

DISCLOSURE STATEMENT

Dated: February 27, 2019

Name of Community: **Brookridge Retirement Community,**
a division of Baptist Retirement Homes of North Carolina,
Incorporated

Located at: 1199 Hayes Forest Drive
Winston-Salem, North Carolina 27106

Telephone Number: 336.759.1044

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

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

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DISCLOSURE STATEMENT of
BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

I. **ORGANIZATION INTRODUCTION AND INFORMATION**

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

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

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

- B. Baptist Retirement Homes of North Carolina, Incorporated has a historical relationship with the Baptist State Convention of North Carolina. Baptist Retirement Homes is a separate and distinct corporate entity from the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of the Baptist Retirement Homes of North Carolina, Incorporated. Baptist Retirement Homes of North Carolina, Incorporated is exempt from the payment of federal income tax under Section 501(c) (3) of the Internal Revenue Code.
- C. The names and business addresses of the Trustees and Officers and management staff of the corporation are set forth below. No person has an equitable or beneficial interest in the corporation.

Terms Expiring 2019

A. Edward Beddingfield, Jr.	PO Box 485 Buies Creek, NC 27506 Occupation: Minister
Jeffrey L. Cobb	4400 Six Forks Road Raleigh, NC 28609 Occupation: Banker
Lee M. Kirby, Jr.	2300 Wells Fargo Capitol Center Raleigh, NC 27601 Occupation: Attorney

Charles D. Mast
PO Box 119
Smithfield, NC 27577
Occupation: Attorney

Mary E. Morgan
3737 Glenwood Avenue
Suite 460
Raleigh, NC 27612
Occupation: Attorney

Terms Expiring 2019

Phillip R. Feagan
PO Box 309
Columbus, NC 28722
Occupation: Attorney

Beth T. Jones
555 Fayetteville Street, Suite 1100
Raleigh, NC 27601
Occupation: Attorney

Clarence R. Lambe, Jr.
PO Box 1785
Kernersville, NC 27285
Occupation: Businessman

Ralph S. Morgan
127 Club Point Drive
Cape Carteret, NC 28584
Occupation: Retired Businessman

John S. Pond, Jr.
One University Place
Murfreesboro, NC 27855
Occupation: Educator

Terms Expiring 2020

Nancy E. Fish
1537 Calvin Edney Road
Mars Hill, NC 28754
Occupation: Retired Educator

Jeffrey K. Hobart
3924 Bentley Bridge Road
Raleigh, NC 27607
Occupation: Banker

Anita H. Johnson
360 Valley Brook Ln.
Concord, NC 28025
Occupation: Non-Profit Executive

Michael R. Taylor
325 Cape Fear Loop
Emerald Isle, NC 28594
Occupation: Retired Educator

Bobby F. Watson
2127 Jack Wilson Road
Shelby, NC 28150
Occupation: Retired Businessman

Terms Expiring 2021

Perry H. Bailey
100 E. Tryon Rd.
Raleigh, NC 27603
Occupation: Banker

Mary Beth Johnston
430 Davis Drive, Ste 400
Research Triangle Park, NC 27560
Occupation: Attorney

Richard P. Murray
546 Trillium Place Drive
Kernersville, NC 27284
Occupation: Businessman

Henry M. Skinner, Jr.
2101 Darien Place
Wilson, NC 27896
Occupation: Retired Banker

OFFICERS

Michael R. Taylor
Chair
325 Cape Fear Loop
Emerald Isle, NC 28594

Mary Beth Johnston
Vice Chair
430 Davis Drive, Ste 400
Research Triangle Park, NC 27560

Henry M. Skinner, Jr.
Corporate Secretary
2101 Darien Place
Wilson, NC 27896

MANAGEMENT STAFF

William B. Stillerman President	1199 Hayes Forest Drive Winston-Salem, NC 27106
Debra A. Meginnis Executive Vice President/ Chief Operating Officer	1199 Hayes Forest Drive Winston-Salem, NC 27106
Jeannine M. Richman Chief Financial Officer	1912 Bethabara Road Winston-Salem, NC 27106

- D. The Trustees and Officers of Baptist Retirement Homes of North Carolina, Incorporated have the following experience in the operation and management of the “Homes”:

TRUSTEES

Perry H. Bailey began serving as a Trustee in 2018.
Edward Beddingfield, Jr. has served as a Trustee since 2010.
Jeffrey L. Cobb has served as a Trustee since 2010.
Phillip R. Feagan has served as a Trustee since 1990.
Nancy E. Fish has served as a Trustee since 2017.
Jeffrey K. Hobart has served as a Trustee since 2007.
Anita H. Johnson has served as a Trustee since 2017.
Mary Beth Johnston began serving as a Trustee in 2018.
Beth T. Jones has served as a Trustee since 1998.
Lee M. Kirby, Jr. has served as a Trustee since 2010.
Clarence R. Lambe, Jr. has served as a Trustee since 2006.
Charles D. Mast has served as a Trustee since 2010.
Mary E. Morgan has served as a Trustee since 2015.
Ralph S. Morgan has served as a Trustee since 2000.
Richard P. Murray has served as a Trustee since 2013.
John S. Pond, Jr. has served as a Trustee since 2016.
Henry M. Skinner, Jr. has served as a Trustee since 2009.
Michael R. Taylor has served as a Trustee since 2007.
Bobby F. Watson began serving as a Trustee in 2017.

OFFICERS

Michael R. Taylor has been a member of the Board of Trustees for 12 years and is serving his first term as Chair of the Board.

Mary Beth Johnston has been a member of the Board of Trustees for 1 year and is serving her first term as Vice Chair of the Board.

Henry M. Skinner, Jr. has been a member of the Board of Trustees for 10 years and is serving his first term as Corporate Secretary.

MANAGEMENT STAFF

William B. Stillerman has served as President of the Baptist Retirement Homes of North Carolina, Incorporated since November 1, 1985. Prior to assuming this position, he served on the Board of Trustees for nine years, and was the Chair of the Board of Trustees for two years.

Debra A. Meginnis has been employed by the Baptist Retirement Homes since September 1995 and has served as Executive Vice President for 10 years. Prior to employment with Baptist Retirement Homes, she worked in administration and marketing for a long-term care organization. Mrs. Meginnis is a registered nurse and licensed adult care home administrator.

Jeannine M. Richman has been employed as the Chief Financial Officer of the Baptist Retirement Homes since August 2018. Prior to employment with Baptist Retirement Homes, she served in Financial leadership roles in the long term care industry for 29 years. Ms. Richman's credentials include a CPA and MBA.

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

Perry H. Bailey, Customer Solutions Advisor of First Citizens Bank, Jeffrey L. Cobb, Senior Vice President of First Citizens Bank and Jeffrey K. Hobart, First Vice President/Investment Officer of Wells Fargo Advisors, LLC are employed by financial institutions with which Baptist Retirement Homes transacts business. (The "banks" provide commercial banking and investment services to the organization). The three Trustees mentioned above are not involved in the provision of those services to the Baptist Retirement Homes organization. Due to the changing nature of the services provided by those institutions, it is not possible to estimate how much those services cost the organization on an annual basis. Phillip R. Feagan is the owner of the Feagan Law Firm, PLLC – a law firm with which Baptist Retirement Homes of North Carolina, Incorporated (BRH) does business. In a normal year, estimated payments to the firm total approximately \$1,000. Mary Beth Johnston is a Partner with the K&L Gates LLP Law Firm, a firm which BRH also does business. On average, estimated payments to the firm are \$20,000 a year. Beth T. Jones is a Partner with the Womble Bond Dickinson Law Firm – a law firm with which BRH does business. In a typical year, estimated payments to the firm total approximately \$15,000. Lee M. Kirby is a Partner with the Smith Anderson Law Firm...a law firm with which BRH also does business. On average, estimated payments to the firm total approximately \$20,000 a year. None of the other individuals named as Trustees, Officers, or Management Staff above are currently providing nor in the foreseeable future shall provide goods, leases, or services to the organization, or the

residents of the organization, of an aggregate value of five hundred dollars (\$500) or more except for services rendered in their respective capacity as a Trustee or Officer or Management Staff member of the corporation. None of the Trustees, Officers, or Management Staff named above has ownership in any professional service, association, trust, partnership, or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the facility, of an aggregate value of five hundred dollars (\$500) or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility, provider, or residents or a statement that the cost cannot presently be estimated.

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

- E. Baptist Retirement Homes of North Carolina, Incorporated presently operates the following existing facilities:

Brookridge Retirement Community, Winston-Salem, North Carolina

Total Occupancy as of September 30, 2018 – 72%

Brookridge Retirement Community (Brookridge Health Care Center)

77-bed nursing care center

Occupancy as of September 30, 2018 – 78%

Brookridge Retirement Community (Adult Care Home Residence)

26 adult care home residences

10 memory-enhanced residences

Occupancy as of September 30, 2018 – 89%

Brookridge Retirement Community (Independent Living Apartments)

137 independent living apartments

Occupancy as of September 30, 2018 – 64%

CCRC Resident Contracts – 179

-Covering 153 Single Residents and 26 Double Occupancies for a total of 205 Residents

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

Total Occupancy as of September 30, 2018 – 74%

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

24-bed nursing care center

Occupancy as of September 30, 2018 – 67%

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

12 adult care home residences / 12 memory-enhanced residences

Occupancy as of September 30, 2018 – 96%

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

125 independent living apartments

Occupancy as of September 30, 2018 – 75%

CCRC Resident Contracts – 128

-Covering 108 Single Residents and 20 Double Occupancies for a total of 148 Residents

The Taylor House, Albemarle, North Carolina

30 adult care home residences

Occupancy as of September 30, 2018 – 57%

Western North Carolina Baptist Home, Asheville, North Carolina

Total Occupancy as of September 30, 2018 – 56%

Western North Carolina Baptist Home (Western North Carolina Baptist Home Health Care Center)

100-bed nursing care center

Occupancy as of September 30, 2018 – 53%

Western North Carolina Baptist Home (Adult Care Home Residences)

42 adult care home residences

8 memory-enhanced residences

Occupancy as of September 30, 2018 – 62%

II. FACILITY INTRODUCTION AND INFORMATION

The Brookridge Retirement Community is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in northwest Winston-Salem. It consists of 137 independent living apartments (46 detached residences, 91 congregate residences) and 113 health care beds (26 adult care residences, 10 memory-enhanced residences, and 77 intermediate and skilled nursing care beds). It also contains the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, a swimming pool and exercise area, dining rooms, a café, beauty/barber shops, a convenience store, a mail area, parlors, a kitchen, and service areas for environmental services, maintenance and laundry. Construction began in October 1987, and the project was completed in the summer of 1989. In 1997, construction began on five two-bedroom deluxe apartments, and this project was completed in the summer of 1998.

Construction was completed in September 1999 on an indoor swimming pool and exercise area. A special residence for Older Adults with dementia was opened in October 2001. A café dining option was opened for operation in September 2006 for independent living residents. In 2010, the Prince Center main entry area was renovated. In 2014, major renovation of the Brookridge Community was completed.

The Gardens of Taylor Glen Retirement Community is a continuing care retirement community that is located on a 124 plus-acre tract of land located in southwest Concord. It includes 125 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. It also incorporates administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a lake and walking paths, dining areas, beauty/barber shops, a mail area, a convenience store, parlors, a café, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance, and laundry. Construction began in September 2001, and the Community was opened for residency in November 2002.

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

The Western North Carolina Baptist Home is a combination facility with 42 adult care home residences, 8 memory-enhanced residences, and 100 nursing care beds located on a 22-acre tract of land on Richmond Hill in Asheville. It was opened for service to its first resident in April 1979. A 100-bed Medicare/Medicaid certified nursing care center opened in February 1993. A special residence for Older Adults with dementia was opened in August 2003. The Assisted Living area of the Community was renovated in 2012. A major renovation of the Western North Carolina Baptist Home Health Care Center began in May 2015 (45 nursing care beds were out of service during the renovation) and was completed in July 2016.

Care provided at The Taylor House Community is currently confined to the custodial level of care (Adult Care Home). Care provided at the Western North Carolina Community is confined to the custodial level of care (Adult Care Home) and nursing care. No Continuing Care Agreements involving independent living residences are currently provided for residents at these Communities. Continuing care contracts, involving independent living, are provided only for those residents entering independent living apartments at the Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community. The contracts for independent living apartments and adult care home and nursing care beds at the Brookridge Retirement Community are attached as Attachments IV through VI-A.

The Brookridge Retirement Community offers continuing care contracts for Older Adults living in independent living apartments, adult care home residences, and nursing care rooms. In addition to Brookridge, Baptist Retirement Homes owns and operates

The Gardens of Taylor Glen Retirement Community in Concord, which is the only other Community in its system that offers continuing care contracts. Both Communities are operational divisions of the Baptist Retirement Homes of North Carolina, Incorporated, not separate legal entities and, therefore, have no officers or Trustees of their own. Of the four Communities owned and operated by Baptist Retirement Homes of North Carolina, Incorporated, only the Winston-Salem and Concord Communities, known as the Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community, offer continuing care contracts. The Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community are owned and operated by the Baptist Retirement Homes of North Carolina, Incorporated.

Sections III through X of this Disclosure Statement deal only with the independent living apartments and the adult care home residences at the Brookridge Retirement Community.

III. **POLICIES – ADMISSION**

A. **Independent Living**

1. In order for an individual to be accepted as a RESIDENT of the Brookridge Retirement Community, the individual must be a minimum of sixty-two (62) years of age and in reasonable health sufficient to be capable of maintaining an independent living arrangement as determined by Baptist Retirement Homes. After the acceptance of a RESIDENT, but prior to occupancy, if Baptist Retirement Homes should determine that the RESIDENT has become incapable of independent living, the Agreement shall be canceled. After occupancy, the RESIDENT'S right to occupy an independent living residence shall terminate upon Baptist Retirement Homes' determination that the RESIDENT is no longer capable of independent living. When it is determined by the Baptist Retirement Homes organization that a RESIDENT can no longer live safely in an independent living environment and his/her right to occupy an independent living apartment has been terminated, he/she can elect to leave the community and if his/her occupancy has lasted for less than twenty four (24) months, receive a partial refund of the "fee" paid by him/her to the organization at the time of admission. The RESIDENT can also, if he/she elects this option, enter the organization's health care center at the health care center's current rates if the Baptist Retirement Homes organization concludes that the health care center can provide the level of services the RESIDENT'S condition requires. If the RESIDENT elects the above mentioned option, he/she will not be required to pay an entrance fee for admission to the health care center nor will he/she receive a partial refund of the "fee" paid to the organization at the time of admission.
2. In general, the individual must pay the admission fees and be capable of paying the reasonable periodic fees as determined by Baptist Retirement

Homes in order to be accepted as a RESIDENT. The RESIDENT agrees to prudently conserve and maintain current and future income and assets in order to provide for payment of services to be provided by Baptist Retirement Homes under this Agreement or otherwise. Upon verification satisfactory to Baptist Retirement Homes that RESIDENT has complied with this obligation and that RESIDENT'S income and assets are insufficient to pay for services required, Baptist Retirement Homes will endeavor to provide assistance to RESIDENT by prudent use of finite funds available to it for such purposes. Baptist Retirement Homes has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to RESIDENT. In any event, such assistance as may be available will be provided only after RESIDENT has applied for and taken all necessary steps to qualify for any public benefit program, or private funds or programs through which benefits may be available for payment of services required by RESIDENT.

Baptist Retirement Homes offers three (3) options for entrance fee payments for residents living in its garden home units. The RESIDENT may choose between a Traditional Payment Program, a Fifty-Percent Refund Program, and a Ninety-Percent Refund Program. The Traditional program provides for a twenty-four (24)-month amortization of the RESIDENT'S entrance fee (after twenty-four (24) months, there is no remaining equity). The Fifty-Percent Refund Program provides for a fifty-percent refund of the entrance fee paid at admission and the Ninety-Percent Refund Program provides for a ninety percent refund of the entrance fee paid at admission. The Fifty-Percent Refund Program is offered to garden home RESIDENTS at the Brookridge Retirement Community at a cost of 1.35 times the Traditional Program entrance fees . . . the Ninety-Percent Refund Program is offered to garden home RESIDENTS at a cost of 1.5 times the Traditional Program entrance fees.

3. If a RESIDENT marries while at the Community, the RESIDENT must have the advance written permission of Baptist Retirement Homes for the non-resident spouse to live in an apartment unit with the RESIDENT. Such permission is conditioned upon the non-resident spouse's ability and willingness to pay an entrance fee equal to the difference between the "single" and "double" entrance fee rate, and he/she must also be capable of paying the difference between the "single" and "double" monthly fee. The non-resident spouse must also agree to prudently conserve and maintain his/her current and future financial assets in order to provide for payment of services to be provided by the Baptist Retirement Homes organization. The non-resident spouse must also be willing to submit medical information demonstrating his/her ability to live independently as determined by the Baptist Retirement Homes organization. Lastly, admission of a non-resident spouse is conditioned on the execution of a new Apartment Residency

Agreement. Until such an Agreement is reached, the new spouse has no rights or privileges under the existing "Agreement" with the RESIDENT and cannot reside in his/her apartment. If a RESIDENT of the Baptist Retirement Homes marries a Baptist Retirement Homes RESIDENT (with the permission of the Baptist Retirement Homes organization), only one of the apartments used by the new couple can be occupied and the other must be relinquished. If the RESIDENT relinquishing his/her apartment has lived in that unit for less than 24 months, the Baptist Retirement Homes will refund to the RESIDENT an amount equal to the amortized remaining value of the entrance fee paid by the RESIDENT. The refund will be made upon the re-occupancy of the unit and receipt and unrestricted use of the entrance fee from the successor resident. The new couple will be expected to pay the "couple" monthly rate.

4. The RESIDENT must agree to prudently conserve and maintain current and future income and assets in order to provide for the payment of services. Upon verification that the RESIDENT has complied with this obligation and that the RESIDENT'S income and assets are insufficient to pay for the services required, Baptist Retirement Homes will endeavor to provide financial assistance to the RESIDENT pursuant to the Apartment Residence Agreement. Baptist Retirement Homes has no legal obligation to provide such assistance and does not represent or guarantee that such assistance will be provided to a RESIDENT.
5. The RESIDENT may rescind the contract both prior to and following occupancy of the unit according to the following paragraphs:

The RESIDENT may rescind the contract by giving written notice to Baptist Retirement Homes within thirty (30) days following the later of the execution of the contract or the receipt of a disclosure statement that meets the requirements of this section. The RESIDENT is not required to move into the facility during the thirty (30) day automatic rescission period. If such action is taken, the RESIDENT shall receive a full refund of any entrance fees paid within sixty (60) days following the receipt of the written notice. The RESIDENT to whom the contract pertains is not required to move into the community before the expiration of the thirty (30) day period. After the initial (30) day period following the payment of the full entrance fee but prior to occupancy, the RESIDENT may cancel the Agreement by giving thirty (30) days written notice to the Homes and receive a refund of the entrance fees paid less five percent (5%). The refund will be paid within sixty (60) days following receipt of the written notice. Should a RESIDENT die before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity, a RESIDENT would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically cancelled and the RESIDENT is entitled to a full refund of the

Entrance fee paid. During the first 24 months of occupancy, the RESIDENT may cancel his/her "Agreement" with the organization by giving thirty (30) days written notice to the Baptist Retirement Homes organization. The Baptist Retirement Homes will refund to the RESIDENT all amounts paid to the organization as an entrance fee less four percent (4%) of the "fee" for each month of occupancy, or part thereof, which will be retained by the organization. The RESIDENT will receive his/her entrance fee "refund" when RESIDENT'S unit has been occupied by another RESIDENT or within two (2) years of his/her termination of their Agreement, whichever event occurs sooner. If the RESIDENT who purchased the Traditional Payment Program cancels the Agreement after twenty-four (24) months of occupancy, there shall be no refund of the entrance fee. The RESIDENT who purchased the Fifty-Percent Refund Program has a fifty percent refund option for life and the Resident who purchased the Ninety-Percent Refund Program has a ninety percent refund option for life. Baptist Retirement Homes may cancel the Apartment Residence Agreement prior to or following occupancy by the RESIDENT,

upon determining that the RESIDENT has either become incapable of independent living or has failed to comply with the obligations assumed pursuant to the Agreement. In the event of such cancellation, the RESIDENT shall receive a full refund if cancellation occurs prior to occupancy; a partial refund if cancellation occurs during the first twenty-four (24) months of occupancy; and, no refund if cancellation occurs thereafter.

If a RESIDENT dies within twenty-four (24) months of occupancy, a refund of the unamortized entrance fee will be made to the estate of the RESIDENT. The refund will be made upon re-occupancy of the unit and the receipt and unrestricted use of the entrance fee proceeds from the successor RESIDENT. No refund is made if death occurs after the first twenty-four (24) months of occupancy. If a RESIDENT who purchased the Fifty Percent Refund Program dies, a refund of fifty percent of the entrance fee will be paid to his/her estate. If a resident who purchased the Ninety-Percent Refund Program dies, a refund of ninety percent of the entrance fee will be paid to his/her estate.

A RESIDENT contract with Baptist Retirement Homes of North Carolina, Incorporated can be terminated if the RESIDENT being provided service requires a higher level of care than can be provided in the RESIDENT'S current setting. In such a case, every effort will be made to place the RESIDENT at an appropriate level of care within the Baptist Retirement Homes' system. If a contract is terminated by Baptist Retirement Homes, a refund of the unamortized entrance fee will be made to the RESIDENT as soon as the RESIDENT'S residence has been re-leased.

6. RESIDENTS living in garden home units can choose from one of three plans in regard to services offered to them via the Brookridge Community:

The Platinum Club Plan – Garden home RESIDENTS who choose this Plan receive credit via their monthly maintenance fee to purchase thirty (30) meals a month, housekeeping services, and concierge services.

The Gold Club Plan – Garden home RESIDENTS who choose this Plan receive credit via their monthly maintenance fee to purchase twenty (20) meals a month and housekeeping services.

The Silver Club Plan – Garden home RESIDENTS who choose this Plan receive no credit via their monthly maintenance fee to purchase meals, housekeeping, or concierge services.

7. If RESIDENT is away from the Brookridge Retirement Community for thirty consecutive days, he/she will receive a credit equal to the cost of the thirty-day dining plan for each person. If for any reason, RESIDENT returns to the Brookridge Retirement Community for an overnight stay, he/she will be ineligible to take advantage of the away rate. The “away rate” can be taken for a maximum of three months.
8. Upon cancellation of the Agreement by the RESIDENT or the Homes, the independent living apartment of the prior RESIDENT may be made available to a different or new resident by the Homes if the rights of all residents residing in the independent living apartment have been terminated.

B. **Adult Care Home**

1. In order for an individual to be accepted as a RESIDENT, the individual must be a minimum of sixty-two (62) years of age and in the mental and physical condition to be able to adequately function at the Adult Care Home level of care, which is determined by the Homes’ Admissions Committee. After the acceptance of a RESIDENT, if Baptist Retirement Homes should determine that the RESIDENT has become incapable of functioning at an Adult Care Home level of care, the Agreement shall be canceled pursuant to Sections 7 and 8 of the Resident Care Agreement.
2. Also, in general, the individual must be capable of paying the reasonable periodic fees as determined by Baptist Retirement Homes in order to be accepted as a RESIDENT. The RESIDENT agrees to prudently conserve and maintain current and future income and assets in order to provide for payment of services to be provided by the Homes under this Agreement or otherwise. Upon verification satisfactory to the Homes that the RESIDENT has complied with this obligation, and that the RESIDENT’S

income and assets are insufficient to pay for services required, the Homes will endeavor to provide financial assistance to the RESIDENT, by prudent use of finite funds available to it for such purposes. The Homes has no legal obligation to provide such assistance, and is unable to represent or guarantee with certainty that such assistance will be available to the RESIDENT. In any event, such assistance as may be available will be provided only after the RESIDENT has applied for and taken all necessary steps to qualify for any available public benefit program, or private funds or programs through which benefits may be available for payment of services required by the RESIDENT.

3. If a RESIDENT marries while at the facility, the RESIDENT must have the advanced written permission of Baptist Retirement Homes for the new spouse to live with the RESIDENT. Such permission is conditioned upon negotiation and execution of a new written Resident Care Agreement and shall be subject to the appropriate fees. Until such an Agreement is reached, the new spouse has no rights or privileges under the existing Agreement with the RESIDENT.
4. The RESIDENT must agree to prudently conserve and maintain current and future income and assets in order to provide for the payment of services. Upon verification that the RESIDENT has complied with this obligation and that the RESIDENT'S income and assets are insufficient to pay for the services required, Baptist Retirement Homes will endeavor to provide financial assistance to the RESIDENT pursuant to the Resident Care Agreement. Baptist Retirement Homes has no legal obligation to provide such assistance and does not represent or guarantee that such assistance will be provided to a RESIDENT.
5. The RESIDENT may cancel the Resident Care Agreement within thirty (30) days of execution and prior to occupancy by giving written notice to Baptist Retirement Homes and receive a full refund of any admission fees paid. After the initial thirty (30) day period but prior to occupancy, the RESIDENT may cancel the Agreement by giving thirty (30) days written notice to the Homes.

Baptist Retirement Homes may cancel the Resident Care Agreement prior to or following occupancy by the RESIDENT, upon determining that the RESIDENT has either become incapable of living at the Adult Care Home level of care or has failed to comply with the obligations assumed pursuant to the Agreement.

A RESIDENT contract with Baptist Retirement Homes of North Carolina, Incorporated can be terminated if the RESIDENT being provided services

requires a higher level of care than can be provided in the RESIDENT'S current setting. In such a case, every effort would be made to place the RESIDENT at an appropriate level of care within the Baptist Retirement Homes' system.

6. Upon cancellation of the Agreement by the RESIDENT or the Homes, the Adult Care Home room of the prior RESIDENT may be made available to a different or new resident by the Homes if the rights of the RESIDENT residing in the Adult Care Home room have been terminated.

IV. SERVICES

A. **Independent Living**

The Homes provides the "continuing care" services outlined below in the Independent Living Apartments at the Brookridge Retirement Community. All parties who wish to reside in the Independent Living Apartments at the Brookridge Retirement Community shall do so by entering into a contract entitled "Apartment Residence Agreement". A current copy of this Agreement is enclosed with this Disclosure Statement. This Agreement is the sole contract between Baptist Retirement Homes of North Carolina, Incorporated and the RESIDENT. If more than one person enters into the Agreement, the word "RESIDENT" as used herein and as used in the Agreement shall include both residents unless otherwise stated. This Disclosure Statement constitutes Exhibit C to the Agreement and is incorporated therein by reference. Baptist Retirement Homes of North Carolina, Incorporated provides the following "continuing care" services at the Brookridge Retirement Community pursuant to the Residency Agreement based upon the admission fee and the monthly service fee (the monthly service fee is that amount paid by the RESIDENT on a monthly basis to underwrite the cost of the service provided to him/her via the RESIDENT'S contract with the Baptist Retirement Homes – see Apartment Resident Agreement Page 1, #2) specified therein:

1. UTILITIES: Including heat, electricity, air conditioning, telephone and television outlets, water and sewer services, and trash disposal.
2. FURNISHINGS:
 - a. Independent Living Apartments located in the Main Building are furnished with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher, and disposal.
 - b. Independent Living Apartments designated as Garden Homes are furnished as indicated above with the addition of a washer/dryer.

3. INSURANCE: Baptist Retirement Homes provides fire and casualty insurance. The insurance provided by Baptist Retirement Homes does not cover personal contents of the Apartments.
4. MEAL SERVICE: Baptist Retirement Homes in its standard contract provides at no additional charge to RESIDENT, one meal each day to be served in its dining room. Garden Home residents have three options for dining services:
The Platinum Plan- 30 meals a month
The Gold Plan- 20 meals a month
The Silver Plan- 0 meals a month
5. HEALTH SERVICE: If required by RESIDENT'S health status, Baptist Retirement Homes will provide without additional charge a cumulative total of thirty (30) days residential care in its Health Care Center while the Residency Agreement is in force. Such care, as appropriate, will be at either the adult care home level, or at the nursing care level. If for any reason such care is temporarily unavailable when required by the RESIDENT, it will be provided at the expense of Baptist Retirement Homes at other comparable facilities. During provision of such care, the RESIDENT will be charged for medicines, physician's services, and for supplies not normally included in the base fee for such services. The RESIDENT will pay for health care services in excess of the thirty (30) day cumulative total provided by this Agreement at the rate established for such care by Baptist Retirement Homes at the time such care is required. All other medical care, services and supplies provided to the RESIDENT by Baptist Retirement Homes or others, will be at the RESIDENT'S expense.
6. MAINTENANCE of all common areas and grounds, and furnishings and equipment owned by Baptist Retirement Homes.
7. PARKING: More than adequate parking located in three parking areas adjacent to the main building on the Brookridge campus is provided for residents living in independent living apartments. Every resident is guaranteed a parking place for his/her vehicle, and no parking fee is charged to the resident for that service. Every resident living in a garden home located on the Brookridge campus has access to covered parking adjacent to his/her garden home. No parking fee is charged to the resident for that service.
8. RECREATIONAL, SOCIAL, AND RELIGIOUS ACTIVITIES and other life enrichment programs are provided. Space and equipment to facilitate various hobbies and crafts are furnished. An indoor swimming pool and exercise area, the West Water Therapy Center, is also available on site.

9. HOUSEKEEPING:
 - a. Congregate Building apartments are provided by-weekly housekeeping (general vacuuming, dusting, and cleaning of bath) and weekly changes of white sheets and pillowcases.
 - b. Garden home apartments are provided twice-monthly housekeeping (general vacuuming, dusting, and cleaning of bath).
10. LAUNDRY: For Residents living in Congregate Building Apartments, Baptist Retirement Homes furnishes and maintains washers and dryers for RESIDENT'S use.
11. SCHEDULED TRANSPORTATION: Baptist Retirement Homes provides scheduled transportation to local shopping areas, churches, and social activities.
12. STAFF: Baptist Retirement Homes has staff on duty at all times to be responsive to the needs of the RESIDENTS and to assist in case of emergencies.

Baptist Retirement Homes makes available to the RESIDENT on an optional basis, upon payment of additional fees as may be established:

1. One or two additional meals per day in the central dining room;
2. In case of temporary illness, tray service of meals in the RESIDENT'S apartment;
3. Additional housekeeping services as required;
4. Transportation to extra-curricular events and locations;
5. Beauty and barber services; and
6. Transportation to medical appointments.

B. Adult Care Home

Baptist Retirement Homes of North Carolina, Incorporated provides the following "continuing care" services at the Adult Care Home level of care at the Brookridge

Retirement Community, pursuant to the Resident Care Agreement based upon the admission fee and monthly service fee specified therein:

1. UTILITIES: Including heat, electricity, air conditioning, telephone outlets and television outlets, water and sewer services, and trash disposal.
2. FURNISHINGS: Each Adult Care Home room at the Brookridge Retirement Community will be furnished with carpeting and window covering.
3. INSURANCE: Baptist Retirement Homes carries fire and casualty insurance. The insurance provided by Baptist Retirement Homes does not cover personal contents of the room.
4. MEAL SERVICE: Baptist Retirement Homes provides, at no additional charge to the RESIDENT, three meals each day served in its dining room.
5. MEDICATION MONITORING: Certified staff will monitor and/or administer medications to the RESIDENT.
6. MAINTENANCE of all common areas and grounds, and furnishings and equipment owned by Baptist Retirement Homes.
7. PARKING: More than adequate parking is provided for Adult Care Home residents and their families in two parking areas adjacent to the Health Care Center located on the Brookridge campus. Adult Care Home residents who own their own vehicles are provided parking spaces for their automobiles at no charge to the residents.
8. RECREATIONAL, SOCIAL, AND RELIGIOUS ACTIVITIES and other life enrichment programs are provided. Space and equipment to facilitate various hobbies and crafts are also furnished.
9. HOUSEKEEPING: Residents of the Adult Care Home area receive daily housekeeping services (general vacuuming, dusting, and cleaning of bath) and changes of white sheets and pillowcases as needed.
10. LAUNDRY: Baptist Retirement Homes provides personal laundry services for each RESIDENT.
11. SCHEDULED TRANSPORTATION: Baptist Retirement Homes provides scheduled transportation to local shopping areas, churches, social activities, and routine medical appointments.
12. STAFF: Baptist Retirement Homes has staff on duty at all times to be responsive to the needs of the RESIDENTS and to assist in case of emergencies.

Baptist Retirement Homes will make available to the RESIDENT on an optional basis, upon payment of additional fees as may be established:

1. Medical supplies and equipment related to hospitalization, prescription medicines, medical supplies, physician services, dental and optical care;
2. Physical, Speech, and Occupational therapy;
3. Clothing;
4. Personal Care items;
5. Beauty and Barber Services.

V. **FEES**

A. **Independent Living**

1. A description of all current fees required of residents of the Brookridge Retirement Community including admission fees and periodic charges is set forth as follows:

ENTRANCE FEES

The Apartment/Garden Home Entrance fee is paid by the RESIDENT thirty (30) days after he/she signs the Apartment Resident Agreement or the receipt of a Disclosure Statement and assures the RESIDENT a place in the "Community" for a term of years or life as long as the RESIDENT complies with his/her contract with the Baptist Retirement Homes.

Independent Living

Garden Homes

Single residence – single	\$153,286
Single residence – double	\$169,113
Duplex residence – single	\$ 99,936
Duplex residence – double	\$115,763

Apartments

Studio	\$ 40,967
One bedroom – single	\$ 64,835
One bedroom – double	\$ 79,014
Two bedroom – single	\$ 86,104
Two bedroom – double	\$101,572
Two bedroom Classic – single	\$ 93,421
Two bedroom Classic – double	\$109,165
Deluxe two bedroom – single	\$154,805
Deluxe two bedroom – double	\$170,788

10/1/16	\$47.92 (garden homes/apartments)	1 time per year
10/1/17	\$68.33 (garden homes/apartments)	1 time per year
10/1/18	\$70.09 (garden homes/apartments)	1 time per year

B. Adult Care Home

1. A description of all current fees required of residents, including admission fees and periodic changes, is as follows:

Adult Care Home

Regular – entrance fee paid	\$4,438.89
Regular – no entrance fee	\$5,260.91
Memory-Enhanced residence	\$6,557.96

2. The monthly service fee may be adjusted from time to time by Baptist Retirement Homes upon giving sixty (60) days written notice of any increase or decrease to the RESIDENT in accordance with Section 2 of the Resident Care Agreement.

The frequency and dollar amounts of each average increase at the Brookridge Retirement Community, owned and operated by Baptist Retirement Homes, during the past five years is as follows:

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/14	\$153.04	1 time per year
10/1/15	\$121.55	1 time per year
10/1/16	\$126.59	1 time per year
10/1/17	\$153.25	1 time per year
10/1/18	\$157.84	1 time per year

C. Skilled Nursing

1. A description of all current fees required of residents, including admission fees and periodic changes, is as follows:

Nursing Care	<u>Daily Rate</u>
Private room	\$280.17
Semi-private room	\$262.39

2. The monthly service fee may be adjusted from time to time by Baptist Retirement Homes.

The frequency and dollar amounts of each average increase at the Brookridge Retirement Community, during the past five years is as follows:

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/14	Daily Rate \$ 7.66	1 time per year
10/1/15	Daily Rate \$ 6.09	1 time per year
10/1/16	Daily Rate \$ 6.23	1 time per year
10/1/17	Daily Rate \$ 7.67	1 time per year
10/1/18	Daily Rate \$ 7.90	1 time per year

VI. FINANCIAL INFORMATION

Unless otherwise indicated all financial data is derived from the consolidated financial statements of the Baptist Retirement Homes of North Carolina, Incorporated.

- A. Since 1988, the Baptist Retirement Homes of North Carolina, Incorporated has invested approximately \$37.1 million in addition to resident entrance fees in funding the Brookridge Retirement Community. If unforeseen financial need is ever experienced in connection with the operation of the Brookridge Retirement Community, Baptist Retirement Homes will, in the same manner utilize any funds that may be available to it from gifts or contributions to enable it to perform its obligations fully under contracts to provide continuing care at the Community.
- B. Baptist Retirement Homes of North Carolina, Incorporated operates on a fiscal year of October 1 through September 30. From 1986 to 1990, D.E. Gatewood and Company, Certified Public Accountants, audited the financial records of the organization. From 1991 to 1993, Coopers and Lybrand, Certified Public Accountants audited the financial statements of the organization. From 1994 through 2000, Ernst and Young, LLP audited the financial statements of the organization. From 2001 to 2006, the financial statements of the organization were audited by McGladrey & Pullen, LLP. From 2007 to 2009, LarsonAllen LLP audited the financial statements of the organization. From 2010-2015, RSM/McGladrey, LLP audited the financial statements of the organization. For 2016 to 2018, Clifton Larson Allen, LLP audited the financial statements of the organization. Certified consolidated financial statements covering all facilities are attached hereto as follows:
- | | |
|------------------------------------|-----------------|
| Interim Financial Statements as of | |
| December 2018 (unaudited) | Attachment VIII |
| 2018 Audit Report | Attachment I |
- C. Pro-forma financial statements are attached hereto as Attachment III.

VII. RESERVES, ESCROW, AND TRUSTS

- A. Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of various trusts administered by the North Carolina Baptist Foundation. These trusts have a market value of approximately \$4,936,962. Income received from these trusts is approximately \$129,614 per year.

Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of a trust under the Will of John Alonzo Bolich, Jr. The trust, being administered by Wells Fargo Bank, has a market value of approximately \$2,147,576. Annual income from the trust is approximately \$89,082.

Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of a trust under the Will of Clyde Little. The trust is being held in an account at Wells Fargo Charitable Funds Department, and has a market value of \$611,095. Annual income from the trust is approximately \$18,590.

In 1994, Baptist Retirement Homes of North Carolina, Incorporated established a memorial fund for the benefit of supplementing the cost of care for residents who do not have the financial resources to pay for their care. The funds have a balance of \$2,879,604. Annual income from the fund is approximately \$71,111.

- B. The forecasted financial statements will reflect the Homes' funding of an operating reserve as required by N.C.G.S. §58-64. The operating reserve must be an amount at least equal to fifty percent (50%) of operating expenses (net of depreciation and amortization) plus debt service for all facilities considered to be continuing care retirement communities. As only the Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community qualify as a continuing care retirement communities, only the operating expenses related to the Brookridge Retirement Community and to The Gardens of Taylor Glen Retirement Community are used to calculate the reserve. The forecast will also assume an interest rate between one to five percent (1-5%) will be earned on these funds based on the average balance during the year.
- C. The asset managers of Wells Fargo Bank invest the reserve portfolio managed by Wells Fargo Charitable Funds. The funds on deposit with Wells Fargo are invested seventy percent (70%) in equities and thirty percent (30%) in fixed income funds. The following is a list of the investment management professionals that are overseeing the investment decisions and their professional investment experience for each fund.

<u>Fund</u>	<u>Manager</u>	<u>Years of Experience</u>
Dodge & Cox Income Fund	Mgmt Team	Avg 15.6 for Group

Western Asset Core Bond Fund	Mgmt Team	Avg 23.4 for Group
Federated Treasury Obligation	Susan Hill Deborah Cunningham	Avg 30 for Group
JP Morgan High Yield Bond Fund	Mgmt Team	Avg 20 for Group
Dreyfus International Bond Fund	Mgmt Team	Avg 23.6 for Group
PIMCO Foreign Bond Fund (Hedged)	Mgmt Team	Avg 13.6 for Group
Fidelity Advisors Emerging Mkts. Bond Fund	John H. Carlson	23 Years
TCW Emerging Markets Fund	Mgmt Team	Avg 24.7 for Group
Federated Strategic Value Dividend Fund	Mgmt Team	Avg 19 for Group
T Rowe Price Blue Chip Growth Fund	Larry J. Puglia	25 Years
Vanguard 500 Index Fund	Mgmt Team	Avg 14 for Group
JPMorgan Mid Cap Value Fund	Mgmt Team	Avg 28 for Group
Artisan Mid Cap Fund	Mgmt Team	Avg 21 for Group
American Century Small Cap Growth Fund	Mgmt Team	Avg 13 for Group
Sterling Capital Stratton Small Cap Value Fund	Mgmt Team	Avg 17.3 for Group
Artisan International Fund	Mgmt Team	Avg 20.6 for Group
Dodge & Cox International Stock Fund	Mgmt Team	Avg 23.3 for Group
Oppenheimer Dev. Markets Fund	Justin M. Leverenz	11 Years
T. Rowe Price Real Estate Fund	Nina P Jones	10 Years
Wells Fargo Specialized Fixed Income Strategies Team	Mgmt Team	Avg 14.3 for Group
iShares Russell 2000 Growth ETF	Passive Strategy- No Mgr.	N/A

iShares Russell 2000 ETF	Passive Strategy- No Mgr.	N/A
iShares Russell Midcap Growth ETF	Passive Strategy- No Mgr.	N/A
iShares Russell Midcap ETF	Passive Strategy- No Mgr.	N/A
SPDR Dow Jones International REIT ETF	Passive Strategy- No Mgr.	N/A
Vanguard Real Estate ETF	Passive Strategy- No Mgr.	N/A
Vanguard FTSE Developed Markets EFT	Passive Strategy- No Mgr.	N/A
Blackrock Global Long/Short Credit Fund	Mgmt Team	Avg 9.3 for Group
AQR Managed Futures Strategy Fund	Mgmt Team	Avg 7.2 for Group
Eaton Vance Global Macro Absolute Return Advantage Fund	Mgmt Team	Avg 15 for Group
John Hancock Funds Absolute Return Currency Fund	Mgmt Team	Avg 14.5 for Group
Natixis Funds Trust II ASG Global Alternatives Fund	Mgmt Team	Avg 16 for Group
Neuberger Berman Long Short Fund	Mgmt Team	Avg 14.5 for Group

The asset managers of First Citizens invest the reserve portfolio managed by First Citizens Bank. The funds on deposit with First Citizens are invested seventy percent (70%) in equities and thirty percent (30%) in fixed income funds. The following is a list of the investment management professionals that are overseeing the investment decisions and their professional investment experience for each fund.

<u>Fund</u>	<u>Manager</u>	<u>Years of Experience</u>
Equities/Fixed Income/Asset Allocation (CIO)	Brent Ciliano	26
Asset Allocation/Manager Due Diligence	Brian Storey	16
Equities	Steve Eubanks	34
Fixed Income	Joe Mirsky	28

VIII. FACILITY DEVELOPMENT/EXPANSION

The Baptist Retirement Homes of North Carolina, Incorporated has been involved in the following development since 1990:

In December 1990, Baptist Retirement Homes of North Carolina, Incorporated was given Certificate of Need approval to construct a one-hundred (100)-bed nursing care addition to its Western North Carolina Baptist Home in Asheville. Construction on the one-hundred (100)-bed addition began in the fall of 1991, and the center was opened in February 1993.

In 1994, a Solarium was added to the Prince Nursing Care Center to house a special small group program designed to enhance the quality of life experienced by institutionalized Older Adults who have dementia. A similar addition was made to the Western North Carolina Baptist Home in 1995.

In 1997, community-wide renovation work at The Taylor House was completed.

In 1997, renovation work at the Adult Care Home Residence at the Western North Carolina Baptist Home was completed.

In 1997, construction began on five two bedroom deluxe apartments at the Brookridge Retirement Community. The apartment project was completed in the summer of 1998.

In 1998, construction began on an indoor swimming pool and fitness center at the Brookridge Retirement Community. The pool was completed in September 1999.

In 1998, renovation work at the Western North Carolina Baptist Home began to develop a nine (9)-bed memory-enhanced residence. The memory-enhanced residence was completed in the fall of 1999.

In 2001, The Gardens of Taylor Glen was opened for operation.

Construction of a memory-enhanced residence at the Brookridge Retirement Community began in February 2001, and the project was completed in October 2001.

In 2002, community-wide renovation of The Taylor House was completed to include a new elevator, new boiler, and new kitchen area.

In 2003, a special residence for Older Adults with dementia was opened in the Adult Care Home area of the Western North Carolina Baptist Home.

In 2006, a café dining option for independent living residents at the Brookridge Retirement Community was opened for operation.

In 2006 – 2007, the Prince Nursing Care Center in Winston-Salem and the Rickman Nursing Care Center in Asheville underwent significant renovations.

In 2010, the administrative and family area at Brookridge Retirement Community Nursing Care Center was renovated.

In 2012, Baptist Retirement Homes began construction of a new wing and renovation of existing rooms and administrative offices at the Prince Nursing Care Center in Winston-Salem. The new wing was completed in 2013 and the renovations completed in 2014.

In 2014, the Brookridge Independent Living Lobby was renovated.

In 2015, the Western North Carolina Baptist Home began renovation of the Nursing Care Center, which was completed in 2016.

IX. OTHER MATERIAL INFORMATION

As of the date of this Disclosure Statement, Baptist Retirement Homes of North Carolina, Incorporated is not involved in any past or current litigation, bankruptcy filings, receivership, liquidation, impending actions or perils.

X. RESIDENT AGREEMENT/CONTRACT

Copies of the current resident agreements which comply with all contract specifications as per N.C.G.S. 58-64-25 are attached to this Disclosure Statement as Attachment IV, Attachment V, and Attachment VI and VI-A for Independent Living, Adult Care Home, and Nursing Care at the Brookridge Retirement Community.

XI. ATTACHMENTS TO DISCLOSURE STATEMENT

Attachment I	9/30/18 Audit Report
Attachment II	Financial Data – Actual Compared to Forecasted
Attachment III	Pro-Forma Financial Statements
Attachment IV	Apartment Resident Agreement – Independent Living Apartments
Attachment V	Resident Care Agreement – Adult Care Home Residence

Attachment VI	Nursing Care Agreement
Attachment VI-A	Nursing Care Agreement - Medicare A
Attachment VII	Life Expectancy Table
Attachment VIII	October 2018 – December 2018 Interim Financial Statements (unaudited)

ATTACHMENT I

9/30/18 Audit Report

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate (collectively, the Organization), which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of activities 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditor's 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 Trustees
Baptist Retirement Homes of North Carolina, Incorporated

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of September 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
December 19, 2018

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2017**

ASSETS	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,999,704	\$ 8,732,285
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$51,660 and \$68,215 in 2018 and 2017, Respectively	1,214,077	918,868
Investments	46,178,203	44,010,753
Contributions Receivable	130,422	138,079
Prepaid Expenses and Other Assets	371,358	582,785
Total Current Assets	55,893,764	54,382,770
ASSETS LIMITED AS TO USE		
Internally Designated for Capital Development	854,100	483,170
Internally Designated for Statutory Operating Reserve	7,579,542	7,406,498
Restricted under Debt Agreements	3,245,074	3,171,177
Total Assets Limited as to Use	11,678,716	11,060,845
INVESTMENTS AND OTHER ASSETS		
Assets in Split-Interest Agreements:		
Charitable Remainder Trusts	1,052,203	1,093,524
Beneficial Interest in Perpetual Trusts	7,084,538	6,942,210
Other Assets	72,716	108,730
Total Investments and Other Assets	8,209,457	8,144,464
PROPERTY AND EQUIPMENT, NET	49,092,697	51,293,587
Total Assets	\$ 124,874,634	\$ 124,881,666

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2018 AND 2017**

LIABILITIES AND NET ASSETS	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 2,842,851	\$ 2,728,571
Accounts Payable	403,598	471,291
Accrued Expenses	344,146	336,700
Accrued Employee Compensation	1,341,519	1,334,786
Other Current Liabilities	37,547	46,141
Current Portion of Refundable Advance Fees	155,120	376,523
Total Current Liabilities	<u>5,124,781</u>	<u>5,294,012</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	33,028,369	35,775,086
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	10,516,656	11,058,579
Refundable Advance Fees on Occupied Units, Net of Current Portion	<u>2,326,786</u>	<u>1,971,885</u>
Total Deferred Revenue and Other Liabilities	<u>12,843,442</u>	<u>13,030,464</u>
Total Liabilities	50,996,592	54,099,562
NET ASSETS		
Unrestricted	48,370,640	45,405,590
Temporarily Restricted	11,737,841	11,806,554
Permanently Restricted	<u>13,769,561</u>	<u>13,569,960</u>
Total Net Assets	<u>73,878,042</u>	<u>70,782,104</u>
Total Liabilities and Net Assets	<u>\$ 124,874,634</u>	<u>\$ 124,881,666</u>

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	2018	2017
REVENUES, GAINS, AND OTHER SUPPORT		
Net Resident Service Revenue, including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$1,966,295 in 2018 and \$1,897,412 in 2017	\$ 24,886,724	\$ 24,010,753
Gifts, including Gifts from Churches and Special Day Offerings	350,186	419,821
Income from Grants	277,218	281,070
Income from Estates and Trusts	429,440	256,842
Investment Income and Realized Gains	2,929,697	3,116,730
Net Assets Released from Restrictions	877,359	1,571,752
Other	442,987	512,628
Total Revenues, Gains, and Other Support	30,193,611	30,169,596
OPERATING EXPENSES		
Resident Care	11,040,166	10,560,595
Dietary	2,806,509	2,732,682
Maintenance and Housekeeping	4,391,653	4,311,094
General and Administrative	4,113,246	3,780,001
Depreciation	3,473,883	3,365,751
Interest	1,601,190	1,731,580
Total Expenses	27,426,647	26,481,703
OPERATING INCOME	2,766,964	3,687,893
NON-OPERATING INCOME		
Unrealized Gains on Investments	198,086	2,726,174
EXCESS OF REVENUES OVER EXPENSES AND INCREASE IN UNRESTRICTED NET ASSETS	2,965,050	6,414,067
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	116,365	1,875,096
Investment Income	556,623	-
Change in Value of Charitable Remainder Trusts	(21,831)	8,939
Unrealized Gains on Investments	157,489	438,140
Transfer to Permanently Restricted Net Assets	-	(264,595)
Net Assets Released from Restrictions	(877,359)	(1,571,752)
Increase (Decrease) in Temporarily Restricted Net Assets	(68,713)	485,828
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	57,273	9,205
Change in Value of Beneficial Interest in Perpetual Trusts	142,328	460,686
Transfer from Temporarily Restricted Net Assets	-	264,595
Increase in Permanently Restricted Net Assets	199,601	734,486
INCREASE IN NET ASSETS	3,095,938	7,634,381
Net Assets - Beginning	70,782,104	63,147,723
NET ASSETS - ENDING	\$ 73,878,042	\$ 70,782,104

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 3,095,938	\$ 7,634,381
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,473,883	3,365,751
Unrealized Gains on Investments	(355,575)	(3,164,314)
Change in Value of Charitable Remainder Trusts	21,831	(8,939)
Change in Value of Beneficial Interest in Perpetual Trusts	(142,328)	(460,686)
Amortization of Deferred Revenue from Advance Fees	(1,966,295)	(1,897,412)
Amortization of Deferred Costs	74,358	74,359
Advance Fees Received	1,892,656	2,365,872
Advance Fees Refunded	(334,786)	(685,173)
Realized Gains on Investments	(2,226,080)	(2,055,168)
Loss on Disposal of Asset	2,977	26,205
Contributions Restricted for Long-Term Purposes	(130,348)	(1,000,000)
(Increase) Decrease in Assets:		
Accounts Receivable	(295,209)	(116,231)
Contributions Receivable	7,657	359
Prepaid Expenses and Other Current Assets	247,441	107,280
Increase (Decrease) in Liabilities:		
Accounts Payable, Accrued Expenses, Accrued Compensation, and Other Current Liabilities	(62,108)	295,925
Net Cash Provided by Operating Activities	3,304,012	4,482,209
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	23,909,727	42,557,398
Purchases of Investments	(23,476,032)	(42,149,932)
Net Purchases of Assets Limited as to Use	(617,871)	(362,195)
Purchases of Property and Equipment	(1,275,970)	(1,514,799)
Net Cash Used by Investing Activities	(1,460,146)	(1,469,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	(2,706,795)	(3,064,579)
Proceeds from Contributions Restricted for: New Residential Development	130,348	1,000,000
Net Cash Used by Financing Activities	(2,576,447)	(2,064,579)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(732,581)	948,102
Cash and Cash Equivalents - Beginning of Year	8,732,285	7,784,183
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,999,704	\$ 8,732,285
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 1,602,680	\$ 1,731,580
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchases of Equipment included in Accounts Payable	\$ 10,481	\$ 21,299

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Baptist Retirement Homes of North Carolina, Incorporated (Homes) is a church-related not-for-profit corporation organized under the laws of the state of North Carolina. The Trustees of the Homes are nominated and elected by the Board. All Trustees must be members of North Carolina Baptist churches. The Homes has a historical relationship with the Baptist State Convention of North Carolina.

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

The Board of Directors of the Foundation is elected by the Board of Trustees of the Homes.

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

Principles of Consolidation

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

Basis of Presentation

The Organization classifies its funds for accounting and reporting purposes as either unrestricted, temporarily restricted or permanently restricted:

Unrestricted Net Assets

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

Temporarily Restricted Net Assets

Resources that carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified for which the restrictions are satisfied by the passage of time or by actions of the Organization. As those restrictions are met, the contributions are released from temporarily restricted net assets and are transferred to unrestricted net assets. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in unrestricted net assets.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

Basis of Presentation (Continued)

Permanently Restricted Assets

Resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets.

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance, which approximates fair value as of September 30, 2018 and 2017. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. The Organization provides an allowance for uncollectible accounts using management's judgment. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be uncollectible are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. The Contributions receivable was approximately \$130,000 and \$138,000 at September 30, 2018 and 2017, respectively.

Assets Limited as to Use

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

Investments

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

The Organization's investments are classified as trading securities. The investments are managed by brokers who actively buy and sell investments within the Organization's investment guidelines. As trading securities, the investments are not subject to other than temporary impairment as the unrealized gains and losses on the investments are shown above the performance indicator of increase in unrestricted net assets on the consolidated statements of activities.

Assets in Split-Interest Agreements

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

Deferred Financing Costs

Deferred financing costs represent expenses incurred in connection with the permanent financing of the Homes and are deferred and amortized over the life of the related indebtedness using the straight-line method which approximates the effective interest method. Deferred financing costs are net of accumulated amortization of approximately \$460,000 and \$385,000 at September 30, 2018 and 2017, respectively.

Property and Equipment

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

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

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

Deferred Revenue from Advance Fees

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

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income (obligation to provide future services and use of facilities). There was no liability recognized at September 30, 2018 and 2017. The discount rate used in calculating the present value of the net cost of future services was 4.05% and 3.33% for 2018 and 2017, respectively, and was based on the expected long-term rate of return on governmental obligations.

Net Resident Service Revenue

Net resident service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered, including estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as cost report years are no longer subject to such audits, reviews and investigations.

Excess of Revenues Over Expenses

The consolidated statements of activities include excess of revenues over expenses. Changes in unrestricted net assets, that are included in excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments in trading securities. Changes that are excluded are gains and losses from sales of property and equipment, as well as contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

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

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

Income Taxes (Continued)

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

Fair Value of Financial Instruments

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

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

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

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

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

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

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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SEPTEMBER 30, 2018 AND 2017**

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

Risks and Uncertainties

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

Subsequent Events

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

The Organization has evaluated its subsequent events through December 19, 2018, the date the consolidated financial statements were available to be issued.

NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS

Assets limited as to use at September 30, 2018 and 2017 are summarized in the following table. Investments are stated at fair value.

	<u>2018</u>	<u>2017</u>
Internally Designated for Capital Development:		
Cash and Cash Equivalents	\$ 854,100	\$ 483,170
Internally Designated for Statutory Operating Reserve:		
Cash and Cash Equivalents	238,363	32,135
Mutual Funds, Equities	4,534,654	5,147,390
Mutual Funds, Bonds	1,146,538	1,838,583
Equity Securities	1,525,656	106,753
Real Estate Investment Trusts	4,632	4,952
Other Various Investments	129,699	276,685
Total	<u>7,579,542</u>	<u>7,406,498</u>
Restricted Under Debt Agreements:		
Cash and Cash Equivalents	221,624	331,172
Mutual Funds, Equities	1,142,562	1,381,951
Mutual Funds, Bonds	1,880,888	1,458,054
Total	<u>3,245,074</u>	<u>3,171,177</u>
Total Assets Limited as to Use	<u>\$ 11,678,716</u>	<u>\$ 11,060,845</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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SEPTEMBER 30, 2018 AND 2017**

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

Two of Homes' facilities are required by NC General Statute Chapter 58, Article 64 to fund an operating reserve account. The operating reserve must be an amount at least equal to 25% or 50% (depending on occupancy) of forecasted operating expenses (net of depreciation and amortization), plus annual debt service. The operating reserve requirement for Brookridge Retirement Community was \$5,124,068 and \$5,043,812 as of September 30, 2018 and 2017, respectively. The operating reserve requirement for The Gardens of Taylor Glen was \$2,455,474 and \$2,362,686 as of September 30, 2018 and 2017, respectively.

Other investments, stated at fair value, at September 30, 2018 and 2017, include:

	<u>2018</u>	<u>2017</u>
Other Investments:		
Cash and Cash Equivalents	\$ 224,632	\$ -
Mutual Funds, Equities	29,784,414	30,457,556
Mutual Funds, Bonds	10,398,224	11,545,941
Equity Securities	5,509,653	1,787,311
Real Estate Investment Trusts	79,822	82,913
Other Various Investments	181,458	137,032
Total	<u>\$ 46,178,203</u>	<u>\$ 44,010,753</u>

Investment income and unrealized and realized gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investment Income and Realized and Unrealized Gains:		
Interest and Dividend Income	\$ 1,260,240	\$ 1,061,562
Net Realized Gains on Sales of Securities	2,226,080	2,055,168
Total	<u>\$ 3,486,320</u>	<u>\$ 3,116,730</u>
 Unrealized Gains on Investments	 <u>\$ 355,575</u>	 <u>\$ 3,164,314</u>

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS

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

Charitable Remainder Trusts

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

Upon receipt of a beneficial interest in a charitable remainder trust, the present value of such interest is recorded as contribution revenue. The annual change in the present value of the beneficial interest is recorded as a change in value of charitable remainder trusts on the consolidated statements of activities. Such valuations are based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculations were 4.05% and 3.33% for the fiscal years 2018 and 2017, respectively.

Beneficial Interest in Perpetual Trust

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

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

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2018	2017
Land and Land Improvements	\$ 7,053,723	\$ 7,034,848
Buildings and Improvements	89,731,134	88,780,988
Furniture, Fixtures, and Equipment	5,330,205	5,212,391
Vehicles	728,827	632,495
Total	102,843,889	101,660,722
Less: Accumulated Depreciation	54,279,927	50,908,041
Total	48,563,962	50,752,681
Construction in Progress	528,735	540,906
Total Property and Equipment	<u>\$ 49,092,697</u>	<u>\$ 51,293,587</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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SEPTEMBER 30, 2018 AND 2017**

NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

Construction in progress as of September 30, 2018 primarily related to improvements at the Brookridge and Taylor Glen locations. Construction in progress as of September 30, 2017 was related to renovations at the WNC Baptist Home location.

NOTE 5 LONG-TERM DEBT

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

<u>Description</u>	<u>2018</u>	<u>2017</u>
Term Loan at 4.1%, Maturing in 2028	\$ 23,882,058	\$ 25,951,603
Permanent Loan at 4.28%, Maturing in 2027	12,644,809	13,282,059
Total	36,526,867	39,233,662
Less: Current Maturities	2,842,851	2,728,571
Less: Unamortized Deferred Financing Costs	655,647	730,005
Long-Term Debt, Net	<u>\$ 33,028,369</u>	<u>\$ 35,775,086</u>

In 2013, the Organization entered into a Term Loan Agreement for \$34,650,000 to refinance the remaining balances on the Organization's North Carolina Medical Care Commission term bonds. The Organization is responsible for monthly payments consisting of interest and principal through maturity in February 2028 in the amount of \$259,036. The term loan carries an interest rate of 4.1%.

In 2012, the Organization entered into a Construction and Permanent Loan Agreement to finance construction and renovations at Brookridge Retirement Community with a maximum borrowing of \$16,500,000. Interest only was due and payable for the first 12 months under the agreement and then principal and interest based on the bank's amortization schedule. On October 25, 2014, the Loan Agreement was finalized upon the completion of the construction project to adjust the principal and interest payments based on the actual borrowings. The Organization is responsible for payments consisting of interest and principal in the amount of \$100,100 through maturity in February 2027. The debt carries an interest rate of 4.28%.

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

The Term Loan Agreement and Construction and Permanent Loan Agreement contain certain payments and covenants, which include the maintenance of a long-term debt service coverage ratio, cash-to-debt ratio and restricts, among other things, incurrence of indebtedness, existence of liens on property, consolidations and mergers, disposition of assets and changes in members of the obligated group. At September 30, 2018 and 2017, management has determined the Organization is in compliance with these requirements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 LONG-TERM DEBT (CONTINUED)

Aggregate maturities required on long-term debt as of September 30, 2018 are due in future years as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 2,842,851
2020	2,963,846
2021	3,088,988
2022	3,219,416
2023	3,355,353
Thereafter	21,056,413
Total	<u>\$ 36,526,867</u>

NOTE 6 DEFERRED REVENUE FROM ADVANCE FEES AND REFUNDABLE ADVANCES

At September 30, 2018 and 2017, the portion of advance fees subject to refund provisions was approximately \$2,482,000 and \$2,348,000, respectively. The amount expected to be refunded to current residents within the next year, based on the Organization's experience, is approximately \$155,000.

Prior to the opening of The Gardens of Taylor Glen, the Organization offered an incentive for new entrants. The incentive entitled the initial residents a refund equal to 90% of the full entrance fees regardless of when they leave the facility. Brookridge Retirement Community offers incentives to new Garden Home residents on a 90% and 50% refundable basis. The balance of these deposits on occupied units totaled \$2,326,786 and \$1,971,885 at September 30, 2018 and 2017, respectively.

NOTE 7 NET RESIDENT SERVICE REVENUE

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from established rates. Under the Medicare and Medicaid programs, the Organization is entitled to reimbursement for certain resident charges at rates determined by federal and state governments. Differences between established billing rates and reimbursements from these programs are recorded as contractual adjustments to reduce resident service revenue. Approximately 6% and 4% of the Homes' revenue for the years ended September 30, 2018 and 2017, respectively, was derived from Medicare. Approximately 8% and 9% of Homes' revenue for the years ended September 30, 2018 and 2017, respectively, was derived from Medicaid.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term; however, there were no adjustments to net patient service revenue in either 2018 or 2017 as a result of changes in the estimated reimbursement.

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

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

	<u>2018</u>	<u>2017</u>
Gross Resident Service Charges	\$ 26,251,918	\$ 25,233,117
Contractual Adjustments and Benevolent Care	<u>(3,331,489)</u>	<u>(3,119,776)</u>
Net Resident Service Charges	22,920,429	22,113,341
Amortization of Deferred Revenue	<u>1,966,295</u>	<u>1,897,412</u>
Total	<u>\$ 24,886,724</u>	<u>\$ 24,010,753</u>

The Organization maintains records, and the Board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. These include reduced rates for Medicare, Medicaid, and other governmental programs. The charges foregone, based on established rates, were approximately \$2,678,000 and \$2,602,000 during the years ended September 30, 2018 and 2017, respectively.

The Organization has estimated its direct and indirect costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculated a cost-to-charge ratio by comparing the total operating costs to total operating revenue. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent assistance. Using this methodology, the Organization has estimated the costs for services under the Organization's benevolent assistance policy to be approximately \$542,000 and \$408,000 for the years ended September 30, 2018 and 2017, respectively. In addition, the amount of direct benevolent assistance provided by Homes was approximately \$510,000 and \$406,000 during the years ended September 30, 2018 and 2017, respectively.

The total foregone charges and direct benevolent assistance totaled approximately \$3,331,000 and \$3,120,000 during the years ended September 30, 2018 and 2017, respectively.

NOTE 8 RETIREMENT PLAN

The Organization has a defined contribution annuity plan (the Plan) with Guidestone Financial Resources. The Plan has a contributory feature and participation in the Plan is optional at the election of the employees. To qualify for the employer matching contribution, employees must have been employed with the Organization for two years and must contribute 3% of their compensation to the Plan. Employer contributions to the Plan are made after each pay period at an amount equal to 100% match of the first 3% of employees' contributions and a 50% match of the next 2% contributed by employees. Employer contributions to the Plan were approximately \$139,000 and \$150,000 for the years ended September 30, 2018 and 2017, respectively.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
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NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisting of contributions restricted as to purpose or the passage of time consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Charitable Remainder Trusts	\$ 1,035,984	\$ 1,057,725
Geneva Stroupe Support	177,242	173,692
Employee Benefit Account	12,656	13,856
New Residential Development	5,398,746	5,288,108
Taylor House Benevolence and Operating Support	4,827,536	4,649,016
Other	285,677	624,157
Total	<u>\$ 11,737,841</u>	<u>\$ 11,806,554</u>

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

	<u>2018</u>	<u>2017</u>
Purpose Restrictions Accomplished:		
Various Program Operating Expenses	<u>\$ 877,359</u>	<u>\$ 1,571,752</u>

NOTE 10 ENDOWMENT FUNDS

Interpretation of Relevant Law

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

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

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Funds with Deficiencies

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

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

At September 30, 2018 and 2017, the Organization had approximately \$13,770,000 and \$13,570,000 in permanently restricted net assets, respectively. Of these respective totals, approximately \$7,077,000 and \$6,942,000 relates to split-interest agreements that are administered and managed by third parties as trustees at September 30, 2018 and 2017, respectively. The remaining \$6,693,000 and \$6,628,000 of permanently restricted net assets at September 30, 2018 and 2017, respectively, are managed by the Organization. The Organization had no board-designated endowment funds as of September 30, 2018 or 2017.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

**Spending Policy and How the Investment Objectives Relate to Spending Policy
(Continued)**

The following is the change in endowment net assets for the years ended September 30, 2018 and 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, September 30, 2016	\$ -	\$ 551,026	\$ 6,353,950	\$ 6,904,976
Unrealized Gains on Investments	-	455,961	-	455,961
Contributions	-	-	274,154	274,154
Net Assets Released from Restrictions	-	(448,284)	-	(448,284)
Endowment Net Assets, September 30, 2017	-	558,703	6,628,104	7,186,807
Unrealized Gains on Investments	-	151,690	-	151,690
Contributions	-	-	65,253	65,253
Net Assets Released from Restrictions	-	(462,575)	-	(462,575)
Endowment Net Assets, September 30, 2018	<u>\$ -</u>	<u>\$ 247,818</u>	<u>\$ 6,693,357</u>	<u>\$ 6,941,175</u>

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

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

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

	<u>2018</u>	<u>2017</u>
Medicare	28 %	27 %
Medicaid	11	17
Other Third-Party Payers	53	40
Self-Pay	8	16
Total	<u>100 %</u>	<u>100 %</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 12 FUNCTIONAL EXPENSES

The Organization provides residential and health care services to residents of its facilities. Expenses related to these services are as follows for the years ended September 30:

	2018	2017
Residential and Health Care Services	\$ 22,442,240	\$ 21,814,867
General and Administrative	4,684,202	4,385,075
Fundraising	300,205	281,761
Total Functional Expenses	<u>\$ 27,426,647</u>	<u>\$ 26,481,703</u>

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Nature of Organization and Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the consolidated balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of September 30, 2018 and 2017:

	Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents	\$ 1,538,719	\$ -	\$ -	\$ 1,538,719
Investments and Assets Limited as to Use:				
Mutual Funds, Equities:				
Stock Funds	842,853	-	-	842,853
Small Cap	1,650,450	-	-	1,650,450
Mid Cap	4,617,309	-	-	4,617,309
Large Cap	10,562,314	-	-	10,562,314
Alternatives	480,298	-	-	480,298
Emerging Markets	2,431,868	-	-	2,431,868
Growth Funds	3,663,672	-	-	3,663,672
International Stock Funds	4,333,972	-	-	4,333,972
Real Estate Funds	6,817,466	-	-	6,817,466
Specialty Funds	61,428	-	-	61,428
Mutual Funds, Bonds:				
Aggregate Bond Fixed				
Income Institutional	6,742,756	-	-	6,742,756
Corporate Bond Funds	4,420,334	-	-	4,420,334
Emerging Markets Bond Funds	604,197	-	-	604,197
International Bond Funds	384,728	-	-	384,728
High Yield Bond Funds	809,813	-	-	809,813
High Yield Corporate Bond Funds	65,230	-	-	65,230
Foreign Bond Funds	398,592	-	-	398,592
Equity Securities:				
Industrial Goods	226,224	-	-	226,224
Health Care	370,609	-	-	370,609
Services	1,606,065	-	-	1,606,065
Financials	1,008,132	-	-	1,008,132
Technology	1,097,604	-	-	1,097,604
Consumer Goods and Services	843,938	-	-	843,938
Consumer Staples	140,401	-	-	140,401
Energy	141,893	-	-	141,893
Utilities	22,201	-	-	22,201
Materials	1,499,855	-	-	1,499,855
Transportation	29,446	-	-	29,446
Communications	48,941	-	-	48,941
Real Estate Investment Trusts	-	84,454	-	84,454
Other Various Instruments	-	311,157	-	311,157
Total Investments	<u>57,461,308</u>	<u>395,611</u>	<u>-</u>	<u>57,856,919</u>
Charitable Remainder Trusts	-	1,035,895	-	1,035,895
Charitable Gift Annuities Fund	-	16,308	-	16,308
Beneficial Interest in Perpetual Trusts	-	-	7,084,538	7,084,538
Total	<u>\$ 57,461,308</u>	<u>\$ 1,447,814</u>	<u>\$ 7,084,538</u>	<u>\$ 65,993,660</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

	Assets at Fair Value as of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents	\$ 846,477	\$ -	\$ -	\$ 846,477
Investments and Assets Limited as to Use:				
Mutual Funds, Equities:				
Stock Funds	1,006,238	-	-	1,006,238
Small Cap	1,977,680	-	-	1,977,680
Mid Cap	5,514,733	-	-	5,514,733
Large Cap	10,448,795	-	-	10,448,795
Emerging Markets	2,487,211	-	-	2,487,211
Growth Funds	4,266,367	-	-	4,266,367
International Stock Funds	5,997,428	-	-	5,997,428
Real Estate Funds	5,216,516	-	-	5,216,516
Specialty Funds	71,929	-	-	71,929
Mutual Funds, Bonds:				
Corporate Bond Funds	12,495,103	-	-	12,495,103
Emerging Markets Bond Funds	97,327	-	-	97,327
International Bond Funds	778,243	-	-	778,243
Inflation Protected Bond Funds	34,918	-	-	34,918
High Yield Bond Funds	895,479	-	-	895,479
Alternatives	488,869	-	-	488,869
Foreign Bond Funds	52,639	-	-	52,639
Equity Securities:				
Industrial Goods	196,969	-	-	196,969
Health Care	249,714	-	-	249,714
Services	13,877	-	-	13,877
Financials	356,352	-	-	356,352
Technology	341,411	-	-	341,411
Consumer Goods and Services	295,895	-	-	295,895
Consumer Staples	127,501	-	-	127,501
Energy	125,279	-	-	125,279
Utilities	48,745	-	-	48,745
Materials	41,052	-	-	41,052
Transportation	32,413	-	-	32,413
Communications	64,856	-	-	64,856
Real Estate Investment Trusts	-	87,865	-	87,865
Other Various Instruments	-	413,717	-	413,717
Total Investments	54,570,016	501,582	-	55,071,598
Charitable Remainder Trusts	-	1,057,725	-	1,057,725
Charitable Gift Annuities Fund	-	35,799	-	35,799
Beneficial Interest in Perpetual Trusts	-	-	6,942,210	6,942,210
Total	<u>\$ 54,570,016</u>	<u>\$ 1,595,106</u>	<u>\$ 6,942,210</u>	<u>\$ 63,107,332</u>

The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the years ended September 30, 2018 and 2017:

	Beneficial Interest in Perpetual Trusts
Balance at October 1, 2016	<u>\$ 6,481,524</u>
Changes in Value of Beneficial Interest in Perpetual Trusts	460,686
Contributions	-
Balance at September 30, 2017	<u>6,942,210</u>
Changes in Value of Beneficial Interest in Perpetual Trusts	142,328
Contributions	-
Balance at September 30, 2018	<u>\$ 7,084,538</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value subsequent to initial recognition. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Mutual Funds and Equity Securities

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

Other Various Investments

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

Beneficial Interest in Perpetual Trusts

Valued using the market approach based on information supplied by third-party trustees responsible for administering the respective trusts.

Beneficial Interest in Charitable Remainder Trusts

Valued using the income approach based on estimated mortality and discount rates. The discount rates used in the valuation calculations were 4.05% and 3.33% for fiscal years 2018 and 2017, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Self-Insured Health Insurance

The Organization self-insures its employees' health plan. It has contracted with an administrative service company to supervise and administer the program and act as its representative. Provisions for expected future payments are accrued based on the Organization's experience and include amounts for claims filed and claims incurred but not reported. The Organization has stop loss insurance for excessive and unexpected health claims with an individual deductible of \$60,000 and an aggregate deductible of approximately \$872,000.



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of and for the year ended September 30, 2018, and our report thereon dated December 19, 2018, which contains an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
December 19, 2018

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2018**

	Home	Foundation	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 6,830,997	\$ 1,168,707	\$ -	\$ 7,999,704
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$51,660	1,214,077	-	-	1,214,077
Investments	9,489,105	36,689,098	-	46,178,203
Contributions Receivable	130,422	-	-	130,422
Prepaid Expenses and Other Assets	366,358	5,000	-	371,358
Due from Foundation	2,146,567	-	(2,146,567)	-
Total Current Assets	20,177,526	37,862,805	(2,146,567)	55,893,764
ASSETS LIMITED AS TO USE				
Internally Designated for Capital Development	854,100	-	-	854,100
Internally Designated for Statutory Operating Reserve	7,579,542	-	-	7,579,542
Restricted under Debt Agreements	3,245,074	-	-	3,245,074
Total Assets Limited as to Use	11,678,716	-	-	11,678,716
INVESTMENTS AND OTHER ASSETS				
Assets in Split-Interest Agreements:				
Charitable Remainder Trusts	1,035,895	16,308	-	1,052,203
Beneficial Interest in Perpetual Trust	4,936,962	2,147,576	-	7,084,538
Other Assets	72,716	-	-	72,716
Total Investments, Deferred Costs, and Other Assets	6,045,573	2,163,884	-	8,209,457
PROPERTY AND EQUIPMENT, NET				
	47,945,515	1,147,182	-	49,092,697
Total Assets	\$ 85,847,330	\$ 41,173,871	\$ (2,146,567)	\$ 124,874,634

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2018**

	Home	Foundation	Eliminations	Consolidated
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 2,842,851	-	-	\$ 2,842,851
Accounts Payable	403,497	101	-	403,598
Accrued Expenses	344,146	-	-	344,146
Accrued Employee Compensation	1,341,519	-	-	1,341,519
Due to Obligated Group	-	2,146,567	(2,146,567)	-
Other Current Liabilities	37,547	-	-	37,547
Current Portion of Refundable Advance Fees	155,120	-	-	155,120
Total Current Liabilities	<u>5,124,680</u>	<u>2,146,668</u>	<u>(2,146,567)</u>	<u>5,124,781</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	33,028,369	-	-	33,028,369
DEFERRED REVENUE AND OTHER LIABILITIES				
Deferred Revenue from Advance Fees	10,516,656	-	-	10,516,656
Refundable Advance Fees on Occupied Units, Net of Current Portion	2,326,786	-	-	2,326,786
Total Deferred Revenue and Other Liabilities	<u>12,843,442</u>	<u>-</u>	<u>-</u>	<u>12,843,442</u>
Total Liabilities	50,996,491	2,146,668	(2,146,567)	50,996,592
NET ASSETS				
Unrestricted	26,051,053	22,319,587	-	48,370,640
Temporarily Restricted	1,326,822	10,411,019	-	11,737,841
Permanently Restricted	7,472,964	6,296,597	-	13,769,561
Total Net Assets	<u>34,850,839</u>	<u>39,027,203</u>	<u>-</u>	<u>73,878,042</u>
Total Liabilities and Net Assets	<u>\$ 85,847,330</u>	<u>\$ 41,173,871</u>	<u>\$ (2,146,567)</u>	<u>\$ 124,874,634</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

REVENUES, GAINS, AND OTHER SUPPORT

	Home	Foundation	Eliminations	Consolidated
Net Resident Service Revenue, including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$1,966,295	\$ 24,886,724	-	-	\$ 24,886,724
Gifts, including Gifts from Churches and Special Day Offerings	348,051	2,135	-	350,186
Income from Grants	277,218	-	-	277,218
Income from Estates and Trusts	429,440	-	-	429,440
Investment Income and Realized Gains	2,495,777	433,920	-	2,929,697
Net Assets Released from Restrictions	471,735	405,624	-	877,359
Other	442,987	-	-	442,987
Total Unrestricted Revenues and Gains	<u>29,351,932</u>	<u>841,679</u>	<u>-</u>	<u>30,193,611</u>

OPERATING EXPENSES

Resident Care	11,040,166	-	-	11,040,166
Dietary	2,806,509	-	-	2,806,509
Maintenance and Housekeeping	4,391,653	-	-	4,391,653
General and Administrative	3,864,467	248,779	-	4,113,246
Depreciation	3,465,984	7,899	-	3,473,883
Interest	1,601,190	-	-	1,601,190
Total Expenses	<u>27,169,969</u>	<u>256,678</u>	<u>-</u>	<u>27,426,647</u>

OPERATING INCOME

	2,181,963	585,001	-	2,766,964
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NON-OPERATING INCOME

Unrealized Gains (Losses) on Investments	(198,880)	396,966	-	198,086
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**EXCESS OF REVENUES OVER EXPENSES
AND INCREASE IN UNRESTRICTED NET ASSETS**

	1,983,083	981,967	-	2,965,050
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**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

	Home	Foundation	Eliminations	Consolidated
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
Contributions	\$ 2,135	\$ 114,230	-	\$ 116,365
Investment income	-	556,623	-	556,623
Change in Value of Charitable Remainder Trusts	(21,831)	-	-	(21,831)
Change in Unrealized Gains on Investments	151,690	5,799	-	157,489
Transfer to Permanently Restricted Net Assets	-	-	-	-
Net Assets Released from Restrictions	(471,735)	(405,624)	-	(877,359)
Increase (Decrease) in Temporarily Restricted Net Assets	(339,741)	271,028	-	(68,713)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS				
Contributions	-	57,273	-	57,273
Change in Value of Beneficial Interest in Perpetual Trusts	78,888	63,440	-	142,328
Increase in Permanently Restricted Net Assets	78,888	120,713	-	199,601
INCREASE IN NET ASSETS	1,722,230	1,373,708	-	3,095,938
Net Assets - Beginning	33,128,609	37,653,495	-	70,782,104
NET ASSETS - ENDING	<u>\$ 34,850,839</u>	<u>\$ 39,027,203</u>	<u>\$ -</u>	<u>\$ 73,878,042</u>



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.

ATTACHMENT II

Financial Data – Actual Compared to Forecasted

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected

Balance Sheet

FYE 9/30/2018 (In Thousands of Dollars)

	2018 Actual (Audited)	2018 Forecasted	Variance Positive = favorable
Assets			
Current Assets			
Cash and Cash Equivalents	8,000	9,040	(1,040) Immaterial
Accounts receivable, net	1,214	1,034	180 Immaterial
Investments	46,178	45,096	1,082 Immaterial
Contributions receivable	130	148	(18) Immaterial
Prepaid expenses and other current assets	371	738	(367) Immaterial
Total Current Assets	55,893	56,056	(163)
Assets whose Use is Limited, Net			
Internally designated for capital development	854	483	371 Immaterial
Internally designated for statutory operating reserve	7,580	7,604	(24) Immaterial
Restricted under debt agreements	3,245	3,108	137 Immaterial
Total assets limited to use	11,679	11,195	484
Investments, Deferred Costs and Other Assets			
Assets in split-interest agreements:			
Charitable remainder trusts	1,052	1,094	(42) Immaterial
Beneficial interest in perpetual trust	7,085	6,942	143 Immaterial
Other assets	73	109	(36) Immaterial
	8,210	8,145	65
Property and equipment, Net	49,093	49,114	(21) Immaterial
Total assets	124,875	124,510	365

All variances have been reviewed, however, anything less than 1% of Total Assets (\$1,249) would be considered immaterial

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Balance Sheet

FYE 9/30/2018 (In Thousands of Dollars)

	2018 Actual (Audited)	2018 Forecasted	Variance Positive = favorable
Liabilities and Net Assets			
Current Liabilities			
Current maturities of long-term debt	2,843	2,844	(1) Immaterial
Accounts payable	404	430	(26) Immaterial
Accrued expenses	344	369	(25) Immaterial
Accrued employee compensation	1,342	1,291	51 Immaterial
Other current liabilities	38	61	(23) Immaterial
Current portion of refundable advance fees	155	377	(222) Immaterial
Total current liabilities	5,126	5,372	(246)
Long-Term Debt, Less Current Maturities	33,028	33,005	23 Immaterial
Deferred Revenue and Other Liabilities			
Deferred revenue from advance fees	10,517	10,455	62 Immaterial
Refundable advance fees on occupied units, net of current portion	2,326	2,726	(400) Immaterial
Total Deferred Revenue and Other Liabilities	12,843	13,181	(338)
Total liabilities	50,997	51,558	(561)

All variances have been reviewed, however, anything less than 1% of Total Assets (\$1,249) would be considered immaterial

Net Assets			
Unrestricted	48,370	47,575	795 Immaterial
Temporarily restricted	11,738	11,807	(69) Immaterial
Permanently restricted	13,770	13,570	200 Immaterial
Total net assets	73,878	72,952	926
Total liabilities and net assets	124,875	124,510	365

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Statements of Operations and Changes in Net Assets
FYE 9/30/2018 (In Thousands of Dollars)

2018 Actual (Audited)	2018 Forecasted	Variance Positive = favorable
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All variances have been reviewed, however, anything less than 1% of Revenues (\$301) would be considered immaterial

Revenues, gains and other support:
 Net resident service revenue, including amortization of deferred revenue from nonrefundable advance fees of \$1,966 in 2018
 Gifts, including gifts from churches and special day income from grants
 Income from Estates and Trusts
 Investment Income and Realized Gains
 Net Assets Released from Restrictions
 Other

\$	24,887	\$	26,859	\$	(1,972)	A
	350		577		(227)	C
	277		220		57	C
	430		325		105	C
	2,930		1,561		1,369	D
	877		-		877	C
	443		109		334	A
	30,194		29,651		543	
	11,040		10,975		(65)	B
	2,807		2,847		40	B
	4,392		4,096		(296)	B
	4,113		4,529		416	B
	3,474		3,380		(94)	B
	1,601		1,655		54	B
	27,427		27,482		55	B

Total revenues, gains and other support

Operating expenses:

Resident care
 Dietary
 Maintenance & Housekeeping
 General & administrative
 Depreciation
 Interest

Total operating expenses

Operating Income 2,767 2,169 598 Subtotal

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Statements of Operations and Changes in Net Assets
FYE 9/30/2018 (In Thousands of Dollars)

All variances have been reviewed, however, anything less than 1% of Revenues (\$301) would be considered immaterial

2018 Actual (Audited)	2018 Forecasted	Variance Positive = favorable
--------------------------	--------------------	-------------------------------------

Non-Operating Income	198	198	D
Unrealized Gains (Losses) on Investments			
Excess (Deficit) of Revenues Over Expenses and Increase (Decrease) in Unrestricted Net Assets	2,965	2,169	796 Subtotal
Changes in Temporarily Restricted Net Assets			
Contributions	116	-	116 C
Investment Income	557	-	557 D
Change in Value of Charitable Remainder Trusts	(22)	-	(22) D
Change in Unrealized Gains(Losses) on Investments	157	-	157 D
Transfer to Permanently Restricted Net Assets	-	-	- C
Net Assets Released from Restrictions	(877)	-	(877) C
Change in temporarily restricted net assets	(69)	-	(69) Subtotal
Changes in Permanently Restricted Net Assets			
Contributions	57	-	57 C
Change in Value of Beneficial Interest in Perpetual Trusts	142	-	142 D
Transfer from Temporarily Restricted Net Assets	-	-	- C
Change in permanently restricted net assets	199	-	199 Subtotal
Change in net assets	3,095	2,169	926 Total

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Statements of Operations and Changes in Net Assets
FYE 9/30/2018 (In Thousands of Dollars)

2018 Actual (Audited)	2018 Forecasted	Variance Positive = favorable
		All variances have been reviewed, however, anything less than 1% of Revenues (\$301) would be considered immaterial

Effect

(1,638)

- A Net Resident Revenue was less than forecasted mainly driven by an independent living repositioning project in process.
- B Expenses were favorable to the forecast driven by lower medical supply, telephone and utility costs.
- C Combined Gifts from Estates, Trusts and Donors had favorable contributions.
- D Investments and Trusts were forecasted very conservatively due to the uncertainty of Market volatility. The positive effect of the Market in 2018 resulted in favorable realized and unrealized gains.
 - Change in Value of Beneficial Interest in Perpetual Trusts 142
 - Change in Value of Charitable Remainder Trusts (22)
 - Change in Unrealized Gains/(Losses) 355
 - Realized Gains and Investment Income 1,926
 - Total Investment Gains/(Losses) 2,401

Total

926

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

STATEMENT OF CASH FLOWS

FYE 09/30/2018 (In Thousands of Dollars)

	2018 Actual (Audited)	2018 Forecasted	Variance	
Cash Flows From Operating Activities				
Increase (decrease) in net assets	\$ 3,096	\$ 2,169	\$ 927	All variances have been reviewed, however, anything less than 1% of Revenues (\$301) is considered to be immaterial
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				See variance analysis of Statement of Operations for explanation for details that make up this \$927 Thousand variance.
Depreciation	3,474	3,380	94	Immaterial
Unrealized gains on investments	(356)		(356)	Function of Stock Market - difficult to predict and not budgeted
Change in value of charitable remainder trusts	22		22	Immaterial
Change in value of beneficial interest in perpetual trusts	(142)		(142)	Immaterial
Amortization of deferred revenue from advance fees	(1,966)	(1,450)	(516)	Entrance Fees vary related to size of unit
Amortization of deferred costs and bond discount	74	74	-	Immaterial
Advance fees received	1,893	2,300	(407)	Entrance Fees vary related to size of unit
Advance fees refunded	(335)	(700)	365	Immaterial
Realized Gains on Investments	(2,226)		(2,226)	Function of Stock Market - difficult to predict and not budgeted
(Gain) Loss on Disposal of Assets	3		3	Immaterial
Contributions restricted for long-term purposes	(131)		(131)	Immaterial
Change in assets and liabilities:				
(Increase) decrease in Assets:				
Accounts receivable	(295)	(115)	(180)	Immaterial
Contributions receivable	8	(10)	18	Immaterial
Prepaid expenses and other current assets	247	(155)	402	Timing of Payments made
Accounts payable, accrued expenses, accrued compensation, and other current liabilities	(62)	(36)	(26)	Immaterial
Net cash provided by operating activities	3,304	5,457	(2,153)	

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
STATEMENT OF CASH FLOWS
FYE 09/30/2018 (In Thousands of Dollars)

	2018 Actual (Audited)	2018 Forecasted	Variance	
Cash Flows From Investing Activities				
Proceeds from sale of investments	23,910	(1,085)	24,995	
Purchase of investments	(23,476)		(23,476)	
Net purchases of assets whose use is limited	(618)	(135)	(483)	
Purchase of property and equipment	(1,276)	(1,200)	(76)	
Net cash provided in investing activities	<u>(1,460)</u>	<u>(2,420)</u>	<u>960</u>	
Cash Flows From Financing Activities				
Payments of long-term debt	(2,707)	(2,729)	22	Immaterial
Proceeds from contributions restricted for: New Residential development	131	-	131	Immaterial
Net cash used in financing activities	<u>(2,576)</u>	<u>(2,729)</u>	<u>153</u>	
Net incr (decr) in cash and cash equivalents	<u>(732)</u>	<u>308</u>	<u>(1,040)</u>	
Cash and cash equivalents:				
Beginning	8,732	8,732	-	Immaterial
Ending	<u>\$ 8,000</u>	<u>\$ 9,040</u>	<u>\$ (1,040)</u>	

All variances have been reviewed, however, anything less than 1% of Revenues (\$301) is considered to be immaterial

Total Variance in Investment purchases and sales was \$1,036 - due to investment reallocation activity

Immaterial

ATTACHMENT III

Pro-forma Financial Statements

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

**FORECASTED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

**FOR THE YEARS ENDING
SEPTEMBER 30, 2019 THROUGH SEPTEMBER 30, 2023**

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
AND ITS CONSOLIDATED AFFILIATE
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FOR THE YEARS ENDING
SEPTEMBER 30, 2019 THROUGH SEPTEMBER 30, 2023**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying forecasted consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and its consolidated affiliate (the Organization), which comprise the forecasted consolidated balance sheets as of September 30, 2019, 2020, 2021, 2022, and 2023, and the related forecasted consolidated statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasted consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted consolidated financial statements or the assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 20, 2019

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED AND ITS
CONSOLIDATED AFFILIATE**
FORECASTED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2019	2020	2021	2022	2023
REVENUES, GAINS, AND OTHER SUPPORT					
Net Resident Service Revenue	\$ 23,552	\$ 26,614	\$ 27,953	\$ 29,084	\$ 30,378
Amortization of Deferred Revenue from Nonrefundable Advance Fees	1,900	1,919	1,938	1,957	1,977
Gifts, Including Gifts from Churches and Special Day Offerings	307	310	313	316	319
Income from Grants	300	303	306	309	312
Income from Estates and Trusts	483	488	493	498	503
Investment Income	3,000	2,976	3,111	3,276	3,461
Net Assets Released from Restrictions	800	808	816	824	832
Other	28	29	30	31	32
Total Revenues, Gains, and Other Support	30,370	33,447	34,960	36,295	37,814
OPERATING EXPENSES					
Health Care	11,391	12,171	12,670	13,140	13,641
Dietary	2,946	3,133	3,247	3,352	3,464
Maintenance and Housekeeping	3,682	3,945	4,110	4,264	4,430
Laundry	288	297	306	315	324
General and Administrative	4,603	4,895	5,072	5,237	5,412
Depreciation	3,447	3,650	3,835	4,025	4,220
Interest Expense	1,541	1,421	1,295	1,165	1,029
Total Expenses	27,898	29,512	30,535	31,498	32,520
OPERATING INCOME	2,472	3,935	4,425	4,797	5,294
EXCESS OF REVENUES OVER EXPENSES AND INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,472	3,935	4,425	4,797	5,294
Donor Restricted Contributions	600	606	612	618	624
Net Assets Released from Restrictions	(800)	(808)	(816)	(824)	(832)
Change in Net Assets with Donor Restrictions	(200)	(202)	(204)	(206)	(208)
Increase in Net Assets	2,272	3,733	4,221	4,591	5,086
Net Assets - Beginning of Year	73,879	76,151	79,884	84,105	88,696
Net Assets - End of Year	\$ 76,151	\$ 79,884	\$ 84,105	\$ 88,696	\$ 93,782

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED AND ITS
CONSOLIDATED AFFILIATE**
FORECASTED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase in Net Assets	\$ 2,272	\$ 3,733	\$ 4,221	\$ 4,591	\$ 5,086
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	3,447	3,650	3,835	4,025	4,220
Amortization of Deferred Revenue from Advance Fees	(1,900)	(1,919)	(1,938)	(1,957)	(1,977)
Amortization of Deferred Issuance Costs	74	74	74	74	74
Advance Fees Received	1,892	1,911	1,930	1,949	1,969
Advance Fees Refunded	(335)	(338)	(342)	(345)	(348)
(Increase) Decrease in Current Assets					
Accounts Receivable	167	(127)	(56)	(47)	(54)
Contributions Receivable	(10)	(17)	(7)	(6)	(7)
Prepaid Expenses and Other Current Assets	(257)	(42)	(26)	(25)	(26)
Increase (Decrease) in Current Liabilities					
Accounts Payable	37	30	18	18	18
Accrued Expenses	33	25	16	14	16
Accrued Employee Compensation	39	92	58	55	58
Other Current Liabilities	25	4	3	2	3
Net Cash Provided by Operating Activities	5,484	7,076	7,786	8,348	9,032
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in Investments	(1,148)	(2,098)	(2,846)	(3,251)	(3,734)
Increase in Assets Limited as to Use	(35)	(192)	(195)	(203)	(207)
Acquisition of Property and Equipment	(1,236)	(1,273)	(1,311)	(1,351)	(1,391)
Net Cash Used in Investing Activities	(2,419)	(3,563)	(4,352)	(4,805)	(5,332)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(2,843)	(2,963)	(3,088)	(3,219)	(3,354)
Net Cash Used in Investing Activities	(2,843)	(2,963)	(3,088)	(3,219)	(3,354)
INCREASE IN CASH AND CASH EQUIVALENTS	222	550	346	324	346
Cash and Cash Equivalents - Beginning of Year	8,000	8,222	8,772	9,118	9,442
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,222	\$ 8,772	\$ 9,118	\$ 9,442	\$ 9,788
Supplementary Disclosure: Interest Paid During the Year	\$ 1,492	\$ 1,372	\$ 1,246	\$ 1,116	\$ 980

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED AND ITS
CONSOLIDATED AFFILIATE
FORECASTED CONSOLIDATED BALANCE SHEETS
AT SEPTEMBER 30,
(In Thousands of Dollars)**

ASSETS	2019	2020	2021	2022	2023
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 8,222	\$ 8,772	\$ 9,118	\$ 9,442	\$ 9,788
Accounts Receivable, Net	1,047	1,174	1,230	1,277	1,331
Investments	47,326	49,424	52,270	55,521	59,255
Contributions Receivable	140	157	164	170	177
Prepaid Expenses and Other Assets	628	670	696	721	747
Total Current Assets	57,363	60,197	63,478	67,131	71,298
ASSETS LIMITED AS TO USE					
Internally Designated for Capital Development	854	854	854	854	854
Internally Designated for Statutory Operating Reserve	7,752	7,944	8,139	8,342	8,549
Externally Restricted Under Debt Agreements	3,108	3,108	3,108	3,108	3,108
Total Assets Limited as to Use	11,714	11,906	12,101	12,304	12,511
INVESTMENTS AND OTHER ASSETS					
Investments Under Split-Interest Agreements:					
Charitable Remainder Trusts	1,052	1,052	1,052	1,052	1,052
Beneficial Interest in Perpetual Trust	7,085	7,085	7,085	7,085	7,085
Other Assets	73	73	73	73	73
Total Investments and Other Assets	8,210	8,210	8,210	8,210	8,210
PROPERTY AND EQUIPMENT, NET					
	46,882	44,505	41,981	39,307	36,478
Total Assets	\$ 124,169	\$ 124,818	\$ 125,770	\$ 126,952	\$ 128,497
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 2,963	\$ 3,088	\$ 3,219	\$ 3,354	\$ 3,496
Accounts Payable	439	469	487	505	523
Accrued Expenses	377	402	418	432	448
Accrued Employee Compensation	1,381	1,473	1,531	1,586	1,644
Other Current Liabilities	63	67	70	72	75
Current Portion of Refundable Advance Fees	155	155	155	155	155
Total Current Liabilities	5,378	5,654	5,880	6,104	6,341
LONG-TERM DEBT, LESS CURRENT MATURITIES, NET OF ISSUANCE COSTS					
	30,139	27,125	23,980	20,700	17,278
DEFERRED REVENUE AND OTHER LIABILITIES					
Deferred Revenue from Advance Fees	9,965	9,690	9,411	9,129	8,845
Refundable Advance Fees On Occupied Units, Net of Current Portion	2,536	2,465	2,394	2,323	2,251
Total Deferred Revenue and Other Liabilities	12,501	12,155	11,805	11,452	11,096
Total Liabilities	48,018	44,934	41,665	38,256	34,715
NET ASSETS					
Net Assets Without Donor Restrictions	50,843	54,778	59,203	64,000	69,294
Net Assets With Donor Restrictions	25,308	25,106	24,902	24,696	24,488
Total Net Assets	76,151	79,884	84,105	88,696	93,782
Total Liabilities and Net Assets	\$ 124,169	\$ 124,818	\$ 125,770	\$ 126,952	\$ 128,497

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

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND AND INFORMATION

Basis of Presentation

This financial forecast presents, to the best of management's ("Management") knowledge and belief, the Baptist Retirement Homes of North Carolina, Incorporated (the "Homes") and its consolidated affiliate, Baptist Retirement Homes Foundation (the "Foundation") (collectively, the "Organization"), expected consolidated balance sheets, statements of operations and changes in net assets and cash flows as of September 30, 2019, 2020, 2021, 2022, and 2023 and for each of the years then ending.

Accordingly, the forecast reflects Management's judgment as of February 20, 2019, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. The financial forecast is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the forecast or are key factors upon which the financial results of the Organization depend.

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

Background of the Organization

Homes is a church-related, not-for-profit corporation organized under the laws of the state of North Carolina. Baptist Retirement Homes of North Carolina, Incorporated is governed by a Board of Trustees. The Board of Trustees nominates and elects its own members, each serving a four-year term. All Trustees must be members of North Carolina Baptist churches. The Homes has a historical relationship with the Baptist State Convention. The Baptist State Convention has no ascending liability for the Homes.

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

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

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

Principles of Consolidation

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

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

The Homes' Facilities

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

The Gardens of Taylor Glen Retirement Community: The Gardens of Taylor Glen Retirement Community (Gardens) is a continuing care retirement community that opened in November 2002. It is located on a 134-plus-acre tract of land located in Concord, North Carolina. The community consists of 125 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. The Gardens also incorporates the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a lake and walking paths, dining areas, beauty/barber shops, a convenience store, a mail area, parlors, a cafe, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance and laundry.

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

Western North Carolina Baptist Home: The Western North Carolina Baptist Home (Western) is a combination facility with 42 adult care home residences, 8 memory-enhanced residences, and 100 nursing care beds located on a 22-acre tract of land on Richmond Hill in Asheville, North Carolina. It was opened for services to its first residents in April 1979. A 100-bed Medicare/Medicaid certified nursing care center (the Rickman Center) opened in February 1993. A special residence for older adults with dementia was opened in August 2003.

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

The following table shows the current unit configurations for each of the Homes' facilities.

	Brookridge	Gardens	Taylor	Western
Independent Living Units:				
Studio	11	-	-	-
One Bedroom	49	36	-	-
Two Bedroom	31	89	-	-
Garden Homes, Single Units	4	-	-	-
Garden Homes, Duplex	42	-	-	-
Total Independent Living Units	137	125	-	-
Assisted Living Units:				
Traditional Residence	26	12	30	42
Memory-Enhanced Residence	10	12	-	8
Total Assisted Living Units	36	24	30	50
Total Nursing Units	77	24	-	100
Total Units	250	173	30	150

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net Assets without Donor Restrictions

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

Net Assets with Donor Restrictions

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

Cash and Cash Equivalents

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

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance. The Organization determines past due status based on the billing dates, and does not charge interest on overdue accounts. The Organization imposes a \$50 per month late fee. Accounts receivable that management determines will be uncollectible are written off upon such determination.

Contributions Receivable

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

Assets Limited as to Use

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

Investments

Investments in debt and equity securities are measured at fair value based on quoted market prices. Donated investments are reported at fair value at the date of receipt. All unrealized gains and losses on investments are excluded from excess (deficit) of revenues over (under) expenses.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment income (including realized gains and losses on investments, interest and dividends) is included in operating profit unless restricted by donor or law.

Assets in Split-Interest Agreements

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

Property and Equipment

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

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

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

Deferred Costs

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

Deferred Revenue from Advance Fees

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

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Increase in Net Assets Without Donor Restrictions from Operations

The forecasted consolidated statements of operations and changes in net assets include increase in net assets without donor restrictions from operations. Changes in net assets without donor restrictions that are excluded from the increase in net assets without donor restrictions from operations, consistent with industry practice, include unrealized gains and losses on investments in trading securities, gains and losses from sales of property and equipment, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

Net Resident and Health Care Service Revenue

Net resident service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered, including estimated retroactive revenue adjustments due to future audits, reviews and investigations.

Income Taxes

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

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE

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

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

Management's forecasted occupancy assumptions are presented in Table 2.

Health Center Free Days

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

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

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

Forecasted Occupancy Levels

Forecasted occupancy for the Organization's independent living units is based upon the historical experience of Management.

Occupancy of the assisted living units and nursing beds are forecasted to be primarily from transfers from independent living units for Brookridge and Gardens. Nursing bed occupancy for Gardens is based primarily on internal transfers primarily from both independent living units and assisted living units. Nursing bed occupancy for Brookridge is based primarily on internal transfers from both independent living units and assisted living units, as well as direct and short-term rehabilitation admissions. Forecasted resident transfers from independent living to assisted living or nursing have been provided by Management, and are based on historical experience.

Occupancy of the assisted living units and nursing beds for the Taylor and Western campuses has been provided by Management, and is based on historical experience.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

The following table shows forecasted occupancy for each of the Homes' facilities for the forecast period, as forecasted by Management based on historical experience and based on a revamped marketing program and staff additions that are expected to positively impact marketing and sales activities.

Table 2
Homes
Forecasted Occupancy

	2019	2020	2021	2022	2023
Brookridge					
Independent Living Units	63.2%	71.7%	74.0%	76.0%	78.0%
Assisted Living Units	89.9%	93.3%	95.0%	95.0%	95.0%
Nursing Units	79.3%	81.9%	84.4%	85.7%	88.3%
Gardens:					
Independent Living Units	72.2%	75.8%	78.4%	80.0%	82.4%
Assisted Living Units	85.7%	95.0%	95.0%	95.0%	95.0%
Nursing Units	63.9%	77.9%	82.0%	85.0%	87.0%
Taylor:					
Assisted Living Units	61.0%	65.3%	65.3%	65.3%	65.3%
Western:					
Assisted Living Units	64.3%	79.5%	82.0%	84.0%	86.0%
Nursing Units	55.1%	62.9%	65.0%	67.0%	69.0%

Source: Management

The forecasted double occupancy percentages in the independent living units of Gardens and Brookridge are approximately 22 percent and 30 percent, respectively, based upon assumptions provided by Management.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Forecasted Entrance and Monthly Service Fees

The following tables summarize the entrance fees, monthly service fees and daily rates for the Organization's facilities. Note that these fees became effective for the fiscal year 2019.

Management assumes that all units sold are under the Standard zero percent Refund Plan, based on historical experience.

Table 3
Homes
Monthly Fees / Daily Fees - 2019

	Brookridge	Gardens	Taylor	Western
Independent Living Units (Monthly Rates):				
Single Rates:				
Studio	\$ 1,400	\$ -	\$ -	\$ -
One Bedroom	1,815	1,954	-	-
One Bedroom, Deluxe	-	2,259	-	-
Two Bedrooms	2,241	3,273	-	-
Two Bedrooms, Deluxe	2,820	3,617	-	-
Two Bedrooms, Classic	2,465	3,773	-	-
Garden Homes, Single Unit	2,820	-	-	-
Garden Homes, Duplex	2,562	-	-	-
Second Person Fees	780-808	642-742	-	-
Assisted Living Units (Monthly Rates):				
Large Room	\$ -	\$ -	\$2,772	\$ -
Regular Room	5,261	4,774	2,677	4,115
Regular Room, Entrance Fee	4,439	-	-	-
Suites	7,324	-	4,290	6,583
Memory-Enhanced Residence	6,558	6,147	-	6,091
Nursing Beds (Daily Rates):				
Semi-Private	\$ 262	\$ -	\$ -	\$ 263
Private	280	272	-	274

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

**Table 4
Homes
Entrance Fees – 2019**

	Brookridge	Gardens	Taylor	Western
Independent Living Units:				
Studio	\$ 40,967	\$ -	\$ -	\$ -
One Bedroom	64,835	44,000	-	-
One Bedroom, Deluxe	-	79,000	-	-
Two Bedrooms	86,104	109,595	-	-
Two Bedrooms, Deluxe	154,805	140,072	-	-
Two Bedrooms, Classic	93,421	169,901	-	-
Garden Homes, Single Unit	153,286	-	-	-
Garden Homes, Duplex	99,936	-	-	-
Second Person Fees	14,179-15,983	-	-	-
Assisted Living Units:				
Large Room	\$ -	\$ -	\$ -	\$ -
Regular Room	-	30,000	-	-
Suites	-	-	-	-
Memory-Enhanced Residence	-	38,000	-	-
Nursing Beds:				
Semi-Private	\$ -	\$ -	\$ -	\$ -
Private	-	-	-	-

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

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

**Table 5
Homes
Forecasted Rate Increases***

	2019	2020	2021	2022	2023
Independent Living Monthly					
Fee Increases	**	3%	3%	3%	3%
Entrance Fee Increases	**	1%	1%	1%	1%
Assisted Living Rate					
Increases	**	3%	3%	3%	3%
Nursing Rate Increases					
Private	**	3%	3%	3%	3%
Medicare	**	1%	1%	1%	1%
Medicaid	**	0%	0%	0%	0%

Source: Management

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

** The 2019 pricing is noted in the two preceding tables.

Entrance Fee Receipts

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

**Table 6
Homes Forecasted Entrance Fee Receipts, Net of Refunds
(In Thousands of Dollars)**

	2019	2020	2021	2022	2023
Advance Fees from Turnover	\$ 1,892	\$ 1,911	\$ 1,930	\$ 1,949	\$ 1,969
Advance Fees Refunded	(335)	(338)	(342)	(345)	(348)
Total Advance Fees, Net	\$ 1,557	\$ 1,573	\$ 1,589	\$ 1,604	\$ 1,620

Source: Management

Investment Income

Investment income consists of interest earnings on cash, cash equivalents, investments, and assets limited as to use, as provided by Management. Management has assumed investment returns on certain assets as noted in Table 7. Management does not forecast unrealized gains or losses.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

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

Table 7
Forecasted Investment Earning Rates

	2019	2020	2021	2022	2023
Cash and Cash Equivalents	1.00%	1.00%	1.00%	1.00%	1.00%
Investments	5.00%	5.00%	5.00%	5.00%	5.00%
Assets Limited as to Use	4.00%	4.00%	4.00%	4.00%	4.00%

Source: Management

Other Revenue Items

Management forecasts gifts based upon past experience. For fiscal year 2019, Management forecasts that income from gifts will be approximately \$1,090,000 and Management has assumed a 1.0 percent increase throughout the forecast period.

Management forecasts net assets released from restrictions based upon past experience. For fiscal year 2019, Management forecasts that \$800,000 of net assets with donor restrictions will be released for operations and Management has assumed a 1.0 percent increase throughout the forecast period.

Other revenue items include food service income from additional meals, guest meals, guest house, catering, etc., for the Organization. Management assumes that charges for other revenues will increase approximately 3.0 percent annually throughout the forecast period. Additionally, income from grants, estates and trusts is forecasted to increase approximately 3.0 percent annually throughout the forecast period.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF OPERATING EXPENSES

Operating Expenses

Operating expenses are forecasted to increase at an approximate 2.85 percent blended rate annually throughout the periods presented in the forecast. Management has forecasted operating expenses based upon Management's operating plans, as well as historical operations and the estimated effect of inflation.

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

Salaries and Related Benefits

Salaries are forecasted to increase at a rate of 3.0 percent per annum throughout the forecast period.

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, retirement plan, incentives and other miscellaneous benefits for the entire facility. These benefit costs are assumed to increase at a rate of 3.0 percent during the forecast period, based on Management's historical experience.

Resident and Health Care

Nonsalary related costs of resident health care include costs for care and support of residents. These costs are anticipated to increase annually at 3.0 percent throughout the forecast period for inflation, based on historical operating experience. These costs include activities and other similar costs.

Dietary

Nonsalary related costs of the food service include costs for raw food and dietary supplies and other such costs and are based on the historical operating experience of Management. Management forecasts that these costs would increase at approximately 2.5 percent annually for inflation.

Maintenance, Housekeeping and Laundry

Nonsalary related costs in these departments include housekeeping, laundry, and all activities of maintenance for the campus. Management assumes that these costs would increase at approximately 3.0 percent annually throughout the forecast period for inflation, based on historical operating experience.

General and Administrative

Nonsalary related costs of general and administrative include costs for supplies, professional fees, insurance, and other miscellaneous costs. Management forecasts that annual inflation would approximate 2.5 percent for these costs, based on historical operating experience.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF OTHER ITEMS

Assets Limited as to Use

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

Internally Designated for Capital Development

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

Internally Designated for Statutory Operating Reserve

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

Summary of Significant Forecast Assumptions and Accounting Policies

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

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

Table 8
Forecasted Operating Reserve Requirements

Brookridge	2019	2020	2021	2022	2023	2024
Total Operating Expenses ⁽¹⁾	\$ 11,280	\$ 11,553	\$ 11,820	\$ 12,094	\$ 12,374	\$ 12,660
Include:						
Bond Principal Payments	1,031	1,064	1,110	1,158	1,208	1,260
Exclude:						
Depreciation and Amortization	(1,566)	(1,656)	(1,738)	(1,822)	(1,908)	(1,997)
Debt Service Portion, if provided for by way of a separate reserve account	(497)	(497)	(497)	(497)	(497)	(497)
Total Operating Costs	\$ 10,247	\$ 10,464	\$ 10,695	\$ 10,932	\$ 11,176	\$ 11,425
Operating Reserve Percentage	50%	50%	50%	50%	50%	50%
Operating Reserve at 9/30	\$ 5,232	\$ 5,348	\$ 5,466	\$ 5,588	\$ 5,713	
Forecasted Occupancy Level ⁽²⁾	68.7%	76.2%	78.4%	79.9%	81.6%	
Gardens	2019	2020	2021	2022	2023	2024
Total Operating Expenses ⁽¹⁾	\$ 7,006	\$ 7,155	\$ 7,299	\$ 7,447	\$ 7,597	\$ 7,752
Include:						
Bond Principal Payments	1,798	1,854	1,931	2,012	2,096	2,183
Exclude:						
Depreciation and Amortization	(1,343)	(1,420)	(1,491)	(1,563)	(1,637)	(1,714)
Debt Service Portion, if provided for by way of a separate reserve account	(2,549)	(2,549)	(2,549)	(2,549)	(2,549)	(2,549)
Total Operating Costs	\$ 4,911	\$ 5,040	\$ 5,191	\$ 5,347	\$ 5,507	\$ 5,672
Operating Reserve Percentage	50%	50%	50%	50%	50%	50%
Operating Reserve at 9/30	\$ 2,520	\$ 2,596	\$ 2,673	\$ 2,754	\$ 2,836	
Forecasted Occupancy Level ⁽²⁾	74.4%	78.9%	81.1%	82.4%	84.4%	

Source: Management

Notes:

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

(2) The Occupancy noted above is the weighted year-to-date average of independent living and assisted living occupants.

Externally Restricted Under Debt Agreements

These represent assets that are held by the Trustee under a term loan agreement.

Summary of Significant Forecast Assumptions and Accounting Policies

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

Property and Equipment

Property and equipment balances, net of accumulated depreciation, were forecasted based on anticipated property and equipment additions during the forecast period, reduced by estimated annual depreciation.

Management has forecasted the following major property and equipment categories:

Table 9
Forecasted Property and Equipment Major Categories
(In Thousands of Dollars)

	2019	2020	2021	2022	2023
Land and Land Improvements	\$ 7,054	\$ 7,054	\$ 7,054	\$ 7,054	\$ 7,054
Buildings and Improvements	90,226	90,735	91,259	91,799	92,355
Furniture, Fixtures, and Equipment	6,071	6,835	7,622	8,433	9,268
Vehicles	729	729	729	729	729
Total	104,080	105,353	106,664	108,015	109,406
Less: Accumulated Depreciation	(57,727)	(61,377)	(65,212)	(69,237)	(73,457)
Add: Construction in Process	529	529	529	529	529
Net Property and Equipment	\$ 46,882	\$ 44,505	\$ 41,981	\$ 39,307	\$ 36,478

Source: Management

Assets in Split-Interest Agreements

Management has not forecasted any gains or losses arising from changes in the value of assets in split-interest agreements.

Long-Term Debt and Interest Expense

Forecasted interest expense and long-term debt for 2019 and subsequent years were based on the construction loan and the commercial loan associated with the improvements at Brookridge.

In 2013, the Homes entered into a Term Loan Agreement for \$34,650,000 to refinance North Carolina Medical Care Commission term bonds outstanding. The Homes is responsible for monthly payments consisting of interest and principal through maturity in February 2028 in the amount of \$259,000. The Term Loan carries an interest rate of 4.1 percent.

Management made draws under a Construction and Permanent Loan Agreement that closed in 2012 for the purpose of improvements at the Homes' Brookridge Retirement Community. The total amount financed was \$16,018,000. The financing required interest-only payments until March 2013 when the Homes began making principal payments on this loan. The Homes is responsible for making monthly payments consisting of interest and principal through maturity in February 2027 in the amount of \$100,100. The loan carries a fixed interest rate of 4.28 percent over a 15-year term, based on a 20-year amortization.

Summary of Significant Forecast Assumptions and Accounting Policies

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

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

Table 10
Homes
Forecasted Principal Payments on the Organization's Debt
(In Thousands of Dollars)

<u>Year Ending September 30,</u>	<u>Construction</u> <u>Loan</u>	<u>Term</u> <u>Loan</u>	<u>Total</u> <u>Debt</u>
2019	\$ 673	\$ 2,170	\$ 2,843
2020	703	2,260	2,963
2021	733	2,355	3,088
2022	765	2,454	3,219
2023	799	2,555	3,354
2024	833	2,663	3,496
2025	870	2,774	3,644
2026	908	2,890	3,798
Thereafter	6,361	3,761	10,122
Total Forecasted Long-Term Debt	\$ 12,645	\$ 23,882	\$ 36,527

Source: Management

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalents balances for the forecast period are forecasted to approximate 131 days of cash on hand during the forecast period.

Net Accounts Receivable

Net accounts receivable is forecasted based on historical levels throughout the forecast period.

Contributions Receivable

Contributions receivable is forecasted based on historical levels throughout the forecast period.

Prepaid Expenses and Other Current Assets

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

Accounts Payable

Accounts payable has been forecasted based on historical levels.

Accrued Expenses

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

Summary of Significant Forecast Assumptions and Accounting Policies

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

Accrued Employee Compensation

Accrued employee compensation has been forecasted based on historical levels.

Other Current Liabilities

Other current liabilities have been forecasted based on historical levels.

ATTACHMENT IV

Apartment Resident Agreement – Independent Living Apartments

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

**APARTMENT RESIDENT AGREEMENT
BROOKRIDGE RETIREMENT COMMUNITY**

THIS AGREEMENT, made in Forsyth County, North Carolina between Baptist Retirement Homes of North Carolina, Incorporated, a non-profit corporation duly organized under, the laws of the State of North Carolina, hereinafter referred to as "Baptist Homes," _____, hereinafter referred to as "Resident" and _____, hereinafter referred to as "Responsible Party." (If more than one person who will be a resident enters into this Agreement, the "Resident" as used herein shall include both of them unless otherwise stated.)

Resident has applied for admission to an Independent Living Apartment at Baptist Homes' Brookridge Community, in Winston Salem, North Carolina, a retirement facility which consists of Independent Living Apartments and a Health Center including Assisted Living Beds (Domiciliary Home or Home for the Aged), Nursing Care Beds (Intermediate and Skilled) and a Health Clinic.

Responsible Party is Resident's personal representative, attorney-in-fact, or other individual who has legal access to Resident's income, assets or resources.

All of the terms and conditions of this Residence Agreement are necessary for the comfort and security of the residents of Brookridge and for the proper operation of a retirement facility. All the terms and conditions have been fully agreed upon by the parties to this Agreement. The signing of this agreement does not convey to the Resident any ownership interest in the Brookridge Retirement Community.

THEREFORE, in consideration of the admission fee stated hereafter, and in further consideration of the mutual covenants and agreements herein cited, the sufficiency of said consideration being hereby acknowledged, the parties hereto agree as follows:

1. Resident shall pay to Baptist Homes the sum of \$ _____ as an admission fee for _____, Winston-Salem, NC 27106 in the following manner:
 - a. The percent upon execution of this Agreement by Resident, including \$ _____ credit for reservation fee previously paid and \$ _____ paid herewith
 - b. Balance of \$ _____ to be paid in full not less than 30 days prior to the "date if occupancy" as described in Paragraph 2.

2. In addition to the admission fee, Resident agrees to pay a service fee of \$ _____ per month, or such amount as may be established from time to time by Baptist Homes. Payment of the monthly service fee shall begin on the Resident's "date of occupancy." The "date of occupancy" is either the date on which the Resident actually occupies the

Apartment, or 60 days after the Resident has been notified that the Apartment is available for occupancy, whichever shall first occur. The service fee for the first month shall be pro-rated and is payable prior to occupancy. Thereafter payments shall be made in advance on or before the fifth day of each month during the time that this Agreement is in force. Baptist Homes will provide 60 days written notice of any increase or decrease in the monthly service fee before same becomes effective.

3. The Independent Living Apartment is owned by Baptist Homes and Resident in signing this agreement does not obtain or assume ownership rights in regard to the apartment. For so long as Resident is capable of independent living (see Paragraphs 15 & 16) and complies with the terms of this Agreement, Resident may occupy solely for residential purposes the Apartment designated in Paragraph 1. In addition, Baptist Homes shall provide for Resident the following facilities and services.

- (a) UTILITIES: Baptist Homes will furnish heat, electricity, air conditioning, telephone and television outlets, water and sewer services, and trash disposal.
- (b) FURNISHINGS:
 - i. The Independent Living Apartments located in the Main Building will be furnished by Baptist Homes with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher and disposal.
 - ii. The Independent Living Apartments designated as Garden Homes and located on sites detached from the Main Building will be furnished by Baptist Homes with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher, disposal and washer/dryer.
- (c) INSURANCE: Baptist Homes will carry fire, casualty and extended coverage insurance adequate to allow it to repair or replace the facilities owned by Baptist Homes in the event of fire or other casualty.
- (d) MEAL SERVICE: Baptist Homes will provide, at no additional charge to Resident, one meal each day to be served in its dining room.
- (e) HEALTH SERVICE: If required by Resident's health status, Baptist Homes will provide without additional charge a cumulative total of 30 days residential care in its Health Center while this Agreement is in force. Such care, as appropriate, will be at either the Assisted Living level, or at the SNF or ICF nursing care level. If for any reason such care is temporarily unavailable when required by the Resident, it will be provided at the expense of Baptist Homes at other comparable facilities. During provision of such care, Resident will be charged for medicines, physician's services and for supplies not included in the base fee for such services. Resident will pay for residential health care services in excess of the 30 day cumulative total provided by this Agreement at the rate established for such care by Baptist Homes at the time such care is required. All other medical care,

services and supplies provided to Resident by Baptist Homes or others, will be at the Resident's expense.

- (f) **PRIORITY NURSING BEDS:** In the event Resident requires residential health care services (Assisted Living or Nursing Care Bed) at the Health Center, Resident will be given priority status and will be provided with the first available bed appropriate to Resident's needs.
- (g) **MAINTENANCE:** All common areas and grounds, and furnishings and equipment owned by Baptist Retirement Homes.
- (h) **PARKING:** More than adequate parking located in three parking areas adjacent to the main building on the Brookridge Campus is provided for the RESIDENTS living in the Independent Living Apartments. Every RESIDENT is guaranteed a parking place for his/her vehicle, and no parking fee is charged to the RESIDENT for that service. Every RESIDENT living in a Garden Home located on the Brookridge campus has access to covered parking adjacent to his/her Garden Home. No parking fee is charged to the RESIDENT for that service.
- (i) **ACTIVITIES:** Recreational, social and religious activities and other life enrichment programs will be provided. Space and equipment to facilitate various hobbies and crafts will be furnished.
- (j) **HOUSEKEEPING:**
 - i. The Independent Living Apartments located in the Main Building will be provided twice weekly housekeeping (general vacuuming, dusting and cleaning of bath) and weekly changes of white sheets and pillowcases.
 - ii. **GARDEN HOMES:** The Independent Living Apartments designated as Garden Homes and located on sites detached from the Main facility will be provided twice monthly housekeeping (general vacuuming, dusting and cleaning of bath).
- (k) **LAUNDRY:** Baptist Homes will furnish and maintain washers and dryers for Resident's use.
- (l) **SCHEDULED TRANSPORTATION:** Baptist Homes will provide scheduled transportation to local shopping areas, churches and social activities.
- (m) **STAFF:** Baptist Homes will have staff on duty at all times to be responsive to the needs of the Resident and to assist in case of emergencies.
- (n) **OPTIONAL SERVICES:** Baptist Homes will make available to the Resident on an optional basis, at an additional cost:

- i. One or two additional meals per day in the central dining room;
 - ii. In case of temporary illness, tray service of meals in the Resident's Apartment.
 - iii. Additional maid or housekeeping services as required;
 - iv. Transportation to extra-curricular events and locations;
 - v. Beauty and barber services;
 - vi. Regularly scheduled access to the on-site Health Clinic maintained by Baptist Homes as part of its Health Center.
4. Resident agrees to abide by all rules and regulations Baptist Homes may establish from time to time.
5. The Resident's Application for Residency is attached to this Agreement as Exhibit A and incorporated by reference herein. Resident and Responsible Party represent and warrant that Exhibit A is true, complete and accurate in all material respects. Resident and Responsible Party further certify the continuing accuracy and completeness of the factual representations contained in the application. Resident and Responsible Party understand and agree that the representations contained in the Application for Residency, and in particular the financial representations, were made by Resident and Responsible Party to induce Baptist Homes to enter into this Agreement. Any material misrepresentations or omissions in the Application for Residency shall render this Agreement voidable or terminable, including to the extent permitted by law the right to terminate the Resident's residency, at the option of Baptist Homes.

In addition, Resident and Responsible Party shall provide Baptist Homes an accurate and complete financial statement during the month of January in the year following admission as a Resident, and during each subsequent January, or at such intervals as Baptist Homes may request, for so long as residency continues.

Resident and Responsible Party agree to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by Baptist Homes under this Agreement or otherwise. Responsible Party expressly agrees, without incurring direct personal liability under this Agreement, to provide payment for all fees or charges incurred under this Agreement from Resident's income, resources, or assets. Resident and Responsible Party agree to provide Baptist Homes thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident and Responsible Party shall promptly notify Baptist Homes of any material change in Resident's medical or financial condition, including but not limited to

Resident's qualification for and intention to seek assistance from any public assistance benefit program, as hereinafter defined.

Responsible Party further acknowledges and agrees that he or she will personally be subject to a claim of breach of contract and held liable for any resulting damage to Baptist Homes to the extent he or she participates in a breach of the covenant to prudently conserve and maintain Resident's income, assets, or resources or violates the covenant to provide prior written notice of a change in Resident's financial position or in the Responsible Party. In addition, such breach by the Responsible Party of the covenant to prudently conserve or provide prior notice shall render this Agreement voidable or terminable, including to the extent permitted by law the right to terminate the Resident's residency, at the option of Baptist Homes. Resident or Responsible Party, as the case may be, agrees to require any successor responsible party to become a party to this Agreement.

Upon verification satisfactory to Baptist Homes that Resident has complied with the foregoing obligations and that Resident's income, resources, and assets are insufficient to pay for services required, Baptist Homes will endeavor to provide financial assistance to Resident, by prudent use of finite funds available to it for such purposes. Baptist Homes has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to Resident. In any event, such assistance as may be available will be provided only after Resident has applied for and taken all necessary steps to qualify for Medicaid, public assistance, any public benefit program, or private funds or programs through which benefits ("public assistance benefits") may be available for payment of services required by Resident.

6. Resident, at Resident's expense, shall maintain Part A and B Medicare Insurance in addition to a supplemental policy. Health care provided under the terms of this Agreement is exclusive of that covered under Medicare or any other health care policies maintained by Resident. If Resident is ineligible for Medicare, Resident shall maintain equivalent health insurance in full force and effect, unless Resident demonstrates to Baptist Homes' satisfaction that Resident is financially able to pay for those services that otherwise would be paid for by Medicare. Resident shall take such action and execute such forms as are reasonable and necessary to secure the payment to any hospital, nursing facility or other provider of health care services (including to Baptist Homes for services provided by it), or to any physician, of any and all amounts payable in respect of services rendered to Resident and for which insurance is available.

However, notwithstanding any other provision in this Agreement, including but not limited to Paragraph 5 and this Paragraph 6, and to the extent allowed by law, Resident's failure to qualify for, obtain benefits under, or be reimbursed for any or all services set forth herein under a federal, state, or local grant, aid, benefit, or health care program or under any private health care insurer shall not effect Resident's and Responsible Party's direct obligation to pay the charges set forth herein.

7. In the event Baptist Homes deems the Resident to be in need of emergency medical or surgical care requiring consent, and the Resident is unable to give consent, and attempts to contact Responsible Person or next of kin have failed, the Resident authorizes Baptist Homes to give such consent on the Resident's behalf. In such event, Baptist Homes shall use its best judgment under the circumstances and with the information then available. In the event that Baptist Homes exercises this authority to give or withhold consent, the Resident, and his or her heirs, estate and personal representative, release and hold harmless Baptist Homes and its agents for any exercise of this authority.
8. The rights and privileges of Resident under this Agreement to an apartment, facilities and services are personal to Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise. Except for occasional brief visits, subject to rules and regulations of Baptist Homes, no person other than Resident may occupy the Apartment designated by this Agreement except with the written approval of Baptist Homes.
9. Should Resident desire to have another person live with him or her, advance written permission of Baptist Homes shall be required. Such permission, if granted, will be conditioned upon negotiation and execution of a new written Agreement acceptable to all parties. The other person shall have no rights or privileges under this Agreement.
10. After Resident's execution of this Agreement, but prior to occupancy, the following procedure for termination of this Agreement shall apply:
 - (a) The resident may rescind the agreement by giving written notice to the Baptist Retirement Homes within thirty (30) days following the later of the execution of this agreement or the receipt of a disclosure statement that meets the requirements of this section. If such action is taken, the resident shall receive a full refund of any entrance fee paid. The resident to whom the agreement pertains is not required to move into the community before the expiration of the thirty (30) day period. Any such refund shall be paid within sixty (60) days following the receipt of the written notice of rescission.
 - (b) Should Resident die or should Baptist Homes determine that Resident has become incapable of independent living as a result of illness, injury or incapacity prior to occupancy, this Agreement shall be automatically canceled and Baptist Homes shall refund to Resident or Resident's estate all amounts paid to Baptist Homes.
 - (c) Refunds pursuant to Paragraph 10(a) or (b) will be paid by Baptist Homes within 60 days of rescission or cancellation and shall include interest at the rate paid during the dates of deposit by the bank in which the funds have been deposited.
 - (d) After the initial 30 day period, the Resident may voluntarily for any reason terminate this Agreement prior to occupancy by giving thirty (30) days' written notice to Baptist Homes. Subject to the provisions of Paragraph 13 of this Agreement, Baptist Homes shall refund to Resident all amounts paid to Baptist

Homes less five percent (5%) of the admission fee, which shall be retained by Baptist Homes.

11. After Resident first occupies the Apartment, and after the thirty (30) day rescission period, the following procedures for termination of this Agreement by Resident shall apply:
 - (a) Resident may, during the first twenty-four (24) months of occupancy, terminate this Agreement by giving Baptist Homes thirty (30) days' written notice. Termination shall not become effective until the end of that 30 day period and after Resident actually vacates the Apartment and removes all personal belongings. In such event, but subject to Paragraph 13, Baptist Homes shall refund to Resident all amounts paid to Baptist Homes as an admission fee less four percent (4%) of the admission fee for each month of occupancy, or part thereof, which shall be retained by Baptist Homes.
 - (b) Should Resident die after occupancy but prior to twenty-four (24) months of occupancy, Baptist Homes shall refund to Resident's estate, subject to Paragraph 13, all amounts paid to Baptist Homes as an admission fee less four percent (4%) of the admission fee for each month of residency or part thereof, which shall be retained by Baptist Homes.
 - (c) Should Resident or Responsible Party fail for any reason to timely comply with any of the obligations assumed by Resident or Responsible Party pursuant to this Agreement, Baptist Homes will provide written notice of such failure and will attempt to work with Resident, Resident's family, or Responsible Party to achieve a consensual cure of such failure. If such cure is not achieved within thirty (30) days after written notice, however, Baptist Homes may at its option declare this Agreement canceled. Resident shall vacate the Apartment within thirty (30) days of receipt of notice of any such cancellation. In such a case, but subject to Paragraphs 13, 18 and 19, Baptist Homes shall refund to Resident all amounts paid to Baptist Homes as an admission fee less four percent (4%) of the admission fee for each month of occupancy, or part thereof, which shall be retained by Baptist Homes.
 - (d) In the event Resident terminates this Agreement or dies after twenty-four (24) months of occupancy, there shall be no refund of the admission fee.
12. Baptist Homes shall have the right to remove and store all property from an Apartment which has been vacated or remaining following a termination of this Agreement. Resident, Responsible Party, or Resident's estate, as applicable, shall be responsible for the costs of such storage and/or moving.
13. Refunds of the admission fee to Resident or Resident's estate pursuant to Paragraphs 10(d), 11(a), (b), or (c) shall be made at such time as Baptist Homes has obtained an executed Resident Agreement and has received full payment and unrestricted use of the

admission fee from another resident for the Apartment which is the subject of this Agreement. Baptist Homes shall make reasonable efforts to secure a Resident for said Apartment as soon as is feasible. No interest shall be paid to Resident with respect to refunds pursuant to this Paragraph.

14. When an Apartment is occupied by more than one person, all of whom have initially signed this Agreement, and one Resident dies, or moves from the Apartment and releases or relinquishes further occupancy rights, leaving one or more Resident remaining in the Apartment, no refund is payable at that time. In such a case, the remaining Resident shall have the option of:
 - (a) Retaining the same Apartment, receiving no refund on the admission fee and paying the monthly service fee applicable to the number of persons then occupying that Apartment, OR
 - (b) Moving to a smaller Apartment (when available), receiving no refund on the admission fee and paying the monthly service fee applicable to the number of persons then occupying the new Apartment. (While waiting to move into a smaller Apartment, Resident will pay the monthly service fee of the new Apartment, if Resident agrees to move to the first such apartment that becomes available.)
15. If at any time after Resident executes this agreement Resident becomes incapable of independent living, Resident's right to occupy an Independent Living Apartment in Brookridge shall terminate. Resident shall be entitled to priority space in the health care facility at the health care facility's then current rates if Baptist Homes concludes that the facility provides the level of care Resident's condition requires; however, the Resident (a) shall not be required to pay an admission fee for entrance into the health care facility and (b) shall not receive any admission fee refund pursuant to Paragraph 10 or 11 of this Agreement. This right to make a determination of Resident's capability for independent living and the need for alternative care shall be vested solely in Baptist Homes. Such a determination shall take into account the Resident's physical and mental condition, the Resident's ability to make a satisfactory social and behavioral adjustment to the Brookridge Community, the Resident's best interest, the best interest of other Baptist Homes residents and the effective operation of the Brookridge Community. Baptist Homes shall consult with Resident's physician and Responsible Party, next of kin or other personal representative to the extent such consultation is feasible.
16. If a Resident is away from the Brookridge Community for thirty (30) consecutive days, he/she will receive a credit for thirty (30) meals at the then current rate for each person on the monthly statement following the 30-day period. If a resident takes advantage of the away rate, no meal credits are accrued during the away time. If for any reason, a resident returns to the Brookridge Community for an overnight stay, he or she will be ineligible to take advantage of the away rate. The away rate can be taken for a maximum of three (3) months.

17. If, at any time, Resident transfers to the Health Center of Baptist Homes to receive residential care in an Assisted Living or Nursing Care Bed (excluding 30 days of free care for temporary illness as provided by Paragraph 3 (e)), and without regard to whether such care is at the Resident's election or a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living,

A. Baptist Homes agrees to:

- (1) Waive any entrance fees for admission to the Health Care facility from Independent Living into an Assisted Living or Nursing Care Bed.
- (2) Assist Resident in obtaining the services of a physician if Resident's personal physician is not available and to obtain emergency services when required. All charges for services shall be at Resident's expense.
- (3) Maintain written records of all financial transactions with Resident or Responsible Party, including records of funds or personal property held by Baptist Homes for safekeeping.
- (4) As soon as available, furnish room, board, nursing service and such basic services as may be required for the health, good grooming (exclusive of supplies) and well-being of Resident.
- (5) Assist in processing required forms for reimbursement for insurance and public assistance benefits, to the extent of the availability of personnel, but not to accept assignment thereof unless agreed to in advance.
- (6) Provide required assistance in daily living. Should supportive equipment, such as wheelchair, walker or other special equipment be prescribed for sole, continued use or desired for such by Resident, same must be supplied at the expense of Resident.
- (7) Arrange for the prompt transfer of Resident to a hospital upon Resident's physician's order, immediately notifying Responsible Party or next of kin.
- (8) Administer such medication as may be prescribed, the cost of which will be paid by Resident.
- (9) Provide appropriate recreational, social and religious programs.
- (10) Furnish services as applicable to the Health Care Center facility of Baptist Homes as prescribed by the applicable governmental regulations.

B. Resident and Responsible Party agree:

- (1) To provide complete information regarding Resident as requested and to authorize release of necessary information to appropriate agencies if requested.
 - (2) To pay all fees and charges described in this Agreement with Resident's income, assets, or other resources.
 - (3) To provide or be responsible for personal items of clothing, toiletries, and other personal property.
 - (4) To accept full responsibility for and absolve Baptist Homes, its personnel and attending physician of responsibility for any event, accident, or deterioration of medical condition while the Resident is away from and not under the direct care and supervision of the Health Care Center facility.
 - (5) To authorize Baptist Homes to effect Resident's move from room to room for reasons involving nursing, compatibility and the convenience of Baptist Homes.
 - (6) To abide by Baptist Homes' policies and regulations regarding visiting hours, the welfare of Resident and conduct of Health Center operations.
 - (7) With Resident's income, assets, or other resources, to pay all costs, expenses, and reasonable attorney's fees, whether or not suit be brought, in the event same must be expended in the collection of any sums due and owing by Resident to Baptist Homes.
18. If Resident, within the first twenty-four (24) months of occupancy, transfers to the Health Care Unit of Baptist Homes to receive residential care in an Assisted Living or Nursing Care Bed (excluding 30 days of free care for temporary illness as provided by Paragraph 3(e)), and without regard to whether such care is at the Resident's election or as a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living, Resident shall receive no refund of any admission fee paid according to this Agreement at that time, and Baptist Homes shall continue to retain four percent (4%) of the admission fee for each month of occupancy or part thereof in the Health Care Unit.
19. If Resident, after the first twenty-four (24) months of occupancy, transfers to the Health Care Unit of Baptist Homes to receive care in an Assisted Living or Nursing Care Bed, and without regard to whether such care is at the Resident's election or as a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living, Resident shall receive no refund of any admission fee paid according to this Agreement.

20. If Baptist Homes determines that a Resident who moved from an Independent Living Apartment because of ill health can resume occupancy in an Independent Living Apartment, Resident's right to occupancy of an Independent Living Apartment shall be reinstated pursuant to the original terms of this Agreement, in either the same or a similar Apartment, as soon as it is available. If Resident returns to an Independent Living Apartment within twenty-four (24) months of the original date of occupancy, Baptist Homes shall continue to retain four percent (4%) of the admission fee for each month of occupancy or part thereof.
21. In case of injury to Resident by a third party, Baptist Homes shall have the right of subrogation for all its costs and expenses incurred by reason of such injury, and shall have the right, in the name of the Resident or otherwise, to take all necessary steps and procedures to enforce the payment of the same by the person responsible for such injury.
22. Resident and Responsible Party agree to pay or reimburse Baptist Homes with Resident's assets, income or resources for any loss or damage suffered by Baptist Homes as the result of Resident's, or Resident's guests, negligence or intentional misconduct. Resident and Responsible Party (with Resident's assets, income or resources) also agree to indemnify Baptist Homes for any claim, judgment, cost or fee, including reasonable attorney's fees, arising from injury to or damage to the property of any person or party caused by the negligence or intentional misconduct of Resident or Resident's guest.
23. If this Agreement concerns an existing Independent Living Apartment, the Resident acknowledges an inspection of the Apartment and accepts same as satisfactory in every respect. Any exceptions to the foregoing statement are agreed to by both parties and set forth in a statement signed by both parties and attached to this Agreement as Exhibit B.
24. If this Agreement concerns an Apartment as to which construction has not been completed, the Resident acknowledges an inspection of an acceptance of the plans and specifications for the Apartment as set forth by Exhibit B attached to this Agreement, subject to completion of construction with the plans and specifications.
25. To facilitate the transaction of essential business in case of illness or disability, the Resident shall, prior to occupancy, grant a general durable power of attorney pursuant to the provisions of North Carolina Gen. Stat. § 32A-8 to a Responsible Party, maintain same for the duration of this Agreement, and provide Baptist Homes a recorded copy of the original and any amendments thereto.
26. Baptist Homes has an historical relationship to the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of Baptist Homes
27. Attached to this Agreement as Exhibit C and incorporated herein as if fully set forth, is a disclosure statement prepared by Baptist Homes in accordance with North Carolina Gen. Stat. § 58-64-1 et. seq. Resident and Responsible Party hereby acknowledge receipt of said disclosure statement.

28. The Resident and Responsible Party have read this Agreement and understand its provisions. This Agreement constitutes the entire contract between Baptist Homes and Resident and Responsible Party supercedes in any prior written or oral understanding. Baptist Homes is not liable for nor bound in any manner by any statements, representations or promises made by any person representing or purporting to represent Baptist Homes unless such statements, representations or promises are set forth in this Agreement.
29. The rights of Resident are limited to those rights and privileges expressly granted by the terms of this Agreement. The Brookridge Retirement Community or other Baptist Homes facilities, properties or revenues are or may be subject to a first deed of trust or serve as security for various financing arrangements. Certain legal rights of the lender, including any right of foreclosure in the event of default, are superior to the rights and privileges granted the Resident by this Agreement.
30. This Agreement shall bind and inure to the benefit of the successors and assigns of Baptist Homes and the heirs, executors and administrators of Resident as well as any successor Responsible Party.
31. If there is a final determination by appropriate legal authorities that any portion of this Agreement conflicts with or is inconsistent with valid state or federal law or regulation applicable to Baptist Homes, the Resident and/or the services covered by this Agreement, such law or regulation shall control the relationship between Baptist Homes and the Resident in lieu of any portion of this Agreement as to which there has been such a final determination.
32. If a portion of this Agreement shall be determined to be illegal or not in conformity with appropriate laws and regulations, it shall not invalidate or affect the validity of the remainder of this Agreement.
33. This Agreement shall not be binding on Baptist Homes until it is approved by and executed on behalf of Baptist Homes, as indicated below.

County of Forsyth

State of North Carolina

I certify that the following person(s) personally appeared before me this the ____ day of _____, 2017, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident(s)].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 2017, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 2017, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENTS

**Apartment Residence Agreement
Brookridge Retirement Community**

Exhibit A Application(s) for Residency

Exhibit B Statement of Exceptions to Condition of Apartment to be occupied pursuant to this Agreement

OR

Plans and Specifications for Construction of Apartment to be occupied pursuant to this Agreement

Exhibit C Disclosure

Exhibit D Documents or Information Provided to Residents & Acknowledgement of Receipt

EXHIBIT D

I, the undersigned Resident, acknowledge receipt of the following documents or information from Baptist Retirement Homes of North Carolina, Incorporated:

1. Brookridge Retirement Community's Continuing Care Retirement Community Disclosure Statement pursuant to N.C. Gen. Stat. § 58-64-20.
2. The following address and telephone number pursuant to N.C. Gen. Stat. Ch. 58, Art. 64:

Steve Johnson
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

North Carolina Department of Insurance
Alternative Markets Division
Special Entities Section
1203 Mail Service Center
Raleigh, NC 27699-1203

Telephone (919)807-6140

By:

President
Baptist Retirement Homes
Of North Carolina, Incorporated

Resident

Resident

Responsible Party

County of Forsyth

State of North Carolina

I certify that the following person(s) personally appeared before me this the ____ day of _____, 2017, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident(s)].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 2017, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT V

Residency Agreement -

Adult Care Home Residence

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

**RESIDENT CARE / ASSISTED LIVING AGREEMENT
BROOKRIDGE RETIREMENT COMMUNITY**

THIS AGREEMENT is entered into in Forsyth County, North Carolina on _____, by and between Baptist Retirement Homes of North Carolina, Incorporated, hereinafter referred to as "Baptist Homes," _____, hereinafter referred to as "Resident," and _____ hereinafter referred to as "Responsible Party."

The Resident has applied and been approved, subject to the terms of this Agreement, for an Assisted Living Bed at the Brookridge Retirement Community in Winston-Salem, Forsyth County, North Carolina, a continuing care retirement community which consists of independent living units, assisted living beds, and nursing care beds.

Responsible Party is Resident's personal representative, attorney-in-fact, or other individual who has legal access to Resident's income, assets or resources.

Therefore, in consideration of the mutual terms, covenants and conditions of this Agreement, Baptist Homes and the Resident and the Responsible Party contract and agree as follows:

1. Baptist Homes shall provide to the Resident room accommodations and services, which shall include the following: room, utilities (except private telephone), meals and snacks, daily housekeeping, personal laundry service, linens and linen service, transportation for shopping outings and medical appointments, supplies for activities, medication monitoring, health insurance filing and follow-up, social work services, maintenance and repair service, and library, recreation and worship facilities. Transportation to medical appointments will be provided when scheduled and to either a location within a 15-mile radius of Brookridge Retirement Community or to the nearest location of the required medical service if the service is not provided within a 15-mile radius. Baptist Homes shall also provide the Resident the opportunity to participate in the creative and life enrichment programs provided through Baptist Homes.
2. The Resident and Responsible Party shall be responsible for payment to Baptist Homes for the monthly charges for care as may be set from time to time by Baptist Homes. The current monthly charge for an Assisted Living Bed as described above is \$ _____. Baptist Homes will provide sixty (60) days advance written notice of any increase or decrease in the monthly charge before same becomes effective. Payment of the monthly charge shall be due and payable no later than the seventh (7th) day of the month in advance, except that payment for the first month (or a prorated portion if the Resident moves in on a day other than the first of a month) shall be due upon admission. The monthly charges will terminate on the date the Resident moves from the Home, or at the date of death.

3. Notwithstanding any other provision in this Agreement, to the extent services are provided under this Agreement for which the charges are payable in whole or part through a government benefits program, such as Medicaid or Medicare, which payment is accepted by the Baptist Homes, then the rates and methods of payment for such services shall be determined in accordance with the controlling laws and regulations.

However, notwithstanding any other provision in this Agreement, including but not limited to this Paragraph 3 and Subparagraphs 5(g), 5(h), and 5(i), and to the extent allowed by law, Resident's failure to qualify for, obtain benefits under, or be reimbursed for any or all services set forth herein under a federal, state, or local grant, aid, benefit, or health care program or under any private health care insurer shall not effect Resident's and Responsible Party's direct obligation to pay the charges set forth herein.

4. The Resident's Application for Residency is attached to this Agreement as Exhibit A and incorporated by reference herein. Resident and Responsible Party represent and warrant that Exhibit A is true, complete and accurate in all material respects. Resident and Responsible Party further certify the continuing accuracy and completeness of the factual representations contained in the application. Resident and Responsible Party understand and agree that the representations contained in the Application for Residency, and in particular the financial representations, were made by Resident and Responsible Party to induce Baptist Homes to enter into this Agreement. Any material misrepresentations or omissions in the Application for Residency shall render this Agreement voidable or terminable, including to the extent permitted by law the right to terminate the Resident's residency, at the option of Baptist Homes.

In addition, Resident and Responsible Party shall provide Baptist Homes an accurate and complete financial statement during the month of January in the year following admission as a Resident, and during each subsequent January, or at such intervals as Baptist Homes may request, for so long as residency continues.

Resident and Responsible Party agree to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by Baptist Homes under this Agreement or otherwise. Responsible Party expressly agrees to provide payment for all fees or charges incurred under this Agreement from Resident's income, resources, or assets. Resident and Responsible Party agree to provide Baptist Homes thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident and Responsible Party shall promptly notify Baptist Homes of any material change in Resident's medical or financial condition, including but not limited to Resident's qualification for and intent to seek assistance from any public assistance benefit program, as hereinafter defined. Resident and Responsible Party shall likewise promptly notify Baptist Homes of any change in Resident's Responsible Party.

Responsible Party further acknowledges and agrees that he or she will personally be subject to a claim of breach of contract and held liable for any resulting damage to

Baptist Homes to the extent he or she participates in a breach of the covenant to prudently conserve and maintain Resident's income, assets, or resources or violates the covenant to provide prior written notice of a change in Resident's financial position or in the Responsible Party. In addition such breach by the Responsible Party of the covenant to prudently conserve or provide prior notice shall render this Agreement voidable or terminable, including to the extent permitted by law the right to terminate the Resident's residency, at the option of Baptist Homes. Resident or Responsible Party, as the case may be, agrees to require any successor responsible party to become a party to this Agreement.

Upon verification satisfactory to Baptist Homes that Resident has complied with the foregoing obligations and that Resident's income, resources, and assets are insufficient to pay for services required, Baptist Homes will endeavor to provide financial assistance to Resident, by prudent use of finite funds available to it for such purposes. Baptist Homes has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to Resident. In any event, such assistance as may be available will be provided only after Resident has applied for and taken all necessary steps to qualify for Medicaid, public assistance, any public benefit program, or private funds or programs through which benefits ("public assistance benefits") may be available for payment of services required by Resident.

5. Resident and Responsible Party agree:

- (a) To make timely payment of the charges described in Paragraph 2 above.
- (b) To assume responsibility for all of the Resident's own medical, dental, and optical care costs, except medication monitoring, as well as for insurance premiums, clothing, personal care items, and any other expenses or items not listed in Paragraph 1 above.
- (c) To pay the established prices for any optional services which the Resident chooses to have Baptist Homes provide, such as nursing or medical services.
- (d) To give Baptist Homes thirty (30) days' written advance notice of intent to vacate the Resident's accommodations at Baptist Homes.
- (e) To comply with the policies, rules, and regulations adopted by Baptist Homes regarding the operation of and residence in Baptist Homes facilities.
- (f) To pay to Baptist Homes the cost of repair for damages to property of Baptist Homes due to the negligence or willful conduct of the Resident of his or her guests. Resident and Responsible Party (with Resident's assets, income or resources) also agree to indemnify Baptist Homes for any claim, judgment, cost or fee, including reasonable attorney's fees, arising from injury to or damage to the property of any person or party caused by the negligence or intentional misconduct of Resident or Resident's guest.

- (g) To apply for and secure participation under Parts A and B of the Medicare Program.
 - (h) To apply for and obtain supplementary health care insurance with Blue Cross/Blue Shield or other mutually agreeable carrier, to supplement the benefits receivable under Medicare and Medicaid.
 - (i) To apply for all federal, state, and local grants, aids and benefits, including Medicare, Medicaid, and County Special Assistance, which the Resident may be eligible for and entitled to and to apply such funds if requested by Baptist Homes, and to the extent allowed by law, toward the charges for care under this Agreement.
 - (j) To authorize, upon request of Baptist Homes, providers of medical and health services to receive reimbursement as provided under Medicare Parts A and B.
 - (k) To maintain and use so much of his or her current and future assets and income (as certified to by the Resident on the Exhibit A attached to this Agreement) as is necessary to discharge the Resident's financial obligation under this Agreement and in the manner required by Paragraph 4 above.
 - (l) To assume responsibility for the Resident's own burial and funeral plans and expenses, and for the disposition of the Resident's personal property and belongings in the event of death. Baptist Homes shall have the right to remove and store all property from an unit which has been vacated or remaining following a termination of this Agreement. Resident, Responsible Party, or Resident's estate, as applicable, shall be responsible for the costs of such storage and/or moving.
 - (m) To participate in such nursing care, diagnostic procedures and medical treatment as is necessary in the judgment of the Baptist Homes Medical Director or his staff for the health and safety of the Resident and other Baptist Homes residents.
 - (n) That, pursuant to N.C. Gen. Stat. § 131D-4.8(b), Responsible Party shall be the individual identified to receive a discharge notice in the event of an intended discharge of Resident.
6. It is understood and agreed that the Resident must retain the mental and physical condition to be able to adequately function in the Baptist Homes facilities at the Assisted Living level such as contemplated in this Agreement. Should the Resident become unable to do so at any time after entering into this Agreement or if the Resident's needs should otherwise warrant a move, then the Resident shall have priority access to other accommodations, as available, in the Baptist Homes system which are appropriate to the level of care needed by the Resident. Priority shall mean that the Resident shall be entitled to space available ahead of others who are not residents in this or other Baptist Homes facilities. If Baptist Homes has no facilities or space available which provide the

level of care required by the Resident, the Baptist Homes will provide full cooperation and assistance in locating an appropriate facility for the Resident.

7. If the Resident incurs a permanent or long term physical or mental impairment, illness, or infirmity which in the opinion of the Administrator of the facility makes it impracticable or impossible for the Resident to properly function and have his or her needs met in the Brookridge Retirement Community, Baptist Homes will discuss the matter thoroughly with the Resident, Responsible Party, and the Resident's physician and undertake to reach agreement as to what should be done in the best interests of the Resident, taking into consideration the legitimate interest of other Residents and the effective operation of the Baptist Homes facility. If no agreement can be reached, the Baptist Homes decision on whether or not to terminate residency shall be final. If it is determined that the Resident may not remain, then the Resident shall be entitled to other accommodations or assistance as provided in Paragraph 6 above.

Should Resident or Responsible Party fail for any reason to timely comply with any of the obligations assumed by Resident or Responsible Party pursuant to this Agreement, Baptist Homes will provide written notice of such failure and will attempt to work with Resident, Responsible Party, or Resident's family to achieve a consensual cure of such failure. If such cure is not achieved within thirty (30) days after written notice, however, Baptist Homes may at its option declare this Agreement terminated. Resident shall vacate the unit within thirty (30) days of receipt of notice of any such cancellation.

8. In the event the Resident moves to some other form of residential care, whether or not within the Baptist Homes system, then charges of such care shall be borne by the Resident. If the Resident moves to another Baptist Homes facility, he or she shall do so under the then current agreement with Baptist Homes for the level of care to be provided, and shall pay for such care at the then current rates out of the Resident's own assets and income.
9. In the event Baptist Homes deems the Resident to be in need of emergency medical or surgical care requiring consent, and the Resident is unable to give consent, and attempts to contact Responsible Person or next of kin have failed, the Resident authorizes Baptist Homes to give such consent on the Resident's behalf. In such event, Baptist Homes shall use its best judgment under the circumstances and with the information then available. In the event that Baptist Homes exercises this authority to give or withhold consent, the Resident, and his or her heirs, estate and personal representative, release and hold harmless Baptist Homes and its agents for any exercise of this authority.
10. The Resident authorizes any medical care provider or other person in possession of medical records concerning the Resident to release such information to Baptist Homes without further authorization. The Resident further authorizes Baptist Homes to release such medical or other information as it has in its possession to any federal, state, or county governmental agency in connection with any pending claim of or on behalf of the Resident for Medicare, Medicaid, or other governmental assistance program or to any insurance carrier in connection with any claim for medical insurance coverage on or on behalf of the Resident. The Resident also authorizes the release of information to Baptist

Homes concerning any pending Medicaid, Medicare, or other governmental assistance program, from any federal, state, or county agency which is considering the claim or administering such program.

11. Should Resident die or should Baptist Homes determine that Resident has become incapable of Assisted Living as a result of illness, injury or incapacity prior to occupancy, this Agreement shall be automatically canceled and Baptist Homes shall refund to Resident or Resident's estate all amounts paid related to this Assisted Living Agreement with Baptist Homes. Any such refund shall be paid within sixty (60) days following the date of death or cancellation of the agreement.
12. If Resident has transferred from the Independent Living Unit of Baptist Retirement Homes:
 - a. within the first twenty-four (24) months of occupancy, Resident shall receive no refund of any admission fee paid according to the Resident Apartment Agreement at that time, and Baptist Homes shall continue to retain four percent (4%) of the admission fee for each month of occupancy or part thereof in the Assisted Living Unit.
 - b. after the first twenty-four (24) months of occupancy, Resident shall receive no refund of any admission fee paid according to the Resident Apartment Agreement.
13. Baptist Homes has provided, and the Resident hereby acknowledges receipt of the information listed in the checklist attached to this Agreement as Exhibit B.
14. The rights of Resident are limited to those rights and privileges expressly granted by the terms of this Agreement. The Brookridge Retirement Community or other Baptist Homes facilities, properties and revenues are or may be subject to a first deed of trust or serve as security for various financing arrangements. Certain legal rights of the lender, including any right of foreclosure in the event of default, are superior to the rights and privileges granted the Resident by this Agreement.
15. The rights of Resident acquired in connection with execution of this Agreement are limited to those rights and privileges expressly granted by the terms of this Agreement.
16. This Agreement contemplates residency by the Resident at the continuing care retirement community operated by Baptist Homes in Winston-Salem, Forsyth County, North Carolina. The specific Assisted Living Bed to be occupied by the Resident is described as follows:

A studio with private bath/shower.

If the living quarters to be occupied by the Resident are in service as of the date of this Agreement, the Resident certifies that same have been inspected and found to be

satisfactory, except as to any exceptions taken by the Resident, agreed to by Baptist Homes, and attached to this Agreement as Exhibit C.

17. Baptist Homes has an historical relationship to the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of Baptist Homes.
18. This Agreement is not assignable, in whole or in part, by the Resident or Responsible Party. This Agreement shall bind and inure to the benefit of the successors and assigns of Baptist Homes and the heirs, executors and administrators of Resident as well as any successor Responsible Party.
19. If there is a final determination by appropriate legal authorities that any portion of this Agreement conflicts with, or is inconsistent with valid state or federal law or regulation applicable to Baptist Homes, the Resident and/or the services covered by this Agreement, such law or regulation shall control the relationship between Baptist Homes and the Resident in lieu of any portion of this Agreement as to which there has been such a final determination.
20. In the event any provision of this Agreement is determined by appropriate legal authorities to be in conflict with any state or federal law or regulation, that provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.
21. The Resident and Responsible Party have read this Agreement, and understand its provisions. The Agreement constitutes the entire Agreement between Baptist Homes and the Resident and the Responsible Party and supersedes all prior negotiations, understandings, and agreements between them.

This the ____ day of _____, 201.

Witness

Resident

(SEAL)

Witness

Responsible Party (individually and not as
personal representative of Resident)

(SEAL)

BAPTIST RETIREMENT HOMES
OF NORTH CAROLINA, INCORPORATED

By: _____
President

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201_, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201_, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENTS

Resident Care / Assisted Living Agreement Brookridge Retirement Community

- Exhibit A Application for Residency
- Exhibit B Documents or Information Provided to Residents & Acknowledgement of Receipt
- Exhibit C Statement of Exceptions to Condition of Assisted Living Bed

EXHIBIT B

I, the undersigned Resident, acknowledge receipt of the following documents or information from Baptist Retirement Homes of North Carolina, Incorporated:

1. Baptist Retirement Homes price list, including ancillary services, and chargeable medical supplies.
2. Brookridge Retirement Community's Continuing Care Retirement Community Disclosure Statement pursuant to N.C. Gen. Stat. § 58-64-20.
3. The North Carolina Adult Care Home Residents' Bill of Rights (N.C. Gen. Stat. § 131D-21).
4. The North Carolina Nursing Home Patients' Bill of Rights (N.C. Gen. Stat. § 131E-115 et seq.).
5. The following addresses and telephone numbers pursuant to N.C. Gen. Stat. §§ 131D-24 & 131E-120:

North Carolina Department of Health and Human Services
Division of Health Service Regulation
Adult Care Licensure Section
Physical Address: 805 Biggs Drive, Raleigh, North Carolina 27603
Mailing Address: 2708 Mail Service Center, Raleigh, North Carolina 27699-2708
Telephone (919) 855-3765

and

Forsyth County Department of Social Services
P.O. Box 999
Winston-Salem, North Carolina 27102
Telephone (336) 727-8311

6. The following address and telephone number pursuant to N.C. Gen. Stat. Ch. 58, Art. 64:

Steve Johnson
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

North Carolina Department of Insurance
Alternative Markets Division
Special Entities Section
1203 Mail Service Center
Raleigh, NC 27699-1203
Telephone (919) 807-6140

By: _____
President
Baptist Retirement Homes
of North Carolina, Incorporated

Resident

Responsible Party

County of _____

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 2018, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT VI

Nursing Care Agreement

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

**NURSING CARE AGREEMENT
BROOKRIDGE RETIREMENT COMMUNITY**

THIS AGREEMENT is entered into in Forsyth County, North Carolina on _____ by and between Baptist Retirement Homes of North Carolina, Incorporated, hereinafter referred to as "Baptist Homes," _____, hereinafter referred to as "Resident," and hereinafter referred to as "Responsible Party."

The Resident has applied and been approved, subject to the terms of this Agreement, for a Nursing Care Bed at the Brookridge Retirement Community in Winston-Salem, Forsyth County, North Carolina, a continuing care retirement community which consists of independent living units, assisted living beds, and nursing care beds.

Responsible Party is Resident's personal representative, attorney-in-fact, or other individual who has legal access to Resident's income, assets or resources.

Therefore, in consideration of the mutual terms, covenants and conditions for this Agreement, Baptist Homes and the Resident and Responsible Party contract and agree as follows:

1. Baptist Homes shall provide to the Resident room accommodations and services, which shall include the following: room, utilities (except private telephone), meals and snacks, daily housekeeping, linens and linen service, transportation for shopping, outings and local medical appointments (except ambulance fees), supplies for activities, nursing services (as appropriate to the Resident's needs), health insurance filing and follow-up, social work services, maintenance and repair service, library, recreation and worship facilities, and personal services normally provided to Nursing Care Bed residents by Baptist Homes and needed for the Resident's health, safety, grooming and well-being. Baptist Homes shall also provide the Resident the opportunity to participate in the creative and life enrichment programs provided through Baptist Homes.

2. The Resident and Responsible Party shall be responsible for payment to Baptist Homes, out of Resident's current and future assets and income (as certified to by the Resident on the Exhibit A attached to this Agreement), for the charges for care as described in Paragraph 1, above, which may be set from time to time by Baptist Homes. The current charges are \$_____ per day for skilled nursing care. These charges include the basic services described in Paragraph 1 above. The Resident shall be responsible for any additional items or services required by the Resident, and for spending money allowance. If the Resident has occupied a Baptist Homes Apartment, credit shall be given as provided in the Apartment Living Agreement between the Resident and Baptist Homes. Baptist Homes will provide sixty (60) days advance written notice of any increase or decrease in the monthly charge before same becomes effective. Payment of the monthly charge shall be due and payable no later than the seventh (7th) day of the month in advance, except that payment for the first month (or a prorated portion if the

Resident moves in on a day other than the first of a month) shall be due upon admission. The monthly charges will terminate on the date the Resident moves from the Home, or at the date of death.

3. The payment plan requires monthly payment of the charges described in Paragraph 2 of this Agreement together with the additional charges described as follows (the charges indicated for services are the current rates, but may be changed from time to time by Baptist Homes):

Allowance for spending money	_____
Laundry Service	_____ \$15.00
.....	_____
.....	_____
.....	_____

Charges for medical services rendered by Baptist Homes Medical Director or his staff, or for medications ordered by the physician through the Baptist Homes pharmacy shall be billed directly to Medicare, Medicaid or other third party payer, as appropriate, with the remainder

XX billed directly to the patient by the doctor or pharmacy,
_____ charged to the patient and payable with the next payment due Baptist Homes

4. The Resident's Application for Residency is attached to this Agreement as Exhibit A and incorporated by reference herein. Resident and Responsible Party represent and warrant that Exhibit A is true, complete and accurate in all material respects. Resident and Responsible Party further certify the continuing accuracy and completeness of the factual representations contained in the application. Resident and Responsible Party understand and agree that the representations contained in the Application for Residency, and in particular the financial representations, were made by Resident and Responsible Party to induce Baptist Homes to enter into this Agreement. Any material misrepresentations or omissions in the Application for Residency shall render this Agreement voidable or terminable, including to the extent permitted by law the right to terminate the Resident's residency, at the option of Baptist Homes.

In addition, Resident and Responsible Party shall provide Baptist Homes an accurate and complete financial statement during the month of January in the year following admission as a Resident, and during each subsequent January, or at such intervals as Baptist Homes may request, for so long as residency continues.

Resident and Responsible Party agree to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by Baptist Retirement Homes under this Agreement or otherwise. Responsible Party expressly agrees to provide payment for all fees or charges incurred under this Agreement from Resident's income, resources, or assets. Resident and Responsible Party agree to provide Baptist Retirement Homes thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident and Responsible Party shall promptly notify Baptist Homes of any material change in Resident's medical or financial condition, including but not limited to Resident's qualification for and intent to seek assistance from any public assistance benefit program. Resident and Responsible Party shall likewise promptly notify Baptist Homes of any change in Resident's Responsible Party.

Responsible Party further acknowledges and agrees that he or she will personally be subject to a claim of breach of contract and held liable for any resulting damage to Baptist Homes to the extent he or she participates in a breach of the covenant to prudently conserve and maintain Resident's income, assets, or resources or violates the covenant to provide prior written notice of a change in Resident's financial position or in the Responsible Party. In addition such breach by the Responsible Party of the covenant to prudently conserve or provide prior notice shall render this Agreement voidable or terminable, including to the extent permitted by law the right to terminate the Resident's residency, at the option of Baptist Homes. Resident or Responsible Party, as the case may be, agrees to require any successor responsible party to become a party to this Agreement.

5. Resident and the Responsible Party agree:

- (a) To make timely payment of the charges described in Paragraphs 2 and 3 above.
- (b) To assume responsibility for all of the Resident's medical, dental, and optical care costs, except appropriate nursing services, care items, and any other expenses or items not listed in Paragraph 1, above.
- (c) To pay the established prices for any optional services which the Resident chooses to have Baptist Homes provide, such as medical services.
- (d) To give Baptist Homes thirty (30) days written, advance notice of intent to vacate Resident's accommodations at Baptist Homes.
- (e) To comply with the policies, rules and regulations adopted by Baptist Homes regarding the operation of and residence in Baptist Homes facilities.
- (f) To pay to Baptist Homes the cost of repair for damages to property of Baptist Homes due to the negligence or willful conduct of the Resident or his or her guests. Resident and Responsible Party (with Resident's assets, income or resources) also agree to indemnify Baptist Homes for any claim, judgment, cost or fee, including reasonable attorney's fees, arising from injury to or damage to the property of any person or

party caused by the negligence or intentional misconduct of Resident or Resident's guest.

- (g) To apply for and secure participation for Resident under Parts A and B of the Medicare program.
- (h) To apply for and obtain supplementary health care insurance for the resident with Blue Cross/Blue Shield or other mutually agreeable carrier, to supplement the benefits receivable under Medicare or Medicaid.
- (i) To apply for all federal, state, and local grants, aids and benefits, including Medicare, Medicaid, and County Special Assistance, which the Resident may be eligible for and entitled to; and to apply such funds if requested by Baptist Homes, and to the extent allowed by law, toward the charges for care under this Agreement.
- (j) To authorize, upon request of Baptist Homes, providers of medical and health service to receive reimbursement as provided under Medicare, Parts A and B.
- (k) To maintain and use so much of his or her current and future assets and income (as certified to by the Resident on the Exhibit A attached to this Agreement) as is necessary to discharge the Resident's financial obligation under this Agreement and in the manner required by Paragraph 4 above.
- (l) To assume responsibility for the Resident's burial and funeral plans and expenses, and for the disposition of the Resident's personal property and belongings in the event of death. Baptist Homes shall have the right to remove and store all property from an unit which has been vacated or remaining following a termination of this Agreement. Resident, Responsible Party, or Resident's estate, as applicable, shall be responsible for the costs of such storage and/or moving.
- (m) To participate in such nursing care, diagnostic procedures and medical treatment as is necessary in the judgment of the Baptist Homes Medical Director or his staff for the health and safety of the Resident and other Baptist Homes residents.

6. Notwithstanding any other provision in this Agreement, to the extent services are provided under this Agreement for which the charges are payable in whole or in part through a government benefits program such as Medicaid or Medicare, which payment is accepted by the Baptist Homes, then the rates and methods of payment for such services shall be determined in accordance with the controlling laws and regulations.

However, notwithstanding any other provision in this Agreement, including but not limited to Subparagraphs 5(g), 5(h), and 5(i) and this Paragraph 6, and to the extent allowed by law, Resident's failure to qualify for, obtain benefits under, or be reimbursed for any or all services set forth herein under a federal, state, or local grant, aid, benefit, or health care program or under any private health care insurer shall not effect Resident's and Responsible Party's direct obligation to pay the charges set forth herein.

7. It is understood and agreed that the Resident must retain the mental and physical condition to be able to adequately function in a Baptist Homes Nursing Care Bed and must demonstrate a continuing medical need for nursing care. If Baptist Homes should determine that either of these conditions are not met by the Resident at any time after entering into this Agreement or if the resident's needs should otherwise warrant a move, then the Resident shall have priority access to other accommodations, as available, in the Baptist Homes systems which are appropriate to the level of care needed by the Resident. Priority shall mean that the Resident shall be entitled to space available ahead of others who are not residents in this or other Baptist Homes facilities. If Baptist Homes has no facilities or space available which can provide the level of care required by the needs of the Resident, the Baptist Homes will provide full cooperation and assistance in locating an appropriate facility for the Resident.

8. If the Resident incurs a permanent or long-term physical or mental impairment, illness or infirmity which in the opinion of the Facility Administrator makes it impracticable or impossible for the Resident to properly function and have his or her needs met in a Baptist Homes Nursing Care Bed, Baptist Homes will discuss the matter thoroughly with the Resident, the Resident's physician and the Responsible Party and undertake to reach agreement as to what should be done in the best interest of the Resident, taking into consideration the legitimate interest of other residents and the effective operation of the Baptist Homes facility. If no agreement can be reached, the Baptist Homes decision on whether or not to terminate residency shall be final. If it is determined that the Resident may not remain, then the Resident shall be entitled to other accommodations or assistance as provided in Paragraph 6 above.

Should Resident or Responsible Party fail for any reason to timely comply with any of the obligations assumed by Resident or Responsible Party pursuant to this Agreement, Baptist Homes will provide written notice of such failure and will attempt to work with Resident, Responsible Party, or Resident's family to achieve a consensual cure of such failure. If such cure is not achieved within thirty (30) days after written notice, however, Baptist Homes may at its option declare this Agreement terminated. Resident shall vacate the unit within thirty (30) days of receipt of notice of any such cancellation.

9. In the event the Resident moves to some other form of residential or domiciliary care, whether or not within the Baptist Homes system, then charges of such care shall be borne by the Resident. If the Resident moves to another Baptist Homes facility, he or she shall do so under the then current agreement with Baptist Homes for the level of care to be provided, and shall pay for such care at the then current rates out of the Resident's own assets and income.

10. In the event Baptist Homes deems the Resident to be in need of emergency medical or surgical care requiring consent, and the Resident is unable to give consent, and attempts to contact Responsible Person or next of kin have failed, the Resident authorizes Baptist Homes to give such consent on the Resident's behalf. In such event, Baptist Homes shall use its best judgment under the circumstances and with the information then available. In the event that Baptist Homes exercises this authority to give or withhold consent, the Resident, and his or her heirs, estate and personal representative, release and hold harmless Baptist Homes and its agents for any exercise of this authority.

11. The Resident authorizes any medical care provider or other person in possession of medical records concerning the Resident to release such information to Baptist Homes without further authorization. The Resident further authorizes Baptist Homes to release such medical or other information as it has in its possession to any federal, state or county governmental agency in connection with any pending claim of or on behalf of the resident for Medicare, Medicaid, or other governmental assistance or to any insurance carrier in connection with any claim for medical insurance coverage on or on behalf of the Resident. The Resident also authorizes the release of information to Baptist Homes concerning any pending Medicaid, Medicare, or other governmental assistance program, from any federal, state or county agency which is considering the claim or administering such program.

12. Should Resident die or should Baptist Homes determine that Resident has become incapable of Nursing Care as a result of illness, injury or incapacity prior to occupancy, this Agreement shall be automatically canceled and Baptist Homes shall refund to Resident or Resident's estate all amounts paid related to this Nursing Care Agreement with Baptist Homes. Any such refund shall be paid within sixty (60) days following the date of death or cancellation of this agreement.

13. If Resident has transferred from the Independent Living Unit of Baptist Retirement Homes:

a. within the first twenty-four (24) months of occupancy, Resident shall receive no refund of any admission fee paid according to the Resident Apartment Agreement at that time, and Baptist Homes shall continue to retain four percent (4%) of the admission fee for each month of occupancy or part thereof in the Nursing Care Unit.

b. after the first twenty-four (24) months of occupancy, Resident shall receive no refund of any admission fee paid according to the Resident Apartment Agreement.

14. Baptist Homes has an historical relationship to the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of Baptist Homes

15. Baptist Homes has provided, and the Resident hereby acknowledges receipt of the information listed in the checklist attached to this Agreement as Exhibit B.

16. The rights of Resident are limited to those rights and privileges expressly granted by the terms of this Agreement. The Brookridge Retirement Community or other Baptist Homes facilities, properties, and revenues are or may be subject to a first deed of trust or serve as security for various financing arrangements. Certain legal rights of the lender, including any right of foreclosure in the event of default, are superior to the rights and privileges granted the Resident by this Agreement.

17. This agreement is not assignable, in whole or in part, by the Resident or Responsible Party. This Agreement shall bind and inure to the benefit of the successors and assigns of Baptist Retirement Homes and the heirs, executors and administrators of Resident as well as any successor Responsible Party.

18. If there is a final determination by appropriate legal authorities that any portion of this Agreement conflicts with or is inconsistent with valid state or federal law or regulation applicable to Baptist Homes, the Resident and/or the services covered by this Agreement, such law or regulation shall control the relationship between Baptist Homes and the Resident in lieu of any portion of this Agreement as to which there has been such a final determination.

19. In the event any provision of this Agreement is determined by appropriate legal authorities to be in conflict with any state or federal law or regulation, that provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

20. The Resident and Responsible Party have read this Agreement and understand its provision. This Agreement constitutes the entire Agreement between Baptist Homes and the Resident and Responsible Party and supersedes all prior negotiations, understandings and agreements between them.

This the _____ day of _____.

Witness Resident (SEAL)

Witness Attorney-in-fact for Resident (SEAL)

Attorney-in-fact for _____ (RESIDENT)
pursuant to that certain Power Of Attorney/Responsible Party dated _____ and
recorded in the _____ County Register of Deeds at Book _____, Page
_____.

Witness Responsible Party (individually and not as
personal representative of Resident) (SEAL)

BAPTIST RETIREMENT HOMES
OF NORTH CAROLINA, INCORPORATED

By: _____
President

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of _____

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENTS

**Nursing Care Agreement
Brookridge Retirement Community**

Exhibit A Application for Residency

Exhibit B Documents or Information Provided to Residents & Acknowledgement of Receipt

EXHIBIT B

I, the undersigned Resident, acknowledge receipt of the following documents or information from Baptist Retirement Homes of North Carolina, Incorporated:

1. Baptist Retirement Homes price list, including ancillary services and chargeable medical supplies.
2. Resident Rights under Medicare/Medicaid Federal Register – February, 1989.
3. The North Carolina Nursing Home Patients' Bill of Rights (N.C. Gen. Stat. § 131E-115 et seq.).
4. The following addresses and telephone numbers pursuant to N.C. Gen. Stat. §§ 131D-24 & 131E-120;

North Carolina Department of Health and Human Services
Division of Facility Services
Licensure and Certification Branch
701 Barbour Drive
P.O. Box 29530
Raleigh, North Carolina 27626-0530
Telephone: (919) 733-5794
(800) 662-7030, Ext. 32786

and

Forsyth County
Department of Social Services
P.O. Box 999
Winston-Salem, NC 27102
Telephone: (336) 727-8311

5. The following address and telephone number pursuant to N.C. Gen. Stat. Ch. 58, Art. 64;

North Carolina Department of Insurance
Alternative Markets Division
Special Entities Section
1203 Mail Service Center
Raleigh, NC 27699-1203
Telephone: (919) 807-6140

Steve Johnson
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

By:

President
Baptist Retirement Homes
of North Carolina, Incorporated

Resident

Attorney-in-fact for Resident pursuant to
that certain Power of Attorney dated
_____ and recorded in the
_____ County Register of Deeds
at Book _____, Page _____

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of _____

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated.: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT VI-A

Nursing Care Agreement – Medicare A

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
BROOKRIDGE NURSING CARE/MEDICARE PART A UNIT AGREEMENT

THIS AGREEMENT is entered into in Forsyth County, North Carolina on the ___ day of _____, by and between BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED (hereinafter referred to in this Agreement as "BRH") and _____ (hereinafter referred to in this Agreement as "PATIENT").

1. BRH owns and operates the Prince Nursing Care Center at its Brookridge community in Winston-Salem, North Carolina. The Medicare/Part A Unit includes rooms 626 through 652 on the 6th floor of the Nursing Facility (the "Part A Bed(s)"). The unit provides skilled services designed as an alternative to hospitalization or continued hospital care after the PATIENT'S condition has been diagnosed or a surgical or invasive procedure has been completed, and the course of treatment established. Skilled care involves a coordinated program of nursing care and therapy provided under a physician's supervision and direction, and it is generally of short-term duration not longer than ninety (90) days. Skilled care provided by BRH is generally limited to the following situations:
 - Wound care
 - IV services
 - Short-term rehabilitation services
 - Patients who need skilled nursing facility services, and who are expected to improve to a level so as to no longer need the services provided by BRH
2. The PATIENT has applied for admission to BRH' nursing care facility for skilled care. BRH has consulted with the PATIENT and the PATIENT'S physician in conducting a pre-admission assessment, and reasonably believes the PATIENT needs skilled nursing services.
3. In consideration of the foregoing, and pursuant to the terms, covenants and conditions of this Agreement, BRH and the PATIENT contract and agree as follows:
 - a. BRH shall admit the PATIENT to its Prince Nursing Care Center for skilled care and provide the room accommodations, utilities, meals and snacks, daily housekeeping, linens and linen service, routine nursing services, health insurance filing and follow-up, social work services, library, recreation and worship facilities, and personal services normally provided to Nursing Facility residents by BRH. As appropriate to the PATIENT'S circumstances and condition, BRH shall also provide the PATIENT an opportunity to participate in the creative and life enrichment programs generally provided by BRH to its residents.

- b. Except as may otherwise be provided by this Agreement, the PATIENT shall be responsible for payment of a daily "base rate" for the services described in Subparagraph a., above. The base rate applicable to the Part A Beds is \$ 565.00 per day, or any portion thereof, including the day of admission but excluding the day of discharge.
- c. Should changes in the PATIENT'S condition require modifications to the Plan of Care, the PATIENT will be charged for and hereby agrees to pay the usual and customary charge of the provider for such itemized services in addition to those set forth in Subparagraph a. as may be provided.
- d. If BRH has confirmed prior to the PATIENT'S admission that services to be provided the PATIENT will be covered in whole or in part by the PATIENT'S medical insurance policy or plan, BRH will accept an assignment of benefits from the PATIENT and on that basis as an accommodation to the PATIENT submit a claim to such insurance policy or plan. In such circumstances, however, except as may be otherwise provided by contractual agreement between BRH and such insurance policy or plan, the PATIENT agrees that he or she will retain primary liability for payment to BRH of the amounts identified in Subparagraphs b. and c. above for services provided, and agrees promptly to pay such amounts as may be owed if and to the extent that payment has not been received by BRH within 30 days after BRH submits an insurance claim on the PATIENT'S behalf.
- e. Should the PATIENT be admitted to a Part A Bed on a private pay basis, without public or private insurance or other coverage for the services to be provided, BRH requires a pre-admission deposit in an amount equal to the base daily rate identified above multiplied times the number of days estimated by the PATIENT'S Plan of Care. The pre-admission deposit for this admission is thus calculated at \$_____, (base daily rate of \$565.00 times estimated stay of _____ days) which amount the PATIENT has paid contemporaneous with execution of this Agreement, the receipt of which is duly acknowledged by BRH. If and to the extent that BRH' charges under Subparagraphs b. and c. above for services provided to the PATIENT are determined at discharge to be less than the pre-admission deposit, any excess will be promptly refunded to the PATIENT. If and to the extent that BRH charges for services provided to the PATIENT exceed the PATIENT'S pre-admission deposit, the deposit will be applied as a credit to the BRH charges and the PATIENT will promptly pay BRH for charges in excess of the pre-admission deposit at such billing intervals as may be established from time to time by BRH.
- f. Notwithstanding any other provision in this Agreement, to the extent services are provided under this Agreement for which the charges are payable in whole or in part through a government benefits program such as Medicare, which payment is accepted by BRH, then the rates and methods of payment for such services and any residual patient liability shall be determined in accordance with applicable law and regulation.

- g. The PATIENT shall have the following obligations under this Agreement:
- i. To make timely payment of the charges described in the preceding provisions of paragraph 3;
 - ii. To comply with the policies, rules and regulations adopted by BRH regarding the operation of its facility;
 - iii. To pay BRH the cost of repair for damages to property of BRH due to the negligence or willful conduct of the PATIENT or his or her guests;
 - iv. To supply documentation from the PATIENT'S attending physician upon admission that the nature of the PATIENT'S health care needs are such that he or she will no longer need BRH services for more than on a short-term basis.
- h. It is understood and agreed that the PATIENT'S continuing status as a PATIENT in BRH' Brookridge Nursing Care/Medicare Part A Unit is conditioned upon a continuing determination by the Medical Director of BRH that the PATIENT is in need of, can benefit from, and can have his or her medical needs appropriately met by the skilled care services provided by BRH. In making any such determination, the Medical Director will attempt to consult with the PATIENT, the PATIENT'S family and/or legal representative, and the professional medical personnel involved in providing services to the PATIENT at BRH, but the final decision is delegated solely to the discretion of the BRH Medical Director. Should the Medical Director determine at any time that the PATIENT'S condition is such that he or she needs care at an acute hospital in-patient level, the PATIENT hereby authorizes BRH to promptly make arrangements for a transfer to an in-patient hospital setting, and the PATIENT agrees to cooperate fully in effectuating such a transfer. Conversely, should the Medical Director determine at any time that the PATIENT no longer requires the skilled level of care provided by BRH, the PATIENT hereby agrees (subject to such procedures, right, and limitations as may be provided by applicable state or federal law or regulation) to promptly vacate the BRH Brookridge Nursing Care/Medicare Part A Unit so that the skilled services provided by this Unit can be offered to other residents who require such services. In such a case, BRH and its personnel will cooperate with and assist the PATIENT and the PATIENT'S family and representatives in identifying and making arrangements for any follow-up services that may be required by the PATIENT after discharge from the BRH Prince Nursing Care Center, but BRH is not responsible for successfully concluding or implementing any such arrangements.
- i. The PATIENT acknowledges and agrees that by virtue of his or her execution of this short-term Nursing Care/Medicare Part A Unit Agreement, he or she has not been required to meet general BRH admission criteria, financial or otherwise.

- j. If the Medical Director of BRH concludes that the PATIENT needs emergency medical or surgical procedures requiring consent, and attempts to contact persons responsible for the PATIENT to obtain such consent are unsuccessful, then the PATIENT authorizes the President of BRH or his designated staff person to give such consent on the PATIENT'S behalf. In such an event, if the President or his designee exercises such authority to give or withhold consent, the PATIENT, and his or her heirs, estate and personal representative, hereby release and hold harmless the President, his designee, and BRH for any exercise of such authority.
- k. The PATIENT authorizes any medical care provider or other person in possession of medical records concerning the PATIENT to release such information to BRH without further authorization. The PATIENT further authorizes BRH to release any medical or related information it possesses relative to the PATIENT to any other health care provider or medical personnel who is or may be involved in providing treatment to the PATIENT. The PATIENT further authorizes BRH to release such medical or other information as it has concerning the PATIENT to any governmental agency in connection with any pending claim of or on behalf of the PATIENT for Medicare or other governmental assistance or benefit, or to any insurance carrier in connection with any claim for medical insurance coverage of or on behalf of the PATIENT. The PATIENT in addition authorizes the release of information to BRH concerning any pending application or claim the PATIENT may have for Medicare or other governmental assistance program or benefit from any governmental agency considering or processing any such claim or administering any such program.
- l. BRH has provided, and the PATIENT hereby acknowledges receipt of the information listed in the checklist attached to this Agreement as EXHIBIT B. The PATIENT expressly acknowledges that Exhibit B also contains BRH's Notice of Transfer or Discharge form.
- m. This Agreement is not assignable, in whole or in part, by the PATIENT.
- n. If there is a final determination by appropriate legal authorities that any portion of this Agreement conflicts with or is inconsistent with valid state or federal law or regulation applicable to BRH, including 42 U.S.C. 1396r, 42 C.F.R. 483.12 or 10 N.C. Admin. Code 261.0300 et seq. the PATIENT and/or the services covered by this Agreement, such law or regulation shall control the relationship between BRH and the PATIENT in lieu of any portion of this Agreement as to which there has been such a final determination.
- o. In the event any provision of this Agreement is determined by appropriate legal authorities to be in conflict with any state or federal law or regulation, that provision will be effective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.
- p. The PATIENT has read this Agreement and understands its provisions. This Agreement constitutes the entire Agreement between BRH and the PATIENT, and

supersedes all prior negotiations, understandings and agreements between them.

- q. This Agreement shall terminate upon the discharge of the PATIENT. Upon termination, each party's rights or obligations under this Agreement shall cease, except for the PATIENT'S payment obligations under Paragraph 3 which shall survive termination of this Agreement.

(The remainder of this page intentionally left blank.)

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

BY:

President
Baptist Retirement Homes of North Carolina, Incorporated

Date

PATIENT

Date

Attorney-in-Fact

Date

If applicable, Attorney-in-Fact for _____ (PATIENT), pursuant to that
certain Power of Attorney dated _____, and recorded in the _____
County Register of Deeds at Book _____ Page _____.

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * * *

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 201____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

EXHIBIT A

Initial Plan of Care:

Base Rate Services:

Itemization of Additional Services and Charges:

EXHIBIT B

The undersigned PATIENT acknowledges receipt of the following documents or information from BRH:

1. A copy of 42 U.S.C. § 1395i-3(c) (REQUIREMENTS RELATING TO PATIENTS' RIGHTS);
2. A copy of 42 C.F.R. § 483.1 - § 483.75 (Sub-part B - Requirements for Long Term Care Facilities);
3. A copy of Part B (Nursing Home Patients' Bill of Rights) of Article 6 of Chapter 131E of the General Statutes of North Carolina (N.C.G.S. § 131E-115 through - 127);
4. Notice of Transfer or Discharge Form;
5. The following addresses and telephone numbers pursuant to N.C.G.S. § 131E-120:

Chief
Nursing Home Licensure and Certification Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
1205 Umstead Drive
Raleigh, NC 27603-2008
Telephone: (919) 855-4520

and

Forsyth County Department of Social Services
P.O. Box 999
Winston-Salem, North Carolina 27101
Telephone Number: 336-727-8311

6. The following address and telephone number pursuant to N.C. Gen. Stat. Ch. 58, Art. 64;

North Carolina Department of Insurance
Alternative Markets Division
Special Entities Section
1203 Mail Service Center
Raleigh, NC 27699-1203
Telephone: (919) 807-6140

Steve Johnson
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

PATIENT

Date

Attorney-in-Fact for PATIENT

Date

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * * *

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 201__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT VII

Life Expectancy Table

LIFE EXPECTANCY IN YEARS

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

ATTACHMENT VIII

**October 2018 –
December 2018
Interim Financial
Statements
(Unaudited)**

Baptist Retirement Homes of North Carolina, Incorporated
Balance Sheets
December 31, 2018

Un-Audited
12/31/18

Assets	
Current Assets	
Cash & Cash Equivalents	\$7,908,864
Resident Accounts Receivable, Net of All	1,218,875
Investments	40,776,481
Contributions Receivable	16,097
Prepaid Expenses and Other Current Assets	289,742

Total Current Assets	50,210,059
Assets Whose Use is Limited	
Internally Designated for Capital Development	991,656
Internally Designated for Statutory Operating Reserve	7,579,541
Restricted Under Debt Agreements	3,152,822

Total Assets Whose Use is Limited	11,724,019
Investments, Deferred Costs and Other Assets	
Charitable Remainder Trusts	1,049,574
Beneficial Interest in Perpetual Trusts	6,869,902
Other Assets	72,716

Total Investments, Deferred Cost and Other Assets	7,992,192
Property and Equipment, Net	48,543,201

Total Assets	\$118,469,471
	=====
Liabilities and Net Assets	
Current Liabilities	
Current Maturities of Long-Term Debt	\$2,872,405
Accounts Payable	555,963
Accrued Expenses	222,458
Accrued Employee Compensation	1,277,149
Other Current Liabilities	45,337
Current Portion of Refundable Fees	155,120

Total Current Liabilities	5,128,432
Long-Term Debt, Less Current Maturities	32,321,702
Deferred Revenue and Other Liabilities	
Deferred Revenue	10,236,853
Refundable Advance Fees on Occupied Units	2,326,786

	12,563,639

Total Liabilities	50,013,773
Net Assets	
Unrestricted	42,929,002
Temporarily Restricted	11,753,801
Permanently Restricted	13,772,895

Total Net Assets	68,455,698

Total Liabilities and Net Assets	\$118,469,471
	=====

Baptist Retirement Homes of North Carolina, Incorporated
Statement of Operations
Consolidated
For the Three Months Ending December 31, 2018
Page 1 of 2

Un-Audited

Resident Services Revenue

Medicare	\$362,730.00
Medicaid	972,125.68
Special Assistance	67,260.30
Commercial Insurance	111,870.00
Private Pay	5,046,827.68
Ancillary Operating Revenue	806,816.57
Other Revenue	870.99

Total Resident Services Revenue **7,368,501.22**

Less: Contractual Adjustments

Medicare Contractual Adjustment	(316,496.05)
Medicaid Contractual Adjustment	(553,683.14)
Commercial Insurance Contractual Adjustment	(170,931.68)
Private Pay Contractual Adjustment	(243,522.98)
Benevolent Care	(155,492.91)

Total Contractual Adjustments **(1,440,126.76)**

Net Resident Services Revenue **5,928,374.46**

Non Operating Revenue

Deferred Revenue Earned - Entrance Fees	653,691.99
Grants - Trust - Estates	31,103.77
Church Gifts	131,660.30
Interest Income	4,200.08
Investment Income	934,771.47
Realized Gains and Losses on Investment	886,748.57
Unrealized Gains and Losses	(6,988,337.24)
Other Income	22,575.43

Total Non-Operating Revenue **(4,323,585.63)**

Total Revenue **\$1,604,788.83**

Baptist Retirement Homes of North Carolina, Incorporated

Statement of Operations

Consolidated

For the Three Months Ending December 31, 2018

Page 2 of 2

Un-Audited

Operating Expenses

Salary, Wages, & Benefits

Salary, Wages, & Benefits-Resident Care	\$1,970,769.48
Salary, Wages, & Benefits-Dietary	449,656.67
Salary, Wages, & Benefits-Facility Service	571,739.09
Salary, Wages, & Benefits-Administration	737,700.06

Total Salary, Wages, & Benefits **3,729,865.30**

Contract Services	528,768.57
Food	260,153.56
Medical Supplies and Other Ancillary Services	151,189.57
Insurance	90,907.72
Leases & Minor Equipment	28,875.41
Auto & Travel	18,468.00
Repairs & Maintenance	203,722.43
Telephone	42,183.41
Utilities	293,014.99
Professional Fees	79,962.28
Office & Other Supplies	30,816.11
Paper Products	22,795.29
Chemicals	17,591.28
Advertising	87,762.01
Other Expenses	152,638.71
Provision for Bad Debt	13,333.34

Total Operating Expenses **5,752,047.98**

Net Income from Operations **(4,147,259.15)**

Interest Expense	400,724.37
Depreciation & Amortization	874,362.90

Net Income/(Loss) **(5,422,346.42)**

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

STATEMENT OF CASH FLOWS

For The Three Months Ended December 31, 2018

	<u>Un-Audited</u> <u>12/31/18</u>
Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ (5,422,346)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities and nonoperating gains and losses:	
Depreciation	874,363
Net unrealized (gains) / losses	6,988,337
Net Realized (gains) / losses	(886,749)
Change in unrealized (gains) / losses on beneficial interest in perpetual trusts	214,636
Amortization of deferred revenue from advance fees	(653,692)
Amortization of deferred costs	18,589
Advance fees received (Net of Refunds)	373,890
Obligation to provide future services	
Change in assets and liabilities:	
(Increase) decrease in:	
Resident accounts receivable	(4,797)
Contributions receivable	114,325
Charitable remainder trust	2,629
Prepaid expenses and other current assets	81,617
Other assets	18,875
Increase (decrease) in:	
Accounts payable, accrued expenses, accrued compensation, and other current liabilities	(25,896)
 Net cash provided by operating activities and nonoperating gains and losses	 <u>1,693,781</u>
Cash Flows From Investing Activities	
(Increase) decrease in Investments	(837,424)
(Increase) decrease in cash restricted under debt agreements	92,252
Payments for property and equipment	(343,746)
Net cash provided in investing activities	<u>(1,088,918)</u>
Cash Flows From Financing Activities	
Provided (Used) from issuance of long-term debt	-
Payments of long-term debt	(695,703)
Current Maturities on Long-term Debt	
Net cash provided in financing activities	<u>(695,703)</u>
 Net increase (decrease) in cash and cash equivalents	 <u>(90,840)</u>
Cash and cash equivalents:	
Beginning	<u>7,999,704</u>
Ending	<u>\$ 7,908,864</u>