in an assisted living residence, services designed to assist with the activities of daily living in accordance with applicable North Carolina law. Services may include assistance with dressing, eating, bathing, toileting, medication administration and ambulating. Additional services, level of care fees and ancillary products may also be provided at additional charge.
- c. **Memory Support.** The Community will provide to you, in a memory support assisted living residence, services designed to assist with the activities of daily living in accordance with applicable North Carolina law. Services may include assistance with dressing, eating, bathing, toileting, medication administration and ambulating. Additional services and ancillary products may also be provided at additional charge.
- d. **Nursing Care.** The Community will provide licensed nursing care services to you. The care provided will include those services required by applicable law to be supervised or administered by a professional licensed nursing staff, e.g., medication administration, condition and behavior observation and assessment, creation and administration of a care plan, assistance with activities of daily living and communication with physicians and other care providers. You will be responsible for charges for drugs, supplies, and services above those included in the monthly or daily rate.
- e. **Fees and Charges.** In exchange for payment of your applicable Monthly Service Fee, the Community will provide assisted living services or nursing care to the extent that it is not covered by your insurance, Medicare, or any other governmental programs or entitlements which you are required to maintain under this Agreement, subject to the following:

**Effect on Monthly Service Fee.**

- 1) **Temporary Transfers.** A transfer is considered temporary when the condition that requires your transfer has the potential to be resolved in a manner which may allow you to return to your Residence. Your Residence will be held for your return.
  - a) **Single Occupancy.** Should you have a temporary need for Assisted Living or Health Care Facility services while you are still occupying your Residence, you will pay both the then-current Monthly Service Fee for your Residence and the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
  - b) **Double Occupancy.** Should one or both Residents have a temporary need for Assisted Living or Health Care Facility services while still occupying the Residence, the Resident will continue to pay the then- current Monthly Service Fee less the then-current second person Monthly



Service Fee for the Residence. Additionally, each Resident requiring temporary care provided in Assisted Living or Health Care Facility, will be required to pay the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.

- c) **Temporary Utilization.** Temporary utilization of Assisted Living or Health Care Facility services does not constitute a change of accommodations subject to the provisions of Section IV. M. Change of Accommodations.
- 2) **Permanent Transfers.** A transfer is considered permanent when the condition that requires your transfer will not allow you to return to your Residence and the Residence has been vacated, or when the Resident chooses to move from their existing residence to another Aldersgate residence of their choice. This will incur a Transfer Fee of \$15,000 for the cost of refurbishment of the former residence. Residents seeking a permanent transfer due to health circumstances may request a transfer for a move into Epworth on a space available basis. A consideration will be made to waive the Transfer Fee in light of health circumstances.
- a) **Single Occupancy.** Should you have a permanent need for Assisted Living or Health Care Facility services, you will be required to release your Residence as provided in Section V. Your Monthly Service Fee will be initially adjusted to the market rate of the 90% Refundable Contract Option Monthly Service Fee for the two bedroom, two bathroom Sycamore type independent living residence plus the cost of additional meals such that you receive Dining Dollars with the equivalent point value to three (3) meals per person per day (the “Health Care Benefit Rate”).
  - b) **Double Occupancy.** Should one Resident have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Residence for one person plus the Life Care rate. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Resident will be required to release the Residence as provided under Section V of the Agreement. The Monthly Service Fee will be initially adjusted to two times the Life Care rate.
- 3) **Additional Charges.** Residents will be responsible for all costs and charges associated with Assisted Living or the Health Care Facility services that are not covered by the monthly or daily rates for such care then in effect which may include drugs, supplies, therapies, ancillary charges, and level of care fees, if applicable. In the event of a temporary or permanent transfer, you will be responsible for all

costs of relocation.

12. **Nursing Care and Residential Clinic Services.**

a. **Nursing Services.**

- 1) **Staffing.** The Assisted Living and the Health Care Facility are staffed by licensed or certified nursing staff twenty-four hours per day.
- 2) **Medical Director.** The overall supervision of health care services by the Community, in addition to participation with its quality assurance programs, will be provided by a Medical Director who will be a licensed physician selected by the Community.
- 3) **Charges.** Current charges for Assisted Living and the Health Care Facility, as described above, are set forth in Exhibit A of this Agreement.
- 4) **Personal Physician.** The Member may choose to use the services of a personal physician and will be responsible for the charges by the physician.

b. **Residential Clinic Services:**

- 1) The Community will provide access to routine clinic services.
- 2) Additional periodic medical services may be coordinated through the Residential Clinic including but not limited to: pharmacy services, dental, podiatric, audiology and optical services; and laboratory tests. The Residential Clinic is available to coordinate scheduling of rehabilitative assessment and evaluation and may also coordinate the obtaining of wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by and are in addition to the charges described in Section II. The Member will be billed directly by the provider of the services.

II. **FINANCIAL ARRANGEMENTS**

- A. **Entrance Fees.** The Member agrees to pay to the Community an Entrance Fee as a condition of becoming a Member. In the case of a married couple paying a single Entrance Fee, the Entrance Fee paid is not allocated to each Member of the couple. Therefore, if one Member of the couple leaves the Community for any reason but the other Member remains, any refundable portion of the Entrance Fee belongs to the Member who remains in the Residence. In cases where two

Entrance Fees are paid for a single accommodation, for example related unmarried individuals, each Entrance Fee relates to the Member paying that Entrance Fee.

The Entrance Fee is non-transferable, non-interest bearing and shall be the property of the Community for use in accordance with the terms of this Agreement, and shall not be subject to the claims of creditors of the Member. Any refundable portion of the Entrance Fee shall be governed by Section VI of this Agreement.

- B. Entrance Fee Options.** The Member shall choose one of the following options. The Community may, for any lawful reason, limit availability of one or more of the following Entrance Fee options.

<b>Entrance Fee Option</b>	<b>Amount of Entrance Fee</b>	<b>Amortization Schedule</b>
90% Refundable	\$	Subject to the provisions set forth in Section VI of this Agreement, 10% of this Entrance Fee becomes non-refundable immediately upon occupancy.
50% Refundable	\$	Subject to the provisions set forth in Section VI of this Agreement, 10% of this Entrance Fee becomes non-refundable immediately upon occupancy and an additional 1% per month for months eleven through 50 becomes non-refundable until 50% of the Entrance Fee is no longer refundable.
0% Refundable	\$	Subject to the provisions set forth in Section VI of this Agreement, 10% of this Entrance Fee becomes non-refundable immediately upon occupancy and an additional 2% per month for months six through 50 becomes non-refundable until 100% of the Entrance Fee is no longer refundable.

The Member must notify the Community in writing of the selection of the Entrance Fee Option on or before the date that the balance of the Entrance Fee is paid as provided in Section II. C. 3. below. The Member may not change the option selected after the date the balance of the Entrance Fee is paid.

- C. Terms of Payment of the Entrance Fee.** The terms of payment of the Entrance Fee shall be as follows:

- Reservation Deposit.** An amount equal to ten percent (10%) of the selected Entrance Fee totaling \$\_\_\_\_\_ is due and payable within ten (10) days after the Member receives written notice of approval and upon execution of this Agreement.

2. **Balance of the Entrance Fee.** The balance of the total Entrance Fee for the Entrance Fee Option selected by the Member is due and payable when the Residence is declared by the Community to be ready for occupancy, (“Occupancy Date”) unless otherwise agreed to in writing by the Community.

D. **Fees.** In addition to the Entrance Fee, the Member agrees to pay a Monthly Service Fee that will be initially \$\_\_\_\_\_per month for one person and an additional \$\_\_\_\_\_per month for the second person. The Monthly Service Fee shall be due beginning on the Occupancy Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. The Community may increase the Monthly Service Fee upon thirty (30) days’ written notice to you. It is our intention to make any adjustments to the Monthly Service Fee only once per year. The Monthly Service Fee shall be billed in advance to the Resident on or before the third (3<sup>rd</sup>) business day of each month, and shall be paid on or before the tenth (10<sup>th</sup>) day of the month.

Fees for Additional Services will be charged in accordance with the Additional Services Fee Schedule published by the Community. Charges for Additional Services shall be billed on or before the third (3<sup>rd</sup>) business day of the following month, and shall be paid on or before the tenth (10<sup>th</sup>) day of the month. Fees for Additional Services may be changed by the Community during the term of this Agreement as described in Section E. below.

Exhibit C to this Agreement identifies the Monthly Service Fee and Additional Services selected by the Member upon occupancy.

E. **Changes in Fees.** Fees are intended to meet the costs associated with the operation and management of the Community’s facilities, programs, and services described in this Agreement. The Community shall have the authority to change Fees from time to time during the term of this Agreement as the Community in its discretion deems necessary in order to reflect changes in costs of providing the Community’s facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. A thirty (30) day notice will be given to the Member before any adjustment in fees, charges, or scope of services to be provided becomes effective.

F. **Monthly Statements.** The Community will furnish the Member with monthly statements showing the total amount of fees and other charges which shall be payable by the tenth (10<sup>th</sup>) of each month. The Community may charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance.

### III. **ADMISSION REQUIREMENTS AND PROCEDURES**

A prospective Member will become qualified for admission to the Community upon

satisfaction of the following provisions:

- A. **Age.** The entrance requirements for residence at the Community are non-discriminatory except as to age, and the Community is open to both married and single men and women of all races and religions and without regard to place of former residence. The applicant must be at least 62 years of age; for couples, one applicant must be at least 62 years of age.
- B. **Personal Interview.** The Member shall have an interview with a representative from the Community prior to taking residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by the Community.
- C. **Reservation Agreements.** The Member shall have entered into a Reservation Agreement prior to entering this Agreement.
- D. **Application Forms.** Prior to entering into this Agreement, the Member shall have submitted for approval a General Information form, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by the Community.
- E. **Residence and Services Agreement.** Upon acceptance by the Community, the Member shall enter into this Agreement.
- F. **Notification.** The Community will notify the Member as early as possible of the Occupancy Date.
- G. **Health Requirements.** Prior to entrance to the Community, the Member shall submit a report of a physical examination made by a physician selected by the Member within thirty (30) days prior to occupancy. Cost of the examination will be borne by the Member. The report will become an integral part of the Member's record. It will serve as a baseline of information for the Community's staff and the Member's physician as they begin to assist the Member in maintaining optimum health and enjoyment of the Aldersgate community experience.
- H. **Financial Requirements.** The Member must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Member under this Agreement and to meet ordinary living expenses of the Member. The Community, at its discretion, may require the Member to annually furnish updated financial information.
- I. **Representations.** The Member affirms that the representations made in the General Information form, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by the Community as a basis for entering into this Agreement. The Member hereby represents and warrants that he/she is capable of independent living and has assets and income

which are sufficient to meet ordinary and customary living expenses after assuming occupancy.

#### IV. **TERMS OF RESIDENCY**

- A. **Rights of Member.** The Member has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of the Community unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community and conveys only the rights of use and enjoyment as described in this Agreement.
- B. **Policies and Procedures.** The Member will abide by the provisions of the Community's Resident Handbook and such amendments, modifications, and changes to the Resident Handbook as may hereafter be adopted by the Community.
- C. **Changes in the Residence.** The Community has the right to modify the Member's Residence to meet the requirements of any applicable local, state or federal statute, regulation, or ordinance (*e.g.*, applicable fire or building codes). The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- D. **Visitors.** Guests may stay in a Member's accommodation for a maximum of thirty (30) consecutive nights with at least sixty (60) consecutive nights away before their next overnight visit with the Member. No person other than the Member may reside in the Residence without the approval of the Community.
- E. **Occupancy by Two Members.** In the event that two Members occupy a Residence under the terms of this Agreement, upon the permanent transfer to Assisted Living or Health Care Facility or the death of one Member, or in the event of the termination of this Agreement with respect to one of the Members, the Agreement shall continue in effect as to the remaining or surviving Member who shall have the option to retain the same Residence and pay the Monthly Fee applicable to single occupancy. Should the remaining or surviving Member wish to move to another Residence, the policies of the Community governing said Residence change of accommodation will prevail. The Member moving to Assisted Living or the Health Care Facility will pay the published rates for the applicable level of care as described in Section I. E. 11 of this Agreement.
- F. **Cohabitation Policy.** If a Member cohabitates with another Member while residing at Aldersgate, the Member who vacates his/her unit to move will be treated as a "related" non-married second occupant. The Member who is moving will be subject to his / her own entrance fee, the second person monthly fee with all rights and duties attendant to a "related" second person occupant. The Member who is moving will receive any applicable refundable

entrance fee from the unit he / she is vacating. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

- G. Marriage During Occupancy.** If a Member while occupying a Residence marries a person who is also a Member, the two Members may occupy the Residence of either Member if it is a residence designed for occupancy of two persons. Such married Members will be required to enter into the then current Residence and Services Agreement which will terminate any and all previous contracts or agreements with the Community. Such married Members will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Member shall marry a person who is not a Member of the Community, the spouse may become a Member if such spouse meets all the then current requirements to reside in the Community and both Members of the couple enter into a then current version of the Residence and Services Agreement with the Community. The Member and spouse shall then pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Member's spouse shall not meet the requirements of the Community for admission as a Member, the Member may terminate this Agreement in the same manner as provided in Section VI hereof with respect to a voluntary termination.
- H. Added Member.** Should Member desire to invite an individual to join the Member in sharing a Residence for which the Member paid the entire Entrance Fee and in which the Member is living alone, such person shall make application for entrance, and, if approved at the sole discretion of the Community, shall be admitted. The approved Members will occupy a unit no smaller than a two-bedroom apartment. Each applicant shall pay the separate full Entrance Fee applicable to the Residence in which they reside. One of the Members shall pay the Monthly Fee applicable to single occupancy and the second Member will pay the Monthly Fee applicable to double occupancy. At such time as one of the Members vacates the Residence, for whatever reason, the remaining Member shall pay the single occupancy Monthly Fee.
- I. Loss or Damage of Property.** The Community will obtain property and casualty insurance coverage on the buildings and grounds. Such coverage will not insure against loss or damage to your personal property or damage or injury to others caused by you. The Community shall not be responsible for the loss or damage of any property belonging to the Member due to theft, mysterious disappearance, fire or any other cause. The Community encourages Members to purchase appropriate renter's and comprehensive insurance.
- J. Health Insurance.** The Member agrees that he or she will enroll for Basic and Supplementary coverage under the federal Medicare program, if not so enrolled at the time of admission. If so enrolled, Member agrees to continue participation in these programs.

You also agree to execute all necessary forms to obtain payment of benefits which are or may be payable in the future to you or us for services provided hereunder.

You will be responsible for paying for all health care services that are not covered by the Community, Medicare (or an equivalent substitute policy approved by the Community), or Medicare supplemental insurance, as set forth in this Agreement. If you have any questions about such coverage, the Community will assist you in obtaining answers.

The following rules shall apply to payments made by the Medicare program on behalf of the Member at any times during which the Community is eligible to receive Medicare reimbursement for services provided to Members:

- Any reimbursement received for Medicare Part A services provided to the Member by the Community shall be accepted by Community as payment in lieu of daily service fees that otherwise would apply while living in the Health Care Facility, to the extent permitted under applicable Federal and State laws and regulations governing Medicare reimbursement.
- Any reimbursement received for Medicare Part B services provided to the Member by Aldersgate will be applied as a credit to the Community's fees for those services to the extent permitted under applicable State and Federal laws and regulations governing Medicare reimbursement.

Should the Member or the Member's legally-authorized representative apply for assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated.

- K. Right of Entry.** It is agreed that employees or agents of the Community may need to enter the accommodation on occasion, and permission is hereby given by Member. The Community will make reasonable efforts to give notice of any entry whenever possible but is not bound to do so.
- L. Residents' Council.** Members of the Community may participate in the Residents' Council and Residents' Committees which will be open to all Members through an election process.
- M. Change of Accommodations.** The Member may request a change in the type of accommodation from time to time, subject to permission of the Community and the availability of the type requested. If such change is made, the following rules apply:
1. If the Entrance Fee for the new accommodation is higher than the Entrance Fee paid for the accommodation to be vacated, the Member will pay the difference between the Entrance Fee for the new accommodation



and the Entrance Fee paid for the prior accommodation. In the event of termination, the amount of the refund, if any, will be based on the total Entrance Fee paid.

2. Member will be responsible for any costs associated with the change of accommodation, including moving expenses.

V. **TRANSFERS OR CHANGES IN LEVELS OF CARE**

- A. **Transfer to Assisted Living or Nursing Care.** The Community offers various levels of care to best meet the progressive needs of its Members. A transfer to a higher level of care shall be based upon the recommendation of an interdisciplinary team, including the Member, to the extent practical, or the Member's legally-authorized representative determined in accordance with N.C. Gen. Stat. § 90-21.13(c), in conjunction with appropriate staff members and in consultation with the Member's attending physician. A decision to recommend a change in level of care shall be based on a determination that the Member cannot safely reside in their current accommodation or level of care. If agreement about level of care changes cannot be reached, the dispute will be submitted to binding arbitration for resolution, in accordance with the separate Mediation and Binding Arbitration Agreement executed between the Member or Member's legally-authorized representative and the Community. A Member transferring to a higher level of care does not constitute a change of accommodation for the purpose of calculating an Entrance Fee refund.

In the event of a Permanent Transfer, you shall release your Residence in order for the Community to make your Residence available to a new resident. In such event, the Community may enter into a new Agreement for occupancy of the Residence with a new resident. If your Residence is reassigned and should you subsequently recover sufficiently to maintain yourself independently in a residence, you shall be offered the next available residence similar to the one relinquished. While you are in the Assisted Living or the Health Care Facility, the Monthly Service Fee will continue to be due and payable as described in Section II, D.

If the Residence is occupied by two (2) Residents, the Permanent Transfer of one (1) Resident does not affect the rights and privileges under this Agreement of the remaining Resident.

- B. **Transfer to Hospital or Other Facility.** Should the Member need care beyond that which can be provided by the Community, the Member may be transferred to a hospital, center, or institution equipped to give such care, the cost of which will be the responsibility of the Member. Such transfer of the Member will be made only after consultation to the extent possible with the Member, or the Member's legally-authorized representative determined in accordance with N.C. Gen. Stat. § 90-21.13(c), and the Member's attending physician.

- C. **Vacating Residence.** If a Member's attending physician determines that any transfer described in Section V. A. and B. is likely to be permanent in nature, the Member agrees to vacate the Residence occupied by the Member prior to such transfer. If the interdisciplinary team, including the Member, to the extent practical, or the Member's legally-authorized representative, in conjunction with appropriate staff members and in consultation with the Member's attending physician, subsequently determines that the Member can resume occupancy in a Residence or accommodation comparable to that occupied by the Member prior to such transfer, the Member shall have priority to such residence as soon as it becomes available.

## VI. **TERMINATION OF MEMBERSHIP AND REFUNDS**

- A. **Right to Rescind Agreement.** The Member shall have the right to rescind this Agreement within thirty (30) days after executing this Agreement or receipt of the Disclosure Statement as required by law, if later. The Member shall not be required to occupy the chosen residence at the Community before expiration of the thirty (30) day period. Upon rescission, the Community shall refund to the Member, or the Member's legally-authorized representative, any portion of the Entrance Fee the Member paid to the Community less (i) per diem or monthly charges specified in this Agreement for the Member's Residence applicable to the period the Residence was actually occupied by the Member; (ii) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (iii) the lesser of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.
- B. **Termination by Member Prior to Occupancy Based on Death or Disability.** If the Member dies before occupying his or her residence or becomes incapable of meeting the physical, mental or financial requirements for admission before such occupancy, this Agreement shall be automatically canceled. In such case, the Community shall refund to the resident, the resident's estate, or the resident's legally-authorized representative, any portion of Entrance Fee the Member paid to the Community less (i) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (ii) the lesser of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.
- C. **Termination by Member Prior to Occupancy for Other Reasons.** Once the thirty (30) day rescission period described in Section VI. A, above, has expired, but before the Member takes occupancy, the Member may terminate this Agreement for any reason not covered by Section VI. B, by giving written notice to the Community. For rescinded or canceled contracts under this section, the

resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; (ii) nonrefundable fees, if set out in the contract; and (iii) a reasonable service charge, if set out in the contract, not to exceed the greater of one thousand dollars (\$1,000) or one percent (1%) of the entrance fee. Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

**D. Termination by Member After Occupancy.** Once the thirty (30) day rescission period described in Section VI. A, above, has expired, and after the Member takes occupancy, the Member may, at any time upon ninety (90) days' notice in writing to the Community, terminate his or her membership. Upon termination, a portion of the Entrance Fee may be refunded to the withdrawing Member, as described in Section VI. G.

**E. The Community's Right to Terminate Agreement.** The Community shall have the right at any time, upon thirty (30) days' notice in writing to the Member, to terminate his or her membership because the Member has failed to meet his or her obligations under this Agreement, including but not limited to:

- Member has not paid monthly fees and other charges on a timely basis;
- Member engages in behavior that unreasonably interferes with the quiet enjoyment of other Members; or
- Member has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of membership and discharge:

- Member engages in behavior that negatively impacts or threatens the health, safety or welfare of other Members, staff or visitors.

Such notice shall specify the obligation which the Member has failed to perform. Upon such termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as described in Section VI, G.

**F. Termination Upon Death.** Death of a Member shall be treated as a termination of membership on the date of death. The refund due, if any, shall be computed as described in Section VI. G.

**G. Refund Upon Termination.** Upon contract termination, the Member may be

entitled to a refund of a portion of the Entrance Fee paid, as follows:

- 1. 0% Refundable Entrance Fee Option.** For Members who have chosen the 0% Refundable Entrance Fee Option, the refund due, if any, shall be the Entrance Fee paid, less: (i) ten percent (10%) for any termination occurring in months one through five after occupancy, (ii) two percent (2%) for each month that has elapsed between month six and the

date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. No part of the 0% Refundable Entrance Fee is refundable after a Member has resided at the Community for fifty (50) months. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

**2. 50% Refundable Entrance Fee Option.** For Members who have chosen the 50% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%) for any termination occurring in months one through ten after occupancy; (ii) one percent (1%) for each month that has elapsed between month eleven and the date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

**3. 90% Refundable Entrance Fee Option.** For Members who have chosen the 90% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%); (ii) a fee of One Thousand Dollars (\$1,000); and (iii) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

Any refund due shall be paid to the estate of the deceased Member or to a beneficiary identified in advance by the Member.

If a member is 85 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee up to the age of 90. If a resident is 90 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee, and they are limited to the 0% refundable entrance fee option.

**H. Condition of Residence.** At the effective date of termination of this Agreement, the Member shall vacate the Residence and shall leave it in good condition except for normal wear and tear. The Member shall be liable to the Community for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Such costs will be deducted from any refund due to the Member under the terms of this Agreement or will be billed to the Member or Member's estate or beneficiary if the available refund is not sufficient to cover the cost of repairs.

**I. Use of a Refundable Entrance Fee Option for Health Care Expenses at Aldersgate.**

**1.** Should a Member who has chosen the 90% or 50% Refundable Entrance Fee

Option permanently vacate his or her Residence by transferring to a Health Care Facility at the Community, the Member may then draw against his or her refund to supplement payment of his or her health care costs at the Community but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on his or her health care.

2. The following conditions apply when "the Member" is used in this contract to apply to two married individuals in an Independent Living Residence who have chosen the 90% or 50% Refundable Entrance Fee Option:
  - a. The Entrance Fee relates to the Member identified in this Agreement, not to either individual Member alone. As such, as long as one of the Members remains in the Community, no refund of the Entrance Fee is due to either Member, even if one Member vacates the Community for any reason.
  - b. Should both Members vacate their Residence by transferring to a Health Care Facility at the Community, either or both Member(s) may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at the Community but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The 90% and 50% Refundable Entrance Fee option can be accessed exclusively for healthcare services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
  - c. Should one Member vacate their Residence by transferring to a Health Care Facility at the Community, and the other Member vacates the Residence by transferring to an independent accommodation that carries a lesser entrance fee, the Member who has transferred to the Health Care Facility may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at the Community, up to the difference between the original Entrance Fee, and the then current Entrance Fee (Revised Entrance Fee) for the new independent accommodation, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to

demonstrate the unavailability of other resources to cover health care costs at the Community. The Member would still be entitled to receive any applicable Member discount on their health care. Should the Member residing in the independent living accommodation vacate said accommodation by transferring to Assisted Living or the Health Care Facility at the Community, that Member may then draw upon the refundable portion of the Revised Entrance Fee to supplement payment of their health care costs at the Community, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The 90% or 50% Refundable Entrance Fee can be accessed exclusively for health care services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

- d. Utilization of the 90% or 50% Refundable Entrance Fee option may be made to supplement payment of health care costs at the Community only. Contingent upon a financial review of the Members income and assets, at the Community reserves the right to determine the amount of the 90% or 50% Refundable Entrance Fee that may be used to supplement the Members health care fees at the Community.

## **VII. FINANCIAL ASSISTANCE**

The Community reserves the right to terminate Member's membership in the event the Member does not, or cannot, make the monthly payments required under Section II, and in the further event arrangements for payment of those fees cannot be made with Member, Member's family and/or other responsible party. It is the goal of the Community, however, to provide for services for the Member for the balance of his or her lifetime without regard to the Member's ability to pay the monthly fee which may be

established from time to time. However, the Community has relied upon outside sources of financial support available to it for care of Members who have insufficient funds, upon financial information provided by the Member, and upon the good-faith assurances of the Member that he or she will utilize any assets now owned or hereafter acquired to the best of his or her ability to meet the financial obligations imposed on the Member under this Agreement. In the event the financial sources relied upon by the Community for the care of Members with insufficient funds cease or prove inadequate, or in the event the Member makes a material misstatement with regard to the nature or extent of his or her assets, or in the event the Member, after the date of this Agreement, takes action which depletes his or her assets, and the result of such misstatement or such action is to impair the Member's ability to pay the monthly fee contemplated by this Agreement, the Community may exercise its right to terminate the Member's membership. Should the Member apply for and receive assistance under the Medicaid program, or any successor program of a similar nature, the Member's membership will be terminated.

Notwithstanding any other provision of this Agreement, nothing in this Section VII or any other portion of this Agreement is intended to constitute or should be construed as a promise to provide financial assistance to any Member and the decision to offer financial assistance to any Member is solely within the discretion of the Community based upon the unique facts of each Member's situation.

## VIII. **GENERAL**

- A. **Assignment.** The rights and privileges of the Member under this Agreement to the Residence, common areas, amenities, services, and programs of the Community are personal to the Member and may not be transferred or assigned by the Member or otherwise.
- B. **Management of the Community.** The absolute rights of management of the Community are reserved by the Community, its Board of Directors, and its administration/management as designated by said Board of Directors. The decision to accept or decline an application for Membership will be based upon criteria for admission developed by the Community. Members do not have the right to determine acceptance or terms of acceptance of any other Member.
- C. **Entire Agreement.** This Agreement and the Mediation and Binding Arbitration Agreement constitute the entire agreement between the Community and the Member. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement and/or the Mediation and Binding Arbitration Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, administrators, and assigns of the Member.

- E. Power of Attorney, Will, and Medical Directive.** Member is encouraged to execute a durable power of attorney designating some competent person as attorney-in-fact. Member is encouraged to execute a will. Member is further encouraged to consider execution of a Living Will and Health Care Power of Attorney. The Member is asked to provide the Community with copies of the Member's Durable Power of Attorney, Living Will, Health Care Power of Attorney and any other advance directive executed by the Member.
- F. Transfer of Property.** The Member agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Member's obligations under this Agreement or if such gift or transfer would render such Member unable to meet such obligations.
- G. Property Disposition Upon Permanent Transfer or Death:**
1. In the event of Member's permanent transfer from his/her Residence to some other living accommodation or upon his/her death, all Member's property shall be removed within the following timeframes after notification by Community to Member or his/her legally-authorized representative:
    - Fourteen (14) days from independent living accommodation;
    - Ten (10) days from assisted living (other than memory support); Seventy-two (72) hours from memory support centers;
    - Twenty-four (24) hours from the Health Care Facility.

Accommodation charges will remain in effect until all of the Member's property is removed from the accommodation.
  2. If such property is not removed within said periods of time by Member's legally authorized representative, the Community shall have the right to remove and store such property. The costs attributed to such removal and storage shall be charged to the Member or the Member's estate, as applicable, and may be deducted from any refund otherwise due the Member. Thereafter, if such property is not claimed within thirty (30) days, then title to such property shall be vested in the Community and it shall be disposed of as the Community, in its sole discretion, deems proper, without any liability of the Community to the Member, his/her/their estate, or heirs.
- H. Relationship to Church.** The Community is affiliated with the Western North Carolina Conference of the United Methodist Church. However, Member acknowledges that the Community is an independent corporation which is solely responsible for carrying out its obligations hereunder and that neither the United Methodist Church, the Western North Carolina Conference of the United Methodist Church, nor any agency of them has any financial or contractual obligation to the Member on account of this Agreement.
- I. Governing Law.** This Agreement shall be governed by the laws of the State of



North Carolina.

**J. Notice Provisions.** Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:

President  
Aldersgate UMRC Inc.  
3800 Shamrock Drive  
Charlotte, North Carolina 28215-3220

The address of the Member for the purpose of giving notice is the address appearing after the signature of the Member below.

IN WITNESS WHEREOF, the Community has executed this Agreement, the Member has read and understands this Agreement and has executed this Agreement, and ten percent (10%) of the Entrance Fee has been paid as of the day and year above written.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Member

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Member

\_\_\_\_\_  
Current Address (Number and Street)

\_\_\_\_\_  
City, State, Zip Code

(\_\_\_\_\_)\_\_\_\_\_-\_\_\_\_\_  
Telephone

ALDERSGATE UNITED METHODIST RETIREMENT  
COMMUNITY, INC.,

\_\_\_\_\_  
By: Date  
President

---

By:  
Director of Marketing

Date

**EXHIBIT A**

**FEES IN ASSISTED LIVING AND HEALTH CARE**

Effective January 1, 2019, the following rates are in effect:

<b>Monthly Service Fee Schedule <u>Existing and New Health Care Beds</u>– Effective January 1, 2019</b>			
<b>Residence Type</b>	<b>Direct Admit</b>	<b>Member - with Health Care Benefit</b>	<b>Member - without Health Care Benefit</b>
<b>Parker Terrace (Assisted Living)</b>			
<b>Studio</b>			
- Tier 1	\$5,125/month		\$4,920/month
- Tier 2	\$6,150/month		\$5,596/month
- Life Care Rate		\$4,756/month	
<b>One Bedroom Apartment</b>			
- Tier 1	\$5,324/month		\$5,111/month
- Tier 2	\$6,352/month		\$5,779/month
- Life Care Rate		\$4,756/month	
<b>Cuthbertson Village Memory Support (Assisted Living)</b>			
<b>One Bedroom Apartment</b>			
- Tier 1	\$6,328/month		\$5,759/month
- Tier 2	\$7,309/month		\$6,651/month
- Life Care Rate		\$4,756/month	
<b>Asbury Health and Rehabilitation (Health Care Facility)</b>			
- Tier 1	\$314/day		\$8,759/month
- Tier 2	\$355/day		\$9,902/month
- Life Care Rate		\$4,756/month	
<b>Asbury Health and Rehabilitation (Health Care Facility)</b>			
- Home for the Aged - Tier 1	\$239/day		\$6,668/month
- Home for the Aged - Tier 2	\$271/day		\$7,561/month
- Life Care Rate		\$4,756/month	

Member will pay the current rate in effect at the time of actual admission.

Member is aware that these rates will change from time to time upon Board approval with a thirty (30) day notification in writing to Members prior to implementation.

## EXHIBIT B

### Addendum to Residence and Services Agreement to Replace the Health Care Benefit

WHEREAS, \_\_\_\_\_, (“you” or “Resident” or “Member”), has entered into the Residence and Services Agreement (“Agreement”) dated \_\_\_\_\_, with Aldersgate United Methodist Retirement Community, Inc. (“the Community”); and

WHEREAS, the Member does not meet the qualifications for residency at the Community as a resident receiving the Health Care Benefit as more fully described in Section I.E.11 of the Agreement; and

WHEREAS, the Community desires to admit the Member and Member agrees to admission without the Health Care Benefit;

NOW, THEREFORE, the Member and the Community agree as follows:

The paragraphs in Section I.E.11.v.b of the Agreement entitled Permanent Transfers and describing monthly and daily services fees to be paid upon permanent transfer to Assisted Living or the Health Care Facility are stricken in their entirety as they relate to the undersigned Resident only and replaced by the following:

- b. **Permanent Transfers.** A transfer is considered permanent when the condition that requires your transfer will not allow you to return to your Residence and the Residence has been vacated.
  - i. Single Occupancy. Should you have a permanent need for Assisted Living or Health Care Facility services, you will be required to release your Residence as provided in Section V. Your Monthly Service Fee will be adjusted to the then-current monthly rate applicable to non-Members at Assisted Living or the then-current daily rate applicable to non-Members at the Health Care Facility.
  - ii. Double Occupancy. Should you have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for your Residence for one person plus the then-current monthly rate applicable to non-Members at Assisted Living or the then-current daily rate applicable to non-Members at the Health Care Facility. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Residents will be required to release the Residence as provided under Section V. The Resident qualifying for the Health Care Benefit will pay the then-current Health Care Benefit Rate and the undersigned, non-qualifying Resident, will pay the then-current monthly rate applicable to non-Members at Assisted Living or the then-current daily rate applicable to non-Members at the Health Care Facility.

**EXHIBIT B**

**Addendum to Residence and Services Agreement to  
Replace the Health Care Benefit**

All other provisions of the Residence and Services Agreement remain unchanged and effective until terminated according to the provisions of Section VI of the Agreement.

The Community has executed this Addendum and Member has read and understands this Addendum and has executed this Addendum to the Residence and Services Agreement.

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

## EXHIBIT C

### Addendum to Residence and Services Agreement Monthly and Additional Service Fees

Member selects and agrees to pay for the following initial Monthly and Additional Services Fees in accordance with the Agreement.

Service	Fee	Member Initials
Monthly Services Fee – 1 <sup>st</sup> Person Includes _____ dining dollars	\$ _____ per month	_____/_____
Monthly Services Fee – 2 <sup>nd</sup> Person Includes _____ dining dollars	\$ _____ per month	_____/_____
Standard Cable TV Access	\$ _____ per month	_____/_____
Telephone	\$ _____ per month	_____/_____

Member may change these selections at any time after occupancy and upon 30 days' written notice to the Community.

Member is aware that these fees may change from time to time upon Board approval with a thirty (30) day notification in writing to Members prior to implementation.

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

## EXHIBIT D

### Addendum to Residence and Services Agreement for New Construction of Wesley Glen Executive Homes

This Exhibit D, rather than Section II.C of the Residence and Services Agreement, shall govern the Terms of Payment of the Entrance Fee for Members selecting new construction of a Wesley Glen Executive Home. With the exception of Section II.C, all other provisions of the Residence and Services Agreement apply to those Members selecting new construction of a Wesley Glen Executive Home.

**Terms of Payment of the Entrance Fee.** The terms of payment of the Entrance Fee for the new construction of Wesley Glen Executive Homes shall be as follows:

1. **Reservation Deposit.** An amount equal to ten percent (10%) of the Entrance Fee totaling \$\_\_\_\_\_, paid within five (5) days after the Member receives written notice of approval and upon execution of this Agreement; and,
2. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features; less the paid Reservation Deposit, or \$\_\_\_\_\_ paid at the time that the executive home site begins to be cleared; and,
3. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features, ; less the paid Reservation Deposit, or \$\_\_\_\_\_ paid when the Community determines and notifies Member that construction of the Wesley Glen Executive Home has reached 50% of substantial completion; and,
4. **Balance of the Entrance Fee.** The balance of the total Entrance Fee, including any outstanding balance for Options/Custom Features selected by the Member, or \$\_\_\_\_\_ paid at the Occupancy Date, unless otherwise agreed to in writing by the Community.

The Community has executed this Addendum and Member has read and understands this Addendum and has executed this Addendum to the Residence and Services Agreement.

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

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## MEDIATION AND BINDING ARBITRATION AGREEMENT

This Mediation and Binding Arbitration Agreement is entered into as of the date written below by and between Aldersgate United Methodist Retirement Community (hereinafter “the Community”) and \_\_\_\_\_ (“Member”) and \_\_\_\_\_, Member’s Responsible Party (“Responsible Party”), if any.

I. Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by Community, which shall be at the Community or at a site within a reasonable distance of the Community. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they may proceed directly to arbitration.

II. Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party (“Arbitrator(s)”) chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator’s decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is binding, it is the only legal process available to the parties. Binding Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to the Residence and Services Agreement (“the Agreement”) executed between Member and the Community, or concerning any rights arising from or relating to an alleged breach of the Agreement, with the exception of (1) guardianship proceedings resulting from the alleged incapacity of the Member; and (2) disputes involving amounts in controversy of less than Twenty-Five Thousand Dollars (\$25,000), shall be settled exclusively by arbitration. This means that the Member will not be able to file a lawsuit in any court to resolve any disputes or claims that the Member may have against the Community. It also means that the Member is relinquishing or giving up all rights that the Member may have to a jury trial to resolve any disputes or claims against the Community. It also means that the Community is giving up any rights it may have to a jury trial or to bring claims in a court against the Member. Subject to Section (f), the Arbitration shall be administered by Carolina Dispute Settlement Services (“CDSS”), in accordance with the CDSS’s Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be

entered in any court having appropriate jurisdiction. Member and/ or Responsible Person acknowledge(s) and understand(s) that there will be no jury trial on any claim or dispute submitted to arbitration, and Member and/or Responsible Person relinquish and give up their rights to a jury trial on any matter submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that the Member may have against the Community for any personal injuries sustained by the Member arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in the Community, shall be settled exclusively by arbitration. This means that the Member will not be able to file a lawsuit in any court to bring any claims that the Member may have against the Community for personal injuries incurred while residing in the Community. It also means that the Member is relinquishing or giving up all rights that the Member may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in the Community. Subject to Section (f), the Arbitration shall be administered by CDSS, in accordance with CDSS's Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. Member and/or Responsible Person acknowledge(s) and understand(s) that there will be no jury trial on any claim or dispute submitted to arbitration, and Member and/or Responsible Person relinquish and give up the Member's right to a jury trial on any claims for damages arising from personal injuries to the Member which are submitted to arbitration under this Agreement.

(c) Exclusion From Arbitration. Those disputes which have been excluded from binding arbitration (i.e., guardianship proceedings and disputes involving amounts in controversy of less than \$25,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from binding arbitration, neither Member nor the Community is required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute. This arbitration provision shall not impair the rights of Member to appeal any transfer and/or discharge action initiated by the Community to the appropriate administrative agency if such transfer or appeal is governed by State or Federal law prescribing the instances in which a resident may be transferred or discharged, and after the exhaustion of such administrative appeals, to appeal to the court exercising appellate jurisdiction over the administrative agency.

(d) Right to Legal Counsel. Member has the right to be represented by legal counsel in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, the Community encourages and recommends that Member obtain the advice and assistance of legal counsel to review the legal significance of this binding arbitration provision prior to signing this Agreement.

(e) Location of Arbitration. The Arbitration will be conducted at a site selected by the Community, at the Community or at a site within a reasonable distance of the Community.

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to CDSS, with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred. In the event CDSS is unable

or unwilling to serve, then the request for Arbitration must be submitted to the Community within thirty (30) days of receipt of notice of CDSS's unwillingness or inability to serve as a neutral arbitrator. Community shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to CDSS, or an alternate neutral arbitration service selected by Community, within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. A copy of the CDS Rules and Procedures for Arbitration is attached to this Agreement as Attachment A. Contact information for CDSS, is as follows:

Carolina Dispute Settlement Services  
3737 Glenwood Avenue, Suite 370  
Raleigh, N.C. 27612  
Telephone: (919) 755-4646  
Fax: (919) 755-4644  
Email: [www.notrials.com](http://www.notrials.com)

(g) Limitation on Damages and Allocation of Costs for Arbitration. The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees.

(h) Limited Member Right to Rescind this Binding Arbitration Clause (Sections (a-h) of this Agreement). Member or, in the event of Member's incapacity, Member's authorized representative have the right to rescind this arbitration clause by notifying the Community in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the attention of the Administrator of the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Administrator within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by Member or Member's authorized representative.

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Responsible Person

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

ATTACHMENT A

Carolina Dispute Settlement Services

Expedited Arbitration Rules and Procedures

**Rule 1. Scope of Rules**

The Carolina Dispute Settlement Services (CDSS) Expedited Arbitration Rules and Procedures govern binding arbitration of claims or disputes that are administered by Carolina Dispute Settlement Services. There are no dollar limits for disputed claims or counterclaims for utilization of these rules.

The term “Party” as used in the rules include the parties to the arbitration and their attorneys.

**Rule 2. Party – Agreed Procedures**

The Parties may agree on any procedures not specified herein that are consistent with applicable law and CDSS policies. The Parties shall be responsible for notification to the CDSS assigned Case Manager of any agreed upon procedures and will confirm the agreed procedures in writing. The agreed upon procedures will be enforceable as if contained in the CDSS Rules and Procedures.

**Rule 3. Amendment of Rules**

CDSS may amend the Rules without notice. The Rules in effect on the date of the commencement of an Arbitration will apply to that Arbitration.

**Rule 4. Conflict of Law**

If any of these rules or modifications is in conflict with mandatory applicable law, the provision of law will govern.

**Rule 5. Commencing an Arbitration**

- A) The arbitration is commenced by the submission to CDSS of a post- dispute Arbitration Agreement fully executed by all the involved Parties and a claim statement.
  
- B) The arbitration is commenced by the submission of a pre-dispute written contractual provision requiring the Parties to arbitrate the dispute or claim. Or a written demand has been served on the other Party in accordance with either the pre-dispute written contractual provision or, if appropriate, proof of services in compliance with Federal Rules of Procedure; or

- C) The oral agreement of all Parties to participate in arbitration conducted pursuant to these rules.

The arbitration process is considered commenced when CDSS confirms in writing that the above requirements have been met and that CDSS has received a claim statement. The date of commencement is the date of the CDSS commencement letter.

In the event of an oral agreement to participate in arbitration the Hearing will not take place until all Parties to the claim have executed an Arbitration Agreement.

- D) If any Party fails to respond to a claim or fails to reply to a counter or cross claim, that Party will be deemed to have denied the claims, counter or cross claims made against it and to have waived the right to assert other claims or challenges to jurisdiction.

**Rule 6. Prehearing Conference/ Selection of the Arbitrator**

Unless the following matters have been determined during the commencement process, the Case Manager may conduct a Pre-Hearing Conference with the Parties by telephone, within five (5) business days after the date of commencement of the Arbitration, to discuss Arbitrator selection, the location and scheduling of the Hearing and other procedural issues. The Arbitrator shall be selected through the process of the Case Manager providing a list of three (3) proposed qualified potential Arbitrators to the Parties. Each Party shall have seven (7) days to strike one name if they so choose. The name remaining shall serve as Arbitrator for the case.

In the event that one Party chooses to not strike a name or the same name is struck by both Parties the Case Manager will select and appoint a qualified Arbitrator from the CDSS roster.

If for any reason the Pre- Hearing Conference does not take place within the specified time frame, the Case Manager will select and appoint a qualified Arbitrator from the CDSS roster.

At any subsequent time the Parties may request additional conferences to discuss administrative or procedural matters.

The Case Manager shall be responsible for answering questions regarding rules and will discuss procedural matters. At the request of the Parties the Case Manager may make a determination regarding the location of the Hearing, subject to Arbitrator review.

**Rule 7. Interpretation of Rules and Jurisdiction Challenges**

Once appointed the Arbitrator will resolve any disputes about the interpretation and application of these Rules, including disputes related to the duties of the Arbitrator and the conduct of the hearing and jurisdiction.

## **Rule 8. Representation**

The Parties may be represented by Counsel and such representation is encouraged and in some cases may be required by law. Each Party will promptly notify the Case Manager and the other Party the name and address, phone number of its Counsel.

## **9. Ex Parte Communications**

No Party will have ex parte communication with the Arbitrator regarding any issue. Any necessary ex parte communication with CDSS, whether before or after the Arbitration Hearing, will be with the assigned Case Manager or Executive Director.

## **10. Exchange of Information**

- A) The Parties will cooperate in good faith in the voluntary, prompt and informal exchange of all non-privileged documents and information relevant to the dispute or claim, including copies of all documents in their possession or control on which they rely in support of their positions or which they intend to introduce as exhibits at the arbitration hearing, the names of all individuals with knowledge about the claim or dispute and the names of all experts who may be called to testify or whose report may be introduced at the arbitration hearing.

The Parties and the Arbitrator will make every effort to conclude the document and the information exchange process within ten business days before the arbitration Hearing.

- B) The Parties will promptly notify the Arbitrator through the Case Manager when there is an unresolved dispute regarding discovery issues. The Case Manager may attempt to informally resolve the dispute or may schedule a conference with the Arbitrator, either in person or by telephone and the Arbitrator will resolve the dispute. The Parties will promptly comply with any directive from the Arbitrator by the date specified.

## **11. Scheduling and Location of Hearing**

Unless previously agreed upon or scheduled by the Case Manager the Arbitrator after consulting with the parties, will determine the location, date and time of the Arbitration Hearing. Absent unusual circumstances the Hearing should begin within thirty (30) business days of the commencement of the Arbitration. All Parties will attempt to schedule consecutive Hearing days if more than one day is necessary.

## **12. Pre- Hearing Submissions**

For complex cases or in unusual circumstances, the Arbitrator may require a Pre- Hearing Conference for the purpose of narrowing the focus of the Arbitration Hearing by stipulation of facts, or joint statements of Issues. The Arbitrator may also require Pre- Hearing briefs or statements of positions.

## **13. Securing Witnesses/ Documents**

At the request of any Party, all Parties will produce for the Hearing all witnesses in their employ, or under their control without need of subpoena. The Arbitrator may issue subpoenas for the attendance of witnesses or the production of documents.

## **14. The Arbitration Hearing**

- A) The Arbitrator shall conduct the Hearing with dignity and decorum.
- B) The Arbitrator will require witnesses to testify under oath.
- C) The Arbitrator is not bound by the rules of evidence that they find to be relevant and material to the claim, including evidence presented in the form of affidavits, giving evidence such weight as he or she determines to be appropriate.
- D) The Parties may not offer as evidence and the Arbitrator will not admit into record nor consider, prior statement offers by the Parties or statements made by a Mediator in connection with efforts to resolve the dispute being arbitrated.
- E) Any Party may request the Hearing be recorded and the requesting Party will bear the cost of said recording.
- F) The Arbitrator may proceed with the Hearing in the absence of a Party who after having executed the Arbitration Agreement or who is otherwise bound to arbitrate, and after having received reasonable notice of the Hearing fails to appear. The Arbitrator may not render an Award solely on the basis of the default or absence of the Party, but will require testimony and evidence as the Arbitrator may require to render an Award.
- G) When the Arbitrator determines that all relevant and material evidence and arguments have been presented, the Arbitrator will declare the Hearing closed. Post- Hearing briefs shall not be allowed unless the Parties and the Arbitrator agree they are necessary. If the Arbitrator agrees they are necessary the Hearing will be closed upon the receipt of the briefs.



## 15. The Award

- A) Absent good cause or extension the Arbitrator shall render the Award within seven (7) to ten (10) business days of the close of the Arbitration Hearing.
- B) The Award shall be reduced to writing and provided to the CDSS Case Manager for issuance to the Parties.
- C) Unless the Parties specify a different standard, in determining the Award the Arbitrator shall apply the principles of applicable law.
- D) The Arbitrator is authorized to award any remedy allowed by applicable law.
- E) The Award will consist of a written statement signed by the Arbitrator regarding the disposition of each claim and the relief, if any, awarded.
- F) After the Award has been rendered and provided the parties have paid their Arbitration costs in full CDSS will issue the Award by serving copies on the Parties. Service will be deemed effective five (5) business days after deposit in the US Mail.
- G) Within seven (7) business days after the issuance of the Award, any Party, with written notice to all Parties, may request that the Arbitrator correct any computational, typographical or similar error in the Award, or the Arbitrator may correct such errors on his or her own initiative. All corrections will be made within seven (7) business days of receiving the request, provided the Party is in agreement and has had reasonable opportunity to respond.
- H) Proceedings to enforce, confirm, modify or vacate an Award will be controlled by and conducted in conformity with the Federal Arbitration Act or applicable law.

## 16. Confidential and Private

The Parties and the Case Manager and the Arbitrator will maintain the confidential nature of the Arbitration proceeding and the Award, including the Hearing.

## 17. Sanctions

The Arbitrator may Award appropriate sanctions for failure of a Party to comply with its obligations under any of these rules. Sanctions can include, but are not limited to: assessment of costs, prohibition of certain evidence.

**18. Fees**

- A) Each party will pay pro-rata share of the Arbitration costs and expenses, unless the Parties agree on a different allocation of the costs.
- B) CDSS requires that all Parties are jointly and severally liable for the payment of fees and expenses of CDSS.
- C) All fees for services must be paid in full prior to the release of the rendered Award.

**19. Mediation**

The Parties may agree, at any stage of the Arbitration process, to submit the case to CDSS for Mediation. The assigned Mediator to the case shall not be the Arbitrator unless the case was originally submitted as a Med-Arb.

To commence an Arbitration claim please contact:

Carolina Dispute Settlement Services,  
3737 Glenwood Avenue, Suite 370,  
Raleigh, NC 27612

Phone: (919) 755-4646

NOTICE OF RIGHT TO RESCIND  
BINDING ARBITRATION CLAUSE

Date rescission period begins \_\_\_\_\_ (insert date Arbitration Agreement is signed by all parties).

You may rescind and terminate Sections (a-h) of the Mediation and Binding Arbitration Agreement (hereinafter called (“Agreement”)) without penalty or forfeiture within thirty (30) days of the above date. No other agreement or statement you sign shall constitute a waiver of your right to rescind Sections (a-h) of the Agreement within this thirty (30) day period.

To rescind Sections (a-h) of the Agreement, send via certified mail or hand deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Suzanne Pugh  
President  
Aldersgate United Methodist Retirement Community, Inc.  
3800 Shamrock Drive  
Charlotte, North Carolina 28215

Not later than midnight of \_\_\_\_\_ (last day for rescission). If you are rescinding Sections (a-h) of the Agreement via certified mail, the notice must be post marked within thirty (30) days of the date the rescission period begins.

Pursuant to this notice, I hereby rescind Sections (a-h) of the Agreement regarding binding arbitration.

Date: \_\_\_\_\_

MEMBER’S SIGNATURE

\_\_\_\_\_

RESPONSIBLE PERSON’S SIGNATURE  
(if applicable)

\_\_\_\_\_

# Aldersgate



NATURALLY INVESTED IN COMMUNITY

## RESERVATION AGREEMENT FOR RESIDENCES IN ALDERSGATE CHARLOTTE, NORTH CAROLINA

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Aldersgate United Methodist Retirement Community (“the Community” or “Aldersgate”), a non-profit corporation, and \_\_\_\_\_ (individually and/or collectively “You” or “Resident” or “Member”).

WHEREAS, Aldersgate is a continuing care retirement community located at 3800 Sharmrock Drive, Charlotte, North Carolina.

WHEREAS, You desire to reserve residence \_\_\_\_\_, a \_\_\_\_\_ style residence located in \_\_\_\_\_ (the “Residence”).

NOW, THEREFORE, You and Aldersgate agree as follows:

1. Preliminary Agreement: This Reservation Agreement is preliminary to the Residence and Services Agreement which will be entered into by You upon completion of the application process and approval by Aldersgate.
2. Residence and Services Agreement and Disclosure Statement. Aldersgate will provide You a copy of the Residence and Services Agreement and its most recent Disclosure Statement upon entering into this Reservation Agreement.
3. Entrance Fee(s). You agree to pay the Entrance Fee(s) shown below for the Residence at Aldersgate:  
  
Entrance Fee First Person: \$ \_\_\_\_\_  
  
Entrance Fee Second Person: \$ \_\_\_\_\_
4. Terms of Payment of the Entrance Fee. You agree to pay the Entrance Fee(s) for the Residence according to the following terms:
  - a. Initial \$1,000 Reservation Deposit. Upon entering into this Reservation Agreement and prior to entering into the Residence and Services Agreement, You agree to pay \$1,000.00 as an Initial Reservation Deposit. Such deposit is fully refundable should You choose not to proceed with the reservation process and not enter into

the Residence and Services Agreement for any reason, including the denial of your Application for admission by Aldersgate. The deposit fully applies toward the Entrance Fee should You proceed with the reservation process and enter into the Residence and Services Agreement and your Residence and Services Agreement is approved by Aldersgate.

- b. Initial 10% Reservation Deposit. An amount equal to ten percent (10%) of the total Entrance Fee, less the \$1,000.00 Reservation Deposit, totaling \$ \_\_\_\_\_ is paid within five (5) days after You receive notice of approval of admission by Aldersgate and upon execution of the Residence and Services Agreement.
  - c. Amounts for Options and Custom Features. The full amount invoiced by Aldersgate for any Options or Custom Features, if any, is due upon receipt of the invoice.
  - d. Balance of the Entrance Fee. An amount equal to 90% of the total Entrance Fee, or \$ \_\_\_\_\_ is paid at the Occupancy Date, unless otherwise agreed to in writing by the Community.
5. Monthly Fee(s). In addition to the Entrance Fee, and upon taking occupancy of the Residence, You agree to pay the Monthly Fee(s) shown below. The Monthly Fee(s) are estimated and are shown for the year given. The Monthly Fee(s) will be adjusted at least annually, and You will be given notice of such increases by Aldersgate.
- Monthly Fee First Person: \$ \_\_\_\_\_ in 20 \_\_\_\_
- Monthly Fee Second Person \$ \_\_\_\_\_ in 20 \_\_\_\_
6. Application Forms Completed by You. You agree to complete the following application forms and return them to Aldersgate within ten (10) days of this Reservation Agreement:
- General Information
  - Personal Health History
  - Confidential Financial Statement
7. Application Forms Completed by Others.
- Physician's Health History. You will give this to your physician to complete and return to Aldersgate no more than 30 days prior to Occupancy.
  - Independent Living Evaluation. This will be conducted by a professional chosen by Aldersgate and must be conducted within 30 days of Occupancy.
8. Final Forms at Move-in. Prior to move-in, the final physician health history forms and updated financial statement forms are required.

ALDERSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.

Member, First Person

\_\_\_\_\_  
Member, Second Person

By: \_\_\_\_\_

\_\_\_\_\_  
Current Address

\_\_\_\_\_  
Title

\_\_\_\_\_  
City, State, Zip Code

Home Telephone \_\_\_\_\_

Cell Phone First Person \_\_\_\_\_

Email First Person \_\_\_\_\_

Cell Phone Second Person \_\_\_\_\_

Email Second Person \_\_\_\_\_

**LEASE AGREEMENT**  
**of**  
**Aldersgate United Methodist Retirement Community, Inc.**  
  
**Charlotte, North Carolina**

*Our Mission: We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.*

This contract is entered into by Aldersgate United Methodist Retirement Community, Inc. of Charlotte, North Carolina, hereinafter called "Aldersgate", and \_\_\_\_\_, hereinafter called "the Resident".

The Resident desires to enter into residence at Aldersgate, and Aldersgate is willing to accept the Resident and to provide services to the Resident, all to be accomplished in accordance with the terms and conditions set forth in this contract. Therefore, Aldersgate and the Resident have agreed as follows:

**I. TERM**

Aldersgate leases to the Resident, and the Resident leases from Aldersgate, the accommodation known as \_\_\_\_\_, a private residence on the property of Aldersgate for the term commencing on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_ and ending on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_ or a term of thirteen (13) months (the "Term"). The total monthly fee shall be \$\_\_\_\_\_ per month, of which \$\_\_\_\_\_ is the accommodation fee and \$\_\_\_\_\_ is the services/amenities fee. If Resident desires to terminate the lease at the end of the Term, then Resident shall give Aldersgate not less than ninety (90) days' notice of said termination prior to the expiration of the Term. In the event Resident fails to give such termination notice, this contract shall be automatically renewed for an additional thirteen (13) month term with a total monthly fee equal to the then prevailing rate for similar accommodations and service/amenities, as determined by Aldersgate in its discretion.

Aldersgate shall not discriminate against the Resident in the provision of services or in any other manner on the grounds of race, color, creed, religion, sex or national origin.

**II. FEES TO BE PAID TO ALDERSGATE**

In consideration of admission to Aldersgate, the Resident agrees as follows:

- A. To furnish to Aldersgate complete and accurate information with regard to the nature and extent of his or her assets (now owned or hereafter acquired);
- B. To manage those assets to the best of his or her ability in such a way as to permit the payment of the fees set forth herein;
- C. In the event the accommodation is occupied by two related persons as Residents, and one of said persons for any reason vacates the accommodation, the single occupancy fee will become the new monthly fee on the earlier of the date of such vacation or on the first day of the month following written notice by Resident of such change in occupancy. In the

event a person is added to the Agreement as a resident, upon qualification and approval by Aldersgate, a second person fee will be charged for the new resident in addition to the single occupancy fee charged to the first person;

- D. Upon request, to submit, at the discretion of Aldersgate, annually updated financial information;
- E. To abide by all other terms and provisions of this contract.

### **III. TERMINATION OF RESIDENCE**

- A. If Resident has not occupied his or her residence, at any time within (30) days following the date of this contract, the Resident may terminate this contract. The Resident shall not be required to occupy his or her unit at Aldersgate until such thirty (30) day period is past. In addition, if the Resident dies before occupying his or her unit or, in the judgment of Aldersgate, becomes incapable of meeting the physical or mental requirements for admission before such occupancy, this contract shall be canceled.
- B. Aldersgate shall have the right at any time, upon thirty (30) days' notice in writing to the Resident, to terminate his or her contract because the Resident has failed to meet his or her obligations under this contract. Such notice shall specify the obligation which the Resident has failed to perform. Aldersgate may terminate a resident's lease if:
  - Resident has not paid monthly fees and other charges on a timely basis;
  - Resident engages in behavior that unreasonably interferes with the quiet enjoyment of other Community Members; or
  - Resident has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of lease contract and discharge:

- Resident engages in behavior that negatively impacts or threatens the health, safety or welfare of other Community Members, staff or visitors.
- C. If the Resident does not vacate the premises on the effective date of the termination of this contract, or after notice of default with a failure to cure such default within ten days after receipt of notice, Aldersgate may pursue all judicial remedies under North Carolina Law for the eviction of the Resident.
  - D. If the Resident vacates or is evicted from the residence without removing their personal property from the subject unit, Aldersgate may, without liability for trespass or conversion or any other claim, remove any personal property from the Resident's unit and store such property at Resident's expense. The personal property so removed shall be deemed abandoned if Resident has not made a written demand for the same within thirty days of Resident's vacation or eviction and Aldersgate thereafter has the right to dispose of the property as it deems appropriate without any liability whatsoever. If Resident makes such a demand, the property shall be released to Resident upon payment in full of all costs of removal and storage.



#### **IV. CHANGE OF ACCOMMODATIONS**

The Resident may request a change in the type of accommodation from time to time, subject to permission of Aldersgate and the availability of the type requested. If such change is made, the Resident agrees to pay the accommodation and services/amenities fees associated with the new accommodation at the then prevailing rate. Resident will be responsible for any fees associated with the change of accommodation, including moving expenses.

#### **V. CONVERSION TO MEMBERSHIP**

Resident may choose to convert this contract to full membership status within the Aldersgate Continuing Care Retirement Community, defined as having access to services associated with levels of care higher than independent living, at a member rate and member priority status, upon satisfaction of all requirements then applicable to membership in Aldersgate's Continuing Care Retirement Community. With conversion, Resident is eligible to receive credit for the time occupied in any lease period (such credit not to exceed 13 months in total) for the accommodation portion of their monthly fee as indicated in this contract. This credit may be applied toward the entrance fee of the accommodation chosen for full membership. At such time of conversion, this contract becomes void and the Resident shall sign an Aldersgate Resident and Services Agreement for Membership.

#### **VI. PAYMENTS TO ALDERSGATE FOR MONTHLY SERVICES**

The Resident agrees to pay for his or her residential services on a monthly basis, the fee to be paid in advance by the tenth (10) day of the month. For example, the payment of the fee for June is due by June 10th, the payment for July is due by July 10th, etc. The amount due for each month shall be the amount established by Aldersgate from time to time upon thirty (30) days notice to the Resident. Temporary absence of the Resident from Aldersgate for vacation, travel, business, medical care or otherwise does not change the Resident's obligation to pay the full monthly fee. Aldersgate may charge interest at a rate of one and one-half percent (1&1/2%) per month on any unpaid balance.

#### **VII. SCOPE OF MONTHLY SERVICES**

For the monthly fee paid by the Resident, Aldersgate shall provide to the Resident the use of the accommodation selected, board, and housekeeping service in accord with the practices of Aldersgate as they may be in effect from time to time, and the religious, social and creative life of Aldersgate. The services may be changed, added to or deleted from time to time in the sole discretion of Aldersgate. Residents have the option of choosing a meal plan and will be billed accordingly.

NOTE: Monthly fee does not include physicians' fees, outside hospitalization, drugs, phone, internet, cable TV services, medical supplies, dry cleaning, or funeral and burial expenses, all of which remain the sole responsibility of the Resident. Under this contract, Aldersgate is not obligated to provide healthcare services at Parker Terrace, Cuthbertson Village, Asbury Care Center or the Wellness Clinic.

#### **VIII. HEALTHCARE SERVICES**

Should the Resident require healthcare services as provided at Aldersgate, there are no guarantees, implied or otherwise, of accommodation availability. Should the Resident be admitted into a healthcare accommodation as identified in Section VII, the Resident agrees to

pay for the services provided at a Direct Admit/Private Pay fee-for-service basis.

**IX. ASSIGNMENT AND SUBLETTING**

Resident shall not sublease or encumber the accommodation or assign this contract in any way. Occupation of the accommodation by other than permitted occupants may result in termination of this contract.

**X. RIGHT OF ENTRY**

It is agreed that employees or agents of Aldersgate may need to enter the unit on occasion, and permission is hereby given by Resident. Aldersgate will make reasonable efforts to give notice of any entry whenever possible but is not bound to do so.

**XI. PROPERTY MAINTENANCE**

By execution of this contract, the Resident agrees that the unit described herein has been inspected by him/her and meets with his/her approval. He/she has found it to be in good and tenantable condition, and agrees that at the end of the occupancy hereunder to deliver up and surrender said accommodation to Aldersgate in as good condition as when received, reasonable wear and tear excepted. No alteration, addition or improvements shall be made in or to the accommodation without prior written consent by Aldersgate and then only using materials and contractors approved by Aldersgate. All such work shall be done at Resident's expense and in such manner as Aldersgate may approve. All alterations, additions and improvements to the accommodation shall become part of the accommodation and the property of Aldersgate.

Resident shall use and maintain the accommodation during his/her residency in safe, clean, and sanitary manner and shall, upon termination of the residency, deliver all keys to Aldersgate, remove all personal property and leave the unit.

**XII. INSURANCE, RELEASE, AND INDEMNITY**

Resident shall insure his/her personal property located or stored within the accommodation or other storage areas that may be provided to the extent of its full insurable value against the risks of damage, destruction or loss resulting from theft and all hazards and casualties. Regardless of whether Resident secures such insurance, all personal property belonging to Resident or to any other persons within the accommodation shall be at the sole risk of the Resident or other such person and neither Aldersgate nor its employees or agents shall be liable for any theft or loss or for any actual damage, destruction or injury from any cause whatsoever to such property. Neither Aldersgate nor its employees or agents shall be responsible for any damage or injury to resident, his/her family or other person.

Resident agrees to indemnify and hold Aldersgate harmless against all claims, actions, or causes of actions, costs or damages sustained by reason of any act, omission, or other occurrence causing damage or injury to any person or property arising out of or connected with the use, occupancy, or control of the accommodation by Resident, his family, agents or guests, unless the damage or injury is proximately caused by the negligence of Aldersgate, its employees or agents.

In the event that any amount shall become due to Aldersgate under this contract and as a result thereof, Aldersgate is required to retain the services of an attorney, Resident agrees to pay such reasonable attorney's fees up to fifteen percent of the total amount owing along with any interest

and costs incurred by Aldersgate in obtaining or attempting to obtain payment of any such amount owing by Resident.

### **XIII. RULES AND REGULATIONS**

In order to operate Aldersgate in the best interests of the entire Aldersgate community, it is understood that Aldersgate will from time to time adopt policies, practices, rules and regulations governing the operation of Aldersgate and the occupancy by its Residents. Resident agrees to comply with such policies, practices, rules and regulations now in effect or hereafter adopted. Non-compliance with policies, practices, rules and regulations may be cause for termination of this agreement.

### **XIV. DEATH OF A RESIDENT**

Death of a Resident shall be treated as a termination of Contract on the date of death for the purposes of Section III. Any refund of accommodation and service/amenities fees that may be due, (however reduced by amounts otherwise due and payable as enumerated under the provisions of this contract) shall be paid to the estate of the Resident.

### **XV. RELATIONSHIP TO CHURCH**

Aldersgate is affiliated with the Western North Carolina Conference of the United Methodist Church. However, Resident acknowledges that Aldersgate is an independent corporation which is solely responsible for carrying out its obligations hereunder and that neither the United Methodist Church, the Western North Carolina Conference of the United Methodist Church, nor any agency of them has any financial or contractual obligation to the Resident because of this contract.

### **XVI. PROPERTY RIGHTS**

This contract does not create in the Resident any rights in or to the property of Aldersgate in general, nor specifically, in the accommodation which may be occupied from time to time by the Resident.

Date: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
(Lessee)

\_\_\_\_\_  
(Lessee)

\_\_\_\_\_  
President

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THOUGHTFULLY GROWING. NATURALLY INVITING.

**ACKNOWLEDGMENT OF RECEIPT OF  
THE DISCLOSURE STATEMENT  
OF  
ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

*Our Mission: We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.*

I, \_\_\_\_\_, with this statement, acknowledge receipt of the Disclosure Statement of Aldersgate United Methodist Retirement Community, Inc., dated June 1, 2019. This Disclosure Statement was made available to me prior to the signing of the Residence & Services Agreement.

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Signature

Date

---

Signature

Date

## Attachment IV

### Unaudited Financial Statements



# Managerial Financial Reporting Package

April 30, 2019



## Statement of Operations

Aldersgate

Description	YTD April							
	2019				2018			
	Actual	Plan	Variance Fav/(Unfav)	% Var	Actual	Variance Fav/(Unfav)	% Var	
Resident Service Revenue - IL	\$ 3,776,245	\$ 4,406,844	\$ (630,598)	-14.3%	\$ 3,519,874	\$ 256,371	7.3%	
Resident Service Revenue - AL	936,333	917,245	19,088	2.1%	920,363	15,970	1.7%	
Resident Service Revenue - MS	1,380,683	1,413,925	(33,242)	-2.4%	1,357,609	23,074	1.7%	
Resident Service Revenue - SNF	4,943,903	4,429,684	514,219	11.6%	4,226,742	717,161	17.0%	
Other Resident Revenue	284,524	84,133	200,390	238.2%	315,115	(30,591)	-9.7%	
<b>Total Resident Revenue</b>	<b>11,321,687</b>	<b>11,251,831</b>	<b>69,856</b>	<b>0.6%</b>	<b>10,620,910</b>	<b>700,778</b>	<b>6.6%</b>	
Amort. - Deferred Entrance Fee Income	\$ 539,390	\$ 958,513	\$ (419,123)	-43.7%	\$ 912,874	\$ (373,485)	-40.9%	
Total Investment Income	158,370	145,089	13,280	9.2%	132,265	26,104	19.7%	
Realized Investment Gains/Losses	(5,853)	100,000	(105,853)	-105.9%	82,574	(88,427)	-107.1%	
Unrestricted Contribution Income	41,412	120,000	(78,588)	-65.5%	384,910	(343,498)	-89.2%	
Provision for Uncollectibles	11,584	-	11,584	-	7,697	3,887	50.5%	
Rental Income	87,488	101,402	(13,914)	-13.7%	-	87,488	-	
<b>Total Revenue and Support</b>	<b>12,154,077</b>	<b>12,676,835</b>	<b>(522,757)</b>	<b>-4.1%</b>	<b>12,314,502</b>	<b>(160,425)</b>	<b>-1.3%</b>	
<b>Total Resident Service Costs</b>	<b>11,132,826</b>	<b>9,954,063</b>	<b>(1,178,763)</b>	<b>-11.8%</b>	<b>10,245,920</b>	<b>(886,906)</b>	<b>-8.7%</b>	
Management Fee Expense	563,470	573,207	9,738	1.7%	-	-	0.0%	
Interest Expense	1,682,601	\$ 2,071,283	388,682	18.8%	\$ 1,723,944	41,343	2.4%	
Depreciation	1,859,571	\$ 2,048,000	188,429	9.2%	\$ 1,589,584	(269,988)	-17.0%	
Amortization Exp - OID	103,581	\$ 228,888	125,308	54.7%	\$ 75,516	(28,065)	-37.2%	
<b>Non-Resident Service Costs</b>	<b>4,209,223</b>	<b>4,921,379</b>	<b>712,156</b>	<b>14.5%</b>	<b>3,389,044</b>	<b>(820,179)</b>	<b>-24.2%</b>	
<b>Total Operating Expenses</b>	<b>15,342,049</b>	<b>14,875,442</b>	<b>(466,607)</b>	<b>-3.1%</b>	<b>13,634,964</b>	<b>(1,707,085)</b>	<b>-12.5%</b>	
<b>Operating Income/(Loss)</b>	<b>\$(3,187,972)</b>	<b>\$(2,198,607)</b>	<b>\$ (989,365)</b>	<b>-45.0%</b>	<b>\$(1,320,462)</b>	<b>\$(1,867,510)</b>	<b>-141.4%</b>	
<b>Net Operating Margin</b>	<b>-3.21%</b>	<b>6.44%</b>			<b>5.15%</b>			

## Statement of Operations

Aldersgate

Description	April							
	2019				2018			
	Actual	Plan	Variance Fav/(Unfav)	% Var	Actual	Variance Fav/(Unfav)	% Var	
Resident Service Revenue - IL	\$ 996,070	\$ 1,148,390	\$ (152,320)	-13.3%	\$ 874,564	\$ 121,506	13.9%	
Resident Service Revenue - AL	238,949	229,311	9,638	4.2%	236,480	2,470	1.0%	
Resident Service Revenue - MS	352,808	353,481	(674)	-0.2%	356,156	(3,348)	-0.9%	
Resident Service Revenue - SNF	1,220,693	1,107,421	113,272	10.2%	1,064,197	156,497	14.7%	
Other Resident Revenue	75,056	21,033	54,022	256.8%	51,722	23,334	45.1%	
<b>Total Resident Revenue</b>	<b>2,883,576</b>	<b>2,859,636</b>	<b>23,939</b>	<b>0.8%</b>	<b>2,583,118</b>	<b>300,458</b>	<b>11.6%</b>	
Amort. - Deferred Entrance Fee Income	\$ 308,528	\$ 239,628	\$ 68,899	28.8%	\$ 171,804	\$ 136,723	79.6%	
Total Investment Income	(2,053)	36,272	(38,325)	-105.7%	80,761	(82,814)	-102.5%	
Realized Investment Gains/Losses	92	25,000	(24,908)	-99.6%	1,107	(1,015)	-91.7%	
Unrestricted Contribution Income	6,266	30,000	(23,734)	-79.1%	8,026	(1,761)	-21.9%	
Provision for Uncollectibles	(9,222)	-	(9,222)	-	2,628	(11,850)	-450.9%	
Rental Income	11,436	25,350	(13,914)	-54.9%	-	11,436	-	
<b>Total Revenue and Support</b>	<b>3,198,622</b>	<b>3,215,887</b>	<b>(17,265)</b>	<b>-0.5%</b>	<b>2,847,445</b>	<b>351,177</b>	<b>12.3%</b>	
<b>Total Resident Service Costs</b>	<b>3,354,775</b>	<b>2,515,099</b>	<b>(839,676)</b>	<b>-33.4%</b>	<b>2,443,714</b>	<b>(911,062)</b>	<b>-37.3%</b>	
Management Fee Expense	144,255	143,302	(953)	-0.7%	-	-	0.0%	
Interest Expense	406,076	\$ 517,821	111,745	21.6%	\$ 430,990	24,914	5.8%	
Depreciation	464,781	\$ 512,000	47,219	9.2%	\$ 375,371	(89,410)	-23.8%	
Amortization Exp - OID	25,995	\$ 57,222	31,228	54.6%	\$ 13,085	(12,909)	-98.7%	
<b>Non-Resident Service Costs</b>	<b>1,041,106</b>	<b>1,230,345</b>	<b>189,239</b>	<b>15.4%</b>	<b>819,446</b>	<b>(221,660)</b>	<b>-27.0%</b>	
<b>Total Operating Expenses</b>	<b>4,395,881</b>	<b>3,745,443</b>	<b>(650,438)</b>	<b>-17.4%</b>	<b>3,263,160</b>	<b>(1,132,721)</b>	<b>-34.7%</b>	
<b>Operating Income/(Loss)</b>	<b>\$(1,197,259)</b>	<b>\$(529,556)</b>	<b>\$ (667,703)</b>	<b>-126.1%</b>	<b>\$(415,715)</b>	<b>\$(781,544)</b>	<b>-188.0%</b>	
<b>Net Operating Margin</b>	<b>-21.66%</b>	<b>7.04%</b>			<b>5.50%</b>			

**Balance Sheet**

<u>Category</u>	<b>April 2019</b>	<b>December 2018</b>
Cash and Cash Equivalents	\$ 9,927,125	\$ 1,648,674
Investments	14,446,516	13,999,616
Accounts Receivable-Net	2,221,193	1,879,559
Entrance Fees Receivable	1,910	196,200
<u>Prepaid Expenses &amp; Other Current Assets</u>	<u>2,210,116</u>	<u>1,017,300</u>
<b>Total Current Assets</b>	<b>28,806,860</b>	<b>18,741,349</b>
<b>Plant Property &amp; Equipment - Net</b>	<b>126,432,501</b>	<b>124,416,384</b>
<b>Statutory Operating Reserve</b>	<b>9,241,181</b>	<b>9,241,181</b>
<b>Board-Designated Fund</b>	<b>1,038,418</b>	<b>1,038,418</b>
<b>Held Under Bond Agreement</b>	<b>11,433,735</b>	<b>11,979,861</b>
<u><b>Other Assets</b></u>	<u><b>39,589</b></u>	<u><b>212,179</b></u>
<b>Total Assets</b>	<b>176,992,285</b>	<b>165,629,372</b>
Accounts Payable & Accrued Expenses	8,862,496	8,854,013
Entry Fee Deposits	2,272,359	3,609,588
<u>Current Portion of Long-term Debt</u>	<u>1,620,000</u>	<u>1,620,000</u>
<b>Total Current Liabilities</b>	<b>12,754,855</b>	<b>14,083,601</b>
<b>Long Term Debt Net of Current Portion</b>	<b>117,567,562</b>	<b>118,487,397</b>
<b>Deferred Income - Entrance Fees</b>	<b>19,525,285</b>	<b>15,340,198</b>
<u><b>Refundable Entrance Fees</b></u>	<u><b>40,669,058</b></u>	<u><b>30,288,723</b></u>
<b>Total Liabilities</b>	<b>190,516,760</b>	<b>178,199,919</b>
<b>Total Unrestricted</b>	<b>(14,398,501)</b>	<b>(13,415,759)</b>
<b>Total Temporarily Restricted</b>	<b>229,410</b>	<b>200,596</b>
<u><b>Total Permanently Restricted</b></u>	<u><b>644,616</b></u>	<u><b>644,616</b></u>
<b>Total Net Assets</b>	<b>(13,524,475)</b>	<b>(12,570,547)</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 176,992,285</b>	<b>\$ 165,629,372</b>

# Statement of Cash Flows



Unaudited

**FYTD April  
2019**

## **CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase (decrease) in Net Assets	\$	(3,191,549)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		1,859,571
Amortization		103,581
Provision for Uncollectibles		11,584
Amort. - Deferred Entrance Fee Income		(539,390)
Realized Investment Gains/Losses		5,853
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable		(327,679)
Entrance Fees Receivable		194,290
Prepaid Expenses and Other Assets		(1,020,227)
Deferred Income		(35,098)
Total Accounts Payable & Accrued Expenses		853,728
<b>Net cash provided by (used in) operating activities</b>		<b>(2,085,334)</b>

## **CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Property and Equipment Net of Dispositions	\$	(3,875,689)
(Increase)/Decrease in Assets Held Under Bond Agreement		546,126
Accounts Payable Construction		(835,687)
(Increase)/Decrease in Gateway Entrance Fee Deposits		(1,224,832)
Transfers to (from) Restricted Funds		28,814
Net Sales/Maturities (Purchases) of Investments		1,756,054
<b>Net cash provided by (used in) investing activities</b>		<b>(3,605,214)</b>

## **CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from Construction Loan net of Payments	\$	(620,476)
Payments of Long-term Debt		(402,940)
Gateway Entrance Fees		15,406,207
Entrance Fees Received but not Moved In		(434,546)
Entry fee deposits		(112,396)
Entrance Fees Received		1,226,901
Entrance Fees Refunded		(1,093,750)
<b>Net cash provided by (used in) financing activities</b>		<b>13,968,999</b>

<b>Net Increase/(Decrease) In Cash &amp; Equivalents</b>		<b>8,278,451</b>
<b>Cash &amp; Equivalents—Beginning of Fiscal Year</b>		<b>1,648,674</b>
<b>Cash &amp; Equivalents—End of Month</b>	<b>\$</b>	<b>9,927,125</b>

**ACTUARIAL REPORT  
FOR  
ALDERSGATE UMRC  
AS OF DECEMBER 31, 2015**

March 24, 2016

1604 Hilltop West Executive Ctr., Suite 311  
Virginia Beach, Virginia 23451  
404.514.0340

[www.avpowell.com](http://www.avpowell.com)





March 24, 2016

Ms. Suzanne Hugh Pugh  
Chief Executive Officer  
Aldersgate UMRC  
3800 Shamrock Drive  
Charlotte, NC 28215

Dear Ms. Pugh:

A.V. Powell & Associates LLC has prepared an actuarial report on Aldersgate UMRC based on resident data and unaudited financial statements as of December 31, 2015.

This report has been prepared for the following purposes:

1. To estimate the level of reserves needed to cover the obligations associated with current residents on an actuarial basis
2. To evaluate the current fee structure for new entrants
3. To assess the ability of Aldersgate UMRC to meet cash requirements

Your attention is called to the reliance, limitations, and cautionary notes set forth in the report, since they describe the restrictions on the use of the report and the reliance that A.V. Powell & Associates LLC placed on the source and accuracy of data and assumptions. This report is provided for use by the management of Aldersgate UMRC, the North Carolina Department of Insurance, and the financing partners and may not be distributed to other parties without the express written consent of A.V. Powell & Associates LLC.

Thank you for allowing us to perform this analysis on your behalf. We are available to answer any questions about our report.

BY:   
MICHAEL K. HOPPER, CPA

  
ALWYN V. POWELL, MAAA, ASA

FOR A.V. POWELL & ASSOCIATES LLC

***Providing actuarial and financial projections to organizations serving senior populations***

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## EXECUTIVE SUMMARY

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The actuarial report on Aldersgate UMRC is based on resident census and financial statements as of December 31, 2015. The purpose of the actuarial study is to assess the long-term financial condition of Aldersgate UMRC. Due to the long-term nature of CCRC contracts and uncertainties regarding health care and refund guarantees, sound financial management requires integration of actuarial methods into CCRC financial projections.

The actuarial analysis performed by A.V. Powell & Associates LLC (“AVP”) includes the following:

- A **population projection** of contractholder movements and independent living turnover
- An **actuarial valuation** of reserve adequacy for current residents
- An actuarial **pricing analysis** of fees charged to new entrants
- A **cash flow projection** of cash sources and uses

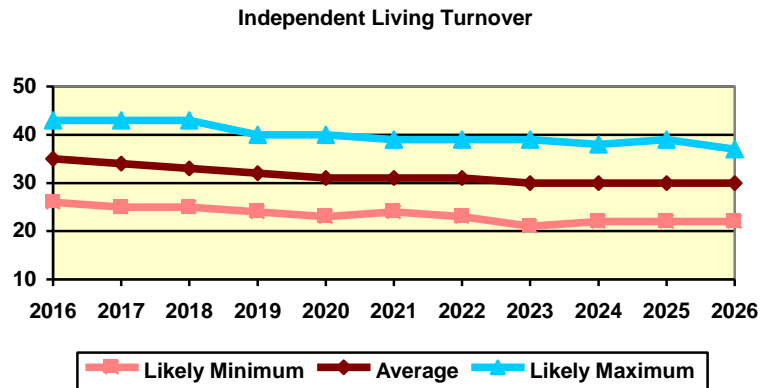
These projections, evaluated together, provide a sound basis for determining whether the CCRC contracts are priced adequately. The actuarial valuation, new entrant pricing analysis, and cash flow projection are the three tests set forth by the American Academy of Actuaries for evaluating the solvency of a CCRC. The actuarial approach is consistent with a management policy to minimize intergenerational subsidies, so that the fee structure will be self-supporting for each generation of residents. The actuarial approach is designed to assess the impact of inflation-constrained monthly fee increases. This means that contracts are initially priced, and evaluated, with a goal of matching the rate of increase in monthly fees to the anticipated rate of increase in the CCRC’s expenses. The determination of the internal inflation rate should reflect costs related to adding programs and services, as well as normal expense inflation. An actuarially priced fee structure will accumulate funds to cover future shortfalls between fees and costs.

This report reflects the addition of a 16-bed memory care expansion projected to open May 2016 and reaching full occupancy by September 2016. Management provided the fees, occupancy assumptions, operating expenses, capital costs, and financial information related to the expansion.

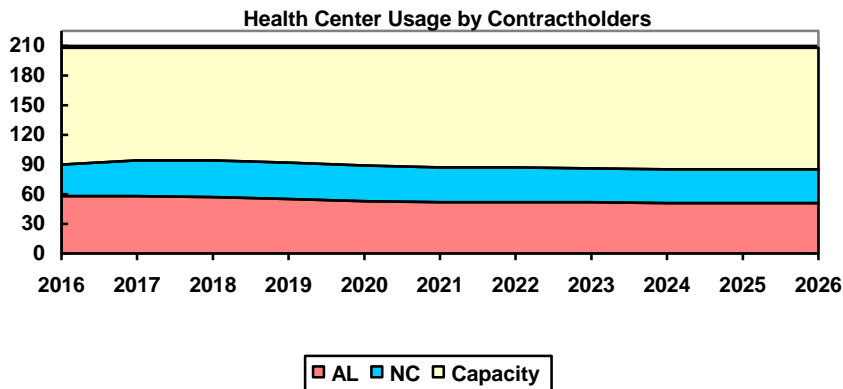
**Population Projection (Tables 2.x)**

The population projection shows expected independent living turnover and assisted living/memory care and nursing care utilization by contractholders for the next 20 years. Contractholders are defined as residents who entered the community in the independent living level of care, plus residents who entered the community in assisted living/memory care with an entrance fee. The population projection is based on level occupancy of 229 independent living units (92% occupancy) and 106 assisted living/memory care units (98% occupancy) after fill-up of memory care in 2017.

The population projection indicates that independent living turnover is expected to average about 31 units per year after 2019. Due to potential random variations in experience, we estimate that the 90<sup>th</sup> confidence interval for independent living turnover is 23 units per year to 40 units per year.



The population projection indicates that Aldersgate UMRC has sufficient health center (assisted living/memory care and nursing care) capacity to meet expected contractholder needs.



Assisted living/memory care utilization by contractholders is expected to peak at 58 units during 2017 and then level off near 55 units by the end of the 20-year projection period. Nursing care utilization by contractholders is projected to increase to 37 units per year at the end of the 20-year projection period.

Total health center capacity of 208 allows space for private pay patients in nursing care.



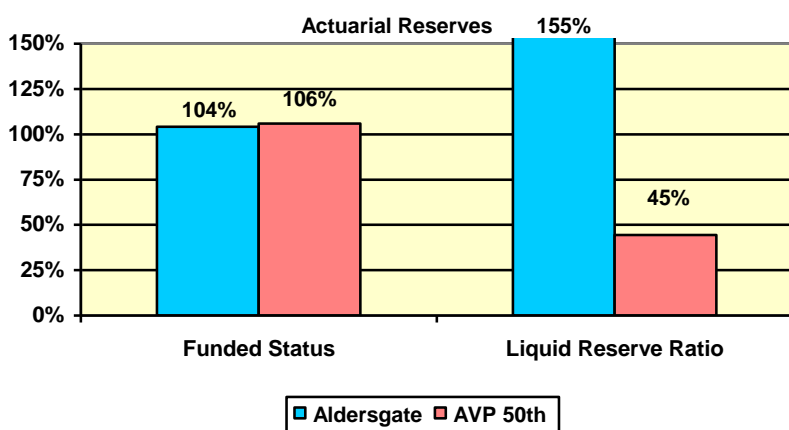
The health center utilization projections are reasonable based upon the historical practices at Aldersgate UMRC and other similar CCRCs around the country. Health center utilization can be influenced by several factors:

- contract provisions and initial health screening criteria
- management philosophy regarding aging-in-place
- number and acuity mix of health care beds
- availability of home care services and private duty nurses

Therefore, if transfer policies, health care protocols, or medical treatments change in the future, actual utilization could be different than projected.

**Actuarial Valuation (Table 4.1)**

Timely actuarial valuations provide an early warning of deficiencies in pricing policies, alerting management to the potential of a financial crisis. The purpose of the actuarial valuation is to determine whether Aldersgate UMRC has adequate reserves to meet its contractual obligation to residents as of the study date. Actuarial reserves should be sufficient to offset the difference between future revenues and future expenses. Liquid assets and non-liquid assets, such as the actuarial value of fixed assets, are considered toward the funding of actuarial reserves.



One measure of reserve adequacy is the funded status. The funded status represents the portion of future expenses covered by future monthly fees and reserves. A funded status of 100% means the facility is fully funded. A funded status of at least 105% is desirable to assure an appropriate surplus to

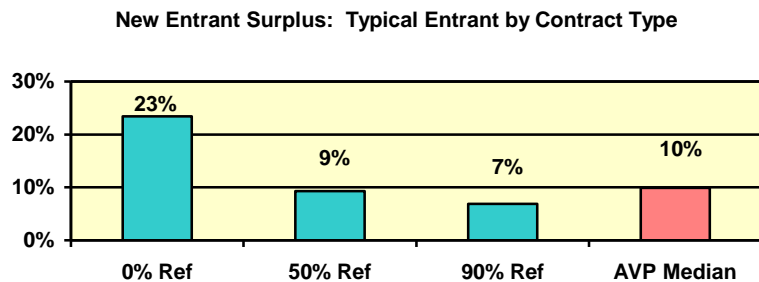
protect against unforeseen fluctuations in any of the underlying assumptions. The median funded status in the FYE 2013 AVP database is 105.6%. The funded status for Aldersgate UMRC is 104.2%, which places it in the second quartile (between the 25<sup>th</sup> and 50<sup>th</sup> percentiles) of CCRCs in our database. The funded status is based on the original cost of fixed assets and may be revalued if

new entrant fees generate a surplus. If an alternative fixed asset value and corresponding liabilities are used, then the funded status may be greater. The revaluation is discussed in the “Evaluation of ASOP#3 Conditions” section of the executive summary.

Another statistic related to the actuarial valuation is the liquid reserve ratio (LRR). The LRR measures the degree to which actuarial liabilities are covered by liquid assets. It is neither necessary nor desirable that a facility show a 100% LRR. Often, the LRR will be lower in the earlier operating years of a facility. It is expected to increase over time as the physical plant ages. The median LRR for communities in the FYE 2013 AVP database is 44.5%. The LRR for Aldersgate UMRC is 154.5%, which places it in the top quartile (above the 75<sup>th</sup> percentile) of CCRCs in our database.

**New Entrant Pricing (Table 5.x)**

The new entrant pricing analysis indicates whether the entrance fee and monthly fees to be charged to new entrants are expected to cover the cost of care associated with the contractual obligations. The pricing analysis shows surpluses of 23.4% for the 0% refundable

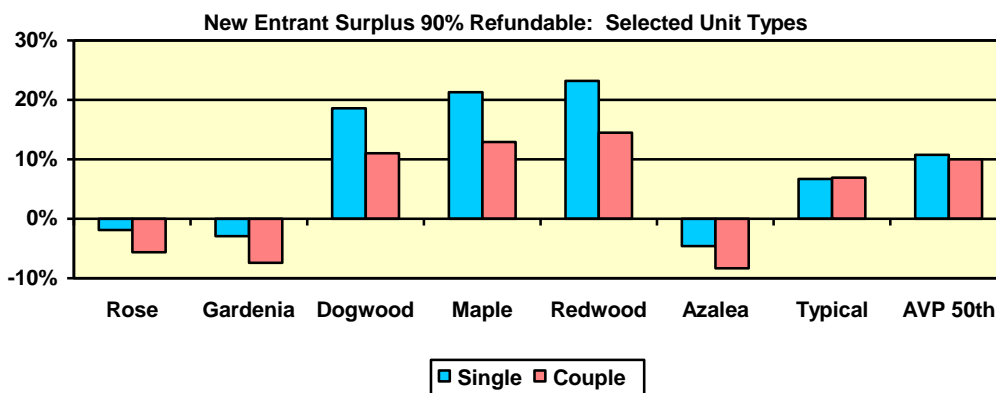


contract, 9.3% for the 50% refundable contract, and 6.9% for the 90% refundable C contract. These surpluses indicate that entrance fees plus monthly fees cover the costs of care. The FYE 2013 AVP database shows a median surplus of 10.3%. Aldersgate UMRC weighed average surplus of 12.1% is in the third quartile (between the 50<sup>th</sup> and 75<sup>th</sup> percentile) of CCRCs in our database.

The two contracts offered by Aldersgate UMRC are not actuarially equivalent. The 0% refundable contract has a much higher surplus than the 50% and 90% refundable contract. The entrance fees for the 50% refundable contract, that have lower monthly fees than the 0% refundable contract, currently has an add-on percentage of 43%. An add-on of 49% would be needed to be equivalent to the 0% refundable contract for the typical entrant aged 82 using a 5% interest earnings rate. The entrance fees for the 90% refundable contract, that have the same monthly fees as the 0% refundable contract, currently has an add-on percentage of 43%. An add-on of 138% would be needed to be equivalent to the 0% refundable contract for the same typical entrant aged individual and the same 5% interest earnings rate.

Results of the actuarial pricing analysis for the 90% refundable contract by unit type for range from a negative 23.8% margin (deficit) to a positive 32.9% margin (surplus). A review of fee adequacy by unit type shows that larger units yield a greater actuarial surplus than smaller units do, which is typical within the continuing care industry. One explanation for this situation is that the portion of expenses related to health care is the same regardless of unit type, which means that a substantial portion of the future liabilities do not change with the size of the independent living unit, even though the pricing varies by unit size.

The new entrant pricing analysis also includes a comparison of results for singles and couples. Couples generate lower surpluses than singles within each unit type, which indicates that second person fees do not cover the additional second person costs in the unit.

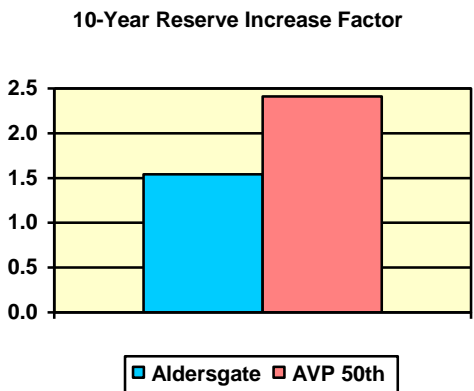


**Cash Flow Projection (Table 6.1)**

The cash flow projection shows future cash sources and uses and provides information for management to determine whether debt service coverage ratios will be met. This analysis integrates the population projection with financial information. Each projection year includes the projected independent living turnover and new entrance fees, projected population movements and likely health center utilization by contractholders, and the resulting revenues. Offsetting these cash sources are the expenditures associated with providing services to residents.

The cash flow projection is based on the assumption that that 30% of new entrants will select the 0% refundable contract, 10% will select the 50% refundable contract and 60% will select the 90% refundable contract.

The cash flow projection is based on the assumption that all residents are able to pay the fees charged without significant subsidies for financial aid. The cash flow projection shows increasing cash balances for all years, as required by a financially healthy CCRC. Reserves must increase at an average annual rate at least equal to the inflation rate in order to maintain the balance between



increasing liabilities and revenues. The 10-year reserve increase factor represents the projected growth in liquid reserves. The median 10-year reserve increase factor in the FYE 2013 AVP database is 2.41. The cash balances (liquid reserves) for Aldersgate UMRC are expected to increase by a factor of 1.54 times over the next 10 years, which places it in the first quartile (below the 25<sup>th</sup> percentile) of CCRCs in our database.

**Comparison to AVP Client CCRCs**

AVP has conducted actuarial studies for numerous CCRCs during the past year and we have found it useful and informative to compare certain key statistics. In this section, we show the quartiles of comparable statistics from 144 CCRCs in the FYE 2013 AVP database, along with Aldersgate UMRC’s results.

Three demographic statistics are (1) the average age at entry during the past three years, (2) the average attained age of all continuing care contractholders in the facility, and (3) the total remaining life expectancy in the facility for an age-80 entrant.

Average age at entry – female	78.5	80.3	81.5	81.9
	25 <sup>th</sup>	50 <sup>th</sup>	ALD	75 <sup>th</sup>
Average attained age – female	84.7	85.6	85.9	86.5
	25 <sup>th</sup>	50 <sup>th</sup>	ALD	75 <sup>th</sup>
Age-80 female life expectancy	7.5	10.5	11.4	12.0
	ALD	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>
Age-80 male life expectancy	6.7	8.2	8.6	9.4
	ALD	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>

Another demographic statistic is the health care ratio, which is the number of health center contractholders per 100 independent living residents. The health care ratio will vary with the age of the facility and typically is higher for older facilities. The comparison in the following chart is based on matured (over 25 years) facilities in our database to reflect the age of Aldersgate UMRC.

Assisted living/memory care ratio	9.67	12.31	17.01	22.11
	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	<i>ALD</i>
Nursing care ratio	10.19	10.51	13.33	17.50
	25 <sup>th</sup>	<i>ALD</i>	50 <sup>th</sup>	75 <sup>th</sup>

Three actuarially based statistics are (1) the funded status from the actuarial valuation, (2) the new entrant pricing, and (3) the 10-year reserve increase factor. These statistics are significant because they are used to determine whether a facility is in satisfactory actuarial condition as defined by the Actuarial Standards of Practice No. 3 for CCRCs (“ASOP #3”).

Funded status	90.8%	104.2 %	105.6%	115.0%
	25 <sup>th</sup>	<i>ALD</i>	50 <sup>th</sup>	75 <sup>th</sup>
New entrant pricing: single	4.0%	10.8%	12.2 %	17.5%
	25 <sup>th</sup>	50 <sup>th</sup>	<i>ALD</i>	75 <sup>th</sup>
New entrant pricing: couple	4.1%	10.0%	12.0 %	16.2%
	25 <sup>th</sup>	50 <sup>th</sup>	<i>ALD</i>	75 <sup>th</sup>
New entrant pricing: combined	4.3%	10.3%	12.1 %	16.5%
	25 <sup>th</sup>	50 <sup>th</sup>	<i>ALD</i>	75 <sup>th</sup>
10-year reserve increase factor	1.54	1.86	2.41	3.43
	<i>ALD</i>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>

Three additional actuarially based statistics are (1) the liquid reserve ratio, (2) the actuarial ratio, and (3) the actuarial return on fixed assets, or “AROFA.” The liquid reserve ratio was previously discussed in the actuarial valuation section. The actuarial ratio is a measure of the risk a community takes when some revenues are collected up front and, therefore, are not subject to future increases. It represents the portion of future expenses covered by revenues that can be adjusted in the future. These revenues may need to be adjusted for experience variations in inflation, longevity, and health care usage. A higher actuarial ratio shows that a community has more flexibility to make adjustments in fees to cover these variations.

The actuarial return on fixed assets is a measure of the internal rate of return that a facility is expected to achieve from its new entrant fee structure, based on the assumed long-term interest discount factor. This statistic is calculated by determining the imputed interest rate for capital that

yields breakeven new entrant pricing. If the imputed interest rate for capital is greater than the interest discount factor, it means that the facility is receiving more benefit from its investment in fixed assets than has been reflected on the actuarial balance sheet. If fixed assets are revalued, the actuarial funded position will improve. If the imputed interest rate for capital is less than the interest discount factor, the facility is receiving less benefit from its investment in fixed assets than has been reflected on the actuarial balance sheet. If fixed assets are revalued, the actuarial funded position will decline. For Aldersgate UMRC, the AROFA is greater than the interest discount factor. The practical use for the AROFA is to provide an objective means for revaluing fixed assets so that the surplus associated with new entrants' fees is immediately reflected in the closed-group actuarial valuation. If applied to Aldersgate UMRC, the funded status would increase from 104.2% to 117.2%.

Liquid reserve ratio	27.5%	44.5%	77.3%	154.5%
	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	<b>ALD</b>
Actuarial ratio	67.1%	71.8%	79.5%	81.1%
	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	<b>ALD</b>
Actuarial return on fixed assets	7.1%	8.4%	8.8%	11.0%
	25 <sup>th</sup>	<b>ALD</b>	50 <sup>th</sup>	75 <sup>th</sup>

Two financial statistics are (1) the average occupancy for the past 12 months by level of care and (2) the per capita operating costs by level of care. The per capita operating costs reflect total operating expenses allocated to each level of care. Other revenues are not deducted, so the per capita operating costs reflect gross expenses.

Average occupancy: ILU	81.6%	89.4%	92.0 %	93.9%
	25 <sup>th</sup>	50 <sup>th</sup>	<b>ALD</b>	75 <sup>th</sup>
Average occupancy: AL	85.9%	91.1 %	91.4%	95.0%
	25 <sup>th</sup>	<b>ALD</b>	50 <sup>th</sup>	75 <sup>th</sup>
Average occupancy: NC	84.6%	88.5 %	90.9%	93.7%
	25 <sup>th</sup>	<b>ALD</b>	50 <sup>th</sup>	75 <sup>th</sup>
Per capita expenses per day: ILU	\$63.50	\$73.97	\$84.35	\$88.35
	25 <sup>th</sup>	50 <sup>th</sup>	<b>ALD</b>	75 <sup>th</sup>
Per capita expenses per day: AL	\$129.95	\$153.74	\$155.08	\$176.32
	25 <sup>th</sup>	<b>ALD</b>	50 <sup>th</sup>	75 <sup>th</sup>
Per capita expenses per day: NC	\$237.78	\$271.74	\$314.19	\$323.24
	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	<b>ALD</b>

### *Evaluation of ASOP#3 Conditions*

In the Actuarial Standards of Practice No. 3 (“ASOP#3”), the American Academy of Actuaries defines three conditions to determine whether or not a CCRC is in satisfactory actuarial balance (“SAB”). Condition 1 is adequate reserves for current residents and requires an actuarial calculation that determines whether or not the CCRC will be able to meet its long-term contractual obligations to residents. Condition 2 is adequate fee structure, or pricing, for a cohort of new entrants and requires an actuarial calculation to determine whether or not the combination of the entry fee plus future monthly fees will cover the operating and capital costs of care and pay refunds, if any, to a typical group of entrants. Condition 3 is positive projected cash and investment balances and uses an actuarially-based resident census projection by level of care to determine whether or not future cash balances will be increasing and if bond covenants will be met, if applicable.

In addition to testing for these three conditions, the actuary should review the assumptions used in their calculations in regard to reasonableness, both individually and in aggregate, with consideration given to the level of surplus available for adverse fluctuations in experience and explicit or implicit contingency margins for uncertainty in the actuarial assumptions.

Our experience during the past 30 years shows that approximately 50% of the time our clients pass Conditions 1 and 2 using historic cost values for fixed assets whereas other investment assets are reflected at current, or averaged, market values. For the other 50% of clients, most fail Condition 1 adequate reserves but pass Condition 2 adequate fees and a few (less than 5% of total) pass Condition 1 adequate reserves but fail Condition 2. In these latter two cases, if the results show that a positive actuarial surplus exists for either the new entrant cohort fee structure or reserves for current residents, then it is appropriate and necessary for the actuary to combine the individual results of Conditions 1 and 2 to make an evaluation that determines if this surplus associated with the passed condition is sufficient to fund the deficit associated with the failed condition and therefore support the finding/opinion that the CCRC is in satisfactory actuarial balance. We refer to the resulting value as the “unified funded status” and it is calculated by replacing the book value of fixed assets with the actuarial appraisal value of fixed assets and the corresponding actuarial depreciation.

This actuarial technique generates one funded status value that reflects a unified funded status for Condition 1 based on a corresponding passing value of 100% funded status for fee structure adequacy, i.e., 0% new entrant cohort pricing margin, to satisfy Condition 2. This value also allows us to quantify whether or not adequate provisions have been incorporated for surplus in regard to the opinion about the reasonableness of assumptions.

Using ASOP#3 and techniques previously described, AV Powell & Associates has established four categories of findings for our clients' comprehensive actuarial study results:

- (1) "Not in satisfactory actuarial balance" for CCRCs who fail one or more of the three ASOP#3 conditions since their unified funded status is less than 100% or their cash balances are projected to be negative;
- (2) "In satisfactory actuarial balance with qualifications about surplus and contingency margins" for CCRCs who pass all three ASOP#3 conditions since their unified funded status is greater than or equal to 100%, but their unified funded status does not generate sufficient margins for surplus and contingencies in accordance with AVP internal guidelines;
- (3) "In satisfactory actuarial balance" for CCRCs who pass all three ASOP#3 condition since their unified funded status is greater than or equal to 100%, and their unified funded status does generate sufficient margins for surplus and contingencies; and
- (4) "In satisfactory actuarial balance with AVP seal" for a limited number of CCRCs, typically less than 50% annually, who pass all three ASOP#3 conditions since their unified funded status is greater than or equal to 100%, and their unified funded status does generate sufficient margins for surplus and contingencies and exceeds the AVP benchmarks for the current year. Designation of this status is documented by the inclusion of the AVP exemplary recognition seal in their actuarial report opinion statement.

CCRCs must have positive and increasing cash balances to be categorized in satisfactory actuarial balance (categories two through four).

Table 4.3 shows a unified funded status of 117.4% based on an actuarial appraisal value for fixed assets plus deferred costs of \$99.3 million versus the actuarial original cost value of \$70.9 million (the corresponding GAAP balance sheet book value of \$55.7 million). This places Aldersgate UMRC in the AVP actuarial opinion Category 4. The median unified funded status in



the AVP 2013 database is 112.8% and Aldersgate UMRC's results place them in our third quartile.

### **Summary and Actuarial Opinion**

AVP believes that the assumptions and projections in this report form a reasonable basis for evaluating the long-term financial condition of Aldersgate UMRC. We also believe that the methods employed in developing these calculations are consistent with sound actuarial principles and practices. Provision has been made for all actuarial liabilities and related statement items that ought to be recognized, except no assessment has been made of potential liabilities for residents' inability to pay their fees. Endowment funds, which may be used for this purpose, have been excluded from this analysis.

It is our opinion that the financial condition of Aldersgate UMRC is in satisfactory actuarial balance as defined by ASOP#3 and Aldersgate UMRC has earned the AVP exemplary recognition seal, provided that future experience substantially follows the underlying assumptions that are contained in this actuarial report. The key assumptions are:

- a) increases in monthly fees will match assumed increases in operating expenses;
- b) all residents are able to pay the fees charged without significant subsidies for financial aid;
- c) the difference between interest earnings/discount rate and revenue/expense inflation ("real rate-of-return") is 2.0%;
- d) average occupancy in independent living is assumed to remain constant at 229 units, assisted living/memory care occupancy is assumed to increase from 90 as of December 31, 2015 to 106 units as of December 31, 2016, and thereafter. Nursing care occupancy is assumed to increase from 85 units as of December 31, 2015, to 91 units as of December 31, 2016, and thereafter;
- e) capital expenditures are adequate to maintain the market position of the community;
- f) projected accumulated cash balances are all available for the exclusive benefit of continuing care contractholders and all cash outflows have been reflected in the report to the best of our knowledge; and
- g) Medicare census will average 35 patients generating revenues of approximate to \$4.1 million annually.



In order to monitor the appropriate level of fees required to maintain the long-term financial solvency of Aldersgate UMRC, we recommend that actuarial studies be conducted regularly. It should be noted that any number of variations from the underlying assumptions may occur and such variations could have a material impact on the projections and observations contained herein. In particular, the assumption that fees will increase at a rate equal to expense increases is critical. If fees increase less than expenses, the actuarial position of Aldersgate UMRC may deteriorate over time.

## BASIS OF EVALUATION

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### Facility Description

Aldersgate UMRC provides three levels of care to its residents. There are 248 independent living units, 47 assisted living units, 45 memory care units, and 100 nursing care beds. Table 0.3.1 shows the facility unit mix and square footage. Additionally, Aldersgate UMRC will be adding 16 memory care units in 2016 bringing the total to 61 units.

### Contract Definition

Table 0.1.1 shows a distribution of current residents by contract type and permanent living location. Table 0.1.2 shows the age distribution of the census. Aldersgate UMRC has the following contract types held current residents or offered to prospective residents:

- ***Contract 11 is the old continuing care contract.*** This contract requires the resident to pay \$3,459 a month for assisted living, \$4,673 a month for memory care, and \$234 per day for nursing care. The refund for death or withdrawal declines by 2% per month of occupancy, with no refund after 50 months. There are two (2) residents remaining under this contract. This contract is no longer offered.
- ***Contract 12 is the continuing care contract (prior to 12/31/2014).*** This contract requires the resident to pay \$3,889 a month for a studio, and \$4,042 a month for a one-bedroom assisted living unit, \$4,676 a month for memory care and \$210 per day for nursing care. The refund for death or withdrawal declines by 2% per month of occupancy, with no refund after 50 months. This contract is no longer offered.
- ***Contract 90 is the 90% refundable continuing care contract (prior to 12/31/2014).*** This contract has the same health care provision as Contract 12. The refund for death or withdrawal declines by 2% per month of occupancy for 5 months, with a refund of 90% after 5 months.
- ***Contract 112 is the current 0% refundable contract.*** This contract requires the resident to pay the first-person Sycamore rate, currently \$3,967, upon a permanent transfer to assisted living, memory care, and nursing care. The refund for death and withdrawal is 90% during the first five (5) months, thereafter declining 2% for the next 45-months with a zero refund after 50 months.
- ***Contract 150 is the current 50% refundable contract.*** This contract has the same health care provisions as Contract 112. The refund for death and withdrawal is 90%

during the first ten (10) months, thereafter declining 1% for the next 40-months leaving a 50% refund after 50 months.

- ***Contract 190 is the current 90% refundable contract.*** This contract has the same health care provisions as Contract 112. The refund for death and withdrawal is 90% of the entrance fee paid.
- ***Contract 312 is the Direct Entrant to Assisted Living.*** This contract has the same health care and refund provisions as Contract 12.
- ***Contract 390 is the Direct Entrant to Assisted Living 90% refundable contract.*** This contract has the same health care and refund provisions as Contract 90.
- ***Contract 412 is the Direct Entrant to Nursing Care.*** This contract has the same health care and refund provisions as Contract 12.

### **Actuarial and Demographic Assumptions**

The underlying assumptions are an important component of any actuarial analysis. AVP used the experience of Aldersgate UMRC and the information on Aldersgate UMRC's contracts, along with AVP's database of continuing care retirement communities, to select mortality, morbidity (i.e., temporary and permanent transfers to health care), move-out, and new entrant assumptions. Aldersgate UMRC's actuarial database was analyzed during the observation period of January 1, 2011 through December 31, 2015. Mortality and morbidity rates are based on a blend of this analysis and experience from AVP's database on CCRC residents.

New entrant assumptions regarding age and gender distributions, double occupancy probabilities by unit type, and contract selection preferences are shown on Table 1.4 and reflect the experience of Aldersgate UMRC during the last three years. The population projection is based on these assumptions and includes a factor to increase average age at entry one year every five projection-years to reflect Aldersgate UMRC's experience with increases in average entry age.

### **Occupancy Assumptions**

The projections in this report are based on occupancy assumptions provided by management and are shown in Tables 0.3.2 and 0.3.3. Variations in occupancy that result in rates lower than assumed may have a material impact on the projections.

<b>Level of Care</b>	<b>Occupancy Percentage</b>	<b>Number of Units</b>
Independent living	92%	229
Assisted living/memory care	98%	106
Nursing care	91%	91

**Financial Assumptions**

Aldersgate UMRC provided the financial assumptions about operating and capital expenses. Operating expenses and other revenues, excluding monthly fees, are based on the 2016 budget. Table 3.5.1 shows total operating expenses for the next 10 years. Tables 3.6.x show the operating expenses as allocated by level of care, based on information provided by Aldersgate UMRC. Within each level of care, operating expenses were allocated by factors that reflect the unit size, number of residents in the unit, or number of units in that level of care.

Capital expenditures are based on the 2016 budget. Historical and future capital expenditures for the next 10 years are shown in Table 3.5.2.1. Capital expenditures were allocated by level of care based on information provided by Aldersgate UMRC. Within each level of care, capital expenditures vary by factors that reflect the unit size, number of residents in the unit, or number of units in that level of care. Actuarial depreciation for the next 10 years is shown in Table 3.5.2.2. These amounts are derived from the capital expenditures in Table 3.5.2.1 and the imputed interest rate for capital.

Monthly fees and entrance fees were provided by management and are outlined in Table 0.2. The financial analysis of Aldersgate UMRC has been based on the assumption that residents will pay the monthly fees that are scheduled. If residents do not have the resources to pay the assumed level of fees and funds are not available to subsidize the difference, the potential financial aid requirements could have a material impact on the projections.

**Economic Assumptions**

The projections in this report are based on economic assumptions provided by management as listed in the table below. For 2017 and future years, the expense inflation rate was assumed to be 3% and the interest earnings rate (present value discount rate) was assumed to be 5%, with a

resulting spread of 2%. If the inflation and interest spread falls below 2% for an extended period, the variance is likely to have a material impact on the projections.

<b>Key Economic Assumptions</b>	<b>Value</b>
<b><i>Inflation Assumptions</i></b>	
Operating expenses	3.0%
Other revenues	3.0%
Medicare	1.5%
Capital expenditures	3.0%
Entrance fees	2.0%
Monthly fees	3.0%
Per diem rates	3.0%
<b><i>Interest Rates</i></b>	
Earnings (represents “all-inclusive” rate for actual earnings, dividends, and appreciation on investments)	5.0%
Imputed interest rate for capital	5.0%

**Methodology**

The methodology used in preparing this report is consistent with guidelines set forth in Actuarial Standard of Practice No 3. *Practices Relating to Continuing Care Retirement Communities*. Our procedures include:

1. Collect data on current and past resident demographics and utilization of health care facilities.
2. Collect historical data on Aldersgate UMRC’s experience relating to occupancy by level of care, earnings on investments and liquid assets, adjustments to operating expenses, and historical capital expenditure patterns.
3. Review selection of baseline assumptions with management by analyzing Aldersgate UMRC’s resident, financial, and economic data and comparing with other CCRCs.
4. Identify the current census and apply the actuarial decrement assumptions along with contract provisions to project monthly fees, refunds, unit occupancy by type, independent

living turnover, health care usage, and other financial data, using a 20-year open-group resident population projection.

5. Use a closed-group resident projection based on the current census to calculate the actuarial present value of future monthly fees, refunds, and expenses for the actuarial valuation.
6. Use a closed-group resident projection for an entrant cohort (a typical set of single and couple contractholders during a 12-month period) to determine whether the combination of the entry fee and future monthly fees covers the future costs of care for the cohort.
7. Use the open-group resident projection to indicate whether (a) health care capacity is sufficient to meet future contractholder needs and (b) future cash balances will remain positive.
8. Interpret and provide observations and recommendations for pricing and/or policy changes based on the results of projections.

The text and tables in this report summarize the results of this methodology. No other source of information about the actuarial study is available and all models used to prepare information for this report are considered proprietary to AVP.

## EXPLANATION OF REPORT TABLES

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**Tables 0.1.x** summarize the contractholder census information. **Tables 0.2 and 0.3.x** contain the fee and occupancy assumptions used in this analysis. **Table 0.4** summarizes other financial assumptions used in the analysis. **Table 0.5** contains age- and gender-specific probabilities of actuarial decrement assumptions.

**Tables 1.1.x and 1.2.x** show historical resident data from January 1, 1992, through December 31, 2015. These tables reflect actual movement and utilization data for Aldersgate UMRC's contractholders, based on individual resident movements.

**Tables 1.3 and 1.4** contain the actuarial assumptions used in the analysis. **Table 1.3** shows the individual life expectancy and lifetime in health care for new entrants to Aldersgate UMRC and last survivor life expectancies. **Table 1.4** shows the demographic assumptions for new entrants to independent living based on the characteristics of actual new entrants during the past three years.

The open-group population projections are presented in **Tables 2.1, 2.2, 2.3, 2.4, 2.5, 2.13, 2.14, 2.15 and 2.16**. **Table 2.1** summarizes the key population flow statistics including independent living turnover and health care usage. **Table 2.2** shows the beginning-of-year demographic statistics for Aldersgate UMRC residents. This table indicates the projected number of residents in each level of care. **Table 2.3** shows the projected movements (deaths and permanent transfers) by care level for all residents. **Table 2.4** shows turnover statistics. Not all deaths and permanent transfers will result in a unit turnover because of the double occupancy in some independent living units. **Table 2.5** presents projected resident days by level of care. **Table 2.13** shows projected turnover by unit type. **Table 2.14** contains move-out and refund statistics. **Table 2.15** projects variations in independent living turnover and health care utilization. **Table 2.16** projects variation in refunds and health care utilization per 100 independent living residents.

**Table 3.5.1** shows the total operating expenses net of other revenues for the next 10 projection years. **Table 3.5.2.1** shows the investment in fixed assets since inception and for the next 10 years. **Table 3.5.2.2** shows the actuarial depreciation for the next 10 projection years.



**Table 3.5.3** shows the complete debt service schedule of principal and interest payments. **Tables 3.6.x** show operating expenses net of other revenues allocated to each level of care. **Tables 3.7.x** show the resulting daily costs of care per person for each level of care. **Tables 3.8.x** show actuarial depreciation allocated to each level of care. **Tables 3.9.x** show the resulting daily actuarial depreciation per person for each level of care.

**Table 4.1** contains the results of the actuarial valuation. The actuarial valuation indicates whether existing reserves are sufficient to cover the obligations associated with current residents. This analysis compares the sum of the current assets and the present value of future monthly fees associated with current residents to the present value of future operating and capital expenses associated with those residents. If the sum of the net assets plus the present value of monthly fees exceeds the present value of expenses, Aldersgate UMRC is in an actuarial surplus position and meets Condition 1 for satisfactory actuarial balance. If the sum does not exceed the present value of expenses, the deficit indicates the amount of care for current residents to be funded by new entrants or other sources.

The first component of the actuarial valuation is defined as net assets, which is derived from assets and liabilities that are found in the Aldersgate UMRC's balance sheet in accordance with ASOP #3. The values for fixed assets and long-term debt are adjusted to consider present values. A detailed documentation of the net asset values is given in **Table 4.4**.

The second component of the actuarial valuation, actuarial liabilities, is equal to the present value of future net operating expenses plus actuarial depreciation for fixed assets. The present values are discounted for interest and survivorship. This liability represents the expected cost of care for current residents. It is based on the assumption that the facility will continue operation and that new entrants will pay at least their actuarially adequate portion of total costs.

Actuarial assets, the third component, equal the present value of future monthly fees for current residents based on the assumed annual rate of increase.

The difference between actuarial liabilities and actuarial assets is given in item four. Item five contains the present value of future refunds for death, move-out, or permanent transfers (if applicable), which is the actuarial refund liability. The expected refund is based on the average

refund paid out during the year that death, move-out, or permanent transfer occurs and is discounted for interest.

The actuarial surplus or deficit, item six, equals net assets minus the excess of actuarial liabilities over actuarial assets plus the actuarial refund liabilities. The funded status, item seven, represents the portion of actuarial liabilities (operating and capital expenses and refunds) that are covered by existing assets and actuarial assets (future fees). The actuarial ratio, item eight, represents the portion of actuarial liabilities covered by assets that can be adjusted for inflation and longevity variations in experience. The liquid reserve ratio, item nine, represents the percentage of liabilities that are funded by liquid assets.

**Table 4.3** contains an actuarial valuation based on the unified funded status technique that presents results for ASOP#3 Conditions 1 and 2 tests in one value. If this value is greater than or equal to 100%, then the CCRC has passed Conditions 1 and 2. This table is the same format as Table 4.1 except sections on net assets and actuarial liabilities are adjusted to reflect the actuarial appraisal value and corresponding actuarial depreciation for fixed assets. The revised value for all fixed assets is accomplished by calculating the actuarial appraisal value such the new entrant cohort pricing generates a 0% margin for the typical entrant.

**Table 4.4** contains the documentation for the net asset calculation for the actuarial valuation.

**Table 4.5** contains the documentation for the initial cash balance used in the cash flow projections.

**Tables 5.x** contain the results of the actuarial pricing analysis of the fee structure for new entrants. This analysis compares the present value of future monthly fees (PVMF) plus the entrance fee, net of the present value of expected refund payments (NEF), to the present value of future operating and capital expenses (PVFE). If the actuarial assets (future monthly and entrance fees) exceed the actuarial liabilities (future operating and capital expenses), the fee structure is considered actuarially adequate and meets Condition 2 for satisfactory actuarial balance. If the actuarial assets are less than actuarial liabilities, some costs of the current cohort of new entrants will be passed on to future generations. The new entrant pricing analysis tests adequacy by unit type and for typical single and couple entrants. The typical entrant analysis is based on a weighting by (a) expected unit turnover, (b) projected occupied units, and (c) projected double occupancy. The actuarial liability differences among units are caused by variations in the allocation of operating and capital costs.

**Table 6.1** contains cash flow projections for Aldersgate UMRC. Monthly fees for independent living, assisted living/memory care, and nursing care are based on actual rates paid by lifecare contractholders. Private-pay rates for assisted living/memory care and nursing care are based on private-pay revenues for direct admissions. Entry fees from unit turnover are based on the annual turnover shown in Table 2.4 and fees shown in Table 0.2. Entry fees from vacant units represent fees associated with units needed to fill up to the desired occupancy level. Interest income is calculated as the interest rate times the beginning-of-year cash balance plus six months' interest on the change in cash balance net of interest income.

Debt service interest and principal payments were based on a schedule provided by Aldersgate UMRC. The initial cash balance was developed based on financial statements as of December 31, 2015, and is presented in Table 4.5. The debt service ratio is calculated as cash sources less cash uses, excluding debt service and capital expenditures, divided by debt service. The cash to debt ratio is calculated as end of year cash balance divided by end of year debt principal.

If positive cash balances are projected with respect to current and future residents for a period of least 20 years, then the facility meets Condition 3 for satisfactory actuarial balance.

## RELIANCE, LIMITATIONS AND CAUTIONARY NOTES —

In developing this report, AVP relied on data and information supplied by the management of Aldersgate UMRC. AVP relied on the general accuracy of this information without independent verification. However, AVP did review the data for reasonableness based on our knowledge of the continuing care retirement industry.

Reliance is placed on, but not limited to, the accuracy of the following information:

- Basic records, listings, summaries and reports, particularly those containing resident mortality, morbidity and withdrawal experience and other resident information
- Information concerning the current and projected design and pricing structure of resident agreements, both those available for sale and those currently in force
- Information relating to current and projected levels of occupancy for independent living, assisted living/memory care and nursing care
- Information relating to the number and size of independent living, health center and other physical structures
- Information relating to operating expense adjustments due to increasing occupancy in Memory care
- Information about capital expenditures since opening
- Unaudited financial statements as of December 31, 2015
- Operating and capital budgets for the year ending December 31, 2016
- Information about long-term debt

AVP relied on Aldersgate UMRC for the assumed level of occupancy and fees. We are not experts in the marketing of continuing care contracts. It would be inappropriate for any reader of this report

to place reliance on AVP concerning future occupancy levels and the ability of Aldersgate UMRC to attract residents who are willing to pay the assumed future fees.

### **Use of Report**

AVP has performed the work assigned and prepared this report in conformity with its intended use by persons technically competent in the areas addressed and for the stated purpose only. Any judgment regarding the data contained in the report should be made only after studying the entire report. Furthermore, members of AVP's staff are available to explain any item presented in this report.

This report is provided for the exclusive use of the management of Aldersgate UMRC. This limitation is included for the following reasons:

1. The report was prepared for your internal use and assumes a high level of knowledge relative to the operations of your facility, the data used in preparing the report and the external factors affecting your business. We would not expect a third party to have such knowledge.
2. As stated in the report, we relied on you for certain data without independent verification.

This report may be shared with the North Carolina Department of Insurance to meet its requirements for an actuarial study as well as Aldersgate UMRC's financing partners. **Any other distribution or reference to the report is expressly prohibited without the prior written consent of AVP.**

### **Variation between Projections and Actual Results**

AVP's estimates and projections in this report were developed in conformity with generally accepted actuarial principles and practices and were based on AVP's understanding of Aldersgate UMRC's current operating environment. AVP's calculations are projections, not forecasts of future results. Deviations between projected and actual results are normal and should be expected. Even without any change in perceived environments and in the parameters used to reflect them, actual results will vary from those projected due to normal random fluctuations and those variations may be material.

### **Actuarial Assumptions and Need for Monitoring and Updates**

New entrant assumptions and actuarial assumptions were selected based on Aldersgate UMRC's own experience and data from similar communities in AVP's database. Although AVP believes that these assumptions may reflect the future experience of Aldersgate UMRC, its actuarial position should be carefully monitored. Future studies of Aldersgate UMRC's experience may indicate a material deviation from the actuarial assumptions used in this study. AVP recommends that updates be conducted at least every two years.

### **AVP's Model**

AVP believes that the most important value of this analysis is that it provides management with a credible tool to continually assess the implications of pricing policies. To that end, AVP is willing to generate additional analyses based on other assumptions that may be selected by management and/or to provide management with direct access to AVP's models. AVP is available to further discuss these options at management's request.

**APPENDIX OF REPORT TABLES AND PROJECTIONS**

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Table 0.1.1

Aldersgate United Methodist Retirement Community  
 Contractholder Census  
 as of 12/31/2015

	Number of Residents	Average Monthly Fee	Average Entry Fee
	-----	-----	-----
<b>Epworth</b>			
First person . . . . .	229	3,207	174,288
Second person . . . . .	71	1,012	
	-----	-----	-----
	300	2,688	133,040
	-----	-----	-----
<b>Parker Terrace</b>			
First person . . . . .	52	3,758	120,081
Second person . . . . .	6	3,818	
	-----	-----	-----
	58	3,764	107,659
	-----	-----	-----
<b>Asbury</b>			
First person . . . . .	15	6,388	78,797
Second person . . . . .	6	5,985	
	-----	-----	-----
	21	6,273	56,284
	-----	-----	-----
<b>Contract Type</b>			
10 Lifecare . . . . .	0	0	0
11 Old Continuing Care . . . . .	2	3,658	102,183
12 New Continuing Care . . . . .	99	3,181	95,636
13 Plan 0 . . . . .	0	0	0
14 Lease Program . . . . .	13	3,154	0
50 Plan 50 . . . . .	0	0	0
90 Plan 90 . . . . .	134	3,261	165,201
112 0% Ref Plan after 1/2014 . . . . .	52	2,381	99,673
150 50% Ref Plan after 1/2014 . . . . .	33	2,208	149,112
190 90% Ref Plan after 1/2014 . . . . .	31	2,819	165,511
312 Direct Entrant to ALU w/EF . . . . .	11	4,705	8,543
314 Direct Entrant to ALU Lease . . . . .	0	0	0
390 Direct Entrant to ALU w/90% EF . . . . .	3	4,625	61,767
412 Direct Entrant to NUR w/EF . . . . .	1	6,388	15,000
414 Direct Entrant to NUR Lease . . . . .	0	0	0
490 Direct Entrant to NUR w/90% EF . . . . .	0	0	0
	-----	-----	-----
	379	3,051	124,903
	-----	-----	-----

Table 0.1.2

Age Distribution by Functional Status

Aldersgate United Methodist Retirement Community  
 Contractholder Census  
 Census as of 12/31/2015

Age Group	ILU		ALU&MEM		NCU		----- Totals -----			
	Female	Male	Female	Male	Female	Male	Female		Male	
	Count	Count	Count	Count	Count	Count	Count	Perct	Count	Perct
55 - 59	0	0	0	0	0	0	0	0.0%	0	0.0%
60 - 64	0	1	0	0	0	0	0	0.0	1	0.8
65 - 69	2	1	0	0	0	0	2	0.8	1	0.8
70 - 74	10	4	0	0	0	0	10	4.0	4	3.1
75 - 79	25	10	1	2	2	0	28	11.2	12	9.2
80 - 84	52	32	6	0	4	2	62	24.9	34	26.2
85 - 89	52	37	11	5	4	0	67	26.9	42	32.3
90 - 94	35	24	17	3	5	2	57	22.9	29	22.3
95 - 99	9	5	10	2	2	0	21	8.4	7	5.4
100 - 115	1	0	1	0	0	0	2	0.8	0	0.0
<b>Totals</b>	<b>186</b>	<b>114</b>	<b>46</b>	<b>12</b>	<b>17</b>	<b>4</b>	<b>249</b>	<b>100.0%</b>	<b>130</b>	<b>100.0%</b>
<b>Avg Age</b>	<b>84.7</b>	<b>85.3</b>	<b>90.3</b>	<b>87.5</b>	<b>86.8</b>	<b>86.3</b>	<b>85.8</b>		<b>85.5</b>	

Table 0.2

Aldersgate United Methodist Retirement Community  
 Fee Structure as of January 1, 2016

Contract 112 (0% Ref Plan after 1/2014)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
<b>Epworth:</b>				
Tower Studio A . . . . .	\$ 0	\$ 0	\$ 0	\$ 0
Daisy, Studio Effic . . . . .	2,190	0	0	0
The Rose . . . . .	2,297	890	90,125	20,000
The Iris . . . . .	2,426	890	110,210	20,000
The Knockout Rose . . . . .	2,351	890	100,734	20,000
The Tulip . . . . .	2,458	890	128,132	20,000
The Lily . . . . .	2,544	890	140,801	20,000
The Gardenia . . . . .	2,654	890	167,272	20,000
Azalea Cot 1082-1250 Sm . . . . .	3,249	890	119,892	20,000
Azalea Cot 1297-1360 Sm . . . . .	3,249	890	119,892	20,000
Azalea Cot 1380-1500 Sm . . . . .	3,249	890	119,892	20,000
Azalea Cot 1520-1589 Sm . . . . .	3,249	890	119,892	20,000
Azalea Cot 1667-1700 Sm . . . . .	3,249	890	119,892	20,000
Azalea Cot 1767-1976 Lg . . . . .	3,420	890	221,038	20,000
Azalea Cot 2500 Lg . . . . .	3,420	890	221,038	20,000
Azalea Cot 2912 Sm . . . . .	3,249	890	119,892	20,000
Cherry, 1 Br/1 Bth . . . . .	2,753	890	126,278	20,000
Mimosa, 1 Br/Den/Bal . . . . .	3,084	890	155,942	20,000
Dogwood/Holly, 2 Br/Bal . . . . .	3,478	890	172,951	20,000
Magnolia/Willow, 2 Br/2 Bth . . . . .	3,664	890	186,559	20,000
Sycamore, 2 Br/2 Bth . . . . .	3,967	890	200,541	20,000
Birch, 2 Br/2 Bth . . . . .	4,297	890	222,789	20,000
Chestnut, 2 Br/2 Bth . . . . .	4,519	890	237,621	20,000
Whiteoak, 2 Br/2.5 Bth . . . . .	4,849	890	263,680	20,000
The Maple, LRC . . . . .	4,071	890	257,500	20,000
The Walnut, LRC . . . . .	4,145	890	278,615	20,000
The Hickory, LRC . . . . .	4,301	890	298,597	20,000
The Cedar, WGC . . . . .	3,929	890	264,195	20,000
The Myrtle, WGC . . . . .	4,189	890	289,842	20,000
The Popular, WGC . . . . .	4,436	890	307,455	20,000
The Redwood, WGC . . . . .	4,649	890	316,313	20,000
The Laurel, WGC . . . . .	4,703	890	284,795	20,000
<b>Parker Terrace:</b>				
Tower AL Studio B . . . . .	130 per day	130 per day		
Tower AL 1/2 Ben . . . . .	130	130		
Memory Care . . . . .	130	130		
<b>Asbury:</b>				
Asbury . . . . .	130 per day	130 per day		

PER DIEM RATES

<b>Parker Terrace:</b>		
Tower AL Studio B . . . . .	156 per day	156 per day
Tower AL 1/2 Ben . . . . .	156	156
AYacfm 7UFY . . . . .	5gVfm	5gVfm

5gVfm  
 5gVfm (\* dYf Xlm) (\* dYf Xlm



Table 0.2 (continued)

Aldersgate United Methodist Retirement Community  
 Fee Structure as of January 1, 2016

Contract 150 (50% Ref Plan after 1/2014)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
<b>Epworth:</b>				
Tower Studio A . . . . .	\$ 0	\$ 0	\$ 0	\$ 0
Daisy, Studio Effic . . . . .	0	0	0	0
The Rose . . . . .	1,839	890	128,750	20,000
The Iris . . . . .	1,924	890	157,487	20,000
The Knockout Rose . . . . .	1,891	890	139,256	20,000
The Tulip . . . . .	1,965	890	183,031	20,000
The Lily . . . . .	2,034	890	201,056	20,000
The Gardenia . . . . .	2,124	890	234,428	20,000
Azalea Cot 1082-1250 Sm . . . . .	2,600	890	171,186	20,000
Azalea Cot 1297-1360 Sm . . . . .	2,600	890	171,186	20,000
Azalea Cot 1380-1500 Sm . . . . .	2,600	890	171,186	20,000
Azalea Cot 1520-1589 Sm . . . . .	2,600	890	171,186	20,000
Azalea Cot 1667-1700 Sm . . . . .	2,600	890	171,186	20,000
Azalea Cot 1767-1976 Lg . . . . .	2,736	890	315,798	20,000
Azalea Cot 2500 Lg . . . . .	2,736	890	315,798	20,000
Azalea Cot 2912 Sm . . . . .	2,600	890	171,186	20,000
Cherry, 1 Br/1 Bth . . . . .	2,202	890	180,353	20,000
Mimosa, 1 Br/Den/Bal . . . . .	2,467	890	222,789	20,000
Dogwood/Holly, 2 Br/Bal . . . . .	2,782	890	247,008	20,000
Magnolia/Willow, 2 Br/2 Bth . . . . .	2,936	890	266,518	20,000
Sycamore, 2 Br/2 Bth . . . . .	3,173	890	286,443	20,000
Birch, 2 Br/2 Bth . . . . .	3,438	890	318,270	20,000
Chestnut, 2 Br/2 Bth . . . . .	3,614	890	339,488	20,000
Whiteoak, 2 Br/2.5 Bth . . . . .	3,879	890	376,568	20,000
The Maple, LRC . . . . .	3,256	890	367,813	20,000
The Walnut, LRC . . . . .	3,316	890	398,095	20,000
The Hickory, LRC . . . . .	3,440	890	425,184	20,000
The Cedar, WGC . . . . .	3,144	890	377,289	20,000
The Myrtle, WGC . . . . .	3,351	890	414,009	20,000
The Popular, WGC . . . . .	3,549	890	439,244	20,000
The Redwood, WGC . . . . .	3,719	890	451,861	20,000
The Laurel, WGC . . . . .	3,763	890	406,850	20,000
<b>Parker Terrace:</b>				
Tower AL Studio B . . . . .	130 per day	130 per day		
Tower AL 1/2 Ben . . . . .	130	130		
Memory Care . . . . .	130	130		
<b>Asbury:</b>				
Asbury . . . . .	130 per day	130 per day		

PER DIEM RATES

<b>Parker Terrace:</b>			
Tower AL Studio B . . . . .	156 per day	156 per day	
Tower AL 1/2 Ben . . . . .	156	156	
AYacfm 7UFY . . . . .	% *	% *	
5gVfm . . . . .			
5gVfm . . . . .	& (* dYf XUm	& (* dYf XUm	



Table 0.2 (continued)

Aldersgate United Methodist Retirement Community  
 Fee Structure as of January 1, 2016

Contract 190 (90% Ref Plan after 1/2014)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
<b>Epworth:</b>				
Tower Studio A . . . . .	\$ 0	\$ 0	\$ 0	\$ 0
Daisy, Studio Effic . . . . .	2,190	0	0	0
The Rose . . . . .	2,297	890	128,750	20,000
The Iris . . . . .	2,426	890	157,487	20,000
The Knockout Rose . . . . .	2,351	890	139,256	20,000
The Tulip . . . . .	2,458	890	183,031	20,000
The Lily . . . . .	2,544	890	201,056	20,000
The Gardenia . . . . .	2,654	890	234,428	20,000
Azalea Cot 1082-1250 Sm . . . . .	3,249	890	171,186	20,000
Azalea Cot 1297-1360 Sm . . . . .	3,249	890	171,186	20,000
Azalea Cot 1380-1500 Sm . . . . .	3,249	890	171,186	20,000
Azalea Cot 1520-1589 Sm . . . . .	3,249	890	171,186	20,000
Azalea Cot 1667-1700 Sm . . . . .	3,249	890	171,186	20,000
Azalea Cot 1767-1976 Lg . . . . .	3,420	890	315,798	20,000
Azalea Cot 2500 Lg . . . . .	3,420	890	315,798	20,000
Azalea Cot 2912 Sm . . . . .	3,249	890	171,186	20,000
Cherry, 1 Br/1 Bth . . . . .	2,753	890	180,353	20,000
Mimosa, 1 Br/Den/Bal . . . . .	3,084	890	222,789	20,000
Dogwood/Holly, 2 Br/Bal . . . . .	3,478	890	247,008	20,000
Magnolia/Willow, 2 Br/2 Bth . . . . .	3,664	890	266,518	20,000
Sycamore, 2 Br/2 Bth . . . . .	3,967	890	286,443	20,000
Birch, 2 Br/2 Bth . . . . .	4,297	890	318,270	20,000
Chestnut, 2 Br/2 Bth . . . . .	4,519	890	339,488	20,000
Whiteoak, 2 Br/2.5 Bth . . . . .	4,849	890	376,568	20,000
The Maple, LRC . . . . .	4,071	890	367,813	20,000
The Walnut, LRC . . . . .	4,145	890	398,095	20,000
The Hickory, LRC . . . . .	4,301	890	425,184	20,000
The Cedar, WGC . . . . .	3,929	890	377,289	20,000
The Myrtle, WGC . . . . .	4,189	890	414,009	20,000
The Popular, WGC . . . . .	4,436	890	439,244	20,000
The Redwood, WGC . . . . .	4,649	890	451,861	20,000
The Laurel, WGC . . . . .	4,703	890	406,850	20,000
<b>Parker Terrace:</b>				
Tower AL Studio B . . . . .	130 per day	130 per day		
Tower AL 1/2 Ben . . . . .	130	130		
Memory Care . . . . .	130	130		
<b>Asbury:</b>				
Asbury . . . . .	130 per day	130 per day		

PER DIEM RATES

<b>Parker Terrace:</b>		
Tower AL Studio B . . . . .	156 per day	156 per day
Tower AL 1/2 Ben . . . . .	156	156
AYacmi 7UFY . . . . .	90 *	90 *

5gV fm

5gV fm

&(\* dYf XUm &(\* dYf XUm



Table 0.3.1

Aldersgate United Methodist Retirement Community  
 Facility Unit Configuration  
 Unit Capacity

Unit Type	Square Feet	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+
Epworth:											
Tower Studio A . . . . .	285	0	0	0	0	0	0	0	0	0	0
Daisy, Studio Effc . . . . .	385	0	0	0	0	0	0	0	0	0	0
The Rose . . . . .	585	19	24	24	24	24	24	24	24	24	24
The Iris . . . . .	585	13	16	16	16	16	16	16	16	16	16
The Knockout Rose . . . . .	585	14	8	8	8	8	8	8	8	8	8
The Tulip . . . . .	782	9	11	11	11	11	11	11	11	11	11
The Lily . . . . .	1,067	10	8	8	8	8	8	8	8	8	8
The Gardenia . . . . .	1,170	16	15	15	15	15	15	15	15	15	15
Azalea Cot 1082-1250 Sm	1,178	4	4	4	4	4	4	4	4	4	4
Azalea Cot 1297-1360 Sm	1,337	7	7	7	7	7	7	7	7	7	7
Azalea Cot 1380-1500 Sm	1,428	8	8	8	8	8	8	8	8	8	8
Azalea Cot 1520-1589 Sm	1,550	6	6	6	6	6	6	6	6	6	6
Azalea Cot 1667-1700 Sm	1,683	4	4	4	4	4	4	4	4	4	4
Azalea Cot 1767-1976 Lg	1,894	4	4	4	4	4	4	4	4	4	4
Azalea Cot 2500 Lg . . . .	2,500	1	1	1	1	1	1	1	1	1	1
Azalea Cot 2912 Sm . . . .	2,912	1	1	1	1	1	1	1	1	1	1
Cherry, 1 Br/1 Bth . . . . .	750	8	8	8	8	8	8	8	8	8	8
Mimosa, 1 Br/Den/Bal . . . .	955	15	15	15	15	15	15	15	15	15	15
Dogwood/Holly, 2 Br/Bal	1,064	21	21	21	21	21	21	21	21	21	21
Magnolia/Willow, 2 Br/2 B	1,158	12	12	12	12	12	12	12	12	12	12
Sycamore, 2 Br/2 Bth . . . .	1,250	6	6	6	6	6	6	6	6	6	6
Birch, 2 Br/2 Bth . . . . .	1,400	3	3	3	3	3	3	3	3	3	3
Chestnut, 2 Br/2 Bth . . . .	1,500	6	6	6	6	6	6	6	6	6	6
Whiteoak, 2 Br/2.5 Bth . . . .	1,660	3	3	3	3	3	3	3	3	3	3
The Maple, LRC . . . . .	1,598	10	10	10	10	10	10	10	10	10	10
The Walnut, LRC . . . . .	1,740	1	1	1	1	1	1	1	1	1	1
The Hickory, LRC . . . . .	1,867	5	5	5	5	5	5	5	5	5	5
The Cedar, WGC . . . . .	1,507	2	2	2	2	2	2	2	2	2	2
The Myrtle, WGC . . . . .	1,650	16	16	16	16	16	16	16	16	16	16
The Popular, WGC . . . . .	1,880	4	4	4	4	4	4	4	4	4	4
The Redwood, WGC . . . . .	2,035	19	19	19	19	19	19	19	19	19	19
The Laurel, WGC . . . . .	2,340	1	1	1	1	1	1	1	1	1	1
		248	249	249	249	249	249	249	249	249	249
Parker Terrace:											
Tower AL Studio B . . . . .	285	15	15	15	15	15	15	15	15	15	15
Tower AL 1/2 Ben . . . . .	570	32	32	32	32	32	32	32	32	32	32
Memory Care . . . . .	251	61	61	61	61	61	61	61	61	61	61
		108	108	108	108	108	108	108	108	108	108

Asbury:

5gM fm	%S	%S	%S	%S	%S	%S	%S	%S	%S	%S
	!!!!	!!!!	!!!!	!!!!	!!!!	!!!!	!!!!	!!!!	!!!!	!!!!



Table 0.3.2

Aldersgate United Methodist Retirement Community  
 Facility Unit Configuration  
 Beginning of Year Unit Occupancy

Unit Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+
<b>Epworth:</b>										
Tower Studio A	0	0	0	0	0	0	0	0	0	0
Daisy, Studio Effc	0	0	0	0	0	0	0	0	0	0
The Rose	19	19	19	19	19	19	19	19	19	19
The Iris	13	13	13	13	13	13	13	13	13	13
The Knockout Rose	8	8	8	8	8	8	8	8	8	8
The Tulip	9	9	9	9	9	9	9	9	9	9
The Lily	9	9	9	9	9	9	9	9	9	9
The Gardenia	15	15	15	15	15	15	15	15	15	15
Azalea Cot 1082-1250 Sm	4	4	4	4	4	4	4	4	4	4
Azalea Cot 1297-1360 Sm	6	6	6	6	6	6	6	6	6	6
Azalea Cot 1380-1500 Sm	8	8	8	8	8	8	8	8	8	8
Azalea Cot 1520-1589 Sm	6	6	6	6	6	6	6	6	6	6
Azalea Cot 1667-1700 Sm	4	4	4	4	4	4	4	4	4	4
Azalea Cot 1767-1976 Lg	4	4	4	4	4	4	4	4	4	4
Azalea Cot 2500 Lg	1	1	1	1	1	1	1	1	1	1
Azalea Cot 2912 Sm	1	1	1	1	1	1	1	1	1	1
Cherry, 1 Br/1 Bth	8	8	8	8	8	8	8	8	8	8
Mimosa, 1 Br/Den/Bal	15	15	15	15	15	15	15	15	15	15
Dogwood/Holly, 2 Br/Bal	19	19	19	19	19	19	19	19	19	19
Magnolia/Willow, 2 Br/2 Bth	12	12	12	12	12	12	12	12	12	12
Sycamore, 2 Br/2 Bth	6	6	6	6	6	6	6	6	6	6
Birch, 2 Br/2 Bth	3	3	3	3	3	3	3	3	3	3
Chestnut, 2 Br/2 Bth	6	6	6	6	6	6	6	6	6	6
Whiteoak, 2 Br/2.5 Bth	1	1	1	1	1	1	1	1	1	1
The Maple, LRC	8	8	8	8	8	8	8	8	8	8
The Walnut, LRC	1	1	1	1	1	1	1	1	1	1
The Hickory, LRC	5	5	5	5	5	5	5	5	5	5
The Cedar, WGC	2	2	2	2	2	2	2	2	2	2
The Myrtle, WGC	14	14	14	14	14	14	14	14	14	14
The Poplar, WGC	4	4	4	4	4	4	4	4	4	4
The Redwood, WGC	17	17	17	17	17	17	17	17	17	17
The Laurel, WGC	1	1	1	1	1	1	1	1	1	1
	229	229	229	229	229	229	229	229	229	229
<b>Parker Terrace:</b>										
Tower AL Studio B	15	15	15	15	15	15	15	15	15	15
Tower AL 1/2 Ben	31	31	31	31	31	31	31	31	31	31
Memory Care	44	60	60	60	60	60	60	60	60	60
	90	106	106	106	106	106	106	106	106	106

Asbury:

5gV fm

,) - % - % - % - % - % - % - % - % - %  
 !!!!! !!!!! !!!!! !!!!! !!!!! !!!!! !!!!! !!!!! !!!!! !!!!!



Table 0.3.3

Aldersgate United Methodist Retirement Community  
 Facility Unit Configuration  
 Average Number of Unit/Beds Occupied

Unit Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+
<b>Epworth:</b>										
Tower Studio A . . . . .	0	0	0	0	0	0	0	0	0	0
Daisy, Studio Effic . . . . .	0	0	0	0	0	0	0	0	0	0
The Rose . . . . .	19	19	19	19	19	19	19	19	19	19
The Iris . . . . .	13	13	13	13	13	13	13	13	13	13
The Knockout Rose . . . . .	8	8	8	8	8	8	8	8	8	8
The Tulip . . . . .	9	9	9	9	9	9	9	9	9	9
The Lily . . . . .	9	9	9	9	9	9	9	9	9	9
Azalea Cot 1082-1250 Sm . . . .	4	4	4	4	4	4	4	4	4	4
Azalea Cot 1297-1360 Sm . . . .	6	6	6	6	6	6	6	6	6	6
Azalea Cot 1380-1500 Sm . . . .	8	8	8	8	8	8	8	8	8	8
Azalea Cot 1520-1589 Sm . . . .	6	6	6	6	6	6	6	6	6	6
Azalea Cot 1667-1700 Sm . . . .	4	4	4	4	4	4	4	4	4	4
Azalea Cot 1767-1976 Lg . . . .	4	4	4	4	4	4	4	4	4	4
Azalea Cot 2500 Lg . . . . .	1	1	1	1	1	1	1	1	1	1
Azalea Cot 2912 Sm . . . . .	1	1	1	1	1	1	1	1	1	1
Cherry, 1 Br/1 Bth . . . . .	8	8	8	8	8	8	8	8	8	8
Mimosa, 1 Br/Den/Bal . . . . .	15	15	15	15	15	15	15	15	15	15
Dogwood/Holly, 2 Br/Bal . . . .	19	19	19	19	19	19	19	19	19	19
Magnolia/Willow, 2 Br/2 Bth . .	12	12	12	12	12	12	12	12	12	12
Sycamore, 2 Br/2 Bth . . . . .	6	6	6	6	6	6	6	6	6	6
Birch, 2 Br/2 Bth . . . . .	3	3	3	3	3	3	3	3	3	3
Chestnut, 2 Br/2 Bth . . . . .	6	6	6	6	6	6	6	6	6	6
Whiteoak, 2 Br/2.5 Bth . . . . .	1	1	1	1	1	1	1	1	1	1
The Maple, LRC . . . . .	8	8	8	8	8	8	8	8	8	8
The Walnut, LRC . . . . .	1	1	1	1	1	1	1	1	1	1
The Hickory, LRC . . . . .	5	5	5	5	5	5	5	5	5	5
The Cedar, WGC . . . . .	2	2	2	2	2	2	2	2	2	2
The Myrtle, WGC . . . . .	14	14	14	14	14	14	14	14	14	14
The Poplar, WGC . . . . .	4	4	4	4	4	4	4	4	4	4
The Redwood, WGC . . . . .	17	17	17	17	17	17	17	17	17	17
The Laurel, WGC . . . . .	1	1	1	1	1	1	1	1	1	1
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	229	229	229	229	229	229	229	229	229	229
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Parker Terrace:</b>										
Tower AL Studio B . . . . .	15	15	15	15	15	15	15	15	15	15
Tower AL 1/2 Ben . . . . .	31	31	31	31	31	31	31	31	31	31
Memory Care . . . . .	53	60	60	60	60	60	60	60	60	60
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	99	106	106	106	106	106	106	106	106	106
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Asbury:</b>										
Asbury . . . . .	88	91	91	91	91	91	91	91	91	91





Table 0.3.4

Aldersgate United Methodist Retirement Community  
 Facility Unit Configuration  
 Average Number of Residents

Care Level -----	2016 ----	2017 ----	2018 ----	2019 ----	2020 ----	2021 ----	2022 ----	2023 ----	2024 ----	2025+ -----
Epworth . . . . .	298	295	294	292	292	291	290	289	289	288
Parker Terrace . . . . .	99	106	106	106	106	106	106	106	106	106
Asbury . . . . .	88	91	91	91	91	91	91	91	91	91

Table 0.4

Aldersgate United Methodist Retirement Community  
Other Financial Assumptions

Monthly Fee Inflation Rate: . . . . .	3.0
Entry Fee Inflation Rate: . . . . .	2.0
Other Revenue Inflation Rate: . . . . .	2.3 to 2.6
Operating Expense Inflation Rate: . . . . .	3.0 to 3.2
Capital Expenditure Inflation Rate: . . . . .	-60.2 to 52.8
Interest Rate for Valuing Fixed Assets and Corresponding Liabilities: . . . . .	5.0
Discount Rate for Determining Present Value and Rate of Return on Invested Assets: . . . . .	5.0
Rate of Return on Debt Service Reserve Fund: . . . . .	5.0
Interest Rate for Outstanding Debt: . . . . .	5.0

Useful Life of Capital Assets (Years):

- LAND: . . . . .	Unlimited
- LAND IMPR 25 YRS: . . . . .	25
- LAND IMPR 20 YRS: . . . . .	20
- LAND IMPR 15 YRS: . . . . .	15
- LAND IMPR 10 YRS: . . . . .	10
- BLDG IMPR 40 YRS: . . . . .	40
- BLDG IMPR 30 YRS: . . . . .	30
- BLDG IMPR 25 YRS: . . . . .	25
- BLDG IMPR 20 YRS: . . . . .	20
- BLDG IMPR 15 YRS: . . . . .	15
- BLDG IMPR 12 YRS: . . . . .	12
- BLDG IMPR 10 YRS: . . . . .	10
- BLDG IMPR 7 YRS: . . . . .	7
- BLD IMPR 5 YRS: . . . . .	5
- FFE 30 YRS: . . . . .	30
- FFE 20 YRS: . . . . .	20
- FFE 15 YRS: . . . . .	15
- FFE 10 YRS: . . . . .	10
- FFE 7 YRS: . . . . .	7
- FFE 5 YRS: . . . . .	5
- FFE 3 YRS: . . . . .	3
- VEHICLES 5 YRS: . . . . .	5
- VEHICLES 3 YRS: . . . . .	3
- DEFERRED MARKETING: . . . . .	12
- DEF FIN COST 2015: . . . . .	30
- DEF FIN COST 2013: . . . . .	22
- CIP - AL/MS PROJ 40 YRS: . . . . .	40
- CIP - AL/MS PRO 10 YRS: . . . . .	10
- CIP 40 YRS: . . . . .	40
- CIP 10 YRS: . . . . .	10
- CAPITALIZED INTEREST: . . . . .	30

Fiscal Year: . . . . . January 1 To December 31

=b]h]U`MUF`cZ`CdYfUh]cbg . . . . . %)\*

7i ffYbh`:]gWU`MUF . . . . . 85%

GWYXi`Y`Acbh`mi:YY`=bWYUgYg . . . . . >Ubi Ufmi%



TABLE 0.5

Aldersgate United Methodist Retirement Community  
 DECREMENT ASSUMPTIONS FOR 2016 ACTUARIAL STUDY  
 (Based on 12/31/2015 - Update Decrements Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
MORTALITY RATES (PER 100 LIVES) FOR Epworth RESIDENTS										
60	0.12	0.30	0.30	0.30	0.33	0.68	0.77	0.85	0.85	0.85
65	0.34	0.88	0.88	0.88	0.98	1.13	1.28	1.42	1.42	1.42
70	0.71	1.82	1.82	1.82	2.02	1.64	1.85	2.05	2.05	2.05
75	0.93	2.39	2.39	2.39	2.65	4.08	4.59	5.10	5.10	5.10
80	1.18	3.04	3.04	3.04	3.38	5.75	6.47	7.19	7.19	7.19
85	1.72	4.42	4.42	4.42	4.91	7.23	8.14	9.04	9.04	9.04
90	2.85	7.33	7.33	7.33	8.15	8.29	9.33	10.37	10.37	10.37
95	4.79	12.31	12.31	12.31	13.68	10.62	11.95	13.28	13.28	13.28
100	5.91	15.20	15.20	15.20	16.88	13.51	15.20	16.89	16.89	16.89
105	8.91	22.91	22.91	22.91	25.46	24.22	27.25	30.28	30.28	30.28
110	15.41	39.61	39.61	39.61	44.02	45.99	51.74	57.49	57.49	57.49
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MORTALITY RATES (PER 100 LIVES) FOR Parker Terrace RESIDENTS										
60	6.33	6.33	6.33	6.33	6.33	4.20	4.20	2.80	4.20	2.80
65	7.32	7.32	7.32	7.32	7.32	8.26	8.26	5.50	8.26	5.50
70	7.53	7.53	7.53	7.53	7.53	11.86	11.86	7.91	11.86	7.91
75	8.13	8.13	8.13	8.13	8.13	15.64	15.64	10.43	15.64	10.43
80	9.98	9.98	9.98	9.98	9.98	20.60	20.60	13.73	20.60	13.73
85	12.27	12.27	12.27	12.27	12.27	32.86	32.86	21.91	32.86	21.91
90	14.93	14.93	14.93	14.93	14.93	45.54	45.54	30.36	45.54	30.36
95	19.42	19.42	19.42	19.42	19.42	51.94	51.94	34.63	51.94	34.63
100	31.96	31.96	31.96	31.96	31.96	86.89	86.89	57.92	86.89	57.92
105	53.96	53.96	53.96	53.96	53.96	100.00	100.00	79.64	100.00	79.64
110	83.84	83.84	83.84	83.84	83.84	100.00	100.00	94.10	100.00	94.10
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MORTALITY RATES (PER 100 LIVES) FOR Asbury RESIDENTS										
60	87.35	29.12	29.12	29.12	29.12	28.58	28.58	57.16	28.58	28.58
65	100.00	34.21	34.21	34.21	34.21	42.07	42.07	84.14	42.07	42.07
70	100.00	34.99	34.99	34.99	34.99	49.70	49.70	99.41	49.70	49.70
75	100.00	36.20	36.20	36.20	36.20	54.34	54.34	100.00	54.34	54.34
80	100.00	36.70	36.70	36.70	36.70	59.36	59.36	100.00	59.36	59.36
85	100.00	42.15	42.15	42.15	42.15	61.82	61.82	100.00	61.82	61.82
90	100.00	53.81	53.81	53.81	53.81	65.42	65.42	100.00	65.42	65.42
95	100.00	59.17	59.17	59.17	59.17	73.52	73.52	100.00	73.52	73.52
100	100.00	75.78	75.78	75.78	75.78	83.28	83.28	100.00	83.28	83.28
105	100.00	97.28	97.28	97.28	97.28	100.00	100.00	100.00	100.00	100.00
110	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE 0.5 (CONTINUED)

Aldersgate United Methodist Retirement Community  
 DECREMENT ASSUMPTIONS FOR 2016 ACTUARIAL STUDY  
 (Based on 12/31/2015 - Update Decrements Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
<b>MOVE-OUT RATES (PER 100 LIVES) FOR Epworth RESIDENTS</b>										
60	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
65	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
70	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
75	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
80	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
85	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
90	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
95	3.00	6.00	4.50	3.00	3.00	2.00	2.00	3.00	2.00	2.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>MOVE-OUT RATES (PER 100 LIVES) FOR Parker Terrace RESIDENTS</b>										
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>MOVE-OUT RATES (PER 100 LIVES) FOR Asbury RESIDENTS</b>										
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 0.5 (CONTINUED)

Aldersgate United Methodist Retirement Community  
 DECREMENT ASSUMPTIONS FOR 2016 ACTUARIAL STUDY  
 (Based on 12/31/2015 - Update Decrements Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Epworth TO Parker Terrace										
60	1.07	0.54	0.67	0.54	0.54	0.22	0.22	0.22	0.22	0.22
65	2.35	1.17	1.47	1.17	1.17	0.63	0.63	0.63	0.63	0.63
70	3.02	1.51	1.88	1.51	1.51	0.98	0.98	0.98	0.98	0.98
75	2.93	1.46	1.83	1.46	1.46	1.14	1.14	1.14	1.14	1.14
80	6.70	3.35	4.19	3.35	3.35	2.28	2.28	2.28	2.28	2.28
85	13.72	6.86	8.57	6.86	6.86	4.19	4.19	4.19	4.19	4.19
90	23.52	11.76	14.70	11.76	11.76	10.76	10.76	10.76	10.76	10.76
95	30.90	15.45	19.31	15.45	15.45	11.38	11.38	11.38	11.38	11.38
100	13.11	6.56	8.19	6.56	6.56	5.91	5.91	5.91	5.91	5.91
105	0.76	0.38	0.48	0.38	0.38	5.31	5.31	5.31	5.31	5.31
110	2.17	1.08	1.36	1.08	1.08	3.01	3.01	3.01	3.01	3.01
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Epworth TO Asbury										
60	0.07	0.07	0.10	0.10	0.12	0.17	0.17	0.27	0.27	0.28
65	0.26	0.26	0.39	0.39	0.44	0.38	0.38	0.61	0.61	0.64
70	0.34	0.34	0.50	0.50	0.56	0.41	0.41	0.65	0.65	0.69
75	0.42	0.42	0.64	0.64	0.71	0.51	0.51	0.80	0.80	0.85
80	0.75	0.75	1.12	1.12	1.25	0.67	0.67	1.06	1.06	1.12
85	1.36	1.36	2.04	2.04	2.27	1.41	1.41	2.23	2.23	2.35
90	2.64	2.64	3.96	3.96	4.41	2.57	2.57	4.07	4.07	4.28
95	3.77	3.77	5.65	5.65	6.28	2.12	2.12	3.36	3.36	3.53
100	3.87	3.87	5.80	5.80	6.45	1.62	1.62	2.57	2.57	2.71
105	3.66	3.66	5.49	5.49	6.09	1.74	1.74	2.75	2.75	2.89
110	2.63	2.63	3.95	3.95	4.39	1.21	1.21	1.92	1.92	2.02
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Parker Terrace TO Asbury										
60	2.12	2.12	2.12	2.12	2.12	2.16	2.16	2.16	2.16	2.16
65	3.55	3.55	3.55	3.55	3.55	2.20	2.20	2.20	2.20	2.20
70	4.81	4.81	4.81	4.81	4.81	6.75	6.75	6.75	6.75	6.75
75	6.31	6.31	6.31	6.31	6.31	11.14	11.14	11.14	11.14	11.14
80	11.41	11.41	11.41	11.41	11.41	13.38	13.38	13.38	13.38	13.38
85	13.95	13.95	13.95	13.95	13.95	18.96	18.96	18.96	18.96	18.96
90	21.79	21.79	21.79	21.79	21.79	26.06	26.06	26.06	26.06	26.06
95	26.48	26.48	26.48	26.48	26.48	44.54	44.54	44.54	44.54	44.54
100	28.73	28.73	28.73	28.73	28.73	50.05	50.05	50.05	50.05	50.05
105	25.59	25.59	25.59	25.59	25.59	35.88	35.88	35.88	35.88	35.88
110	16.72	16.72	16.72	16.72	16.72	22.78	22.78	22.78	22.78	22.78
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 0.5 (CONTINUED)

Aldersgate United Methodist Retirement Community  
 DECREMENT ASSUMPTIONS FOR 2016 ACTUARIAL STUDY  
 (Based on 12/31/2015 - Update Decrements Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Epworth TO Parker Terrace										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
85	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
95	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
105	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Epworth TO Asbury										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	1.9	1.9	1.9	1.9	1.9	1.5	1.5	1.5	1.5	1.5
80	5.1	5.1	5.1	5.1	5.1	4.0	4.0	4.0	4.0	4.0
85	8.4	8.4	8.4	8.4	8.4	6.5	6.5	6.5	6.5	6.5
90	11.6	11.6	11.6	11.6	11.6	9.0	9.0	9.0	9.0	9.0
95	14.8	14.8	14.8	14.8	14.8	11.5	11.5	11.5	11.5	11.5
100	18.0	18.0	18.0	18.0	18.0	14.0	14.0	14.0	14.0	14.0
105	21.2	21.2	21.2	21.2	21.2	16.5	16.5	16.5	16.5	16.5
110	24.4	24.4	24.4	24.4	24.4	19.0	19.0	19.0	19.0	19.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Parker Terrace TO Asbury										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
85	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
90	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
95	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3
100	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9
105	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4
110	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 1.1.1

Historic Epworth Turnover  
for Aldersgate United Methodist Retirement Community Contractholders  
Observation period is 1/01/1992 to 12/31/2015

Calendar Year	Average	Number of New Entrants	Number of ILU Move-Ins	Estimated ILU **	----Cause of ILU Turnover---		
	Age of New Entrants				Death	Move Out	Permanent Transfer
1992	78.6	48	36	17	2	5	10
1993	80.6	32	25	27	3	1	23
1994	79.5	39	31	31	4	0	27
1995	81.8	36	27	26	3	1	22
1996	82.2	34	25	30	3	2	25
1997	81.5	44	32	35	4	4	27
1998	80.6	29	20	30	2	2	26
1999	82.5	19	15	24	3	2	19
2000	79.9	20	15	23	4	1	18
2001	80.5	21	16	26	2	2	22
2002	80.0	50	33	25	4	1	20
2003	80.9	102	67	20	3	3	14
2004	81.4	53	37	33	3	4	26
2005	81.6	49	34	36	4	7	25
2006	81.1	60	42	21	1	2	18
2007	80.7	56	35	26	7	2	17
2008	80.9	67	46	30	8	7	15
2009	81.8	40	26	35	10	10	15
2010	82.8	43	29	36	4	9	23
2011	82.4	40	29	38	8	13	17
2012	81.5	43	30	33	13	4	16
2013	81.2	46	34	35	12	6	17
2014	82.4	57	38	39	14	4	21
2015	81.0	61	42	39	11	6	22
Totals	81.1	1,089	764	715	132	98	485

\*\* The values for estimated turnover are based on resident movements. These numbers may not match actual turnover during the year for several reasons such as: (1) resident movement data may be missing or inaccurate; (2) information about couples may not be properly matched, or (3) internal moves within independent living may be present but are not considered turnover.

Table 1.1.2

Description of Actuarial Database  
 for Aldersgate United Methodist Retirement Community Contractholders  
 Observation period is 1/01/1992 to 12/31/2015

Calendar Year	---- New Entrants ----			----- Deaths -----			----- Move Outs -----			Net Change
	ILU	ALU	NCU	ILU	ALU	NCU	ILU	ALU	NCU	
1992	48	0	0	4	1	32	5	0	0	6
1993	32	0	0	7	2	14	2	2	2	3
1994	39	0	0	4	0	37	0	0	1	-3
1995	36	0	0	6	1	31	1	0	1	-4
1996	34	0	0	4	0	37	2	0	3	-12
1997	44	0	0	8	2	34	4	0	2	-6
1998	29	0	0	6	0	32	3	1	3	-16
1999	19	0	0	7	1	29	3	2	2	-25
2000	20	0	0	5	0	23	1	0	4	-13
2001	21	0	0	2	2	27	2	0	0	-12
2002	50	0	0	5	3	20	2	0	2	18
2003	102	0	0	5	2	21	3	0	1	70
2004	53	0	0	4	2	26	8	2	5	6
2005	49	0	0	11	7	17	10	4	2	-2
2006	60	2	0	11	8	14	3	1	6	19
2007	56	0	0	9	4	10	2	3	4	24
2008	67	0	0	16	6	18	9	5	3	10
2009	40	0	0	15	9	12	12	0	6	-14
2010	43	0	0	12	7	18	12	3	5	-14
2011	40	0	0	19	6	9	15	2	2	-13
2012	43	0	0	15	10	12	5	5	2	-6
2013	46	0	0	18	10	21	7	2	2	-14
2014	57	0	0	26	11	11	4	2	2	1
2015	61	0	0	18	10	15	6	3	1	8
Totals	1,089	2	0	237	104	520	121	37	61	11



Table 1.1.3

Description of Actuarial Data Base  
 for Aldersgate United Methodist Retirement Community Contractholders  
 Observation period is 1/01/1992 to 12/31/2015

Calendar Year	Perm Xfer To ALU Fm ILU	Perm Xfer To NCU Fm ILU	Perm Xfer To NCU Fm ALU	Recovery To ALU	Recovery To ILU
1992	4	12	17	0	2
1993	15	17	9	2	4
1994	10	23	6	2	1
1995	7	24	7	3	2
1996	8	22	13	4	0
1997	7	25	6	1	1
1998	11	31	9	1	2
1999	8	19	11	2	3
2000	11	10	8	1	0
2001	5	24	2	0	0
2002	15	9	6	3	1
2003	13	8	7	4	1
2004	18	17	16	2	2
2005	22	8	12	6	0
2006	17	8	13	6	0
2007	14	8	7	3	1
2008	18	1	11	1	0
2009	21	7	10	1	1
2010	17	12	13	4	0
2011	20	6	15	6	0
2012	17	6	7	3	1
2013	28	2	14	0	0
2014	25	8	7	2	1
2015	17	9	14	6	1
<b>Totals</b>	<b>348</b>	<b>316</b>	<b>240</b>	<b>63</b>	<b>24</b>

Table 1.2.1

Annualized Average Utilization in Number of Residents  
for Aldersgate United Methodist Retirement Community Contractholders  
Observation Period is 1/1/1992 to 12/31/2015

Calendar Year	Epworth	Avg Unit Occupancy	Parker Terrace	Asbury	Acute Care *
1992	218.6	18.0	22.0	113.5	1.6
1993	224.5	18.0	15.0	118.7	1.0
1994	225.3	18.2	19.4	114.1	1.5
1995	229.8	24.0	17.9	108.6	1.1
1996	226.5	32.5	18.8	98.4	1.6
1997	224.6	37.2	18.1	95.7	1.6
1998	210.8	37.7	18.9	94.1	1.8
1999	199.5	43.1	17.1	88.9	1.5
2000	188.1	42.4	15.6	84.4	1.6
2001	180.9	42.7	18.2	77.4	1.4
2002	169.7	46.2	18.3	75.1	1.1
2003	232.5	94.9	32.1	57.1	1.0
2004	269.6	125.7	37.6	57.9	1.7
2005	270.1	139.0	42.9	48.3	4.7
2006	283.2	161.8	39.6	44.4	3.4
2007	302.4	184.7	45.7	43.1	2.2
2008	331.6	210.4	43.3	37.8	2.0
2009	330.0	222.5	42.1	33.2	2.3
2010	315.2	222.3	45.2	30.7	2.9
2011	298.2	224.2	45.2	30.0	2.4
2012	298.8	230.7	44.6	29.3	2.2
2013	287.4	228.0	45.1	23.6	2.0
2014	280.1	226.1	48.5	22.9	2.2
2015	278.4	222.2	49.3	22.6	2.2

\* Acute care usage may be understated since all transfers from Epworth to acute care may not be recorded in data base.

Table 1.2.2

Average Utilization in Resident Days  
for Aldersgate United Methodist Retirement Community Contractholders  
Observation Period is 1/1/1992 to 12/31/2015

Calendar Year	Permanent Epworth P-ILU-ILU	Permanent Parker Terrace P-ALU-ALU	Temporary Parker Terrace T-ALU-ALU	Permanent Parker Terrace P-MEM-ALU	Temporary Parker Terrace T-MEM-ALU	Permanent Parker Terrace P-MEM-MEM	Temporary Parker Terrace T-MEM-MEM	Permanent Asbury P-NCU-NCU
1992	79,794	7,388	638	0	0	0	0	39,931
1993	81,941	4,677	802	0	0	0	0	41,935
1994	82,231	6,746	320	0	0	0	0	40,582
1995	83,885	6,540	0	0	0	0	0	38,333
1996	82,902	6,863	0	0	0	0	0	34,830
1997	81,997	6,603	0	0	0	0	0	33,000
1998	76,960	6,894	0	0	0	0	0	32,213
1999	72,835	6,246	0	0	0	0	0	30,354
2000	68,846	5,702	0	0	0	0	0	29,404
2001	66,041	6,657	0	0	0	0	0	26,495
2002	61,953	6,063	0	622	0	0	0	25,393
2003	84,854	6,268	0	5,430	20	0	0	19,591
2004	98,669	5,847	0	7,824	83	0	0	17,895
2005	98,577	9,768	0	5,889	0	0	0	15,543
2006	103,362	9,477	0	4,524	0	470	0	14,606
2007	110,367	10,887	0	5,061	13	730	0	13,806
2008	121,354	9,809	0	5,166	52	808	0	11,767
2009	120,452	8,756	0	5,504	3	1,095	0	9,668
2010	115,054	9,105	0	6,014	92	1,302	0	8,807
2011	108,853	9,579	0	5,255	0	1,667	0	8,744
2012	109,378	9,478	0	4,877	0	1,968	0	8,555
2013	104,884	9,877	0	3,996	0	2,577	0	6,741
2014	102,220	10,136	0	3,801	4	3,751	0	5,574
2015	101,627	11,033	0	1,622	0	5,354	0	5,853
Total	2,219,036	190,399	1,760	65,585	267	19,722	0	519,620
LYE	6,080	522	5	180	1	54	0	1,424

Table 1.2.2

Average Utilization in Resident Days  
 for Aldersgate United Methodist Retirement Community Contractholders  
 Observation Period is 1/1/1992 to 12/31/2015

Calendar Year	Temporary Asbury T-NCU-NCU	Temporary Acute Care *
1992	1,486	569
1993	1,393	351
1994	1,072	557
1995	1,306	405
1996	1,176	593
1997	1,940	570
1998	2,146	673
1999	2,081	558
2000	1,483	580
2001	1,739	494
2002	2,010	405
2003	1,244	354
2004	3,291	610
2005	2,103	1,718
2006	1,614	1,229
2007	1,911	789
2008	2,067	723
2009	2,436	850
2010	2,387	1,049
2011	2,188	866
2012	2,152	814
2013	1,872	735
2014	2,773	786
2015	2,390	815
Total	46,260	17,093
LYE	127	47

\* Acute care usage may be understated since all transfers from Epworth to acute care may not be recorded in data base.

Table 1.3

Individual Life Expectancies for 2016 Residents in  
Epworth in Aldersgate United Methodist Retirement Community  
(Based on 12/31/2015 - Update Decrements Decrements)

Current Age -----	Life Expectancy for Residents in Epworth -----	Portion of Lifetime in Epworth -----	Portion of Lifetime in Parker Terrace -----	Portion of Lifetime in Asbury -----
FEMALE				
60	14.7 years	13.2 years	1.3 years	0.2 years
65	12.8	11.2	1.3	0.3
70	11.2	9.7	1.2	0.3
75	9.5	7.9	1.2	0.4
80	7.5	5.8	1.3	0.4
82 *	6.8	5.1	1.3	0.4
85	5.8	4.1	1.3	0.4
90	4.4	2.8	1.2	0.4
95	3.9	2.5	1.0	0.4
100	3.9	3.4	0.2	0.3
MALE				
60	15.3 years	14.4 years	0.6 years	0.3 years
65	13.0	12.1	0.6	0.3
70	10.6	9.8	0.5	0.3
75	8.3	7.6	0.4	0.3
80	6.7	5.9	0.5	0.3
82 *	6.1	5.3	0.5	0.3
85	5.3	4.6	0.4	0.3
90	4.2	3.4	0.5	0.3
95	4.0	3.4	0.3	0.3
100	3.5	3.2	0.1	0.2

\* Average age at entry for residents of Epworth.

Table 1.3

Individual Life Expectancies for 2016 Residents in  
 Parker Terrace in Aldersgate United Methodist Retirement Community  
 (Based on 12/31/2015 - Update Decrements Decrements)

Current Age -----	Life Expectancy for Residents in Parker Terrace -----	Portion of Lifetime in Epworth -----	Portion of Lifetime in Parker Terrace -----	Portion of Lifetime in Asbury -----
<b>FEMALE</b>				
60	9.1 years	0.0 years	8.8 years	0.3 years
65	8.1	0.0	7.8	0.3
70	7.0	0.0	6.6	0.4
75	5.7	0.0	5.3	0.4
80	4.3	0.0	3.8	0.5
85	3.6	0.0	3.1	0.5
90 *	2.7	0.0	2.2	0.5
95	2.2	0.0	1.8	0.4
100	1.6	0.0	1.3	0.3
<b>MALE</b>				
60	10.0 years	0.0 years	9.4 years	0.6 years
65	7.2	0.0	6.7	0.5
70	5.1	0.0	4.6	0.5
75	3.9	0.0	3.4	0.5
80	3.0	0.0	2.5	0.5
85	2.0	0.0	1.6	0.4
88 *	1.7	0.0	1.3	0.4
90	1.5	0.0	1.1	0.4
95	1.2	0.0	0.8	0.4
100	0.8	0.0	0.6	0.2

\* Average age for residents of Parker Terrace.

Table 1.3

Individual Life Expectancies for 2016 Residents in  
 Asbury in Aldersgate United Methodist Retirement Community  
 (Based on 12/31/2015 - Update Decrements Decrements)

Current Age -----	Life Expectancy for Residents in Asbury -----	Portion of Lifetime in Epworth -----	Portion of Lifetime in Parker Terrace -----	Portion of Lifetime in Asbury -----
<b>FEMALE</b>				
60	0.9 years	0.0 years	0.0 years	0.9 years
65	0.5	0.0	0.0	0.5
70	0.5	0.0	0.0	0.5
75	0.5	0.0	0.0	0.5
80	0.5	0.0	0.0	0.5
85	0.5	0.0	0.0	0.5
87 *	0.5	0.0	0.0	0.5
90	0.5	0.0	0.0	0.5
95	0.5	0.0	0.0	0.5
100	0.5	0.0	0.0	0.5
<b>MALE</b>				
60	2.1 years	0.0 years	0.0 years	2.1 years
65	1.5	0.0	0.0	1.5
70	1.3	0.0	0.0	1.3
75	1.2	0.0	0.0	1.2
80	1.1	0.0	0.0	1.1
85	1.0	0.0	0.0	1.0
86 *	1.0	0.0	0.0	1.0
90	1.0	0.0	0.0	1.0
95	0.8	0.0	0.0	0.8
100	0.7	0.0	0.0	0.7

\* Average age for residents of Asbury.

TABLE 1.3 Continued

Last Survivor Life Expectancies for 2016 Residents in  
 Epworth in Aldersgate United Methodist Retirement Community  
 (Based on 12/31/2015 - Update Decrements Decrements)

	M 60	M 65	M 70	M 75	M 80	M 85	M 90	M 95	M100
F 60	20.4	19.0	17.7	16.7	16.0	15.6	15.3	15.2	15.1
F 62	20.0	18.5	17.1	16.1	15.4	14.8	14.6	14.5	14.3
F 64	19.5	18.0	16.6	15.4	14.7	14.2	13.9	13.8	13.6
F 66	19.1	17.5	16.0	14.8	14.1	13.5	13.2	13.1	12.9
F 68	18.7	17.0	15.5	14.3	13.5	12.9	12.6	12.5	12.3
F 70	18.3	16.6	15.0	13.8	12.9	12.3	12.0	11.9	11.7
F 72	17.9	16.2	14.6	13.2	12.3	11.7	11.3	11.3	11.0
F 74	17.6	15.8	14.1	12.6	11.7	11.1	10.7	10.6	10.4
F 76	17.2	15.3	13.6	12.1	11.1	10.4	10.0	9.9	9.6
F 78	16.9	14.9	13.1	11.5	10.5	9.7	9.2	9.2	8.9
F 80	16.6	14.6	12.6	11.0	9.9	9.0	8.6	8.5	8.2
F 82	16.4	14.3	12.3	10.5	9.4	8.4	7.9	7.8	7.5
F 84	16.2	14.0	11.9	10.1	8.9	7.9	7.4	7.2	6.9
F 86	16.0	13.8	11.7	9.8	8.5	7.5	6.8	6.7	6.4
F 88	15.9	13.7	11.5	9.5	8.2	7.1	6.4	6.3	5.9
F 90	15.8	13.5	11.3	9.3	7.9	6.8	6.1	5.9	5.5
F 92	15.7	13.5	11.2	9.2	7.8	6.6	5.8	5.7	5.3
F 94	15.7	13.4	11.2	9.1	7.7	6.5	5.7	5.6	5.1
F 96	15.7	13.4	11.2	9.1	7.7	6.5	5.7	5.6	5.1
F 98	15.7	13.4	11.2	9.1	7.7	6.5	5.7	5.6	5.2
F100	15.7	13.4	11.2	9.1	7.7	6.5	5.7	5.6	5.2



Table 1.4

New Entrant Assumptions for Aldersgate United Methodist Retirement Community  
 Observation Period Includes Data Through 12/31/2015

Entrants to Epworth

Entry Age	Female	Male
55- 59	0.0 %	0.0 %
60- 64	0.0	0.0
65- 69	5.6	1.8
70- 74	5.6	5.4
75- 79	29.9	32.1
80- 84	30.0	25.0
85- 89	21.1	28.6
90 and over	7.8	7.1
	100.0 %	100.0 %
Average age at entry	81.5	82.3

Unit	Probability that New Entrants will be a Couple
Tower Studio A.....	0.0 %
Daisy, Studio Effic.....	0.0
The Rose.....	15.0
The Iris.....	15.0
The Knockout Rose.....	30.0
The Tulip.....	45.0
The Lily.....	45.0
Cokesbury Apt.....	0.0
The Gardenia.....	50.0
Azalea Cot 1082-1250 Sm.....	50.0
Azalea Cot 1297-1360 Sm.....	50.0
Azalea Cot 1380-1500 Sm.....	50.0
Azalea Cot 1520-1589 Sm.....	50.0
Azalea Cot 1667-1700 Sm.....	70.0
Azalea Cot 1767-1976 Lg.....	70.0
Azalea Cot 2500 Lg.....	100.0
Azalea Cot 2912 Sm.....	100.0
Cherry, 1 Br/1 Bth.....	0.0
Mimosa, 1 Br/Den/Bal.....	25.0
Dogwood/Holly, 2 Br/Bal.....	25.0
Magnolia/Willow, 2 Br/2 Bth.....	50.0
Sycamore, 2 Br/2 Bth.....	80.0
Birch, 2 Br/2 Bth.....	90.0
Chestnut, 2 Br/2 Bth.....	90.0
Whiteoak, 2 Br/2.5 Bth.....	90.0
The Maple, LRC.....	90.0
The Walnut, LRC.....	90.0
The Hickory, LRC.....	90.0
The Cedar, WGC.....	90.0
The Myrtle, WGC.....	90.0

Table 1.4

Table 1.4 (Continued)  
 Observation Period Includes Data Through 12/31/2015

Entrants to Epworth

The Popular, WGC.....	90.0
The Redwood, WGC.....	90.0
The Laurel, WGC.....	90.0

Probability that:	Gender Distribution
-----	-----

Single Entrant is Female.....	80.0 %
Coupled Entrants Same Sex.....	0.0

Contract Selection Distribution	Probability the New Contract will be Selected
-----	-----

Lifecare.....	0.0 %
Old Continuing Care.....	0.0
New Continuing Care.....	0.0
Plan 0.....	0.0
Lease Program.....	0.0
Plan 50.....	0.0
Plan 90.....	0.0
0% Ref Plan after 1/2014.....	30.0
50% Ref Plan after 1/2014.....	10.0
90% Ref Plan after 1/2014.....	60.0
Direct Entrant to ALU w/EF.....	0.0
Direct Entrant to ALU Lease.....	0.0
Direct Entrant to ALU w/90% EF.....	0.0
Direct Entrant to NUR w/EF.....	0.0
Direct Entrant to NUR Lease.....	0.0
Direct Entrant to NUR w/90% EF.....	0.0

Table 2.1

Aldersgate United Methodist Retirement Community  
Summary of Population Projection Statistics

Fiscal Year	Total Epworth Turnover	Number of New Entrants	Number of Deaths or Move-outs	Average Number Total Residents	- - - Excludes Direct Entrants - - -		
					Total Parker Terrace *	Total Asbury *	Total Health Care *
2016	35	50	46	381	58	32	90
2017	34	49	51	383	58	36	94
2018	33	48	51	380	57	37	94
2019	32	47	50	378	55	37	92
2020	31	46	49	374	53	36	89
2021	31	46	49	372	52	35	87
2022	31	45	46	370	52	35	86
2023	30	45	47	369	52	34	86
2024	30	44	45	368	51	34	85
2025	30	44	45	367	51	34	85
2026	30	44	44	366	51	34	85
2027	30	44	44	366	51	34	85
2028	30	44	44	365	52	34	86
2029	30	44	44	366	52	35	87
2030	30	45	44	366	53	35	88
2031	30	44	43	367	53	35	88
2032	30	44	44	367	53	36	89
2033	30	45	44	368	54	36	90
2034	30	45	44	369	55	37	91
2035	30	45	44	369	55	37	92

\* The values in columns six, seven, and eight reflect the average during the year.

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.2

Aldersgate United Methodist Retirement Community  
Beginning of Fiscal Year Demographic Statistics

Fiscal Year	Units Occupied Epworth	Number of Permanent Residents				Average Age	Yrs In Comm.	Percent Female
		Epworth	Parker Terrace	Asbury	Total			
2016	229	300	58	21	379	85.7	5.6	65.7
2017	229	296	59	28	384	85.8	5.7	65.5
2018	229	294	57	30	382	85.7	5.7	65.3
2019	229	293	56	30	379	85.6	5.7	65.2
2020	229	292	54	30	376	85.5	5.7	65.1
2021	229	291	53	29	373	85.4	5.7	65.0
2022	229	291	52	28	370	85.5	5.7	64.9
2023	229	290	52	28	370	85.6	5.7	64.8
2024	229	289	51	28	368	85.7	5.8	64.8
2025	229	288	51	28	367	85.7	5.8	64.8
2026	229	288	51	27	366	85.8	5.9	64.8
2027	229	287	51	28	366	86.0	5.9	64.8
2028	229	286	52	27	365	86.2	5.9	64.9
2029	229	286	52	28	366	86.4	6.0	64.9
2030	229	286	53	28	366	86.6	6.0	64.9
2031	229	286	53	28	367	86.7	6.0	65.0
2032	229	285	53	29	367	86.9	6.1	64.9
2033	229	285	54	29	368	87.2	6.1	64.9
2034	229	285	54	29	368	87.4	6.1	64.8
2035	229	285	55	29	369	87.5	6.2	64.8

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.3

Aldersgate United Methodist Retirement Community  
Resident Movement Statistics

Fiscal Year	Deaths			Permanent Transfers		
	Epworth	Parker Terrace	Asbury	Epworth to Parker Terrace	Epworth to Asbury	Parker Terrace to Asbury
2016	18	10	10	22	6	12
2017	17	10	16	20	6	11
2018	17	9	17	19	6	11
2019	16	9	17	18	6	11
2020	16	9	17	17	6	10
2021	16	9	16	17	5	10
2022	16	8	15	18	6	9
2023	16	8	15	17	5	9
2024	16	8	15	17	5	9
2025	15	8	14	17	5	9
2026	15	8	14	16	5	9
2027	15	7	14	17	5	9
2028	16	8	14	17	5	9
2029	15	7	14	17	5	9
2030	16	8	14	17	5	9
2031	15	8	13	17	5	9
2032	15	8	14	17	5	9
2033	15	8	14	17	5	9
2034	15	8	14	17	5	9
2035	15	8	14	17	5	9

Table 2.4

Aldersgate United Methodist Retirement Community  
Epworth Turnover Statistics

Fiscal Year	Average Age of New Entrants	Number of New Entrants	Epworth Turnover	Cause of Epworth Turnover			New Sales*
				Move Out	Death	Permanent Transfer	
2016	81.2	50	35	6	11	18	0
2017	81.4	49	34	6	11	17	0
2018	81.2	48	33	6	11	16	0
2019	81.3	47	32	6	10	16	0
2020	81.3	46	31	6	10	15	0
2021	82.4	46	31	6	10	15	0
2022	82.3	45	31	6	10	15	0
2023	82.3	45	30	6	10	14	0
2024	82.2	44	30	6	10	14	0
2025	82.3	44	30	6	10	14	0
2026	83.4	44	30	6	10	14	0
2027	83.3	44	30	6	10	14	0
2028	83.4	44	30	6	10	14	0
2029	83.4	44	30	6	10	14	0
2030	83.4	45	30	6	10	14	0
2031	84.3	44	30	5	10	15	0
2032	84.3	44	30	6	10	14	0
2033	84.3	45	30	6	10	14	0
2034	84.4	45	30	5	10	15	0
2035	84.3	45	30	5	10	15	0

\* This column reflects the annual change in the beginning of year Epworth occupancy (see Table 2.2, column 2).

Table 2.5

Aldersgate United Methodist Retirement Community  
 Projected Resident Days by Level of Care  
 (All Contractholder Days)

Fiscal Year	Epworth	Permanent Parker Terrace	Temporary Parker Terrace	Total Parker Terrace	Permanent Asbury	Temporary Asbury	Total Asbury
2016	108,844	21,307	0	21,307	9,014	2,604	11,618
2017	107,806	21,161	0	21,161	10,665	2,532	13,197
2018	107,182	20,650	0	20,650	11,019	2,484	13,503
2019	106,762	20,079	0	20,079	10,991	2,438	13,429
2020	106,430	19,480	0	19,480	10,759	2,395	13,154
2021	106,171	19,038	0	19,038	10,450	2,364	12,814
2022	105,925	18,910	0	18,910	10,258	2,375	12,633
2023	105,639	18,857	0	18,857	10,177	2,383	12,560
2024	105,386	18,718	0	18,718	10,090	2,391	12,481
2025	105,149	18,665	0	18,665	10,016	2,398	12,414
2026	104,918	18,627	0	18,627	10,018	2,412	12,430
2027	104,686	18,721	0	18,721	10,011	2,445	12,456
2028	104,502	18,873	0	18,873	10,014	2,482	12,496
2029	104,385	19,061	0	19,061	10,081	2,515	12,596
2030	104,301	19,268	0	19,268	10,144	2,549	12,693
2031	104,225	19,391	0	19,391	10,307	2,579	12,886
2032	104,116	19,495	0	19,495	10,489	2,623	13,112
2033	104,021	19,652	0	19,652	10,582	2,667	13,249
2034	103,925	19,902	0	19,902	10,679	2,707	13,386
2035	103,886	20,023	0	20,023	10,884	2,744	13,628

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.13

Aldersgate United Methodist Retirement Community  
 Projected Epworth Turnover by Unit Type

Fiscal Year	----- Turnover by Unit Type -----						Epworth Turnover	Epworth Turnover Percentage
	Group I	Group II	Group III	Group IV	Group V	Group VI		
2016	8	6	4	11	6	0	35	15.3 %
2017	7	5	4	12	6	0	34	14.8
2018	7	5	4	11	6	0	33	14.4
2019	7	5	4	10	6	0	32	14.0
2020	7	5	4	9	6	0	31	13.5
2021	6	4	4	11	6	0	31	13.5
2022	6	5	5	9	6	0	31	13.5
2023	6	4	4	10	6	0	30	13.1
2024	6	4	4	10	6	0	30	13.1
2025	6	4	4	10	6	0	30	13.1
2026	6	4	4	10	6	0	30	13.1
2027	6	4	4	10	6	0	30	13.1
2028	6	5	4	9	6	0	30	13.1
2029	6	4	4	10	6	0	30	13.1
2030	6	4	4	10	6	0	30	13.1
2031	6	4	4	10	6	0	30	13.1
2032	6	4	4	10	6	0	30	13.1
2033	6	5	4	9	6	0	30	13.1
2034	6	4	4	10	6	0	30	13.1
2035	6	5	4	9	6	0	30	13.1

-----  
 Unit Type Groupings  
 -----

Group I = Tower Studio A  
 Daisy, Studio Effc  
 The Rose  
 The Iris  
 The Knockout Rose

Group II = The Tulip  
 The Lily  
 Cokesbury Apt  
 The Gardenia

Group III = Azalea Cot 1082-1250  
 Azalea Cot 1297-1360  
 Azalea Cot 1380-1500  
 Azalea Cot 1520-1589  
 Azalea Cot 1667-1700

Group IV = Cherry, 1 Br/1 Bth  
 Mimosa, 1 Br/Den/Bal  
 Dogwood/Holly, 2 Br/  
 Magnolia/Willow, 2 B  
 Sycamore, 2 Br/2 Bth

Group V = The Maple, LRC  
 The Walnut, LRC  
 The Hickory, LRC  
 The Cedar, WGC  
 The Myrtle, WGC

Group VI = None included





Table 2.14

Aldersgate United Methodist Retirement Community  
Move-out and Refund Statistics

Fiscal Year	Direct Entry to ALU	Transfers to ALU	Number of Refunds	Refund Amounts Due to			Total
				Death	Move-out	Permanent Transfer	
2016	0	22	22	\$ 2,109,609	\$ 717,368	\$ 0	\$ 2,826,977
2017	0	20	25	2,594,098	789,978	0	3,384,075
2018	0	19	25	2,714,482	792,802	0	3,507,284
2019	0	18	24	2,797,857	832,070	0	3,629,927
2020	0	17	24	2,906,578	862,786	0	3,769,364
2021	0	17	23	2,864,512	934,378	0	3,798,890
2022	0	18	22	2,821,484	909,308	0	3,730,792
2023	0	17	22	3,021,614	973,555	0	3,995,169
2024	0	17	22	3,081,660	959,303	0	4,040,963
2025	0	17	22	3,102,291	1,064,721	0	4,167,012
2026	0	16	22	3,196,892	1,013,080	0	4,209,972
2027	0	17	22	3,271,597	1,054,221	0	4,325,818
2028	0	17	22	3,486,328	1,066,266	0	4,552,594
2029	0	17	22	3,464,976	1,081,977	0	4,546,953
2030	0	17	22	3,676,191	1,102,535	0	4,778,726
2031	0	17	22	3,736,566	1,090,612	0	4,827,178
2032	0	17	23	3,843,658	1,216,309	0	5,059,967
2033	0	17	23	3,977,001	1,151,220	0	5,128,221
2034	0	17	23	4,070,407	1,149,790	0	5,220,197
2035	0	17	23	4,261,783	1,214,556	0	5,476,340

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.15

Aldersgate United Methodist Retirement Community  
 Projected Variation in Epworth Turnover\* and Health Care Utilization  
 (Based on 500 Iterations)

Fiscal Year	Epworth Turnover*			Health Care Utilization		
	Likely Minimum	Average	Likely Maximum	Likely Minimum	Average	Likely Maximum
2016	26( 74%)	35	43(123%)	85( 94%)	90	96(107%)
2017	25( 74 )	34	43(126 )	83( 88 )	94	106(113 )
2018	25( 76 )	33	43(130 )	80( 85 )	94	107(114 )
2019	24( 75 )	32	40(125 )	77( 84 )	92	106(115 )
2020	23( 74 )	31	40(129 )	75( 84 )	89	104(117 )
2021	24( 77 )	31	39(126 )	72( 83 )	87	103(118 )
2022	23( 74 )	31	39(126 )	72( 84 )	86	101(117 )
2023	21( 70 )	30	39(130 )	72( 84 )	86	100(116 )
2024	22( 73 )	30	38(127 )	71( 84 )	85	100(118 )
2025	22( 73 )	30	39(130 )	71( 84 )	85	100(118 )
2026	22( 73 )	30	37(123 )	70( 82 )	85	100(118 )
2027	21( 70 )	30	39(130 )	70( 82 )	85	101(119 )
2028	22( 73 )	30	39(130 )	71( 83 )	86	101(117 )
2029	22( 73 )	30	39(130 )	72( 83 )	87	101(116 )
2030	22( 73 )	30	39(130 )	73( 83 )	88	102(116 )
2031	22( 73 )	30	38(127 )	74( 84 )	88	102(116 )
2032	22( 73 )	30	39(130 )	75( 84 )	89	104(117 )
2033	22( 73 )	30	40(133 )	75( 83 )	90	105(117 )
2034	22( 73 )	30	38(127 )	78( 86 )	91	107(118 )
2035	23( 77 )	30	39(130 )	79( 86 )	92	107(116 )

\* Apartment turnover does not include sales of units that were not occupied at beginning of year.

Table 2.16

Aldersgate United Methodist Retirement Community  
 Projected Variation in Refunds and Health Care Ratios  
 (Based on 500 Iterations)

Fiscal Year	Refunds			Health Care Ratio per 100 ILU Residents		
	Likely Minimum	Average	Likely Maximum	Likely Minimum	Average	Likely Maximum
2016	\$ 1,853,074	\$ 2,826,977	\$ 3,981,437	28.4	30.1	31.9
2017	2,249,148	3,384,075	4,692,788	28.6	31.9	35.5
2018	2,241,744	3,507,284	4,863,762	27.7	31.8	36.1
2019	2,253,679	3,629,927	5,100,552	26.9	31.4	35.9
2020	2,388,200	3,769,364	5,252,105	25.7	30.6	35.4
2021	2,423,928	3,798,890	5,328,989	25.3	30.0	34.9
2022	2,220,481	3,730,792	5,293,965	25.0	29.8	34.6
2023	2,343,519	3,995,169	5,658,443	25.4	29.7	34.5
2024	2,575,122	4,040,963	5,624,549	25.3	29.6	34.4
2025	2,620,205	4,167,012	5,928,386	25.2	29.5	34.4
2026	2,669,635	4,209,972	5,961,990	25.1	29.6	34.2
2027	2,660,511	4,325,818	6,074,404	24.9	29.8	34.7
2028	2,768,482	4,552,594	6,443,809	25.0	30.0	35.1
2029	2,787,248	4,546,953	6,488,709	25.4	30.3	35.0
2030	3,057,930	4,778,726	6,653,189	26.1	30.6	35.2
2031	2,762,212	4,827,178	6,687,596	26.2	30.9	35.6
2032	3,126,963	5,059,967	7,032,720	26.7	31.3	36.1
2033	3,043,157	5,128,221	7,284,249	26.8	31.6	36.7
2034	3,320,733	5,220,197	7,449,100	27.4	32.0	37.1
2035	3,480,454	5,476,340	7,765,846	27.7	32.4	37.0

Table 3.5.1

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 Summed for all care levels  
 Total expenses per year for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021
NURSING CARE	9,163,112	9,490,623	9,775,342	10,068,602	10,370,660	10,681,780
HOME CARE	521,766	537,419	553,542	570,148	587,252	604,870
RESIDENT/FAMILY SERV	166,507	171,502	176,647	181,947	187,405	193,027
PLANT	2,395,642	2,467,511	2,541,537	2,617,783	2,696,316	2,777,206
LIFE ENRICHMENT	614,112	632,535	651,511	671,057	691,188	711,924
CORP ADMIN	335,906	345,983	356,363	367,054	378,065	389,407
HEALTH CARE ADMIN	472,299	486,468	501,062	516,094	531,577	547,524
BEAUTY SHOP	192,565	198,342	204,292	210,421	216,734	223,236
CLINIC	133,377	137,378	141,500	145,745	150,117	154,620
GROUNDS	280,489	288,904	297,571	306,498	315,693	325,164
HOUSEKEEPING	1,271,166	1,309,301	1,348,580	1,389,037	1,430,709	1,473,630
SECURITY	295,595	304,463	313,597	323,005	332,695	342,676
CAFE	2,308,830	2,378,095	2,449,438	2,522,921	2,598,609	2,676,567
FOOD ASBURY	1,041,237	1,072,474	1,104,648	1,137,788	1,171,921	1,207,079
SALES & MARKETING	835,590	860,658	886,477	913,072	940,464	968,678
FINANCE	875,832	902,107	929,170	957,045	985,757	1,015,329
IT	532,550	548,527	564,982	581,932	599,390	617,371
MM & MAIL	273,432	281,635	290,084	298,787	307,750	316,983
EXECUTIVE	529,531	545,417	561,779	578,633	595,992	613,872
MISSION ADVANCEMENT	315,430	324,893	334,640	344,679	355,019	365,670
HUMAN RESOURCES	2,214,040	2,280,461	2,348,875	2,419,341	2,491,922	2,566,679
CHAPLAINCY	119,098	122,671	126,351	130,142	134,046	138,067
BAD DEBT EXPENSE	224,396	231,128	238,062	245,204	252,560	260,136
PART B	-1,050,302	-1,081,811	-1,114,265	-1,147,693	-1,182,124	-1,217,588
BEAUTY	-234,834	-241,879	-249,135	-256,609	-264,308	-272,237
MED SUPP & RX	-372,691	-383,872	-395,388	-407,250	-419,467	-432,051
OTH INCOME	-226,585	-233,383	-240,384	-247,596	-255,023	-262,674
OTH RES REVS	-375,296	-386,555	-398,152	-410,096	-422,399	-435,071
HOME CARE	-596,160	-614,045	-632,466	-651,440	-670,983	-691,113
CONTRIBUTIONS	-480,000	-494,400	-509,232	-524,509	-540,244	-556,452
MCARE ADD-ON	-3,040,319	-3,085,924	-3,132,213	-3,179,196	-3,226,884	-3,275,287
Total	18,736,315	19,396,627	20,024,815	20,672,542	21,340,406	22,029,022
Percent increase	N.A.	3.5	3.2	3.2	3.2	3.2

Table 3.5.1

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 Summed for all care levels  
 Total expenses per year for years 2016 to 2025

Category	2022	2023	2024	2025
NURSING CARE	11,002,233	11,332,300	11,672,269	12,022,437
HOME CARE	623,016	641,706	660,958	680,786
RESIDENT/FAMILY SERV	198,818	204,783	210,926	217,254
PLANT	2,860,522	2,946,337	3,034,728	3,125,769
LIFE ENRICHMENT	733,282	755,280	777,939	801,277
CORP ADMIN	401,089	413,122	425,516	438,281
HEALTH CARE ADMIN	563,950	580,868	598,294	616,243
BEAUTY SHOP	229,933	236,831	243,936	251,254
CLINIC	159,259	164,037	168,958	174,027
GROUND	334,919	344,966	355,315	365,975
HOUSEKEEPING	1,517,839	1,563,374	1,610,275	1,658,583
SECURITY	352,956	363,545	374,451	385,684
CAFE	2,756,864	2,839,570	2,924,757	3,012,499
FOOD ASBURY	1,243,291	1,280,590	1,319,008	1,358,578
SALES & MARKETING	997,738	1,027,670	1,058,500	1,090,255
FINANCE	1,045,789	1,077,163	1,109,478	1,142,762
IT	635,893	654,969	674,618	694,857
MM & MAIL	326,492	336,287	346,375	356,767
EXECUTIVE	632,288	651,256	670,794	690,918
MISSION ADVANCEMENT	376,640	387,939	399,577	411,565
HUMAN RESOURCES	2,643,680	2,722,990	2,804,680	2,888,820
CHAPLAINCY	142,209	146,476	150,870	155,396
BAD DEBT EXPENSE	267,941	275,979	284,258	292,786
PART B	-1,254,116	-1,291,739	-1,330,491	-1,370,406
BEAUTY	-280,404	-288,816	-297,481	-306,405
MED SUPP & RX	-445,013	-458,363	-472,114	-486,277
OTH INCOME	-270,554	-278,671	-287,031	-295,642
OTH RES REVS	-448,123	-461,567	-475,414	-489,676
HOME CARE	-711,846	-733,202	-755,198	-777,854
CONTRIBUTIONS	-573,145	-590,339	-608,050	-626,291
MCARE ADD-ON	-3,324,416	-3,374,283	-3,424,897	-3,476,270
<b>Total</b>	<b>22,739,022</b>	<b>23,471,059</b>	<b>24,225,805</b>	<b>25,003,952</b>
Percent increase	3.2	3.2	3.2	3.2

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	1966	1967	1968	1969	1970	1971
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	0	0	0	0	0	0
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	24,515	24,296	69,030	26,219	75,861	0
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	0	0	0	0	0	0
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	0	0	0
BLDG IMPR 12 YRS	0	0	0	0	0	0
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	0	0	0	0	0	0
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	0	0	0	0	0	0
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	0	0	0	0	0	0
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	24,515	24,296	69,030	26,219	75,861	0
Percent increase	N.A.	-0.9	184.1	-62.0	189.3	-100.0

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	1972	1973	1974	1975	1976	1977
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	0	0	0	0	113,129	0
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	14,784	0	53,501	0	0	0
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	1,068,701	0	0	0	0	0
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	0	0	0
BLDG IMPR 12 YRS	0	0	0	0	0	0
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	0	0	0	0	0	0
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	0	0	0	0	0	0
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	0	0	0	0	0	0
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	1,083,485	0	53,501	0	113,129	0
Percent increase	1328.3	-100.0	-95.1	-100.0	111.5	-100.0

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	1978	1979	1980	1981	1982	1983
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	0	0	0	0	0	0
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	0	0	0	2,894,264	0	0
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	0	0	0	0	0	0
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	1,712,068	0	0
BLDG IMPR 12 YRS	0	0	0	0	0	0
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	0	0	0	0	0	0
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	0	0	0	0	0	0
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	0	0	0	-4,500	0	0
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	0	0	0	4,601,832	0	0
Percent increase	N.A.	N.A.	N.A.	3967.8	-100.0	N.A.



Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	1984	1985	1986	1987	1988	1989
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	0	0	5,290	0	9,006	516,127
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	0	0	0	0	281,547	436,080
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	0	0	0	0	28,111	20,183
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	0	0	0
BLDG IMPR 12 YRS	0	0	0	0	5,409	0
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	0	0	13,164	6,417
FFE 20 YRS	0	0	0	0	8,712	45,277
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	0	0	0	0	55,167	0
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	-14,500	-12,902	0	0	-18,000	0
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	897,672	0
Total	-14,500	-12,902	5,290	0	1,280,788	1,024,084
Percent increase	-100.3	-11.0	-141.0	-100.0	24111.5	-20.0

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	1990	1991	1992	1993	1994	1995
LAND	0	0	29,131	0	0	0
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	246,492	367,796	78,649	15,000	51,583	0
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	14,541,712	623,499	366,554	0	0	0
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	0	42,914	269,289	18,071	36,376	42,035
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	0	0	0
BLDG IMPR 12 YRS	282,656	299,510	313,966	242,392	483,369	486,461
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	1,396,547	0	0	0
FFE 20 YRS	3,725	0	740,375	38,486	170,761	68,381
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	0	0	737,938	13,382	208,710	83,578
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	2,300	10,450	15,127	-15,686	9,076	-72,455
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	15,076,885	1,344,169	3,947,576	311,645	959,875	608,000
Percent increase	1372.2	-91.1	193.7	-92.1	208.0	-36.7

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	1996	1997	1998	1999	2000	2001
LAND	0	0	0	0	0	64,541
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	300,000	356,362	314,995	20,590	28,954	17,227
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	225,000	0	15,206	0	296,402	0
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	0	229,713	35,044	0	0	0
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	0	0	0
BLDG IMPR 12 YRS	0	0	0	0	0	1,113,949
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	201,065	237,843	87,750	86,635	289,434	101,844
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	0	0	256,403	73,694	275,905	166,454
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	0	0	44,404	281,318	16,460	39,466
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	501,258	456,430
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	726,065	823,918	753,802	462,237	1,408,413	1,959,911
Percent increase	19.4	13.5	-8.5	-38.7	204.7	39.2

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	2002	2003	2004	2005	2006	2007
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	0	0	0	0	0	0
LAND IMPR 20 YRS	92,582	270,315	159,536	52,080	1,580,287	56,814
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	0	0	1,084,127	1,230,229	0	3,144,916
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	1,904,882	27,760,223	862,645	93,213	4,413,827	184,733
BLDG IMPR 20 YRS	0	0	0	0	0	0
BLDG IMPR 15 YRS	0	0	0	0	0	0
BLDG IMPR 12 YRS	275,590	488,398	356,228	0	0	588,639
BLDG IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 7 YRS	0	0	0	0	0	0
BLD IMPR 5 YRS	0	0	0	0	0	0
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	7,923	2,804	65,296	373,672	221,696	107,883
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	197,180	0	109,866	374,929	0	166,465
FFE 7 YRS	0	0	0	0	0	0
FFE 5 YRS	0	0	0	0	0	0
FFE 3 YRS	0	0	0	0	0	0
VEHICLES 5 YRS	26,080	9,014	53,383	1,649	78,721	5,966
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	204,512	63,694	0	0	119,604	198,612
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	340,701	0	0	0
Total	2,708,749	28,594,448	3,031,782	2,125,772	6,414,135	4,454,028
Percent increase	38.2	955.6	-89.4	-29.9	201.7	-30.6

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	2008	2009	2010	2011	2012	2013
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	0	18,931	0	0	0	0
LAND IMPR 20 YRS	95,800	0	0	0	0	0
LAND IMPR 15 YRS	0	0	21,251	8,371	0	0
LAND IMPR 10 YRS	0	0	215,192	36,146	18,662	3,444
BLDG IMPR 40 YRS	2,959,266	0	0	0	0	0
BLDG IMPR 30 YRS	0	221,094	2,080,784	0	0	221,673
BLDG IMPR 25 YRS	84,933	263,795	103,593	3,067,696	0	1,691
BLDG IMPR 20 YRS	0	144,083	6,221	0	2,636	24,865
BLDG IMPR 15 YRS	0	113,624	36,389	199,035	201,819	533,417
BLDG IMPR 12 YRS	671,462	0	0	0	0	0
BLDG IMPR 10 YRS	0	173,819	190,816	157,716	84,818	66,827
BLDG IMPR 7 YRS	0	8,013	30,863	10,393	15,145	38,814
BLD IMPR 5 YRS	0	150,532	105,249	392,592	44,500	141,094
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	13,006	622,996	0	109,106	0	0
FFE 15 YRS	0	1,560	16,800	449,709	16,053	730
FFE 10 YRS	458,663	50,979	164,829	55,734	192,660	21,814
FFE 7 YRS	0	9,996	0	9,477	104,849	3,506
FFE 5 YRS	0	35,011	297,939	47,482	17,466	272,865
FFE 3 YRS	0	42,632	89,504	68,427	44,285	399,995
VEHICLES 5 YRS	109,638	5,750	109,304	71,962	1,800	6,068
VEHICLES 3 YRS	0	0	0	0	5,045	9,505
DEFERRED MARKETING	192,372	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	791,344
CIP - AL/MS PROJ 40	0	0	0	0	0	0
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	4,585,140	1,862,815	3,468,734	4,683,846	749,738	2,537,652
Percent increase	2.9	-59.4	86.2	35.0	-84.0	238.5

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 1966 TO 2015

Category	2014	2015	Total
LAND	1,931,413	0	2,025,085
LAND IMPR 25 YRS	2,600	0	21,531
LAND IMPR 20 YRS	144,380	495,210	5,388,204
LAND IMPR 15 YRS	8,872	0	38,494
LAND IMPR 10 YRS	3,052	0	276,496
BLDG IMPR 40 YRS	0	0	28,387,008
BLDG IMPR 30 YRS	247,963	0	2,771,514
BLDG IMPR 25 YRS	8,970	0	40,540,638
BLDG IMPR 20 YRS	39,366	8,472	225,643
BLDG IMPR 15 YRS	631,310	63,995	3,491,657
BLDG IMPR 12 YRS	5,789	0	5,613,818
BLDG IMPR 10 YRS	71,919	663,614	1,409,529
BLDG IMPR 7 YRS	21,323	10,671	135,222
BLD IMPR 5 YRS	56,654	104,796	995,417
FFE 30 YRS	0	0	1,416,128
FFE 20 YRS	0	0	3,604,670
FFE 15 YRS	937	2,585	488,374
FFE 10 YRS	32,249	44,262	3,740,861
FFE 7 YRS	45,338	0	173,166
FFE 5 YRS	76,826	24,689	772,278
FFE 3 YRS	634,354	129,322	1,408,519
VEHICLES 5 YRS	15,960	0	775,853
VEHICLES 3 YRS	0	0	14,550
DEFERRED MARKETING	0	988,884	2,725,366
DEF FIN COST 2015	0	1,193,840	1,193,840
DEF FIN COST 2013	0	0	791,344
CIP - AL/MS PROJ 40	0	5,202,956	5,202,956
CIP - AL/MS PRO 10 Y	0	0	0
CIP 40 YRS	0	1,243,790	1,243,790
CIP 10 YRS	0	262,275	262,275
CAPITALIZED INTEREST	0	0	1,238,373
<b>Total</b>	<b>3,979,275</b>	<b>10,439,361</b>	<b>116,372,599</b>
Percent increase	56.8	162.3	N.A.

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021
LAND	0	0	0	0	0	0
LAND IMPR 25 YRS	59,000	59,000	60,770	62,593	64,471	66,405
LAND IMPR 20 YRS	0	0	0	0	0	0
LAND IMPR 15 YRS	0	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0	0
BLDG IMPR 40 YRS	0	0	0	0	0	0
BLDG IMPR 30 YRS	0	0	0	0	0	0
BLDG IMPR 25 YRS	0	0	0	0	0	0
BLDG IMPR 20 YRS	128,080	131,922	135,880	139,956	144,155	148,480
BLDG IMPR 15 YRS	100,000	103,000	106,090	109,273	112,551	115,927
BLDG IMPR 12 YRS	375,000	386,250	397,838	409,773	422,066	434,728
BLDG IMPR 10 YRS	880,000	906,400	933,592	961,600	990,448	1,020,161
BLDG IMPR 7 YRS	75,000	77,250	79,568	81,955	84,413	86,946
BLD IMPR 5 YRS	76,874	79,180	81,556	84,002	86,522	89,118
FFE 30 YRS	0	0	0	0	0	0
FFE 20 YRS	0	0	0	0	0	0
FFE 15 YRS	0	0	0	0	0	0
FFE 10 YRS	25,965	26,744	27,547	28,373	29,224	30,101
FFE 7 YRS	4,650	4,790	4,934	5,082	5,234	5,391
FFE 5 YRS	25,431	26,194	26,979	27,789	28,622	29,481
FFE 3 YRS	50,000	51,500	53,045	54,636	56,275	57,964
VEHICLES 5 YRS	0	0	0	0	0	0
VEHICLES 3 YRS	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0	0
CIP - AL/MS PROJ 40	2,400,000	0	0	0	0	0
CIP - AL/MS PRO 10 Y	450,000	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0	0
Total	4,650,000	1,852,230	1,907,797	1,965,031	2,023,982	2,084,702
Percent increase	N.A.	-60.2	3.0	3.0	3.0	3.0

Table 3.5.2.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENDITURES  
 CASH FLOW METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2022	2023	2024	2025	Total
LAND	0	0	0	0	0
LAND IMPR 25 YRS	116,209	119,695	123,286	126,984	858,413
LAND IMPR 20 YRS	0	0	0	0	0
LAND IMPR 15 YRS	0	0	0	0	0
LAND IMPR 10 YRS	0	0	0	0	0
BLDG IMPR 40 YRS	0	0	0	0	0
BLDG IMPR 30 YRS	0	0	0	0	0
BLDG IMPR 25 YRS	0	0	0	0	0
BLDG IMPR 20 YRS	152,934	157,522	162,248	167,115	1,468,294
BLDG IMPR 15 YRS	119,405	122,987	126,677	130,477	1,146,388
BLDG IMPR 12 YRS	447,770	461,203	475,039	489,290	4,298,955
BLDG IMPR 10 YRS	2,040,322	2,101,532	2,164,578	2,229,515	14,228,148
BLDG IMPR 7 YRS	89,554	92,241	95,008	97,858	859,791
BLD IMPR 5 YRS	91,792	94,545	97,382	100,303	881,274
FFE 30 YRS	0	0	0	0	0
FFE 20 YRS	0	0	0	0	0
FFE 15 YRS	0	0	0	0	0
FFE 10 YRS	31,004	31,934	32,892	33,879	297,663
FFE 7 YRS	5,553	5,719	5,891	6,068	53,312
FFE 5 YRS	30,366	31,277	32,215	33,181	291,534
FFE 3 YRS	59,703	61,494	63,339	65,239	573,194
VEHICLES 5 YRS	0	0	0	0	0
VEHICLES 3 YRS	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0
DEF FIN COST 2015	0	0	0	0	0
DEF FIN COST 2013	0	0	0	0	0
CIP - AL/MS PROJ 40	0	0	0	0	2,400,000
CIP - AL/MS PRO 10 Y	0	0	0	0	450,000
CIP 40 YRS	0	0	0	0	0
CIP 10 YRS	0	0	0	0	0
CAPITALIZED INTEREST	0	0	0	0	0
<b>Total</b>	<b>3,184,611</b>	<b>3,280,149</b>	<b>3,378,553</b>	<b>3,479,910</b>	<b>27,806,967</b>
Percent increase	52.8	3.0	3.0	3.0	N.A.



Table 3.5.2.2

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022
LAND	101,254	101,254	101,254	101,254	101,254	101,254	101,254
LAND IMPR 25 YRS	3,621	7,807	12,056	16,432	20,940	25,583	32,062
LAND IMPR 20 YRS	307,741	281,407	254,471	241,007	239,019	237,166	232,761
LAND IMPR 15 YRS	3,709	3,709	3,709	3,709	3,709	3,709	3,709
LAND IMPR 10 YRS	35,807	35,807	35,807	35,807	21,873	5,599	2,050
BLDG IMPR 40 YRS	1,637,547	1,637,547	1,637,547	1,637,547	1,637,547	1,553,210	1,468,874
BLDG IMPR 30 YRS	180,291	180,291	180,291	180,291	180,291	180,291	180,291
BLDG IMPR 25 YRS	2,795,682	2,784,606	2,774,412	2,772,480	2,769,698	2,768,207	2,760,058
BLDG IMPR 20 YRS	23,245	33,677	44,421	55,488	66,887	78,628	90,721
BLDG IMPR 15 YRS	176,267	186,046	196,118	206,492	217,177	228,183	239,520
BLDG IMPR 12 YRS	184,075	206,923	251,156	263,509	239,349	249,804	299,588
BLDG IMPR 10 YRS	239,522	355,196	474,340	585,802	688,591	796,214	978,683
BLDG IMPR 7 YRS	29,157	38,954	48,940	60,690	70,403	80,014	92,501
BLD IMPR 5 YRS	134,376	101,920	99,049	95,331	96,379	95,683	98,553
FFE 30 YRS	92,121	92,121	91,693	91,056	90,847	90,847	45,424
FFE 20 YRS	194,863	177,253	164,190	157,193	142,105	126,406	122,002
FFE 15 YRS	47,051	47,051	47,051	47,051	47,051	47,051	47,051
FFE 10 YRS	155,488	148,122	111,159	81,780	71,535	61,095	48,967
FFE 7 YRS	29,465	29,417	29,438	20,424	11,953	8,650	5,678
FFE 5 YRS	98,927	97,388	70,000	35,940	30,731	31,653	32,602
FFE 3 YRS	363,049	191,774	70,755	57,602	59,330	61,109	62,943
VEHICLES 5 YRS	13,814	5,296	4,387	1,843	0	0	0
VEHICLES 3 YRS	1,745	0	0	0	0	0	0
DEFERRED MARKETING	169,179	169,179	162,431	144,480	122,423	111,571	111,571
DEF FIN COST 2015	77,661	77,661	77,661	77,661	77,661	77,661	77,661
DEF FIN COST 2013	60,119	60,119	60,119	60,119	60,119	60,119	60,119
CIP - AL/MS PROJ 40	373,153	443,086	443,086	443,086	443,086	443,086	443,086
CIP - AL/MS PRO 10 Y	29,139	58,277	58,277	58,277	58,277	58,277	58,277
CIP 40 YRS	72,486	72,486	72,486	72,486	72,486	72,486	72,486
CIP 10 YRS	33,966	33,966	33,966	33,966	33,966	33,966	33,966
CAPITALIZED INTEREST	80,558	80,558	51,361	22,163	22,163	22,163	22,163
Total	7,745,076	7,738,897	7,661,629	7,660,966	7,696,852	7,709,687	7,824,621
Percent increase	N.A.	-0.1	-1.0	0.0	0.5	0.2	1.5

Table 3.5.2.2

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 SUMMED FOR ALL CARE LEVELS  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2023	2024	2025
LAND	101,254	101,254	101,254
LAND IMPR 25 YRS	40,431	49,051	57,929
LAND IMPR 20 YRS	218,201	200,955	192,464
LAND IMPR 15 YRS	3,709	3,709	2,685
LAND IMPR 10 YRS	618	198	0
BLDG IMPR 40 YRS	1,468,874	1,468,874	1,468,874
BLDG IMPR 30 YRS	180,291	180,291	180,291
BLDG IMPR 25 YRS	2,750,665	2,749,422	2,749,422
BLDG IMPR 20 YRS	103,177	116,006	129,221
BLDG IMPR 15 YRS	251,196	257,749	262,910
BLDG IMPR 12 YRS	350,866	403,682	458,082
BLDG IMPR 10 YRS	1,237,058	1,504,314	1,741,215
BLDG IMPR 7 YRS	100,807	103,831	106,946
BLD IMPR 5 YRS	101,510	104,555	107,692
FFE 30 YRS	0	0	0
FFE 20 YRS	121,572	118,840	101,228
FFE 15 YRS	47,051	46,976	46,091
FFE 10 YRS	39,155	39,852	39,221
FFE 7 YRS	6,251	6,438	6,631
FFE 5 YRS	33,581	34,588	35,626
FFE 3 YRS	64,831	66,776	68,779
VEHICLES 5 YRS	0	0	0
VEHICLES 3 YRS	0	0	0
DEFERRED MARKETING	111,571	111,571	111,571
DEF FIN COST 2015	77,661	77,661	77,661
DEF FIN COST 2013	60,119	60,119	60,119
CIP - AL/MS PROJ 40	443,086	443,086	443,086
CIP - AL/MS PRO 10 Y	58,277	58,277	58,277
CIP 40 YRS	72,486	72,486	72,486
CIP 10 YRS	33,966	33,966	16,983
CAPITALIZED INTEREST	22,163	22,163	22,163
<b>Total</b>	<b>8,100,426</b>	<b>8,436,690</b>	<b>8,718,908</b>
<b>Percent increase</b>	<b>3.5</b>	<b>4.2</b>	<b>3.3</b>

TABLE 3.5.3

Interest Expense for  
Aldersgate United Methodist Retirement Community

Fiscal Year	BB & T LOAN	SERIES 2013	SERIES 2015	Total
-----	-----	-----	-----	-----
2016	65,313	2,019,688	1,486,561	3,571,562
2017	39,375	1,961,588	2,399,830	4,400,793
2018	0	1,892,525	2,399,830	4,292,355
2019	0	1,811,550	2,399,830	4,211,380
2020	0	1,726,603	2,399,830	4,126,433
2021	0	1,637,428	2,399,830	4,037,258
2022	0	1,543,641	2,399,830	3,943,471
2023	0	1,444,984	2,399,830	3,844,814
2024	0	1,329,531	2,399,830	3,729,361
2025	0	1,195,781	2,399,830	3,595,611
2026	0	1,053,750	2,399,830	3,453,580
2027	0	902,813	2,399,830	3,302,643
2028	0	742,344	2,399,830	3,142,174
2029	0	571,875	2,399,830	2,971,705
2030	0	390,781	2,399,830	2,790,611
2031	0	198,281	2,399,830	2,598,111
2032	0	87,813	2,399,830	2,487,643
2033	0	64,531	2,293,845	2,358,376
2034	0	39,844	2,182,925	2,222,769
2035	0	13,594	2,066,600	2,080,194
2036	0	0	1,945,105	1,945,105
2037	0	0	1,796,115	1,796,115
2038	0	0	1,640,075	1,640,075
2039	0	0	1,470,669	1,470,669
2040	0	0	1,292,975	1,292,975
2041	0	0	1,106,750	1,106,750
2042	0	0	906,500	906,500
2043	0	0	696,250	696,250
2044	0	0	475,500	475,500
2045	0	0	243,500	243,500
Totals	----- 104,688	----- 20,628,945	----- 58,000,650	----- 78,734,283

TABLE 3.5.3

Principal Payment Expense for  
Aldersgate United Methodist Retirement Community

Fiscal Year	BB & T LOAN	SERIES 2013	SERIES 2015	Total
-----	-----	-----	-----	-----
2016	300,000	1,425,000	0	1,725,000
2017	2,450,000	1,480,000	0	3,930,000
2018	0	1,540,000	0	1,540,000
2019	0	1,620,000	0	1,620,000
2020	0	1,695,000	0	1,695,000
2021	0	1,785,000	0	1,785,000
2022	0	1,875,000	0	1,875,000
2023	0	1,975,000	0	1,975,000
2024	0	2,075,000	0	2,075,000
2025	0	2,205,000	0	2,205,000
2026	0	2,340,000	0	2,340,000
2027	0	2,490,000	0	2,490,000
2028	0	2,645,000	0	2,645,000
2029	0	2,810,000	0	2,810,000
2030	0	2,985,000	0	2,985,000
2031	0	3,175,000	0	3,175,000
2032	0	360,000	2,255,000	2,615,000
2033	0	385,000	2,360,000	2,745,000
2034	0	405,000	2,475,000	2,880,000
2035	0	435,000	2,585,000	3,020,000
2036	0	0	3,170,000	3,170,000
2037	0	0	3,320,000	3,320,000
2038	0	0	3,475,000	3,475,000
2039	0	0	3,645,000	3,645,000
2040	0	0	3,820,000	3,820,000
2041	0	0	4,005,000	4,005,000
2042	0	0	4,205,000	4,205,000
2043	0	0	4,415,000	4,415,000
2044	0	0	4,640,000	4,640,000
2045	0	0	4,870,000	4,870,000
Totals	----- 2,750,000	----- 35,705,000	----- 49,240,000	----- 87,695,000

Table 3.6.1

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Epworth  
 Total expenses per year for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021	2022
NURSING CARE	362,325	373,195	384,391	395,922	407,800	420,034	432,635
HOME CARE	521,766	537,419	553,542	570,148	587,252	604,870	623,016
RESIDENT/FAMILY SERV	102,307	102,832	105,773	108,647	111,907	115,104	118,393
PLANT	1,972,620	2,018,035	2,078,577	2,140,934	2,205,162	2,271,317	2,339,456
LIFE ENRICHMENT	377,331	379,264	390,111	400,713	412,734	424,529	436,657
CORP ADMIN	184,910	185,986	191,566	197,313	203,232	209,329	215,609
HEALTH CARE ADMIN	0	0	0	0	0	0	0
BEAUTY SHOP	118,318	118,925	122,326	125,650	129,420	133,118	136,921
CLINIC	133,377	137,378	141,500	145,745	150,117	154,620	159,259
GROUND	230,960	236,278	243,366	250,667	258,187	265,933	273,911
HOUSEKEEPING	889,616	905,803	932,977	960,966	989,795	1,019,489	1,050,074
SECURITY	243,399	249,003	256,473	264,167	272,092	280,255	288,662
CAFE	1,259,362	1,256,751	1,294,454	1,333,287	1,373,286	1,414,485	1,456,919
FOOD ASBURY	0	0	0	0	0	0	0
SALES & MARKETING	793,811	817,625	842,154	867,418	893,441	920,244	947,851
FINANCE	482,129	484,935	499,483	514,468	529,902	545,799	562,173
IT	293,159	294,865	303,711	312,822	322,207	331,873	341,830
MM & MAIL	150,519	151,395	155,937	160,615	165,434	170,397	175,509
EXECUTIVE	291,497	293,194	301,989	311,049	320,381	329,992	339,892
MISSION ADVANCEMENT	193,811	194,804	200,375	205,821	211,995	218,053	224,282
HUMAN RESOURCES	500,373	515,384	530,846	546,771	563,174	580,069	597,472
CHAPLAINCY	73,178	73,553	75,656	77,712	80,044	82,331	84,683
BAD DEBT EXPENSE	0	0	0	0	0	0	0
PART B	-308,700	-317,961	-327,500	-337,325	-347,445	-357,868	-368,604
BEAUTY	-128,915	-132,782	-136,766	-140,869	-145,095	-149,448	-153,931
MED SUPP & RX	-176,838	-182,143	-187,607	-193,236	-199,033	-205,004	-211,154
OTH INCOME	-190,151	-195,856	-201,731	-207,783	-214,017	-220,437	-227,050
OTH RES REVS	-375,296	-386,555	-398,152	-410,096	-422,399	-435,071	-448,123
HOME CARE	-596,160	-614,045	-632,466	-651,440	-670,983	-691,113	-711,846
CONTRIBUTIONS	-294,928	-296,439	-304,917	-313,204	-322,600	-331,818	-341,298
MCARE ADD-ON	0	0	0	0	0	0	0
<b>Total</b>	<b>7,103,778</b>	<b>7,200,843</b>	<b>7,416,065</b>	<b>7,636,884</b>	<b>7,865,990</b>	<b>8,101,082</b>	<b>8,343,196</b>
Percent increase	N.A.	1.4	3.0	3.0	3.0	3.0	3.0

Table 3.6.1

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Epworth  
 Total expenses per year for years 2016 to 2025

Category	2023	2024	2025
NURSING CARE	445,614	458,982	472,752
HOME CARE	641,706	660,958	680,786
RESIDENT/FAMILY SERV	121,774	125,427	129,008
PLANT	2,409,640	2,481,929	2,556,387
LIFE ENRICHMENT	449,128	462,601	475,810
CORP ADMIN	222,077	228,740	235,602
HEALTH CARE ADMIN	0	0	0
BEAUTY SHOP	140,831	145,056	149,198
CLINIC	164,037	168,958	174,027
GROUND	282,128	290,592	299,310
HOUSEKEEPING	1,081,576	1,114,024	1,147,444
SECURITY	297,322	306,242	315,429
CAFE	1,500,627	1,545,645	1,592,015
FOOD ASBURY	0	0	0
SALES & MARKETING	976,287	1,005,575	1,035,743
FINANCE	579,038	596,409	614,302
IT	352,084	362,647	373,526
MM & MAIL	180,774	186,197	191,783
EXECUTIVE	350,089	360,591	371,409
MISSION ADVANCEMENT	230,688	237,609	244,393
HUMAN RESOURCES	615,396	633,858	652,873
CHAPLAINCY	87,102	89,715	92,276
BAD DEBT EXPENSE	0	0	0
PART B	-379,662	-391,052	-402,783
BEAUTY	-158,549	-163,306	-168,205
MED SUPP & RX	-217,488	-224,013	-230,733
OTH INCOME	-233,862	-240,878	-248,104
OTH RES REVS	-461,567	-475,414	-489,676
HOME CARE	-733,202	-755,198	-777,854
CONTRIBUTIONS	-351,045	-361,577	-371,901
MCARE ADD-ON	0	0	0
Total	8,592,543	8,850,319	9,114,817
Percent increase	3.0	3.0	3.0

Table 3.6.2

Aldersgate United Methodist Retirement Community  
All operating expenses less all Direct Billing Revenues  
for Parker Terrace  
Total expenses per year for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021	2022
NURSING CARE	2,466,476	2,593,088	2,670,881	2,751,007	2,833,537	2,918,543	3,006,100
HOME CARE	0	0	0	0	0	0	0
RESIDENT/FAMILY SERV	33,988	36,950	38,136	39,440	40,624	41,928	43,275
PLANT	244,570	250,669	258,189	265,935	273,913	282,130	290,594
LIFE ENRICHMENT	125,355	136,278	140,652	145,464	149,828	154,639	159,605
CORP ADMIN	79,939	86,090	88,672	91,333	94,073	96,895	99,802
HEALTH CARE ADMIN	0	0	0	0	0	0	0
BEAUTY SHOP	39,307	42,732	44,104	45,613	46,981	48,490	50,047
CLINIC	0	0	0	0	0	0	0
GROUND	28,635	29,349	30,230	31,136	32,071	33,033	34,024
HOUSEKEEPING	220,593	225,027	231,778	238,732	245,894	253,270	260,869
SECURITY	30,177	30,930	31,858	32,813	33,798	34,812	35,856
CAFE	1,049,468	1,121,344	1,154,984	1,189,634	1,225,323	1,262,082	1,299,945
FOOD ASBURY	0	0	0	0	0	0	0
SALES & MARKETING	41,780	43,033	44,324	45,654	47,023	48,434	49,887
FINANCE	208,431	224,468	231,202	238,138	245,282	252,641	260,220
IT	126,737	136,488	140,582	144,800	149,144	153,618	158,227
MM & MAIL	65,072	70,078	72,181	74,346	76,576	78,874	81,240
EXECUTIVE	126,018	135,714	139,785	143,979	148,298	152,747	157,330
MISSION ADVANCEMENT	64,387	69,997	72,244	74,716	76,957	79,428	81,979
HUMAN RESOURCES	580,078	597,481	615,405	633,867	652,883	672,470	692,644
CHAPLAINCY	24,311	26,429	27,277	28,211	29,057	29,990	30,953
BAD DEBT EXPENSE	0	0	0	0	0	0	0
PART B	-453,268	-466,866	-480,872	-495,298	-510,157	-525,462	-541,226
BEAUTY	-73,520	-75,726	-77,997	-80,337	-82,747	-85,230	-87,787
MED SUPP & RX	-63,599	-65,507	-67,472	-69,496	-71,581	-73,729	-75,941
OTH INCOME	11,393	11,735	12,087	12,449	12,823	13,208	13,604
OTH RES REVS	0	0	0	0	0	0	0
HOME CARE	0	0	0	0	0	0	0
CONTRIBUTIONS	-97,979	-106,517	-109,936	-113,697	-117,108	-120,869	-124,750
MCARE ADD-ON	0	0	0	0	0	0	0
<b>Total</b>	<b>4,878,348</b>	<b>5,153,264</b>	<b>5,308,293</b>	<b>5,468,437</b>	<b>5,632,490</b>	<b>5,801,943</b>	<b>5,976,495</b>
Percent increase	N.A.	5.6	3.0	3.0	3.0	3.0	3.0

Table 3.6.2

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Parker Terrace  
 Total expenses per year for years 2016 to 2025

Category	2023	2024	2025
NURSING CARE	3,096,283	3,189,171	3,284,846
HOME CARE	0	0	0
RESIDENT/FAMILY SERV	44,665	46,004	47,482
PLANT	299,312	308,291	317,540
LIFE ENRICHMENT	164,732	169,674	175,124
CORP ADMIN	102,796	105,879	109,056
HEALTH CARE ADMIN	0	0	0
BEAUTY SHOP	51,654	53,204	54,913
CLINIC	0	0	0
GROUNDS	35,044	36,096	37,179
HOUSEKEEPING	268,695	276,755	285,058
SECURITY	36,932	38,040	39,181
CAFE	1,338,943	1,379,111	1,420,485
FOOD ASBURY	0	0	0
SALES & MARKETING	51,384	52,925	54,513
FINANCE	268,026	276,067	284,349
IT	162,974	167,863	172,899
MM & MAIL	83,677	86,187	88,773
EXECUTIVE	162,050	166,911	171,919
MISSION ADVANCEMENT	84,612	87,151	89,950
HUMAN RESOURCES	713,423	734,826	756,871
CHAPLAINCY	31,947	32,906	33,963
BAD DEBT EXPENSE	0	0	0
PART B	-557,462	-574,186	-591,412
BEAUTY	-90,420	-93,133	-95,927
MED SUPP & RX	-78,219	-80,565	-82,982
OTH INCOME	14,012	14,432	14,865
OTH RES REVS	0	0	0
HOME CARE	0	0	0
CONTRIBUTIONS	-128,757	-132,620	-136,880
MCARE ADD-ON	0	0	0
Total	6,156,301	6,340,990	6,531,764
Percent increase	3.0	3.0	3.0



Table 3.6.3

Aldersgate United Methodist Retirement Community  
All operating expenses less all Direct Billing Revenues  
for Asbury  
Total expenses per year for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021	2022
NURSING CARE	6,334,311	6,524,340	6,720,071	6,921,673	7,129,323	7,343,203	7,563,499
HOME CARE	0	0	0	0	0	0	0
RESIDENT/FAMILY SERV	30,212	31,721	32,739	33,859	34,875	35,995	37,151
PLANT	178,452	198,807	204,771	210,914	217,242	223,759	230,472
LIFE ENRICHMENT	111,427	116,993	120,749	124,880	128,626	132,756	137,020
CORP ADMIN	71,057	73,907	76,124	78,408	80,760	83,183	85,679
HEALTH CARE ADMIN	472,299	486,468	501,062	516,094	531,577	547,524	563,950
BEAUTY SHOP	34,940	36,685	37,863	39,158	40,333	41,628	42,965
CLINIC	0	0	0	0	0	0	0
GROUND	20,894	23,277	23,975	24,694	25,435	26,198	26,984
HOUSEKEEPING	160,957	178,470	183,825	189,339	195,019	200,870	206,896
SECURITY	22,019	24,531	25,266	26,024	26,805	27,609	28,438
CAFE	0	0	0	0	0	0	0
FOOD ASBURY	1,041,237	1,072,474	1,104,648	1,137,788	1,171,921	1,207,079	1,243,291
SALES & MARKETING	0	0	0	0	0	0	0
FINANCE	185,272	192,704	198,485	204,439	210,572	216,890	223,396
IT	112,655	117,174	120,689	124,309	128,039	131,880	135,836
MM & MAIL	57,841	60,161	61,966	63,825	65,740	67,712	69,744
EXECUTIVE	112,016	116,509	120,005	123,605	127,313	131,132	135,066
MISSION ADVANCEMENT	57,233	60,092	62,021	64,143	66,067	68,188	70,378
HUMAN RESOURCES	1,133,588	1,167,596	1,202,624	1,238,703	1,275,864	1,314,140	1,353,564
CHAPLAINCY	21,610	22,689	23,417	24,219	24,945	25,746	26,573
BAD DEBT EXPENSE	224,396	231,128	238,062	245,204	252,560	260,136	267,941
PART B	-288,334	-296,984	-305,894	-315,070	-324,522	-334,258	-344,286
BEAUTY	-32,399	-33,371	-34,372	-35,403	-36,465	-37,559	-38,686
MED SUPP & RX	-132,254	-136,222	-140,308	-144,518	-148,853	-153,319	-157,918
OTH INCOME	-47,827	-49,262	-50,740	-52,262	-53,830	-55,445	-57,108
OTH RES REVS	0	0	0	0	0	0	0
HOME CARE	0	0	0	0	0	0	0
CONTRIBUTIONS	-87,093	-91,444	-94,379	-97,608	-100,536	-103,765	-107,097
MCARE ADD-ON	-3,040,319	-3,085,924	-3,132,213	-3,179,196	-3,226,884	-3,275,287	-3,324,416
Total	6,754,189	7,042,521	7,300,456	7,567,221	7,841,926	8,125,997	8,419,330
Percent increase	N.A.	4.3	3.7	3.7	3.6	3.6	3.6

Table 3.6.3

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Asbury  
 Total expenses per year for years 2016 to 2025

Category	2023	2024	2025
NURSING CARE	7,790,404	8,024,116	8,264,839
HOME CARE	0	0	0
RESIDENT/FAMILY SERV	38,344	39,494	40,763
PLANT	237,386	244,507	251,843
LIFE ENRICHMENT	141,421	145,663	150,343
CORP ADMIN	88,249	90,897	93,623
HEALTH CARE ADMIN	580,868	598,294	616,243
BEAUTY SHOP	44,345	45,675	47,142
CLINIC	0	0	0
GROUNDS	27,794	28,628	29,486
HOUSEKEEPING	213,103	219,496	226,081
SECURITY	29,291	30,169	31,075
CAFE	0	0	0
FOOD ASBURY	1,280,590	1,319,008	1,358,578
SALES & MARKETING	0	0	0
FINANCE	230,098	237,001	244,111
IT	139,911	144,109	148,432
MM & MAIL	71,836	73,991	76,211
EXECUTIVE	139,118	143,292	147,590
MISSION ADVANCEMENT	72,639	74,818	77,221
HUMAN RESOURCES	1,394,171	1,435,996	1,479,076
CHAPLAINCY	27,426	28,249	29,157
BAD DEBT EXPENSE	275,979	284,258	292,786
PART B	-354,614	-365,253	-376,210
BEAUTY	-39,847	-41,042	-42,273
MED SUPP & RX	-162,656	-167,535	-172,561
OTH INCOME	-58,821	-60,586	-62,403
OTH RES REVS	0	0	0
HOME CARE	0	0	0
CONTRIBUTIONS	-110,537	-113,853	-117,510
MCARE ADD-ON	-3,374,283	-3,424,897	-3,476,270
Total	8,722,215	9,034,496	9,357,371
Percent increase	3.6	3.6	3.6

Table 3.7.1

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Epworth  
 Expenses per capita per day for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NURSING CARE	3.33	3.47	3.58	3.71	3.83	3.95	4.09	4.22	4.35	4.50
HOME CARE	4.80	4.99	5.16	5.35	5.51	5.69	5.89	6.08	6.27	6.48
RESIDENT/FAMILY SERV PLANT	0.94	0.96	0.99	1.02	1.05	1.08	1.12	1.15	1.19	1.23
LIFE ENRICHMENT	18.14	18.74	19.37	20.09	20.69	21.38	22.10	22.84	23.53	24.32
CORP ADMIN	3.47	3.52	3.64	3.76	3.87	4.00	4.13	4.26	4.39	4.53
HEALTH CARE ADMIN	1.70	1.73	1.79	1.85	1.91	1.97	2.04	2.11	2.17	2.24
BEAUTY SHOP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CLINIC	1.09	1.10	1.14	1.18	1.21	1.25	1.29	1.34	1.38	1.42
FOUNDATIONS	1.23	1.28	1.32	1.37	1.41	1.46	1.50	1.56	1.60	1.66
HOUSEKEEPING	2.12	2.19	2.27	2.35	2.42	2.50	2.59	2.67	2.75	2.85
SECURITY	8.18	8.41	8.69	9.02	9.29	9.60	9.92	10.25	10.56	10.92
CAFE	2.24	2.31	2.39	2.48	2.55	2.64	2.73	2.82	2.90	3.00
FOOD ASBURY	11.58	11.67	12.06	12.51	12.89	13.32	13.76	14.23	14.65	15.14
SALES & MARKETING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FINANCE	7.30	7.59	7.85	8.14	8.38	8.66	8.95	9.26	9.53	9.85
IT	4.43	4.50	4.65	4.83	4.97	5.14	5.31	5.49	5.65	5.84
MM & MAIL	2.70	2.74	2.83	2.94	3.02	3.12	3.23	3.34	3.44	3.55
EXECUTIVE	1.38	1.41	1.45	1.51	1.55	1.60	1.66	1.71	1.77	1.82
MISSION ADVANCEMENT	2.68	2.72	2.81	2.92	3.01	3.11	3.21	3.32	3.42	3.53
HUMAN RESOURCES	1.78	1.81	1.87	1.93	1.99	2.05	2.12	2.19	2.25	2.32
CHAPLAINCY	4.60	4.79	4.95	5.13	5.28	5.46	5.64	5.83	6.01	6.21
BAD DEBT EXPENSE	0.67	0.68	0.71	0.73	0.75	0.78	0.80	0.83	0.85	0.88
PART B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BEAUTY	-2.84	-2.95	-3.05	-3.16	-3.26	-3.37	-3.48	-3.60	-3.71	-3.83
MED SUPP & RX	-1.19	-1.23	-1.27	-1.32	-1.36	-1.41	-1.45	-1.50	-1.55	-1.60
OTH INCOME	-1.63	-1.69	-1.75	-1.81	-1.87	-1.93	-1.99	-2.06	-2.12	-2.19
OTH RES REVS	-1.75	-1.82	-1.88	-1.95	-2.01	-2.08	-2.15	-2.22	-2.28	-2.36
HOME CARE	-3.45	-3.59	-3.71	-3.85	-3.96	-4.10	-4.23	-4.38	-4.51	-4.66
CONTRIBUTIONS	-5.48	-5.70	-5.89	-6.11	-6.30	-6.51	-6.73	-6.95	-7.16	-7.40
MCARE ADD-ON	-2.71	-2.75	-2.84	-2.94	-3.03	-3.12	-3.22	-3.33	-3.43	-3.54
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	65.31	66.88	69.11	71.65	73.80	76.27	78.82	81.46	83.90	86.71
Percent increase	N.A.	2.4	3.3	3.7	3.0	3.3	3.3	3.3	3.0	3.3

Table 3.7.2

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Parker Terrace  
 Expenses per capita per day for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NURSING CARE	68.26	67.02	69.03	71.10	73.24	75.43	77.70	80.03	82.43	84.90
HOME CARE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RESIDENT/FAMILY SERV	0.94	0.96	0.99	1.02	1.05	1.08	1.12	1.15	1.19	1.23
PLANT	6.77	6.48	6.67	6.87	7.08	7.29	7.51	7.74	7.97	8.21
LIFE ENRICHMENT	3.47	3.52	3.64	3.76	3.87	4.00	4.13	4.26	4.39	4.53
CORP ADMIN	2.21	2.23	2.29	2.36	2.43	2.50	2.58	2.66	2.74	2.82
HEALTH CARE ADMIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BEAUTY SHOP	1.09	1.10	1.14	1.18	1.21	1.25	1.29	1.34	1.38	1.42
CLINIC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GROUND	0.79	0.76	0.78	0.80	0.83	0.85	0.88	0.91	0.93	0.96
HOUSEKEEPING	6.10	5.82	5.99	6.17	6.36	6.55	6.74	6.94	7.15	7.37
SECURITY	0.84	0.80	0.82	0.85	0.87	0.90	0.93	0.95	0.98	1.01
CAFE	29.04	28.98	29.85	30.75	31.67	32.62	33.60	34.61	35.65	36.71
FOOD ASBURY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES & MARKETING	1.16	1.11	1.15	1.18	1.22	1.25	1.29	1.33	1.37	1.41
FINANCE	5.77	5.80	5.98	6.16	6.34	6.53	6.73	6.93	7.14	7.35
IT	3.51	3.53	3.63	3.74	3.85	3.97	4.09	4.21	4.34	4.47
MM & MAIL	1.80	1.81	1.87	1.92	1.98	2.04	2.10	2.16	2.23	2.29
EXECUTIVE	3.49	3.51	3.61	3.72	3.83	3.95	4.07	4.19	4.31	4.44
MISSION ADVANCEMENT	1.78	1.81	1.87	1.93	1.99	2.05	2.12	2.19	2.25	2.32
HUMAN RESOURCES	16.05	15.44	15.91	16.38	16.87	17.38	17.90	18.44	18.99	19.56
CHAPLAINCY	0.67	0.68	0.71	0.73	0.75	0.78	0.80	0.83	0.85	0.88
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PART B	-12.54	-12.07	-12.43	-12.80	-13.19	-13.58	-13.99	-14.41	-14.84	-15.29
BEAUTY	-2.03	-1.96	-2.02	-2.08	-2.14	-2.20	-2.27	-2.34	-2.41	-2.48
MED SUPP & RX	-1.76	-1.69	-1.74	-1.80	-1.85	-1.91	-1.96	-2.02	-2.08	-2.14
OTH INCOME	0.32	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38
OTH RES REVS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HOME CARE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS	-2.71	-2.75	-2.84	-2.94	-3.03	-3.12	-3.22	-3.33	-3.43	-3.54
MCARE ADD-ON	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	135.00	133.19	137.20	141.34	145.58	149.96	154.47	159.12	163.89	168.82
Percent increase	N.A.	-1.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Table 3.7.3

Aldersgate United Methodist Retirement Community  
 All operating expenses less all Direct Billing Revenues  
 for Asbury  
 Expenses per capita per day for years 2016 to 2025

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NURSING CARE	197.21	196.43	202.32	208.39	214.64	221.08	227.71	234.54	241.58	248.83
HOME CARE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RESIDENT/FAMILY SERV	0.94	0.96	0.99	1.02	1.05	1.08	1.12	1.15	1.19	1.23
PLANT	5.56	5.99	6.17	6.35	6.54	6.74	6.94	7.15	7.36	7.58
LIFE ENRICHMENT	3.47	3.52	3.64	3.76	3.87	4.00	4.13	4.26	4.39	4.53
CORP ADMIN	2.21	2.23	2.29	2.36	2.43	2.50	2.58	2.66	2.74	2.82
HEALTH CARE ADMIN	14.70	14.65	15.09	15.54	16.00	16.48	16.98	17.49	18.01	18.55
BEAUTY SHOP	1.09	1.10	1.14	1.18	1.21	1.25	1.29	1.34	1.38	1.42
CLINIC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GROUND	0.65	0.70	0.72	0.74	0.77	0.79	0.81	0.84	0.86	0.89
HOUSEKEEPING	5.01	5.37	5.53	5.70	5.87	6.05	6.23	6.42	6.61	6.81
SECURITY	0.69	0.74	0.76	0.78	0.81	0.83	0.86	0.88	0.91	0.94
CAFE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FOOD ASBURY	32.42	32.29	33.26	34.26	35.28	36.34	37.43	38.55	39.71	40.90
SALES & MARKETING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FINANCE	5.77	5.80	5.98	6.16	6.34	6.53	6.73	6.93	7.14	7.35
IT	3.51	3.53	3.63	3.74	3.85	3.97	4.09	4.21	4.34	4.47
MM & MAIL	1.80	1.81	1.87	1.92	1.98	2.04	2.10	2.16	2.23	2.29
EXECUTIVE	3.49	3.51	3.61	3.72	3.83	3.95	4.07	4.19	4.31	4.44
MISSION ADVANCEMENT	1.78	1.81	1.87	1.93	1.99	2.05	2.12	2.19	2.25	2.32
HUMAN RESOURCES	35.29	35.15	36.21	37.29	38.41	39.56	40.75	41.97	43.23	44.53
CHAPLAINCY	0.67	0.68	0.71	0.73	0.75	0.78	0.80	0.83	0.85	0.88
BAD DEBT EXPENSE	6.99	6.96	7.17	7.38	7.60	7.83	8.07	8.31	8.56	8.81
PART B	-8.98	-8.94	-9.21	-9.49	-9.77	-10.06	-10.37	-10.68	-11.00	-11.33
BEAUTY	-1.01	-1.00	-1.03	-1.07	-1.10	-1.13	-1.16	-1.20	-1.24	-1.27
MED SUPP & RX	-4.12	-4.10	-4.22	-4.35	-4.48	-4.62	-4.75	-4.90	-5.04	-5.20
OTH INCOME	-1.49	-1.48	-1.53	-1.57	-1.62	-1.67	-1.72	-1.77	-1.82	-1.88
OTH RES REVS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HOME CARE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS	-2.71	-2.75	-2.84	-2.94	-3.03	-3.12	-3.22	-3.33	-3.43	-3.54
MCARE ADD-ON	-94.66	-92.91	-94.30	-95.72	-97.15	-98.61	-100.09	-101.59	-103.11	-104.66
Total	210.28	212.03	219.79	227.83	236.10	244.65	253.48	262.60	272.00	281.72
Percent increase	N.A.	0.8	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.6

Table 3.8.1

Aldersgate United Methodist Retirement Community  
**CAPITAL EXPENSES**  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Epworth  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022
LAND	63,658	63,658	63,658	63,658	63,658	63,658	63,658
LAND IMPR 25 YRS	2,043	4,322	6,637	9,021	11,477	14,007	17,537
LAND IMPR 20 YRS	233,064	213,083	192,626	182,390	180,878	179,463	175,945
LAND IMPR 15 YRS	2,932	2,932	2,932	2,932	2,932	2,932	2,932
LAND IMPR 10 YRS	31,524	31,524	31,524	31,524	18,708	3,939	1,233
BLDG IMPR 40 YRS	1,093,362	1,093,362	1,093,362	1,093,362	1,093,362	1,093,362	1,093,362
BLDG IMPR 30 YRS	166,258	166,258	166,258	166,258	166,258	166,258	166,258
BLDG IMPR 25 YRS	2,178,870	2,173,113	2,168,306	2,167,223	2,165,681	2,165,107	2,158,222
BLDG IMPR 20 YRS	12,141	17,824	23,679	29,709	35,919	42,317	48,906
BLDG IMPR 15 YRS	129,379	134,707	140,195	145,848	151,670	157,667	163,843
BLDG IMPR 12 YRS	134,303	143,698	168,673	169,561	142,630	141,330	169,440
BLDG IMPR 10 YRS	190,679	306,352	425,496	546,556	661,529	775,251	961,442
BLDG IMPR 7 YRS	26,002	29,914	33,835	39,233	42,403	45,274	50,820
BLD IMPR 5 YRS	86,662	84,068	74,409	63,783	57,012	52,134	53,698
FFE 30 YRS	0	0	0	0	0	0	0
FFE 20 YRS	112,182	101,795	95,592	91,354	87,528	82,670	78,913
FFE 15 YRS	26,227	26,227	26,227	26,227	26,227	26,227	26,227
FFE 10 YRS	68,300	63,970	48,714	38,924	35,945	32,979	26,457
FFE 7 YRS	20,350	20,810	21,285	14,163	7,056	5,123	3,206
FFE 5 YRS	60,004	59,560	42,457	23,201	21,949	22,549	23,226
FFE 3 YRS	205,944	107,348	32,967	26,475	27,270	28,088	28,930
VEHICLES 5 YRS	8,681	3,342	2,765	1,159	0	0	0
VEHICLES 3 YRS	1,113	0	0	0	0	0	0
DEFERRED MARKETING	158,021	158,021	151,274	133,323	111,266	100,414	100,414
DEF FIN COST 2015	43,773	43,773	43,773	43,773	43,773	43,773	43,773
DEF FIN COST 2013	38,352	38,352	38,352	38,352	38,352	38,352	38,352
CIP - AL/MS PROJ 40	32,449	32,449	32,449	32,449	32,449	32,449	32,449
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0	0
CIP 40 YRS	72,486	72,486	72,486	72,486	72,486	72,486	72,486
CIP 10 YRS	19,144	19,144	19,144	19,144	19,144	19,144	19,144
CAPITALIZED INTEREST	62,711	62,711	39,982	17,253	17,253	17,253	17,253
<b>Total</b>	<b>5,280,614</b>	<b>5,274,805</b>	<b>5,259,058</b>	<b>5,289,339</b>	<b>5,334,816</b>	<b>5,424,207</b>	<b>5,638,125</b>
Percent increase	N.A.	-0.1	-0.3	0.6	0.9	1.7	3.9

Table 3.8.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Epworth  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2023	2024	2025
LAND	63,658	63,658	63,658
LAND IMPR 25 YRS	22,097	26,793	31,631
LAND IMPR 20 YRS	164,030	149,810	142,882
LAND IMPR 15 YRS	2,932	2,932	2,072
LAND IMPR 10 YRS	338	98	0
BLDG IMPR 40 YRS	1,093,362	1,093,362	1,093,362
BLDG IMPR 30 YRS	166,258	166,258	166,258
BLDG IMPR 25 YRS	2,150,284	2,149,232	2,149,232
BLDG IMPR 20 YRS	55,692	62,683	69,883
BLDG IMPR 15 YRS	170,205	175,212	179,273
BLDG IMPR 12 YRS	198,393	228,214	258,930
BLDG IMPR 10 YRS	1,221,371	1,493,130	1,737,202
BLDG IMPR 7 YRS	54,926	56,573	58,271
BLD IMPR 5 YRS	55,309	56,968	58,677
FFE 30 YRS	0	0	0
FFE 20 YRS	78,756	77,188	61,490
FFE 15 YRS	26,227	26,227	26,227
FFE 10 YRS	20,417	21,847	22,148
FFE 7 YRS	3,529	3,635	3,744
FFE 5 YRS	23,923	24,640	25,379
FFE 3 YRS	29,798	30,692	31,613
VEHICLES 5 YRS	0	0	0
VEHICLES 3 YRS	0	0	0
DEFERRED MARKETING	100,414	100,414	100,414
DEF FIN COST 2015	43,773	43,773	43,773
DEF FIN COST 2013	38,352	38,352	38,352
CIP - AL/MS PROJ 40	32,449	32,449	32,449
CIP - AL/MS PRO 10 Y	0	0	0
CIP 40 YRS	72,486	72,486	72,486
CIP 10 YRS	19,144	19,144	9,572
CAPITALIZED INTEREST	17,253	17,253	17,253
<b>Total</b>	<b>5,925,375</b>	<b>6,233,024</b>	<b>6,496,230</b>
<b>Percent increase</b>	<b>5.1</b>	<b>5.2</b>	<b>4.2</b>

Table 3.8.2

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Parker Terrace  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022
LAND	22,323	22,323	22,323	22,323	22,323	22,323	22,323
LAND IMPR 25 YRS	807	1,798	2,802	3,836	4,901	5,999	7,530
LAND IMPR 20 YRS	33,619	32,098	30,546	29,774	29,660	29,554	29,233
LAND IMPR 15 YRS	654	654	654	654	654	654	654
LAND IMPR 10 YRS	3,172	3,172	3,172	3,172	2,314	1,077	436
BLDG IMPR 40 YRS	332,866	332,866	332,866	332,866	332,866	332,866	332,866
BLDG IMPR 30 YRS	14,033	14,033	14,033	14,033	14,033	14,033	14,033
BLDG IMPR 25 YRS	389,005	386,538	384,478	384,309	384,021	383,853	383,658
BLDG IMPR 20 YRS	1,214	3,680	6,219	8,834	11,528	14,303	17,161
BLDG IMPR 15 YRS	27,616	29,927	32,307	34,758	37,284	39,885	42,564
BLDG IMPR 12 YRS	21,822	30,616	39,843	45,831	46,999	51,977	62,363
BLDG IMPR 10 YRS	12,984	12,984	12,984	12,688	11,458	7,037	3,339
BLDG IMPR 7 YRS	1,738	4,744	7,843	11,141	14,539	18,038	21,642
BLD IMPR 5 YRS	41,717	9,895	12,622	15,480	20,025	22,612	23,290
FFE 30 YRS	0	0	0	0	0	0	0
FFE 20 YRS	13,569	12,561	12,253	12,170	12,170	12,170	12,161
FFE 15 YRS	5,086	5,086	5,086	5,086	5,086	5,086	5,086
FFE 10 YRS	11,299	11,494	11,655	12,009	10,984	9,916	8,486
FFE 7 YRS	4,794	4,964	5,140	3,871	2,607	1,893	1,185
FFE 5 YRS	23,159	22,165	15,622	6,690	4,506	4,701	4,842
FFE 3 YRS	74,425	37,865	10,541	8,799	9,063	9,335	9,615
VEHICLES 5 YRS	3,079	1,219	1,015	428	0	0	0
VEHICLES 3 YRS	395	0	0	0	0	0	0
DEFERRED MARKETING	11,157	11,157	11,157	11,157	11,157	11,157	11,157
DEF FIN COST 2015	16,238	16,238	16,238	16,238	16,238	16,238	16,238
DEF FIN COST 2013	13,623	13,623	13,623	13,623	13,623	13,623	13,623
CIP - AL/MS PROJ 40	198,096	268,030	268,030	268,030	268,030	268,030	268,030
CIP - AL/MS PRO 10 Y	29,139	58,277	58,277	58,277	58,277	58,277	58,277
CIP 40 YRS	0	0	0	0	0	0	0
CIP 10 YRS	7,102	7,102	7,102	7,102	7,102	7,102	7,102
CAPITALIZED INTEREST	17,847	17,847	11,378	4,910	4,910	4,910	4,910
Total	1,332,578	1,372,955	1,349,810	1,348,090	1,356,358	1,366,648	1,381,802
Percent increase	N.A.	3.0	-1.7	-0.1	0.6	0.8	1.1



Table 3.8.2

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Parker Terrace  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2023	2024	2025
LAND	22,323	22,323	22,323
LAND IMPR 25 YRS	9,507	11,544	13,643
LAND IMPR 20 YRS	28,138	26,843	26,122
LAND IMPR 15 YRS	654	654	490
LAND IMPR 10 YRS	123	36	0
BLDG IMPR 40 YRS	332,866	332,866	332,866
BLDG IMPR 30 YRS	14,033	14,033	14,033
BLDG IMPR 25 YRS	383,321	383,181	383,181
BLDG IMPR 20 YRS	20,104	23,136	26,259
BLDG IMPR 15 YRS	45,323	48,165	51,093
BLDG IMPR 12 YRS	73,060	84,079	95,427
BLDG IMPR 10 YRS	3,127	1,589	25
BLDG IMPR 7 YRS	23,823	24,538	25,274
BLD IMPR 5 YRS	23,989	24,708	25,450
FFE 30 YRS	0	0	0
FFE 20 YRS	12,151	12,055	11,765
FFE 15 YRS	5,086	5,086	5,086
FFE 10 YRS	6,950	6,448	5,990
FFE 7 YRS	1,304	1,343	1,384
FFE 5 YRS	4,987	5,137	5,291
FFE 3 YRS	9,903	10,200	10,506
VEHICLES 5 YRS	0	0	0
VEHICLES 3 YRS	0	0	0
DEFERRED MARKETING	11,157	11,157	11,157
DEF FIN COST 2015	16,238	16,238	16,238
DEF FIN COST 2013	13,623	13,623	13,623
CIP - AL/MS PROJ 40	268,030	268,030	268,030
CIP - AL/MS PRO 10 Y	58,277	58,277	58,277
CIP 40 YRS	0	0	0
CIP 10 YRS	7,102	7,102	3,551
CAPITALIZED INTEREST	4,910	4,910	4,910
Total	1,400,111	1,417,301	1,431,993
Percent increase	1.3	1.2	1.0

Table 3.8.3

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Asbury  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022
LAND	15,274	15,274	15,274	15,274	15,274	15,274	15,274
LAND IMPR 25 YRS	771	1,688	2,618	3,575	4,562	5,578	6,995
LAND IMPR 20 YRS	41,058	36,226	31,298	28,844	28,482	28,150	27,583
LAND IMPR 15 YRS	122	122	122	122	122	122	122
LAND IMPR 10 YRS	1,111	1,111	1,111	1,111	852	583	380
BLDG IMPR 40 YRS	211,318	211,318	211,318	211,318	211,318	126,982	42,646
BLDG IMPR 30 YRS	0	0	0	0	0	0	0
BLDG IMPR 25 YRS	227,807	224,956	221,627	220,948	219,996	219,246	218,178
BLDG IMPR 20 YRS	9,890	12,172	14,524	16,945	19,440	22,009	24,655
BLDG IMPR 15 YRS	19,272	21,412	23,616	25,886	28,224	30,632	33,113
BLDG IMPR 12 YRS	27,950	32,609	42,640	48,117	49,721	56,497	67,786
BLDG IMPR 10 YRS	35,859	35,859	35,859	26,558	15,604	13,926	13,903
BLDG IMPR 7 YRS	1,418	4,297	7,262	10,316	13,462	16,702	20,039
BLD IMPR 5 YRS	5,997	7,956	12,018	16,068	19,342	20,937	21,565
FFE 30 YRS	92,121	92,121	91,693	91,056	90,847	90,847	45,424
FFE 20 YRS	69,112	62,898	56,345	53,670	42,406	31,566	30,929
FFE 15 YRS	15,739	15,739	15,739	15,739	15,739	15,739	15,739
FFE 10 YRS	75,889	72,659	50,790	30,846	24,606	18,199	14,024
FFE 7 YRS	4,321	3,642	3,014	2,391	2,290	1,634	1,288
FFE 5 YRS	15,764	15,663	11,920	6,049	4,275	4,402	4,534
FFE 3 YRS	82,680	46,561	27,247	22,327	22,997	23,687	24,397
VEHICLES 5 YRS	2,054	734	607	256	0	0	0
VEHICLES 3 YRS	236	0	0	0	0	0	0
DEFERRED MARKETING	0	0	0	0	0	0	0
DEF FIN COST 2015	17,650	17,650	17,650	17,650	17,650	17,650	17,650
DEF FIN COST 2013	8,144	8,144	8,144	8,144	8,144	8,144	8,144
CIP - AL/MS PROJ 40	142,607	142,607	142,607	142,607	142,607	142,607	142,607
CIP - AL/MS PRO 10 Y	0	0	0	0	0	0	0
CIP 40 YRS	0	0	0	0	0	0	0
CIP 10 YRS	7,720	7,720	7,720	7,720	7,720	7,720	7,720
CAPITALIZED INTEREST	0	0	0	0	0	0	0
Total	1,131,884	1,091,137	1,052,761	1,023,537	1,005,678	918,833	804,694
Percent increase	N.A.	-3.6	-3.5	-2.8	-1.7	-8.6	-12.4

Table 3.8.3

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Asbury  
 TOTAL EXPENSES PER YEAR FOR YEARS 2016 TO 2025

Category	2023	2024	2025
LAND	15,274	15,274	15,274
LAND IMPR 25 YRS	8,826	10,713	12,655
LAND IMPR 20 YRS	26,033	24,301	23,460
LAND IMPR 15 YRS	122	122	122
LAND IMPR 10 YRS	157	63	0
BLDG IMPR 40 YRS	42,646	42,646	42,646
BLDG IMPR 30 YRS	0	0	0
BLDG IMPR 25 YRS	217,060	217,009	217,009
BLDG IMPR 20 YRS	27,380	30,188	33,079
BLDG IMPR 15 YRS	35,668	34,372	32,545
BLDG IMPR 12 YRS	79,413	91,390	103,725
BLDG IMPR 10 YRS	12,560	9,596	3,988
BLDG IMPR 7 YRS	22,058	22,720	23,402
BLD IMPR 5 YRS	22,212	22,879	23,565
FFE 30 YRS	0	0	0
FFE 20 YRS	30,665	29,597	27,973
FFE 15 YRS	15,739	15,663	14,779
FFE 10 YRS	11,788	11,557	11,083
FFE 7 YRS	1,418	1,460	1,504
FFE 5 YRS	4,671	4,811	4,955
FFE 3 YRS	25,129	25,883	26,660
VEHICLES 5 YRS	0	0	0
VEHICLES 3 YRS	0	0	0
DEFERRED MARKETING	0	0	0
DEF FIN COST 2015	17,650	17,650	17,650
DEF FIN COST 2013	8,144	8,144	8,144
CIP - AL/MS PROJ 40	142,607	142,607	142,607
CIP - AL/MS PRO 10 Y	0	0	0
CIP 40 YRS	0	0	0
CIP 10 YRS	7,720	7,720	3,860
CAPITALIZED INTEREST	0	0	0
<b>Total</b>	<b>774,940</b>	<b>786,365</b>	<b>790,685</b>
<b>Percent increase</b>	<b>-3.7</b>	<b>1.5</b>	<b>0.5</b>

Table 3.9.1

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Epworth  
 EXPENSES PER CAPITA PER DAY FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LAND	0.59	0.59	0.59	0.60	0.60	0.60	0.60	0.60	0.60	0.61
LAND IMPR 25 YRS	0.02	0.04	0.06	0.08	0.11	0.13	0.17	0.21	0.25	0.30
LAND IMPR 20 YRS	2.14	1.98	1.80	1.71	1.70	1.69	1.66	1.56	1.42	1.36
LAND IMPR 15 YRS	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02
LAND IMPR 10 YRS	0.29	0.29	0.29	0.30	0.18	0.04	0.01	0.00	0.00	0.00
BLDG IMPR 40 YRS	10.05	10.15	10.19	10.26	10.26	10.29	10.33	10.37	10.37	10.40
BLDG IMPR 30 YRS	1.53	1.54	1.55	1.56	1.56	1.57	1.57	1.58	1.58	1.58
BLDG IMPR 25 YRS	20.03	20.18	20.21	20.33	20.32	20.38	20.39	20.38	20.37	20.45
BLDG IMPR 20 YRS	0.11	0.17	0.22	0.28	0.34	0.40	0.46	0.53	0.59	0.66
BLDG IMPR 15 YRS	1.19	1.25	1.31	1.37	1.42	1.48	1.55	1.61	1.66	1.71
BLDG IMPR 12 YRS	1.23	1.33	1.57	1.59	1.34	1.33	1.60	1.88	2.16	2.46
BLDG IMPR 10 YRS	1.75	2.85	3.97	5.13	6.21	7.30	9.08	11.58	14.15	16.53
BLDG IMPR 7 YRS	0.24	0.28	0.32	0.37	0.40	0.43	0.48	0.52	0.54	0.55
BLD IMPR 5 YRS	0.80	0.78	0.69	0.60	0.53	0.49	0.51	0.52	0.54	0.56
FFE 30 YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FFE 20 YRS	1.03	0.95	0.89	0.86	0.82	0.78	0.75	0.75	0.73	0.58
FFE 15 YRS	0.24	0.24	0.24	0.25	0.25	0.25	0.25	0.25	0.25	0.25
FFE 10 YRS	0.63	0.59	0.45	0.37	0.34	0.31	0.25	0.19	0.21	0.21
FFE 7 YRS	0.19	0.19	0.20	0.13	0.07	0.05	0.03	0.03	0.03	0.04
FFE 5 YRS	0.55	0.55	0.40	0.22	0.21	0.21	0.22	0.23	0.23	0.24
FFE 3 YRS	1.89	1.00	0.31	0.25	0.26	0.26	0.27	0.28	0.29	0.30
VEHICLES 5 YRS	0.08	0.03	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00
VEHICLES 3 YRS	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED MARKETING	1.45	1.47	1.41	1.25	1.04	0.95	0.95	0.95	0.95	0.96
DEF FIN COST 2015	0.40	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.42
DEF FIN COST 2013	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
CIP - AL/MS PROJ 40	0.30	0.30	0.30	0.30	0.30	0.31	0.31	0.31	0.31	0.31
CIP - AL/MS PRO 10 Y	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CIP 40 YRS	0.67	0.67	0.68	0.68	0.68	0.68	0.68	0.69	0.69	0.69
CIP 10 YRS	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.09
CAPITALIZED INTEREST	0.58	0.58	0.37	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Total	48.55	48.99	49.01	49.63	50.05	51.07	53.27	56.17	59.09	61.80
Percent increase	N.A.	0.9	0.0	1.3	0.9	2.0	4.3	5.5	5.2	4.6

Table 3.9.2

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Parker Terrace  
 EXPENSES PER CAPITA PER DAY FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LAND	0.62	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58
LAND IMPR 25 YRS	0.02	0.05	0.07	0.10	0.13	0.16	0.19	0.25	0.30	0.35
LAND IMPR 20 YRS	0.93	0.83	0.79	0.77	0.77	0.76	0.76	0.73	0.69	0.68
LAND IMPR 15 YRS	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01
LAND IMPR 10 YRS	0.09	0.08	0.08	0.08	0.06	0.03	0.01	0.00	0.00	0.00
BLDG IMPR 40 YRS	9.21	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.60
BLDG IMPR 30 YRS	0.39	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
BLDG IMPR 25 YRS	10.77	9.99	9.94	9.93	9.93	9.92	9.92	9.91	9.90	9.90
BLDG IMPR 20 YRS	0.03	0.10	0.16	0.23	0.30	0.37	0.44	0.52	0.60	0.68
BLDG IMPR 15 YRS	0.76	0.77	0.84	0.90	0.96	1.03	1.10	1.17	1.24	1.32
BLDG IMPR 12 YRS	0.60	0.79	1.03	1.18	1.21	1.34	1.61	1.89	2.17	2.47
BLDG IMPR 10 YRS	0.36	0.34	0.34	0.33	0.30	0.18	0.09	0.08	0.04	0.00
BLDG IMPR 7 YRS	0.05	0.12	0.20	0.29	0.38	0.47	0.56	0.62	0.63	0.65
BLD IMPR 5 YRS	1.15	0.26	0.33	0.40	0.52	0.58	0.60	0.62	0.64	0.66
FFE 30 YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FFE 20 YRS	0.38	0.32	0.32	0.31	0.31	0.31	0.31	0.31	0.31	0.30
FFE 15 YRS	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
FFE 10 YRS	0.31	0.30	0.30	0.31	0.28	0.26	0.22	0.18	0.17	0.15
FFE 7 YRS	0.13	0.13	0.13	0.10	0.07	0.05	0.03	0.03	0.03	0.04
FFE 5 YRS	0.64	0.57	0.40	0.17	0.12	0.12	0.13	0.13	0.13	0.14
FFE 3 YRS	2.06	0.98	0.27	0.23	0.23	0.24	0.25	0.26	0.26	0.27
VEHICLES 5 YRS	0.09	0.03	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00
VEHICLES 3 YRS	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED MARKETING	0.31	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29
DEF FIN COST 2015	0.45	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
DEF FIN COST 2013	0.38	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
CIP - AL/MS PROJ 40	5.48	6.93	6.93	6.93	6.93	6.93	6.93	6.93	6.93	6.93
CIP - AL/MS PRO 10 Y	0.81	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51
CIP 40 YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CIP 10 YRS	0.20	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.09
CAPITALIZED INTEREST	0.49	0.46	0.29	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Total	36.88	35.49	34.89	34.84	35.06	35.32	35.71	36.19	36.63	37.01
Percent increase	N.A.	-3.8	-1.7	-0.1	0.6	0.8	1.1	1.3	1.2	1.0

Table 3.9.3

Aldersgate United Methodist Retirement Community  
 CAPITAL EXPENSES  
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY  
 FOR Asbury  
 EXPENSES PER CAPITA PER DAY FOR YEARS 2016 TO 2025

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LAND	0.48	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
LAND IMPR 25 YRS	0.02	0.05	0.08	0.11	0.14	0.17	0.21	0.27	0.32	0.38
LAND IMPR 20 YRS	1.28	1.09	0.94	0.87	0.86	0.85	0.83	0.78	0.73	0.71
LAND IMPR 15 YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LAND IMPR 10 YRS	0.03	0.03	0.03	0.03	0.03	0.02	0.01	0.00	0.00	0.00
BLDG IMPR 40 YRS	6.58	6.36	6.36	6.36	6.36	3.82	1.28	1.28	1.28	1.28
BLDG IMPR 30 YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BLDG IMPR 25 YRS	7.09	6.77	6.67	6.65	6.62	6.60	6.57	6.53	6.53	6.53
BLDG IMPR 20 YRS	0.31	0.37	0.44	0.51	0.59	0.66	0.74	0.82	0.91	1.00
BLDG IMPR 15 YRS	0.60	0.64	0.71	0.78	0.85	0.92	1.00	1.07	1.03	0.98
BLDG IMPR 12 YRS	0.87	0.98	1.28	1.45	1.50	1.70	2.04	2.39	2.75	3.12
BLDG IMPR 10 YRS	1.12	1.08	1.08	0.80	0.47	0.42	0.42	0.38	0.29	0.12
BLDG IMPR 7 YRS	0.04	0.13	0.22	0.31	0.41	0.50	0.60	0.66	0.68	0.70
BLD IMPR 5 YRS	0.19	0.24	0.36	0.48	0.58	0.63	0.65	0.67	0.69	0.71
FFE 30 YRS	2.87	2.77	2.76	2.74	2.74	2.74	1.37	0.00	0.00	0.00
FFE 20 YRS	2.15	1.89	1.70	1.62	1.28	0.95	0.93	0.92	0.89	0.84
FFE 15 YRS	0.49	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.44
FFE 10 YRS	2.36	2.19	1.53	0.93	0.74	0.55	0.42	0.35	0.35	0.33
FFE 7 YRS	0.13	0.11	0.09	0.07	0.07	0.05	0.04	0.04	0.04	0.05
FFE 5 YRS	0.49	0.47	0.36	0.18	0.13	0.13	0.14	0.14	0.14	0.15
FFE 3 YRS	2.57	1.40	0.82	0.67	0.69	0.71	0.73	0.76	0.78	0.80
VEHICLES 5 YRS	0.06	0.02	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00
VEHICLES 3 YRS	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED MARKETING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEF FIN COST 2015	0.55	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53
DEF FIN COST 2013	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
CIP - AL/MS PROJ 40	4.44	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29
CIP - AL/MS PRO 10 Y	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CIP 40 YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CIP 10 YRS	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.12
CAPITALIZED INTEREST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	35.24	32.85	31.70	30.82	30.28	27.66	24.23	23.33	23.67	23.81
Percent increase	N.A.	-6.8	-3.5	-2.8	-1.7	-8.6	-12.4	-3.7	1.5	0.5

Table 4.1

Aldersgate United Methodist Retirement Community Actuarial Valuation Statement  
 As of December 31, 2015 and Based on Census as of December 31, 2015  
 Survivorship Probabilities Projection Methodology

	Current Valuation	02/28/93 Valuation
(1) NET ASSETS:		
Current Assets .....	\$ 17,436,957	\$ 13,376,235
Other Assets .....	57,313,514	819,753
Actuarial Present Value of Net Fixed Assets ..	70,937,209	26,056,603
Current Liabilities .....	(3,657,482)	(2,474,206)
Other Liabilities .....	(170,987)	0
Actuarial Present Value of Long-Term Debt ....	(90,086,402)	(10,001,186)
	-----	-----
Subtotal .....	\$ 51,772,810	\$ 27,777,199
(2) ACTUARIAL LIABILITIES:		
PV Epworth Operating Expenses .....	\$ 32,945,341	\$ 19,347,316
PV Parker Terrace Operating Expenses .....	16,209,244	4,353,444
PV Asbury Operating Expenses .....	14,987,172	27,217,877
PV Epworth Capital Expenses .....	24,138,683	5,288,762
PV Parker Terrace Capital Expenses .....	3,887,541	3,077,806
PV Asbury Capital Expenses .....	1,871,921	1,601,787
	-----	-----
Subtotal .....	\$ 94,039,902	\$ 60,886,992
(3) ACTUARIAL ASSETS:		
PV of Monthly Revenues .....	\$ 76,264,392	\$ 37,440,046
PV of Monthly Revenue Deductions .....	0	0
	-----	-----
Subtotal.....	\$ 76,264,392	\$ 37,440,046
(4) EXCESS OF ACTUARIAL LIABILITIES OVER ACTUARIAL ASSETS {(2) - (3)}:.....	\$ 17,775,510	\$ 23,446,946
(5) ACTUARIAL REFUND LIABILITY: .....	\$ 28,843,497	\$ 4,050,271
(6) ACTUARIAL SURPLUS (DEFICIT) {(1) - (4) - (5)}:	\$ 5,153,803	\$ 279,982
(7) FUNDED STATUS {1.0 + [(6) ÷ [(2) + (5)]]}: ....	104.2%	100.4%
(8) ACTUARIAL RATIO {(3) ÷ (2)}: .....	81.1%	61.5%
(9) LIQUID RESERVE RATIO {Liquid assets ÷ (4)+(5)}:	154.5%	0.0%

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2016	No Years	2017 to 2076
Monthly fee inflation .....	0%	N.A.	3%
Per diem inflation .....	0%	N.A.	3%
Other revenue inflation .....	0%	N.A.	-29.9 to 2.6%
Operating expense inflation .....	0%	N.A.	-100 to 3.2%
Capital expenditure inflation .....	-55.5%	N.A.	-60.2 to 52.8%
Imputed interest rate .....	5%	N.A.	5%
Interest discount rate .....	5%	N.A.	5%
Epworth Occupancy .....	92.3%	N.A.	92%
Parker Terrace Occupancy .....	91.7%	N.A.	98.2%
Asbury Occupancy .....	88%	N.A.	91%



Table 4.3

Aldersgate United Methodist Retirement Community Unified Actuarial Valuation Sta  
 As of December 31, 2015 and Based on Census as of December 31, 2015  
 Survivorship Probabilities Projection Methodology

	Current Valuation
(1) NET ASSETS:	
Current Assets .....	\$ 17,436,957
Other Assets .....	57,313,514
Actuarial Present Value of Net Fixed Assets ..	99,320,681
Current Liabilities .....	(3,657,482)
Other Liabilities .....	(170,987)
Actuarial Present Value of Long-Term Debt ....	(90,086,402)
	-----
Subtotal .....	\$ 80,156,282
(2) ACTUARIAL LIABILITIES:	
PV Epworth Operating Expenses .....	\$ 32,945,341
PV Parker Terrace Operating Expenses .....	16,209,244
PV Asbury Operating Expenses .....	14,987,172
PV Epworth Capital Expenses .....	32,339,925
PV Parker Terrace Capital Expenses .....	5,384,509
PV Asbury Capital Expenses .....	2,536,676
	-----
Subtotal .....	\$ 104,402,867
(3) ACTUARIAL ASSETS:	
PV of Monthly Revenues .....	\$ 76,264,392
PV of Monthly Revenue Deductions .....	0
	-----
Subtotal.....	\$ 76,264,392
(4) EXCESS OF ACTUARIAL LIABILITIES OVER ACTUARIAL ASSETS {(2) - (3)}:.....	\$ 28,138,475
(5) ACTUARIAL REFUND LIABILITY: .....	\$ 28,843,497
(6) ACTUARIAL SURPLUS (DEFICIT) {(1) - (4) - (5)}:	\$ 23,174,310
(7) FUNDED STATUS {1.0 + [(6) + [(2) + (5)]]}: ....	117.4%
(8) ACTUARIAL RATIO {(3) + (2)}: .....	73.0%
(9) LIQUID RESERVE RATIO {Liquid assets + (4)+(5)}:	126.4%

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2016	No Years	2017 to 2076
Monthly fee inflation .....	0%	N.A.	3%
Per diem inflation .....	0%	N.A.	3%
Other revenue inflation .....	0%	N.A.	-29.9 to 2.6%
Operating expense inflation .....	0%	N.A.	-100 to 3.2%
Capital expenditure inflation .....	-55.5%	N.A.	-60.2 to 52.8%
Imputed interest rate .....	8.36%	N.A.	8.36%
Interest discount rate .....	5%	N.A.	5%
Epworth Occupancy .....	92.3%	N.A.	92%
Parker Terrace Occupancy .....	91.7%	N.A.	98.2%
Asbury Occupancy .....	88%	N.A.	91%





Table 4.4

Aldersgate United Methodist Retirement Community  
Documentation of Net Asset Calculation  
for Actuarial Valuation as of 12/31/2015

Current assets (a)	
Cash and cash equivalents . . . . .	2,372,752
Investments . . . . .	12,492,705
Accounts receivable, net . . . . .	1,851,610
Entrance fee receivable . . . . .	212,210
Prepaid expenses and other current assets . . . . .	507,680
	-----
Subtotal current assets . . . . .	17,436,957
Other assets (a)	
AWUL - Statutory operating reserve . . . . .	6,398,137
AWUL - Bond funds . . . . .	50,074,516
AWUL - Board designated . . . . .	696,135
CSV - executive life insurance . . . . .	144,726
	-----
Subtotal other assets . . . . .	57,313,514
Actuarial PV of net fixed assets . . . . .	70,937,209
	-----
ACTUARIAL VALUATION ASSETS . . . . .	145,687,680
	=====
Current liabilities (a)	
Accounts payable & Accrued expenses . . . . .	2,792,666
Entrance fee deposits on unoccupied units . . . . .	858,816
Other current liabilities . . . . .	6,000
	-----
Subtotal current liabilities . . . . .	3,657,482
Other liabilities (a)	
Other long-term liabilities . . . . .	170,987
	-----
Subtotal other liabilities . . . . .	170,987
Actuarial PV of long term debt . . . . .	90,086,402
	-----
ACTUARIAL VALUATION LIABILITIES . . . . .	93,914,871
	=====
ACTUARIAL NET ASSETS . . . . .	51,772,810
	=====

SOURCES:

- (a) 12/31/2015, Unaudited Balance Sheet
- (b) AVP LLC Actuarial Valuation (Table 4.1)

Table 4.5

Aldersgate United Methodist Retirement Community  
Documentation of Initial Cash Balance as of 12/31/2015  
for Interest Income in Financial Projections

Cash and cash equivalents . . . . .	2,372,752
Investments . . . . .	12,492,705
AWUL - Statutory operating reserve . . . . .	6,398,137
AWUL - Bond funds . . . . .	50,074,516
AWUL - Board designated . . . . .	696,135
	-----
Total initial cash balance . . . . .	72,034,245
	=====

SOURCE:

(a) 12/31/2015, Unaudited Balance Sheet

Table 5.1

Analysis of New Entrant Fees  
for Contract Type 112 (0% Ref Plan after 1/2014)  
Entrants to Aldersgate United Methodist Retirement Community

SINGLE ENTRANTS *	Single Entry Fee	Single Monthly Fee	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
103 The Rose	90,125	2,297	208,105	284,034	257,139	10.5 %
104 The Iris	110,210	2,426	216,097	308,947	257,139	20.1
105 The Knockout Rose	100,734	2,351	211,451	296,318	257,139	15.2
106 The Tulip	128,132	2,458	218,080	326,029	278,329	17.1
107 The Lily	140,801	2,544	223,408	342,030	308,985	10.7
109 The Gardenia	167,272	2,654	230,223	371,147	320,064	16.0
110 Azalea Cot 1082-1250	126,539	3,249	267,084	373,692	320,924	16.4
111 Azalea Cot 1297-1360	135,510	3,249	267,084	381,249	338,027	12.8
112 Azalea Cot 1380-1500	142,913	3,249	267,084	387,486	347,815	11.4
113 Azalea Cot 1520-1589	157,363	3,249	267,084	399,660	360,938	10.7
114 Azalea Cot 1667-1700	148,583	3,249	267,084	392,263	375,244	4.5
115 Azalea Cot 1767-1976	197,044	3,420	277,678	443,685	397,940	11.5
120 Cherry, 1 Br/1 Bth	126,278	2,753	236,356	342,743	274,887	24.7
121 Mimosa, 1 Br/Den/Bal	155,942	3,084	256,862	388,241	296,938	30.7
122 Dogwood/Holly, 2 Br/	172,951	3,478	281,272	426,980	308,662	38.3
123 Magnolia/Willow, 2 B	186,559	3,664	292,795	449,968	318,773	41.2
124 Sycamore, 2 Br/2 Bth	200,541	3,967	311,567	480,519	328,669	46.2
125 Birch, 2 Br/2 Bth	222,789	4,297	332,011	519,707	344,803	50.7
126 Chestnut, 2 Br/2 Bth	237,621	4,519	345,764	545,956	355,560	53.5
127 Whiteoak, 2 Br/2.5 B	263,680	4,849	366,209	588,355	372,770	57.8
130 The Maple, LRC	257,500	4,071	318,010	534,949	366,101	46.1
131 The Walnut, LRC	278,615	4,145	322,594	557,323	381,375	46.1
132 The Hickory, LRC	298,597	4,301	332,259	583,822	395,036	47.8
135 The Cedar, WGC	264,195	3,929	309,212	531,792	356,313	49.2
136 The Myrtle, WGC	289,842	4,189	325,320	569,507	371,694	53.2
137 The Popular, WGC	307,455	4,436	340,622	599,648	396,434	51.3
138 The Redwood, WGC	316,313	4,649	353,818	620,307	413,106	50.2
139 The Laurel, WGC	284,795	4,703	357,164	597,099	445,913	33.9
<b>WEIGHTED SINGLE:</b>	<b>146,163</b>	<b>2,949</b>	<b>248,522</b>	<b>371,662</b>	<b>299,771</b>	<b>24.0 %</b>
COUPLED ENTRANTS *	Both Entry Fees	Both Monthly Fees	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
103 The Rose	110,125	3,187	341,626	444,571	424,832	4.6 %
104 The Iris	130,210	3,316	352,851	474,571	424,832	11.7
105 The Knockout Rose	120,734	3,241	346,325	459,187	424,832	8.1
106 The Tulip	148,132	3,348	355,635	494,109	454,377	8.7
107 The Lily	160,801	3,434	363,118	513,435	497,120	3.3
109 The Gardenia	187,272	3,544	372,690	547,752	512,568	6.9
110 Azalea Cot 1082-1250	146,539	4,139	424,462	561,447	513,768	9.3
111 Azalea Cot 1297-1360	155,510	4,139	424,462	569,833	537,614	6.0
112 Azalea Cot 1380-1500	162,913	4,139	424,462	576,753	551,262	4.6
113 Azalea Cot 1520-1589	177,363	4,139	424,462	590,261	569,559	3.6
114 Azalea Cot 1667-1700	168,583	4,139	424,462	582,054	589,506	(1.3)
115 Azalea Cot 1767-1976	217,044	4,310	439,341	642,234	621,151	3.4
116 Azalea Cot 2500 Lg	229,930	4,310	439,341	654,280	712,037	(8.1)
117 Azalea Cot 2912 Sm	294,930	4,139	424,462	700,163	773,827	(9.5)
121 Mimosa, 1 Br/Den/Bal	175,942	3,974	410,105	574,576	480,323	19.6

Table 5.1 (Continued)

122 Dogwood/Holly, 2 Br/	192,951	4,368	444,388	624,759	496,670	25.8
123 Magnolia/Willow, 2 B	206,559	4,554	460,572	653,664	510,768	28.0
124 Sycamore, 2 Br/2 Bth	220,541	4,857	486,937	693,099	524,566	32.1
125 Birch, 2 Br/2 Bth	242,789	5,187	515,651	742,610	547,063	35.7
126 Chestnut, 2 Br/2 Bth	257,621	5,409	534,968	775,792	562,060	38.0
127 Whiteoak, 2 Br/2.5 B	283,680	5,739	563,682	828,866	586,057	41.4
130 The Maple, LRC	277,500	4,961	495,986	755,393	576,758	31.0
131 The Walnut, LRC	298,615	5,035	502,425	781,571	598,055	30.7
132 The Hickory, LRC	318,597	5,191	515,999	813,824	617,102	31.9
135 The Cedar, WGC	284,195	4,819	483,631	749,296	563,110	33.1
136 The Myrtle, WGC	309,842	5,079	506,254	795,894	584,557	36.2
137 The Popular, WGC	327,455	5,326	527,746	833,851	619,051	34.7
138 The Redwood, WGC	336,313	5,539	546,279	860,665	642,298	34.0
139 The Laurel, WGC	304,795	5,593	550,978	835,901	688,041	21.5
<b>WEIGHTED COUPLE:</b>	<b>237,891</b>	<b>4,588</b>	<b>463,501</b>	<b>685,881</b>	<b>557,369</b>	<b>23.1 %</b>
<b>TYPICAL ENTRANT:</b>	<b>193,229</b>	<b>3,790</b>	<b>358,828</b>	<b>532,888</b>	<b>431,945</b>	<b>23.4 %</b>

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2016	No Years	2017 to 2076
Monthly fee inflation . . . . .	0%	N.A.	3%
Perdiem inflation . . . . .	0%	N.A.	3%
Other revenue inflation . . . . .	0%	N.A.	-29.9 to 2.6%
Operating expense inflation . . . . .	0%	N.A.	-100 to 3.2%
Capital expenditure inflation . . . . .	-55.5%	N.A.	-60.2 to 52.8%
Imputed interest rate . . . . .	5%	N.A.	5%
Interest discount rate . . . . .	5%	N.A.	5%
Epworth Occupancy . . . . .	92.3%	N.A.	92%
Parker Terrace Occupancy . . . . .	91.7%	N.A.	98.2%
Asbury Occupancy . . . . .	88%	N.A.	91%

\* Some units are not displayed because no singles or couples are assumed to enter in those units.

Table 5.2

Analysis of New Entrant Fees  
for Contract Type 150 (50% Ref Plan after 1/2014)  
Entrants to Aldersgate United Methodist Retirement Community

SINGLE ENTRANTS *	Single Entry Fee	Single Monthly Fee	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
103 The Rose	128,750	1,839	179,731	251,573	257,139	(2.2) %
104 The Iris	157,487	1,924	184,997	272,874	257,139	6.1
105 The Knockout Rose	139,256	1,891	182,953	260,657	257,139	1.4
106 The Tulip	183,031	1,965	187,537	289,668	278,329	4.1
107 The Lily	201,056	2,034	191,812	304,001	308,985	(1.6)
109 The Gardenia	234,428	2,124	197,388	328,198	320,064	2.5
110 Azalea Cot 1082-1250	180,697	2,600	226,877	327,706	320,924	2.1
111 Azalea Cot 1297-1360	193,490	2,600	226,877	334,844	338,027	(0.9)
112 Azalea Cot 1380-1500	204,064	2,600	226,877	340,744	347,815	(2.0)
113 Azalea Cot 1520-1589	224,648	2,600	226,877	352,230	360,938	(2.4)
114 Azalea Cot 1667-1700	212,260	2,600	226,877	345,318	375,244	(8.0)
115 Azalea Cot 1767-1976	281,255	2,736	235,303	392,242	397,940	(1.4)
120 Cherry, 1 Br/1 Bth	180,353	2,202	202,220	302,857	274,887	10.2
121 Mimosa, 1 Br/Den/Bal	222,789	2,467	218,637	342,953	296,938	15.5
122 Dogwood/Holly, 2 Br/	247,008	2,782	238,152	375,983	308,662	21.8
123 Magnolia/Willow, 2 B	266,518	2,936	247,693	396,410	318,773	24.4
124 Sycamore, 2 Br/2 Bth	286,443	3,173	262,376	422,211	328,669	28.5
125 Birch, 2 Br/2 Bth	318,270	3,438	278,794	456,388	344,803	32.4
126 Chestnut, 2 Br/2 Bth	339,488	3,614	289,697	479,131	355,560	34.8
127 Whiteoak, 2 Br/2.5 B	376,568	3,879	306,115	516,239	372,770	38.5
130 The Maple, LRC	367,813	3,256	267,518	472,757	366,101	29.1
131 The Walnut, LRC	398,095	3,316	271,235	493,372	381,375	29.4
132 The Hickory, LRC	425,184	3,440	278,917	516,169	395,036	30.7
135 The Cedar, WGC	377,289	3,144	260,579	471,106	356,313	32.2
136 The Myrtle, WGC	414,009	3,351	273,404	504,420	371,694	35.7
137 The Popular, WGC	439,244	3,549	285,670	530,768	396,434	33.9
138 The Redwood, WGC	451,861	3,719	296,202	548,340	413,106	32.7
139 The Laurel, WGC	406,850	3,763	298,928	525,950	445,913	17.9
<b>WEIGHTED SINGLE:</b>	<b>208,234</b>	<b>2,359</b>	<b>211,929</b>	<b>328,123</b>	<b>299,771</b>	<b>9.5 %</b>
COUPLED ENTRANTS *	Both Entry Fees	Both Monthly Fees	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
103 The Rose	148,750	2,729	301,775	396,183	424,832	(6.7) %
104 The Iris	177,487	2,814	309,171	421,818	424,832	(0.7)
105 The Knockout Rose	159,256	2,781	306,299	407,376	424,832	(4.1)
106 The Tulip	203,031	2,855	312,738	441,598	454,377	(2.8)
107 The Lily	221,056	2,924	318,742	459,042	497,120	(7.7)
109 The Gardenia	254,428	3,014	326,573	488,053	512,568	(4.8)
110 Azalea Cot 1082-1250	200,697	3,490	367,991	495,369	513,768	(3.6)
111 Azalea Cot 1297-1360	213,490	3,490	367,991	503,489	537,614	(6.3)
112 Azalea Cot 1380-1500	224,064	3,490	367,991	510,200	551,262	(7.4)
113 Azalea Cot 1520-1589	244,648	3,490	367,991	523,264	569,559	(8.1)
114 Azalea Cot 1667-1700	232,260	3,490	367,991	515,402	589,506	(12.6)
115 Azalea Cot 1767-1976	301,255	3,626	379,825	571,025	621,151	(8.1)
116 Azalea Cot 2500 Lg	328,897	3,626	379,825	588,569	712,037	(17.3)
117 Azalea Cot 2912 Sm	412,380	3,490	367,991	629,720	773,827	(18.6)
121 Mimosa, 1 Br/Den/Bal	242,789	3,357	356,418	510,511	480,323	6.3

Table 5.2 (Continued)

122 Dogwood/Holly, 2 Br/	267,008	3,672	383,827	553,292	496,670	11.4
123 Magnolia/Willow, 2 B	286,518	3,826	397,227	579,074	510,768	13.4
124 Sycamore, 2 Br/2 Bth	306,443	4,063	417,849	612,342	524,566	16.7
125 Birch, 2 Br/2 Bth	338,270	4,328	440,907	655,600	547,063	19.8
126 Chestnut, 2 Br/2 Bth	359,488	4,504	456,222	684,381	562,060	21.8
127 Whiteoak, 2 Br/2.5 B	396,568	4,769	479,280	730,973	586,057	24.7
130 The Maple, LRC	387,813	4,146	425,071	671,208	576,758	16.4
131 The Walnut, LRC	418,095	4,206	430,292	695,648	598,055	16.3
132 The Hickory, LRC	445,184	4,330	441,081	723,630	617,102	17.3
135 The Cedar, WGC	397,289	4,034	415,326	667,477	563,110	18.5
136 The Myrtle, WGC	434,009	4,241	433,337	708,794	584,557	21.3
137 The Popular, WGC	459,244	4,439	450,566	742,038	619,051	19.9
138 The Redwood, WGC	471,861	4,609	465,358	764,838	642,298	19.1
139 The Laurel, WGC	426,850	4,653	469,186	740,099	688,041	7.6
<b>WEIGHTED COUPLE:</b>	<b>330,875</b>	<b>3,848</b>	<b>399,159</b>	<b>609,159</b>	<b>557,369</b>	<b>9.3 %</b>
<b>TYPICAL ENTRANT:</b>	<b>271,161</b>	<b>3,123</b>	<b>307,997</b>	<b>472,323</b>	<b>431,945</b>	<b>9.3 %</b>

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2016	No Years	2017 to 2076
Monthly fee inflation . . . . .	0%	N.A.	3%
Perdiem inflation . . . . .	0%	N.A.	3%
Other revenue inflation . . . . .	0%	N.A.	-29.9 to 2.6%
Operating expense inflation . . . . .	0%	N.A.	-100 to 3.2%
Capital expenditure inflation . . . . .	-55.5%	N.A.	-60.2 to 52.8%
Imputed interest rate . . . . .	5%	N.A.	5%
Interest discount rate . . . . .	5%	N.A.	5%
Epworth Occupancy . . . . .	92.3%	N.A.	92%
Parker Terrace Occupancy . . . . .	91.7%	N.A.	98.2%
Asbury Occupancy . . . . .	88%	N.A.	91%

\* Some units are not displayed because no singles or couples are assumed to enter in those units.

Table 5.3

Analysis of New Entrant Fees  
for Contract Type 190 (90% Ref Plan after 1/2014)  
Entrants to Aldersgate United Methodist Retirement Community

SINGLE ENTRANTS *	Single Entry Fee	Single Monthly Fee	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
103 The Rose	128,750	2,297	208,106	252,278	257,139	(1.9) %
104 The Iris	157,487	2,426	216,098	270,130	257,139	5.1
105 The Knockout Rose	139,256	2,351	211,451	259,228	257,139	0.8
106 The Tulip	183,031	2,458	218,080	280,876	278,329	0.9
107 The Lily	201,056	2,544	223,408	292,388	308,985	(5.4)
109 The Gardenia	234,428	2,654	230,223	310,652	320,064	(2.9)
110 Azalea Cot 1082-1250	180,697	3,249	267,085	329,080	320,924	2.5
111 Azalea Cot 1297-1360	193,490	3,249	267,085	333,469	338,027	(1.3)
112 Azalea Cot 1380-1500	204,064	3,249	267,085	337,097	347,815	(3.1)
113 Azalea Cot 1520-1589	224,648	3,249	267,085	344,159	360,938	(4.6)
114 Azalea Cot 1667-1700	212,260	3,249	267,085	339,909	375,244	(9.4)
115 Azalea Cot 1767-1976	281,255	3,420	277,679	374,174	397,940	(6.0)
120 Cherry, 1 Br/1 Bth	180,353	2,753	236,356	298,233	274,887	8.5
121 Mimosa, 1 Br/Den/Bal	222,789	3,084	256,863	333,299	296,938	12.2
122 Dogwood/Holly, 2 Br/	247,008	3,478	281,272	366,017	308,662	18.6
123 Magnolia/Willow, 2 B	266,518	3,664	292,795	384,234	318,773	20.5
124 Sycamore, 2 Br/2 Bth	286,443	3,967	311,567	409,842	328,669	24.7
125 Birch, 2 Br/2 Bth	318,270	4,297	332,012	441,206	344,803	28.0
126 Chestnut, 2 Br/2 Bth	339,488	4,519	345,765	462,239	355,560	30.0
127 Whiteoak, 2 Br/2.5 B	376,568	4,849	366,210	495,405	372,770	32.9
130 The Maple, LRC	367,813	4,071	318,010	444,202	366,101	21.3
131 The Walnut, LRC	398,095	4,145	322,595	459,176	381,375	20.4
132 The Hickory, LRC	425,184	4,301	332,259	478,134	395,036	21.0
135 The Cedar, WGC	377,289	3,929	309,213	438,656	356,313	23.1
136 The Myrtle, WGC	414,009	4,189	325,321	467,362	371,694	25.7
137 The Popular, WGC	439,244	4,436	340,623	491,322	396,434	23.9
138 The Redwood, WGC	451,861	4,649	353,819	508,846	413,106	23.2
139 The Laurel, WGC	406,850	4,703	357,164	496,749	445,913	11.4
<b>WEIGHTED SINGLE:</b>	<b>208,234</b>	<b>2,949</b>	<b>248,523</b>	<b>319,965</b>	<b>299,771</b>	<b>6.7 %</b>
COUPLED ENTRANTS *	Both Entry Fees	Both Monthly Fees	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
103 The Rose	148,750	3,187	341,627	401,171	424,832	(5.6) %
104 The Iris	177,487	3,316	352,852	423,899	424,832	(0.2)
105 The Knockout Rose	159,256	3,241	346,326	410,075	424,832	(3.5)
106 The Tulip	203,031	3,348	355,636	436,908	454,377	(3.8)
107 The Lily	221,056	3,434	363,120	451,606	497,120	(9.2)
109 The Gardenia	254,428	3,544	372,691	474,536	512,568	(7.4)
110 Azalea Cot 1082-1250	200,697	4,139	424,463	504,801	513,768	(1.7)
111 Azalea Cot 1297-1360	213,490	4,139	424,463	509,922	537,614	(5.2)
112 Azalea Cot 1380-1500	224,064	4,139	424,463	514,154	551,262	(6.7)
113 Azalea Cot 1520-1589	244,648	4,139	424,463	522,394	569,559	(8.3)
114 Azalea Cot 1667-1700	232,260	4,139	424,463	517,435	589,506	(12.2)
115 Azalea Cot 1767-1976	301,255	4,310	439,342	559,932	621,151	(9.9)
116 Azalea Cot 2500 Lg	328,897	4,310	439,342	570,997	712,037	(19.8)
117 Azalea Cot 2912 Sm	412,380	4,139	424,463	589,536	773,827	(23.8)
121 Mimosa, 1 Br/Den/Bal	242,789	3,974	410,106	507,293	480,323	5.6

Table 5.3 (Continued)

122 Dogwood/Holly, 2 Br/	267,008	4,368	444,389	551,270	496,670	11.0
123 Magnolia/Willow, 2 B	286,518	4,554	460,573	575,264	510,768	12.6
124 Sycamore, 2 Br/2 Bth	306,443	4,857	486,938	609,605	524,566	16.2
125 Birch, 2 Br/2 Bth	338,270	5,187	515,652	651,059	547,063	19.0
126 Chestnut, 2 Br/2 Bth	359,488	5,409	534,969	678,869	562,060	20.8
127 Whiteoak, 2 Br/2.5 B	396,568	5,739	563,683	722,426	586,057	23.3
130 The Maple, LRC	387,813	4,961	495,987	651,226	576,758	12.9
131 The Walnut, LRC	418,095	5,035	502,426	669,786	598,055	12.0
132 The Hickory, LRC	445,184	5,191	516,000	694,204	617,102	12.5
135 The Cedar, WGC	397,289	4,819	483,632	642,663	563,110	14.1
136 The Myrtle, WGC	434,009	5,079	506,255	679,985	584,557	16.3
137 The Popular, WGC	459,244	5,326	527,747	711,579	619,051	14.9
138 The Redwood, WGC	471,861	5,539	546,281	735,163	642,298	14.5
139 The Laurel, WGC	426,850	5,593	550,979	721,844	688,041	4.9
<b>WEIGHTED COUPLE:</b>	<b>330,875</b>	<b>4,588</b>	<b>463,502</b>	<b>595,948</b>	<b>557,369</b>	<b>6.9 %</b>
<b>TYPICAL ENTRANT:</b>	<b>271,161</b>	<b>3,790</b>	<b>358,828</b>	<b>461,572</b>	<b>431,945</b>	<b>6.9 %</b>

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2016	No Years	2017 to 2076
Monthly fee inflation . . . . .	0%	N.A.	3%
Perdiem inflation . . . . .	0%	N.A.	3%
Other revenue inflation . . . . .	0%	N.A.	-29.9 to 2.6%
Operating expense inflation . . . . .	0%	N.A.	-100 to 3.2%
Capital expenditure inflation . . . . .	-55.5%	N.A.	-60.2 to 52.8%
Imputed interest rate . . . . .	5%	N.A.	5%
Interest discount rate . . . . .	5%	N.A.	5%
Epworth Occupancy . . . . .	92.3%	N.A.	92%
Parker Terrace Occupancy . . . . .	91.7%	N.A.	98.2%
Asbury Occupancy . . . . .	88%	N.A.	91%

\* Some units are not displayed because no singles or couples are assumed to enter in those units.



Table 6.1

Sources and Uses of Funds Projection for Aldersgate United Methodist Retirement Community  
(Dollars in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>SOURCES:</b>										
Independent living revenue .....	10,428	10,649	10,902	11,181	11,482	11,802	12,137	12,483	12,842	13,215
Assisted living & Memory care revenue ..	5,539	6,145	6,364	6,586	6,814	7,044	7,269	7,496	7,733	7,973
Asbury revenue .....	10,924	11,380	11,595	11,819	12,056	12,308	12,564	12,825	13,100	13,390
Contributions .....	480	494	509	525	540	556	573	590	608	626
Other resident revenue .....	375	387	398	410	422	435	448	462	475	490
Homecare .....	596	614	632	651	671	691	712	733	755	778
Subtotal .....	28,342	29,669	30,400	31,172	31,986	32,835	33,702	34,589	35,514	36,472
Entry fees from unit turnover .....	8,058	8,052	8,115	8,017	8,130	8,273	8,317	8,406	8,511	8,579
Entry fees from vacant units .....	0	0	0	0	0	0	0	0	0	0
Entry fee refunds .....	(2,827)	(3,384)	(3,507)	(3,630)	(3,769)	(3,799)	(3,731)	(3,995)	(4,041)	(4,167)
Interest income .....	3,652	3,819	3,919	4,137	4,356	4,585	4,802	4,998	5,196	5,400
<b>TOTAL SOURCES:</b> .....	<b>37,226</b>	<b>38,157</b>	<b>38,927</b>	<b>39,696</b>	<b>40,703</b>	<b>41,894</b>	<b>43,090</b>	<b>43,998</b>	<b>45,180</b>	<b>46,283</b>
<b>USES:</b>										
Nursing, Clinic, Homecare, HC Admin ....	10,291	10,652	10,971	11,301	11,640	11,989	12,348	12,719	13,100	13,493
Plant, Grounds, Security .....	2,972	3,061	3,153	3,247	3,345	3,445	3,548	3,655	3,764	3,877
Housekeeping .....	1,271	1,309	1,349	1,389	1,431	1,474	1,518	1,563	1,610	1,659
Dietary .....	3,350	3,451	3,554	3,661	3,771	3,884	4,000	4,120	4,244	4,371
Human Resources .....	2,214	2,280	2,349	2,419	2,492	2,567	2,644	2,723	2,805	2,889
Sales & Marketing .....	836	861	886	913	940	969	998	1,028	1,059	1,090
Resident services .....	1,092	1,125	1,159	1,194	1,229	1,266	1,304	1,343	1,384	1,425
Other Administration .....	2,863	2,949	3,037	3,128	3,222	3,319	3,418	3,521	3,626	3,735
Bad Debt .....	224	231	238	245	253	260	268	276	284	293
Subtotal .....	25,113	25,918	26,696	27,497	28,322	29,171	30,047	30,948	31,876	32,833
Capital expenditures .....	4,650	1,852	1,908	1,965	2,024	2,085	3,185	3,280	3,379	3,480
Interest payments .....	3,572	4,401	4,292	4,211	4,126	4,037	3,943	3,845	3,729	3,596
Scheduled principal payments .....	1,725	3,930	1,540	1,620	1,695	1,785	1,875	1,975	2,075	2,205
<b>TOTAL USES:</b> .....	<b>35,059</b>	<b>36,102</b>	<b>34,436</b>	<b>35,293</b>	<b>36,167</b>	<b>37,078</b>	<b>39,050</b>	<b>40,048</b>	<b>41,059</b>	<b>42,113</b>
CHANGE IN CASH & INVESTMENTS BALANCE: ....	2,167	2,055	4,491	4,403	4,535	4,816	4,041	3,950	4,121	4,170
BEGIN OF YEAR CASH & INVESTMENTS BALANCE:	72,034	74,201	76,256	80,747	85,150	89,686	94,502	98,542	102,492	106,613
END OF YEAR CASH & INVESTMENTS BALANCE: ..	74,201	76,256	80,747	85,150	89,686	94,502	98,542	102,492	106,613	110,783
END OF YEAR DEBT PRINCIPAL: .....	85,970	82,040	80,500	78,880	77,185	75,400	73,525	71,550	69,475	67,270
DEBT SERVICE RATIO: .....	2.28	1.46	2.09	2.09	2.12	2.18	2.24	2.24	2.29	2.31
CASH TO DEBT RATIO: .....	0.86	0.92	1.00	1.07	1.16	1.25	1.34	1.43	1.53	1.64

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2016	No Years	2017 to 2076
Monthly fee inflation .....	0%	N.A.	3%
Advance fee inflation .....	0%	N.A.	2%
Perdiem inflation .....	0%	N.A.	3%
Other revenue inflation .....	0%	N.A.	-29.9 to 2.6%
Operating expense inflation .....	0%	N.A.	-100 to 3.2%
Capital expenditure inflation .....	-55.5%	N.A.	-60.2 to 52.8%
Interest discount rate .....	5%	N.A.	5%
Epworth Occupancy .....	92.3%	N.A.	92%
Parker Terrace Occupancy .....	91.7%	N.A.	98.2%
Asbury Occupancy .....	88%	N.A.	91%

Table 6.1

Sources and Uses of Funds Projection for Aldersgate United Methodist Retirement Community  
(Dollars in Thousands)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>SOURCES:</b>										
Independent living revenue .....	13,600	13,998	14,408	14,833	15,270	15,722	16,187	16,667	17,162	17,675
Assisted living & Memory care revenue ..	8,219	8,467	8,719	8,977	9,241	9,516	9,799	10,087	10,380	10,687
Asbury revenue .....	13,682	13,988	14,307	14,634	14,976	15,311	15,653	16,028	16,415	16,792
Contributions .....	645	664	684	705	726	748	770	793	817	842
Other resident revenue .....	504	519	535	551	568	585	602	620	639	658
Homecare .....	801	825	850	875	902	929	957	985	1,015	1,045
Subtotal .....	37,452	38,462	39,504	40,576	41,682	42,810	43,968	45,181	46,428	47,700
Entry fees from unit turnover .....	8,693	8,892	9,161	9,337	9,593	9,603	9,929	10,164	10,352	10,574
Entry fees from vacant units .....	0	0	0	0	0	0	0	0	0	0
Entry fee refunds .....	(4,210)	(4,326)	(4,553)	(4,547)	(4,779)	(4,827)	(5,060)	(5,128)	(5,220)	(5,476)
Interest income .....	5,609	5,828	6,055	6,294	6,544	6,801	7,063	7,373	7,698	8,034
<b>TOTAL SOURCES:</b> .....	<b>47,545</b>	<b>48,856</b>	<b>50,168</b>	<b>51,660</b>	<b>53,041</b>	<b>54,386</b>	<b>55,901</b>	<b>57,589</b>	<b>59,258</b>	<b>60,831</b>
<b>USES:</b>										
Nursing, Clinic, Homecare, HC Admin ....	13,898	14,315	14,745	15,187	15,643	16,112	16,595	17,093	17,606	18,134
Plant, Grounds, Security .....	3,994	4,114	4,237	4,364	4,495	4,630	4,769	4,912	5,059	5,211
Housekeeping .....	1,708	1,760	1,812	1,867	1,923	1,980	2,040	2,101	2,164	2,229
Dietary .....	4,502	4,637	4,776	4,920	5,067	5,219	5,376	5,537	5,703	5,874
Human Resources .....	2,975	3,065	3,157	3,251	3,349	3,449	3,553	3,659	3,769	3,882
Sales & Marketing .....	1,123	1,157	1,191	1,227	1,264	1,302	1,341	1,381	1,423	1,465
Resident services .....	1,468	1,512	1,557	1,604	1,652	1,702	1,753	1,805	1,860	1,915
Other Administration .....	3,847	3,963	4,081	4,204	4,330	4,460	4,594	4,732	4,874	5,020
Bad Debt .....	302	311	320	330	339	350	360	371	382	393
Subtotal .....	33,818	34,832	35,877	36,954	38,062	39,204	40,380	41,592	42,839	44,125
Capital expenditures .....	3,584	3,692	3,803	3,917	4,034	4,155	4,280	4,408	4,540	4,677
Interest payments .....	3,454	3,303	3,142	2,972	2,791	2,598	2,488	2,358	2,223	2,080
Scheduled principal payments .....	2,340	2,490	2,645	2,810	2,985	3,175	2,615	2,745	2,880	3,020
<b>TOTAL USES:</b> .....	<b>43,196</b>	<b>44,317</b>	<b>45,467</b>	<b>46,652</b>	<b>47,872</b>	<b>49,132</b>	<b>49,763</b>	<b>51,103</b>	<b>52,483</b>	<b>53,901</b>
CHANGE IN CASH & INVESTMENTS BALANCE: ....	4,349	4,539	4,701	5,008	5,169	5,254	6,138	6,486	6,776	6,930
BEGIN OF YEAR CASH & INVESTMENTS BALANCE:	110,783	115,132	119,671	124,372	129,380	134,549	139,802	145,941	152,427	159,202
END OF YEAR CASH & INVESTMENTS BALANCE: ..	115,132	119,671	124,372	129,380	134,549	139,802	145,941	152,427	159,202	166,132
END OF YEAR DEBT PRINCIPAL: .....	64,930	62,440	59,795	56,985	54,000	50,825	48,210	45,465	42,585	39,565
DEBT SERVICE RATIO: .....	2.36	2.42	2.46	2.54	2.59	2.62	3.04	3.13	3.21	3.27
CASH TO DEBT RATIO: .....	1.77	1.91	2.07	2.27	2.49	2.75	3.02	3.35	3.73	4.19