

## DISCLOSURE STATEMENT

September 30, 2019

Carmel Hills  
2801 Carmel Road  
Charlotte, NC 28226  
704-364-8302

Visit our website @ [www.carmelhills.org](http://www.carmelhills.org)

The mission of Carmel Hills is to provide a retirement community to care for and encourage the Lord's people.

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 February 27, 2021.
- 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 ensure accuracy or completeness of the information set out.

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**Carmel Hills**  
**Charlotte, NC**  
**Disclosure Statement**

**I. Organization Introduction**

**Name and Business Address of the Continuing Care Facility:**

The name of the continuing care facility is Carmel Hills. Carmel Hills' business address and physical facilities are located at 2801 Carmel Road, Charlotte, NC 28226. It was incorporated under the laws of North Carolina on June 17, 1977, as a non-profit corporation.

**II. Facility Introduction and Information**

**Affiliation:**

Carmel Hills was formed to provide a residential retirement facility for older brothers and older sisters associated with a group of Christians commonly known as Plymouth Brethren. (According to the U.S. Department of Commerce Census of Religious bodies, Bulletin #6 1936). Insofar as Carmel Hills was formed under the principles of the group defined in the general statement, (pg. 1 of the referenced census document)\* and is currently managed and directed by those associated with the referenced group, Carmel Hills remains in association with them. However, as delineated in the general statement of the referenced census document,\* they have no formal structure of hierarchy. Therefore, there are no formal agreements between Carmel Hills and the referenced fellowship of Christians. Members of the Board of Directors of Carmel Hills are currently selected by Charlotte Gospel Hall, which is an assembly of Christians located in Charlotte, NC, identified with those denoted by the census report\* referenced above. Although Carmel Hills routinely solicits and receives contributions from assemblies and individuals in these assemblies, such assemblies and individuals have no contractual obligation, or responsibility, either explicitly or implicitly, for the continued support and funding of Carmel Hills. Carmel Hills does give preferential treatment to individuals associated with the Christian fellowship denoted above\* in its selection procedures and its scheduled rates. Carmel Hills is exempt from Federal income taxation under paragraph 501 (c) (3) of the Internal Revenue Code, which exempts certain charitable and religious organizations from income taxation.

\*U.S. department of Commerce Census of Religious Bodies, Bulletin #6, 1936

## **Accreditation:**

Licensed to operate a Home for the Aged by the State of North Carolina Department of Human Resources Division of Facility Services.

## **Brief Background on Carmel Hills' Management and Directors:**

**Mr. Steve McDonald** - 14210 Lavender Trace Ct., Charlotte, NC 28273. Mr. McDonald graduated from LeTourneau University in 1983, he has been employed in various aspects of fluid power systems and component distribution industry; holding various positions such as hydraulic power unit builder and draftsman, inside sales manager, mobile equipment inside sales specialist, territory manager in Atlanta and South Georgia, and territory manager in the Charlotte, NC trading area. Mr. McDonald is currently employed at AFP Industries, Inc. Mr. McDonald served as an advisor to Carmel Hills for over 5 years and became a board member in June 2014 and has served as Vice President since June 2015. Mr. McDonald moved from Vice President to President in July 2017.

**Mr. Larry Stassel** - 2733A Carmel Road, Charlotte, NC 28226. Mr. Stassel was president of Stassel Construction. After retirement he was responsible for the construction of facilities for and starting up the operation of Emmanuel Home, a Christian Assisted Living Facility in Pennsylvania. He has now retired from that organization. He also serves as President of the Fund for Christian Service, which is a not-for-profit, charitable, tax-exempt organization created for the purpose of channeling funds for missionary and Christian work, including needs at Bible Camps, schools, medical work, radio broadcasts and literature work in foreign countries and in the USA and Canada, primarily for spreading the gospel of our Lord Jesus Christ. He has served as a Carmel Hills Board member since 1977, as President from 1987 to 1989 and as Secretary from 1989 to 1991. Mr. Stassel then served as President again from July, 2016 to June 2017. As of July 2017 Mr. Stassel is serving the board as Vice President.

**Mr. Sam Jeanjaquet** - 172 Whitworth Street, Thousand Oaks, CA 91360. Mr. Jeanjaquet retired in 2001 from Rockwell International after a 34-year career as a research chemist. Prior to working for Rockwell International, he spent about 9 years at TRW Systems. His work after graduating from the University of New Mexico with a MS in Analytical Chemistry in 1966 was in corrosion, and in electroplating and battery development. After serving as an Advisor to Carmel Hills for about a year, he became a Board Member June 2002. He has served as Secretary since June 2005.

**Mr. Paul Palmer (Jr.)** - 3104 Grandeur Rd., Charlotte, NC 28269. Mr. Palmer emigrated from Jamaica in 1977, and became a US citizen in 1984. He spent about 8 years working for Bank of America where he served as a bank manager, vice president, in 4 different centers. During those 8 years, he also spent close to 3 years working as an assistant (operations) manager. After moving to Charlotte in 2006, Mr. Palmer began a career with Lending Tree where he spent almost 5 years working as the Senior Manager of Consumer Delight. He currently is working as a consultant for Syntrix Consulting Group, a healthcare IT company, where he assists with business development and report development. Mr. Palmer was an advisor to Carmel Hills for over two years and has served as a Board Member since February 2011 and Treasurer since February 2012.

**Mr. Foster Chin** - 10641 Gold Pan Road, Charlotte, NC 28215. Mr. Chin worked as an Electronic Engineer for two years (1969 - 1971) with Electronic Engineering Company of California. He was then Assistant Professor (1971 - 2000) of Electronic Engineering Technology at Tulsa Community College, Tulsa, Oklahoma, where he taught Electronics, Mathematics and Electrical Engineering. He has served on the Board since 2003 and as Assistant Secretary since June 2005.

**Mr. Naim Sawires** - 2747B Carmel Road, Charlotte, NC 28226. Mr. Sawires was with the Bechtel Corporation in California for thirty-two years. Starting as Intermediate Accountant, he progressed to Service Manager, responsible for all Controller operations as well as providing functional guidance to Facilities Management, Office Services, Administrative Service and Human Resources.

He managed up to 500 employees at multiple locations performing all accounting and finance activities. He functioned as Domestic Controller for all the southern California region and as International Controller for activities in Korea, Taiwan, Spain, Saudi Arabia, Indonesia and China. He was an Advisor to Carmel Hills for almost two years, and has served as a Board Member and Treasurer from October 2000 thru February 2012 and Assistant Treasurer since February 2012.

**Dr. Samir Abadeer** - 1116 Parcher St., Wausau, WI 54403. Dr. Abadeer is a retired Gynecologist and Obstetrician in Wisconsin. He grew up among the assemblies in Alexandria Egypt. He immigrated to the United States in June of 1968. Since 1973 he had been practicing OB/GYN in Wausau, Wisconsin, first with Wausau Medical Center then with the Marshfield Clinic - Wausau Center. Dr. Abadeer retired January 1, 2007. He is now engaged in overseas medical missions. He has been a Board Member of Carmel Hills since May 1996.

**Mr. Paul Palmer** - 17626 SW 10<sup>th</sup> St., Pembroke Pines, FL 33029. Mr. Palmer was Vice President of Corporate Sales for Fine Air, an air cargo company in Florida serving the Caribbean. He started his career at Air Jamaica Cargo. While with Air Jamaica, he spent time in London, England and received aviation training from British Airways. Fine Air was the largest all cargo airline at Miami International Airport. Mr. Palmer is currently the Sr. Transportation Consultant for AmeriJet International, Inc, an all cargo airline in Miami, FL. He has served on the Carmel Hills Board since October 2000.

**Mr. Gabriel Iorga** - 12810 Darby Chase Dr., Charlotte, NC. Mr. Iorga is a Registered Nurse with the state of California since 1997 and North Carolina since 2015. He received his B.S.N. from California State University at Long Beach. He has more than 15 years of experience as a supervisor and consulting Registered Nurse. In 2015 Mr. Iorga joined the team at Carmel Hills. He became a licensed Administrator in 2016 with the state of NC and later that year became the Administrator-of record at Carmel Hills. He has previous experience at Carmel Hills as a board advisor in 2004 and as a member in June of 2005 to 2009.

**Mr. Richard C. Todd** - 2825 Spring Valley Rd., Charlotte, NC 28210. Mr. Todd has been the Administrator for Carmel Hills since February 1996. Prior to that, he worked for Printcrafters in Charlotte. He had been with the company since 1974 and worked as Sales Manager. He received a BS degree in Printing Management from the Rochester Institute of Technology. Mr. Todd was a volunteer worker at Carmel Hills since its inception in 1977 and served as advisor prior to his election to the Board in 1989. He served as Assistant Secretary/Treasurer from 1993 until his appointment as Administrator in 1996. After twenty years as the administrator, Mr. Todd accepted the position of Administrator Consultant on July 1, 2016. He retained his license and services as a back-up for the current Administrator-of-record.

All of the Directors of Carmel Hills serve on a volunteer basis. They receive no salary for that work. No company has a 10% or greater interest in any board member or officer that will provide services of \$500 or more to the facility or its residents, and that no board member has a 10% or greater interest in any company that will provide goods or services of \$500 or more to the facility or its residents. Specifically, such persons either personally or through companies in which they have a 10% or greater interest do not, nor do they intend to, provide such things as goods, leases or other services to Carmel Hills or to the residents of Carmel Hills for compensation.

The Directors and Companies in which the Directors have a 10% or greater interest do provide services to Carmel Hills and its residents gratuitously. Several of the Directors have invested in various bonds offered by Carmel Hills. These bonds were sold to individual Directors at full market value. The interest rate of these bonds was no greater than the prevailing current interest rate for like investments at the time the bonds were issued. The price for bonds paid by Directors and the interest rate received were identical to the price and the rate offered to all other purchasers.

Pursuant to the disclosure requirements of the North Carolina Disclosure Statute, Carmel Hills hereby states that none of its management personnel or Directors have been convicted of a felony or pleaded nola contendere to a felony charge, or have been held liable or enjoined in a civil action by final judgment in a felony or civil action which involved fraud, embezzlement, fraudulent conversion, or misappropriation of property, nor are any such individuals subject to a current effective injunctive or restrictive court order, nor have they within the past five years had any State or Federal license or permit suspended or revoked as the result of any action brought by a government agency or department, in regard to any order or action which arose out of or is related to business activity or health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to G.S. 58-64 of the North Carolina General Statutes or a similar law in another state.

#### **Physical Property:**

Carmel Hills is located on 15 acres of land in southeast Charlotte, NC. Within the 15 acre site is a Community Building, initially constructed in 1980, with additions added in 1984, 1985, 1987, 1991 and 1995. Approximately one-third of the site is a large flat wooded area adjacent to Carmel Road. The land to the rear of the community building is heavily wooded, sloping down to a 1 acre lake. The lake is the focal point for five duplex units, which are somewhat separate from other housing facilities. Throughout the site there are trails and clearings for the use and enjoyment of the residents. Attached hereto is an exhibit marked "Site Plan" which provides a general overview of the facilities of Carmel Hills. See Attachment K.

#### **Community Building:**

The Community Building serves as the focal point for most Carmel Hills activities. The Community Building contains a main lounge area, which provides a library, fireplace, organ and piano. The Community Building also contains a central dining area and food service section as well as several offices. The Community Building contains the majority of the dwelling units at Carmel Hills and also contains the Assisted Living unit. The Community Building contains approximately 42,300 square feet. Attached hereto is an exhibit marked "Community Building" which provides a general overview of the central part of the Community Building. See attachment J.

#### **Dwelling Units:**

Carmel Hills provides 42 Dwelling Units which consist of:

**Eight "A" Units.** This unit is located in the Community Building and contains approximately 350 square feet of living space with one main room and a private bath. The main room consists of a bed-sitting room, and a kitchenette equipped with sink, refrigerator, and stovetop unit or stove.

**Eight "B" Units.** This unit is located in the Community Building and contains approximately 450 square feet of living space with one main room and a private bath. The main room consists of a bed-sitting room, and a kitchenette equipped with sink, refrigerator, and stove.

**Eleven "C" Units.** This unit is located in the Community Building and contains approximately 600 square feet of living space, which is divided into the following: a living room, dining area, bedroom, and full bath. This unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

**Four "D" Units.** This is located in the Community Building and contains approximately 900 square feet of living space, which is divided into the following: a living room, dining area, and two bedrooms, with each bedroom serviced by its own bathroom. The unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

**Ten "Cottage/Duplex Units".** This is housed in one of five separate buildings apart from the Community Building. This unit contains approximately 1,130 square feet of living space. The unit consists of a living room, dining area, and two bedrooms. Each bedroom is serviced by its own bathroom. The unit also contains a separate kitchen complete with pantry, washer, dryer, sink, refrigerator, and stove.

**One "Cabin".** This unit is a log cabin with approximately 896 square feet of living space. It contains a living/dining room, one bedroom, a fully equipped kitchen and full bath. It is a separate building apart from the community building. It fronts onto Carmel Road.

Attached hereto is an exhibit marked "Floor Plans," which provides an overview of each unit. See attachment I.

#### **Assisted Living Unit:**

The Assisted Living Unit is housed in the Community Building. The Assisted Living Unit contains 24 rooms. Each room is large enough to accommodate two beds. We are licensed at 38 beds. As per our previous discussions with the Department of Insurance, Financial Evaluation Division, the Board considers 30/31 to be "full" because at any time we can be required by our contracts as a Continuing Care Retirement Community, to provide domiciliary care for residents from the independent section of Carmel Hills. Although such rooms may be occupied by one person, Carmel Hills makes no assurance or claims that such rooms will continue with single occupancy. The Licensed Domiciliary Care provides on-site care facilities for those residents who need assistance with personal hygiene and limited assistance in personal care.

**Continuing Care Occupants:** Carmel Hills anticipates that it will provide continuing care coverage for approximately 73 residents during 2019.

### **III. Policies**

#### **Standard for Admissions and Continued Occupancy:**

Carmel Hills generally requires that all applicants be over age 62 years and capable of independent living, as solely determined by the Admissions Committee of Carmel Hills and the policies as determined by the Board of Directors. Acceptable applicants must demonstrate their financial ability, as solely determined by the Admissions Committee of Carmel Hills, to fully sustain themselves as a resident of Carmel Hills for the remainder of their lives. Carmel Hills may make exceptions to the above criteria, on a case by case basis and in consideration of such factors as the applicant's service to the fellowship of Christians (denoted by the referenced census bulletin)\*, the availability of funds by Carmel Hills, the availability of space within Carmel Hills, and other extenuating circumstances.



The first ninety (90) days of occupancy at Carmel Hills by a new resident constitutes a trial period during which a new resident may be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided. This trial period also serves to establish whether the applicant's physical and mental condition may have deteriorated since such applicant was accepted for admission. If an applicant prior to the ninety (90) day trial period, is unable to establish, to the sole satisfaction of the Admissions Committee of Carmel Hills, that they are mentally and physically capable of living at Carmel Hills and making the necessary adjustments to the style of living provided, then the resident shall be terminated, and refunded as provided under the provisions stated in Section VII.

In the application, the applicant has provided Carmel Hills certain financial information upon which Carmel Hills shall rely in reviewing the application. The applicant represents that such financial information is true, accurate and correct. The applicant agrees not to deplete or otherwise dispose of any assets, cash or property of the applicant, before and after becoming a resident of Carmel Hills, through gifts or any other voluntary means to such an extent that the ability of the applicant to meet the monthly payments due for the Cost-of-Care shall be jeopardized. Carmel Hills may require such applicant not to make such disposition if, in the sole discretion of the Admissions Committee, such a disposition will deplete the applicant's or resident's assets in a manner that will jeopardize the applicant's or resident's ability to continue to meet the monthly payments for the Cost-of-Care.

A resident's privilege of living at Carmel Hills shall continue for the lifetime of such resident unless terminated under the terms set out in the Entrance Agreement and specified herein or unless terminated by such resident. However, neither the Entrance Agreement nor this disclosure statement is a lease and these documents do not create any interest on the part of any resident in the real property or personal property of Carmel Hills. The occupancy privilege of a resident does not and shall not inure to the use or benefit of any person, firm or corporation other than such resident. The rights of occupancy and all other rights of a resident shall at all times be subordinate and junior to the lien of any/all deeds of trust which might be executed by Carmel Hills.

\*U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936

## **Transfer and Termination Policies:**

The first ninety (90) days of the occupancy at Carmel Hills by a resident constitutes a trial period during which a resident may be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided.

A resident may voluntarily terminate residency at Carmel Hills at any time.

A resident shall be required to abide by the policies and regulations established from time to time by the Board concerning the conduct and activity of all residents of Carmel Hills. Carmel Hills may terminate a resident's occupancy for failure to comply with such policies and regulations.

As part of the application procedure, each applicant must furnish Carmel Hills with certain specified financial and medical information. Carmel Hills may terminate a resident for falsifying or failing to reveal financial and medical information requested on the application forms.

The Board shall have a right to terminate the residency of a resident at Carmel Hills at any time for what is, in the sole judgment and discretion of the Board, any just or sufficient cause, and any such termination shall be final and conclusive. Any refund shall be pursuant to contract.

In the event of a termination of residency the only refund of the Entrance Fee shall be as provided in Section VII subsection labeled "Refund Policies" (Pages 26-28)

Carmel Hills maintains the right to transfer a resident, either temporarily or permanently, to another facility when nursing care is required under the prescription or direction of a resident's physician or other licensed physician of Carmel Hills' choosing.

If Carmel Hills determines, in its sole discretion, that a resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills, then Carmel Hills shall have the right to transfer such resident to such other facility as Carmel Hills, in its discretion, and upon the order or prescription of such resident's physician or the order of a licensed physician selected by Carmel Hills, shall determine to be in the best interest of such resident. The transfer shall be according to the conditions and procedures specified in paragraph (2) of rule 10A NCAC 13F.0702 effective July 1, 2004.

Individuals admitted directly to the Assisted Living Unit of Carmel Hills and who are not under continuing care coverage; occupy such facility on a day to day basis. Carmel Hills may transfer or discharge such residents upon its sole discretion. Carmel Hills may transfer or discharge such residents when additional beds are necessary for continuing care residents or Affiliated Applicants. Carmel Hills is not obligated to convert any or all rooms in the Assisted Living Unit from single occupancy to double occupancy before discharging a resident not under continuing care.

Carmel Hills, in its sole discretion, can terminate a resident's occupancy for such resident's failure to make the prescribed payments in a timely manner.

### **Availability of Dwelling Units and Rooms within the Assisted Living Unit:**

A Dwelling Unit or a bed in the Assisted Living Unit may be made available by Carmel Hills to a different or new resident under the following circumstances:

1. termination of the occupancy of a prior resident
2. transfer of a resident to another unit within Carmel Hills
3. transfer of a resident to a nursing care facility or other health care facility outside Carmel Hills
4. allowing an additional individual to share a currently occupied Dwelling Unit
  - only upon request of all residents then occupying the Dwelling Unit-and-
  - only with the approval of Carmel Hills
5. admitting a resident or applicant to a then occupied room in the Assisted Living Unit

### **Financial Assistance:**

Carmel Hills has a policy of trying to assist qualified and needy applicants or residents who are unable to meet all of the financial requirements. The Board will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. Residents or applicants who feel financial assistance may be necessary are encouraged to inquire. Specific contributions to provide this assistance are received from time to time.

The Carmel Hills Resident's Assistance Fund (RAF) was established (prior to 1980) to provide assistance to some of the Lord's people who may not be able to live in Carmel Hills without some financial assistance.

Opportunity is given to any who want to contribute to this fund, to do so by making tax-deductible contributions to Carmel Hills, designated for the "*Carmel Hills Resident's Assistance Fund*". Contributions may be made in cash, in property, by will or by any legitimate means.

The Fund is administered by the Carmel Hills Board of Directors which may establish a committee for this purpose. Administration will be in accordance with the guidelines contained herein and any guidelines established in the future by the Carmel Hills Board of Directors.

At the discretion of the Board of Directors, the Fund (RAF) may be used to provide assistance for entry into and/or continuing maintenance in either the Residential Section or the Assisted Living Unit of Carmel Hills or any other facility serving under the jurisdiction of Carmel Hills.

### **Guidelines for Administration of the Fund**

1. Both the principal and any interest earned by the Fund are available for use in the purposes of the fund.
2. Contributions to the Fund may be received from assemblies and individuals in assemblies and from other Christians who are sympathetic with the purposes of the Fund.
3. Assistance from the Fund may be provided to anyone who is in regular fellowship in one of the assemblies expressing practical fellowship with Carmel Hills and the Charlotte Gospel Hall. Such fellowship must have been in effect for a reasonable time. From time to time, the Board of Directors may choose to amend this policy for specific situations and for specific periods of time. Such changes will be recorded in the board minutes.

4. Candidates for assistance must:
  - Meet all entrance requirements of Carmel Hills except the financial requirements.
  - Fill out and submit a "Resident's Assistance Fund Application".
  - Be commended to the Carmel Hills Board for assistance by his or her local assembly.
  - Be willing to use his or her own resources as far as possible and be willing to accept whatever appropriate Social Security or other help which may be available.
5. The local assembly and the family of the individual should be willing to make contributions to the Fund or to the individual's financial needs as they are able and are free before the Lord to do so.

Specific donor contributions for restricted projects are used only for those projects.

### **Non-Smoking Policy**

Carmel Hills is a Smoke Free facility. Residents and their guests are not permitted to smoke in their Independent Living Units ("Dwelling Units"). In order to assure the health and safety of all of its Residents, Carmel Hills prohibits smoking in all common areas and in all the Assisted Living rooms.

### **Pet Policy**

Pets may be permitted under certain guidelines, in accordance with Carmel Hills Pet Policy currently in effect. We have adopted the following pet policy: Pets are permitted in the Cottage/Duplex units. No pets are permitted in the main building or any of the Independent Living Units ("Dwelling Units") in the main building. A separate signed Pet Policy Agreement and \$500 non-refundable pet fee is required. Carmel Hills also has swans on the lake as well as numerous birds and other wild life within the Carmel Hills campus. With a heavily wooded site, you will see a large variety of small birds, herons, hawks, owls and other wild species. Properly trained pets make regularly scheduled visits to our Assisted Living for the pleasure of those residents who enjoy live animals.

#### **IV. Residential Plans Available**

Three Plans are available. They are:

1. No Entrance Fee. Residency Fee only. Hereafter called NEF Plan-admittance to Carmel Hills assisted living is not guaranteed.
2. 90% Refundable Entrance Fee. Hereafter called REF 90 Plan-admittance to Carmel Hills assisted living is not guaranteed.
3. Declining Refund Entrance Fee (Zero refund except during the first 21 months of occupancy). Hereafter called DREF 0 Plan.

#### **V. Services**

##### **Independent Residents and Assisted Living Residents**

Residents residing in the Dwelling Units of Carmel Hills receive the following benefits:

1. Bi-weekly cleaning of each Dwelling Unit;
2. Laundry of bed linens;
3. All utilities--heating, air conditioning, gas, electricity, trash removal. Residents pay individually for telephone and cablevision service;
4. Homeowners insurance on the building. Residents must provide for their own renters insurance on their personal property if they desire;
5. One well-balanced meal each day served semi-cafeteria style in the dining room. The resident's plate is prepared by the food service department in the resident's presence, and the resident selects his own salads, drinks, etc. Residents may prepare additional meals in their own Dwelling Unit;
6. Complete use of all common areas, including lounge, library, dining room, exercise area, porch, lawn, lake, parking area, nature trails and walks;
7. Mail delivered daily, except on postal holidays, to residents' private locked boxes located in the lobby, or lower hall;
8. Free use of laundry facilities for personal laundry;
9. Maintenance and repair of all Carmel Hills' facilities;
10. Limited care in Carmel Hills' Assisted Living Unit, if needed. A semi-private room will be provided. The Care Unit is limited to such functions as may be provided in a "domiciliary home," as such term is defined under North Carolina General Statutes Chapter 131E-101, et. seq. in that, medical care in Carmel Hills is usually occasional or incidental, such as may be required in the home of any individual or family, but the administration of medication is supervised. Continuing planned medical and nursing care to meet the resident's needs may be provided under the direct supervision of a physician, nurse, or home health agency. Residents residing in the Assisted Living Unit receive three well-balanced meals per day. In addition, there are a number of intangible benefits provided residents including the following:

- (a) Opportunity to have freedom from loneliness--in addition to other Christian residents, there are many from the local assembly at Charlotte Gospel Hall who spend time at Carmel Hills. Residents are free to invite their own family and friends, and there are frequent visitors from other parts of the country.
- (b) Increased fellowship with other Christians.
- (c) Less stress from the many financial responsibilities of home ownership, including freedom from repairs, upkeep, grass cutting and snow shoveling.
- (d) Organized meetings and activities.
- (e) Ability to come and go as resident wishes.

**Continuing Care:**

Residents initially admitted to the Dwelling Units or initially admitted directly to the Assisted Living Unit under an agreement for continuing care, may be transferred by Carmel Hills to another licensed North Carolina domiciliary care facility or a licensed North Carolina nursing care facility approved by Carmel Hills should they require a level of care beyond what can be provided at Carmel Hills. All residents except those under the Declining Refund Entrance Fee (DREF 0 Plan) shall pay to such facility the rates charged for services rendered.

When a Declining Refund Entrance Fee (DREF 0 Plan) resident is transferred to such a nursing care facility licensed by the State of North Carolina and approved by Carmel Hills, Carmel Hills will pay the Basic Monthly Service Charge of the nursing care facility at the rate for a semi-private room for such nursing care facility. A Declining Refund Entrance Fee (DREF 0 Plan) resident may be transferred to another care facility if: (1) Carmel Hills determines, in its sole discretion, that a resident has become so physically or mentally ill as to jeopardize such resident's health or peace or as to jeopardize the health and peace of other residents; or (2) if a similar determination is made by the resident's physician, provided that Carmel Hills agrees with such physician's determination. Should Carmel Hills disagree with such physician's determination, then Carmel Hills shall select a licensed physician to make an independent determination. Such a determination shall be conclusive as to whether or not the resident shall be transferred.

If a Declining Refund Entrance Fee (DREF 0 Plan) resident moves or is transferred to a nursing care facility under one of the above conditions, all expenses incurred for such resident's occupancy and care in such receiving nursing care facility, with the exception of the receiving facility's basic Monthly Service Charge at a semi-private room rate, shall be borne by such resident. Carmel Hills will only pay the receiving facility's basic Monthly Service Charge to the extent it is not covered by a resident's insurance and/or Medicare. In no event shall Carmel Hills pay for ancillary services provided to the transferred resident. Carmel Hills will also not pay for the use and maintenance of respirators, heart lung machines, dialysis machines or any other life support equipment or machinery. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures. While a resident is an occupant of any such nursing care facility, such resident continues to be obligated to pay the then current Monthly Cost-of-Care to Carmel Hills, plus an additional fee to help cover additional service provided in the Assisted Living Unit and other additional expenses. For Declining Refund Entrance Fee (DREF 0 Plan) residents this fee is currently \$1,048.00/month for a semi-private room.

## Enhancements for Independent Living

Available to Current Independent Residents in their apartments at an additional \$500/month.  
Any Transfers to Assisted Living are based on medical necessity, acceptance and availability.

**Criteria** - Must be able to: Use the phone; Ambulate; Bathe & transfer in and out of tub or shower;  
Manage medications; and Manage cash & finances.

### 1. Offering

- Three Meals Per Day-in main dining room as per scheduled menu (we can accommodate therapeutic diets as per doctors' orders)
- Light Housekeeping-done weekly
- Personal Laundry-done weekly (No Ironing)
- Schedule Transportation

### 2. Additional

- Life Line: \$41.00/month
- List Responders (Excluding Employees of Carmel Hills)
  1. \_\_\_\_\_
  2. \_\_\_\_\_
  3. 911
- Personal Shopping or grocery shopping - Monday - Thursday \$25.00 per hour (or \$15.00/additional half hour or fraction) Must be scheduled in advance thru office
- Transportation: Three free trips to and from doctors per month. Additional trips within 7 miles @\$25.00/trip.

**Not available in Independent Living:** Medication management; Bathing, grooming, dressing;  
Management of finances or cash; or Transportation before 8am and after 4pm.

### Other Services:

Carmel Hills is under no affirmative obligation to provide any services beyond what is herein indicated and under the terms so indicated. Guest meals and a two (2) bed guest room are available upon advance reservation and availability of the guest room, for a fee of \$7.50 per meal and 45.00 per night. Carmel Hills may also provide additional services not herein indicated, at an additional fee. Any additional services which Carmel Hills may provide from time to time are done so at Carmel Hills' sole discretion and shall not be considered an entitlement by any resident.

## **VI. Fees**

### **Affiliated and Non-Affiliated Residents or Applicants:**

Fees may vary between those Carmel Hills residents and applicants who are associated with the company of Christians identified per subject census document\* and those who are not associated. Individuals who are associated with the company of Christians identified per the subject census document\* shall hereinafter be referred to as Affiliated Residents or Affiliated Applicants. To qualify for affiliation, the applicant must have been identified with a congregation defined by the subject census document\* prior to his or her making application to Carmel Hills. When application is made jointly by a husband and wife, or by two or more long established friends who have previously lived together, if either spouse or any of the friends are affiliated with those identified by the census,\* then for purposes of classification, determination of fees, and rights to a certain level of services, both spouses and all of the friends shall be considered in affiliation with those identified by the census bulletin.\* The Admissions Committee shall determine, in its sole discretion, whether a group of individuals are long established friends who have previously lived together. If a resident, formerly not affiliated with those identified by the census bulletin,\* subsequently becomes affiliated with those identified by the census bulletin,\* he or she shall still be deemed to be Non-Affiliated for the purposes of determining fees, rights to a certain level of services, and priority for limited facilities. When spouses or long established friends, having previously lived together, do not apply jointly, each individual's affiliation with those identified by the census bulletin\* will be determined separately. A decision on whether an individual is affiliated with those identified by the census bulletin\* is based solely on a determination by the Admissions Committee of Carmel Hills. The Admission Committee's finding shall be final and conclusive.

### **Application Fee:**

A \$200 application fee for both Affiliated and Non-Affiliated Applicants is paid with the presentation of a written application to Carmel Hills. Each individual must submit a separate application and a separate application fee. Applications are said to be "joint" when such applications are submitted together at the same time and are indicated on the application as "joint". The application fee is non-refundable and is not part of the Entrance Fee, Residency Fee, or Security Deposit.

\*U.S. Department of Commerce Census of Religious Bodies, bulletin #6, 1936



**Entrance/Residency Fees for Residents Admitted to Dwelling Unit:**

Residents admitted directly to the Dwelling Units at Carmel Hills must pay a onetime Entrance Fee or Residency Fee. A residents privilege of living at Carmel Hills shall continue for the lifetime of such resident unless terminated under the terms set out in their specific Entrance Agreement or unless terminated by such resident (see item #41 in contract). The amount of the fee varies according to the size of the Dwelling Unit. The amount of the Entrance Fee or Residency Fee also differs between Affiliated Applicants and Non-Affiliated Applicants. The Entrance Fee or Residency Fee currently for one or more individuals, admitted jointly (i.e. admitted at the same time after submitting a joint application), to a then unoccupied Dwelling Unit is as follows:

**Affiliated Applicant's Entrance Fee/ Residency Fee for No Entrance Fee Plan (\*NEF Plan)**

Entrance Plan Chosen	*No Entrance Fee Residency Fee NEF	Refundable Entrance Fee REF 90	Declining Refund Entrance Fee DREF 0
Dwelling Unit			
A Unit	\$3,832	\$ 57,659	\$ 76,878
B Unit	\$4,114	\$ 70,175	\$ 93,566
C Unit	\$4,886	\$ 87,648	\$116,865
D Unit	\$5,719	\$125,193	\$166,924
Cabin	\$5,295	\$106,423	\$141,898
Cottage/Duplex Unit	\$6,130	\$139,100	\$185,467
Second Person Fee	\$3,021	\$ 50,101	\$ 66,802

**Non-Affiliated Applicant's Entrance Fee/ Residency Fee for No Entrance Fee Plan (\*NEF)**

Entrance Plan Chosen	*No Entrance Fee Residency Fee NEF	Refundable Entrance Fee REF 90	Declining Refund Entrance Fee DREF 0
Dwelling Unit			
A Unit	\$9,579	\$ 69,191	\$ 92,254
B Unit	\$10,288	\$ 84,210	\$112,280
C Unit	\$12,217	\$105,180	\$140,240
D Unit	\$14,294	\$150,230	\$200,307
Cabin	\$13,237	\$127,706	\$170,274
Cottage/Duplex Unit	\$15,323	\$166,922	\$222,562
Second Person Fee	\$7,557	\$ 60,124	\$ 80,165

\*Residency Fee applies to No Entrance Fee Plan (NEF Plan) only

Individuals admitted directly (i.e. not transferred from another Dwelling Unit) to an occupied Dwelling Unit, except those who choose the NEF Plan, must currently pay a minimum of \$93,566 to offset the cost of the continuing care obligation of Carmel Hills. An additional amount may also be required. The amount of the additional Entrance Fee or Residency Fee shall be determined on a case by case basis, depending on, among other things, whether, in the sole discretion of the Carmel Hills' Admissions Committee, the new resident will affect the projected turnover rate of the Dwelling Unit. In order to be admitted to a Dwelling Unit occupied by a resident of Carmel Hills, the applicant must be requested by the current resident(s) of the Dwelling Unit, and the applicant must also be approved by Carmel Hills' Admissions Committee. Entrance Fee or Residency Fee requirements and application procedures within this paragraph are applicable for all applicants seeking direct admission to a then occupied Dwelling Unit. A spouse seeking admission to Carmel Hills, whose spouse has previously been admitted, is not automatically entitled to admission into Carmel Hills (this includes marriage to a non-resident). The spouse requesting such subsequent admission must meet the admission requirements of Carmel Hills and must also be accepted for admission by the Carmel Hills Admissions Committee. The spouse requesting admission must also pay an assessed Entrance Fee or Residency Fee as determined under the provisions described in this paragraph. The monthly fee to be paid by the second person is listed under Monthly Cost-of-Care as "extra person in any unit".

**Monthly Cost-Of-Care:**

For residents residing in the Dwelling Units the Monthly Cost-of-Care varies according to the Dwelling Unit occupied, the residential plan selected, and the number of persons admitted to the Dwelling Unit. There is no distinction in Monthly Cost-of-Care fees assessed to Affiliated Residents and Non-Affiliated Residents

Monthly Cost-of-Care

Dwelling Unit and Number of Persons Occupying Unit	No Entrance Fee Residency Fee NEF	Refundable Entrance Fee REF 90	Declining Refund Entrance Fee DREF 0
One person in A Unit	\$2,167	\$2,014	\$1,446
One person in B Unit	\$2,328	\$2,188	\$1,496
One person in C Unit	\$2,765	\$2,618	\$1,754
One person in D Unit	\$3,234	\$3,142	\$1,908
One person in Cabin	\$2,992	\$2,875	\$1,826
One person in Cottage/Duplex	\$3,465	\$3,386	\$2,014
Extra Person in any Unit (Generally not recommended for A Unit)	\$1,710	\$1,606	\$1,111

### **Fees for Transferring Between Dwelling Units Including Marriages:**

Residents, with permission of Carmel Hills, may transfer from one Dwelling Unit to another. When the transfer is from a smaller Dwelling Unit to a larger Dwelling Unit, cost for such a transfer shall be the difference between the Entrance Fee or Residency Fee at the time of his or her admission and the current Entrance Fee or Residency Fee for the unit to which the resident wishes to transfer. The Entrance Fee or Residency Fee on the Dwelling Unit to which the transferring resident wishes to transfer is calculated as if there was then no resident then occupying such Dwelling Unit. When more than one current resident of Carmel Hills is transferring into the same Dwelling Unit the transfer fee is calculated by deducting the aggregate Entrance Fees or Residency Fee paid by each of the transferring residents from the Entrance Fee or Residency Fee then required for the Dwelling Unit to which the transferring residents transfer. Carmel Hills will not refund any Entrance Fees or Residency Fee to transferring residents, even in the event that the amount of Entrance Fees or Residency Fee paid by the transferring resident or residents exceed the then current Entrance Fee or Residency Fee for the unit to which the resident or residents transfers. The monthly fee to be paid by the second person is listed under monthly Cost-of-Care as "extra person in any unit". In addition to the above transfer fees, residents will be responsible for other expenses as detailed in the subsection labeled "Other Fees."

Any resident who leaves Carmel Hills because of marrying a non-resident is subject to the same refund policy that applies to all other residents, as found on pages 26 to 28 under refund policies.

### **Fees for Transferring to Assisted Living Unit or Nursing Facilities:**

Depending on the plan chosen, residents originally admitted to the Dwelling Units of Carmel Hills who have been temporarily or permanently transferred to the Assisted Living Unit in Carmel Hills or have been temporarily or permanently transferred to other care facilities under a plan of continuing care coverage by Carmel Hills, shall remain liable for the Monthly Cost-of-Care as long as the unit is retained. The Monthly Cost-of-Care fee will continue until the dwelling unit being occupied by the resident becomes unoccupied and available for disposition by Carmel Hills to a new resident. The Monthly Cost-of-Care for such transferred residents shall be at the same rate as if the transferred person was still residing in or retaining the Dwelling Unit. In addition to the Monthly Cost-of-Care each resident transferred from a Dwelling Unit to Assisted Living Unit shall pay an additional fee. The fee for care in the Assisted Living area for each Residential Plan is listed below. If the resident is temporarily or permanently transferred to another facility DREF 0 Plan residents continue to pay the same rate as if they were in the Carmel Hills Assisted Living; residents with other plans pay the rates charged by the new facility to that facility for their services rendered.

The semi-private fees associated with the other Residential Plans are:

No Entrance Fee (NEF Plan) - Presently, \$4,419 per month  
Refundable Entrance Fee (REF 90 Plan) - 95% of NEF Plan (or \$4,198 per month)

Declining Entrance Fee (DREF 0 Plan) residents initially admitted to a Dwelling Unit, who are currently residing in the Assisted Living Unit of Carmel Hills, must pay their then current Monthly Cost-of-Care to Carmel Hills, plus an additional fee to help cover additional service provided in the Assisted Living Unit and other expenses. This supplemental fee for the DREF 0 Plan is currently \$1,048 per month for semi-private accommodations.

**When available and practical, private rooms may be provided at an additional cost.**

### **Entrance Fee for Residents Admitted Directly to the Assisted Living Facility:**

Both Affiliated Applicants and Non-Affiliated Applicants may be admitted directly to the Assisted Living Facility at Carmel Hills. There is no entrance fee, either for Affiliated Applicants or Non-Affiliated Applicants, for direct admission into the Assisted Living facility, unless such an applicant seeks Carmel Hills' continuing care coverage. This continuing care coverage was previously described within the "Service" subsection herein. Individuals admitted directly to the Assisted Living Unit of Carmel Hills are only eligible for continuing care coverage if they are in association with those identified by the census bulletin,\* as previously defined, and contract for the continuing care coverage. Affiliated Residents admitted directly to the Assisted Living Unit who desire Carmel Hills' continuing care coverage must pay an entrance fee of \$93,566 per person for a semi-private room.

### **Monthly Cost-Of-Care for Residents Admitted Directly to the Assisted Living Facility at Carmel Hills**

The Monthly Cost-of-Care fee for Affiliated Residents admitted directly to the Assisted Living Facility of Carmel Hills with or without an agreement for continuing care coverage is not to be greater than \$4,419 per person for a semi-private room. Non-Affiliated residents admitted directly to the Assisted Living Unit at Carmel Hills shall pay a Monthly Cost-of-Care fee not greater than \$4,419 per person for a semi-private room. When available and practical, private rooms may be offered. The present extra charge for a private room is \$1,309 per month.

### **Other Fees:**

1. Residents of Carmel Hills transferring from one Dwelling Unit to another shall be responsible for such expenses incurred by Carmel Hills in preparing both the unit to which the resident is transferring and the unit from which the transferring resident has left. When the resident requests the transfer, he will be responsible to pay the higher of the two monthly rates until the vacated apartment has been occupied. Such expenses may include, but are not limited to, painting of the Dwelling Units, and replacing certain appliances, even if the performance of such services and replacement are necessitated by normal wear and tear on the Unit. All residents whether transferring between Dwelling Units or transferring away from Carmel Hills, are responsible for insuring that the Dwelling Units are completely cleaned and restored to the condition in which such residents found the Dwelling Units, aside from normal wear and tear. Carmel Hills shall determine in its sole discretion whether certain damage is the result of normal wear and tear. Carmel Hills may assess such resident or his estate the cost to clean and restore the Dwelling Unit. If a resident moves from a larger unit to a smaller unit and transitions to the Assisted Living within 6 months of moving from a larger unit, the resident will pay the larger unit rate in the Assisted Living.

\*U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936

2. In the event a resident is transferred from Carmel Hills, or in the event of the death of a resident, Carmel Hills shall request that all items from a resident's unit be removed within 48 hours. Carmel Hills retains the right to remove and store the furniture and personal effects of such a resident on its premises for thirty (30) days from such transfer or until such prior time as written instructions are received from such resident or his legal representative as to the disposition of such items. If, after thirty (30) days, no such instructions are received, Carmel Hills may, at its option, transfer such items to a public storage facility at the expense of the resident or his estate.

3. Carmel Hills may provide additional services other than such services as previously listed herein. In such cases where Carmel Hills provides services or items not herein specified, Carmel Hills may charge additional fees for such services or items. The cost of such items shall be determined in the sole discretion of Carmel Hills. The estimated cost of such services must be stated to the resident or Applicant prior to any agreement for the performance of such services by Carmel Hills.

4. Carmel Hills shall have no responsibility to provide to a resident, and a resident shall be responsible for providing and paying for, the following items received or used by a resident: all drugs (including prescription and non prescription); all surgical, medical, dental and optical services, all fees to physicians, nurses and other medical care personnel, all medical services of any type beyond those services which are described in the section labeled "Services"; dry-cleaning and laundry services other than those which might be available on the grounds of Carmel Hills for use by the residents; telephone; and, cablevision services.

5. Except for domiciliary nursing care and the one meal per day provided by Carmel Hills to a resident at no extra cost, a resident shall pay from such resident's own funds the deductible, the per diem and all other charges for or cost to Carmel Hills of any hospitalization and medical and other health services not paid for by the Medicare programs or other insurance. Carmel Hills shall not be responsible for any charges for such services but may, to the extent that a resident's resources are inadequate to do so, from time to time in its charitable function and in the sole discretion of the Board, assist a resident in paying such charges.

6. A resident who resides in a Cottage/Duplex is permitted to have pets. A separate signed Pet Policy Agreement and a \$500 non-refundable pet fee is required (See attachment I)

#### **Payment Policies:**

1. Upon becoming a resident of Carmel Hills, payment is due before the 10th day of each month for the Monthly Cost-of-Care for that month. If a resident is unable to make full payment of all amounts due under the Entrance Agreement at the time such payment is due, the resident shall notify the administrator of Carmel Hills in writing, giving an explanation of the present situation and a current financial statement. Carmel Hills will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. A waiver of any Monthly Cost-of-Care must be in writing. A waiver of a fee or any part thereof for any particular month shall not constitute a waiver for any subsequent months unless so specifically stated in writing by Carmel Hills. If a resident is unable to make full payment of all amounts due and Carmel Hills chooses to terminate the Entrance Agreement for failure to pay, Carmel Hills shall first provide written notice demanding that the resident bring his account current within twenty (20) days from receipt of the written demand. Should the resident fail to bring the account current within the twenty (20) day period, then Carmel Hills may in its sole discretion, terminate the Entrance Agreement.

2. A resident shall, upon request by Carmel Hills, apply for any federal, state or local grant, aid or benefits for which such resident may be eligible or to which such resident may be entitled, and a resident shall apply such grant, aid or benefits to the Monthly Cost-of-Care of such resident in keeping with the account procedures of Carmel Hills.

3. If the applicant or resident is eligible and not already enrolled, the applicant or resident shall, upon request by Carmel Hills:

(a) apply for and secure participation under the Medicare hospital insurance benefits program under part A of Public Law 89-97;

(b) at the next enrollment period following the application of the applicant or resident to Carmel Hills, apply for, secure and pay the premiums for participation under part B of Public Law 89-97.

4. A resident shall authorize, as requested by Carmel Hills, any provider of hospitalization, medical or health services under Medicare Part A and Part B and of any other hospitalization, medical or health services to receive reimbursement as provided under those programs or as provided from any insurer providing hospitalization, medical and health insurance which covers such residents.

5. A resident shall make, as may be necessary, assignment to the provider of medical and other health services under Medicare Part B and any supplementary extended coverage plan of all benefits accruing to such a resident under such plans. Carmel Hills' obligation to render services to a resident is contingent upon such resident's payment of the prescribed fees, including the Entrance Fee and the Monthly Cost-of-Care.

#### **Notification of Fee Increases:**

All fees herein stated as current fees are based on fees assessed to residents as of May 1, 2019. Carmel Hills by its action in the total discretion of the Board, may, at any time and from time to time, increase or decrease any and all fees, including but not limited to, the Application Fee, the Monthly Cost-of-Care fees, the Supplemental Cost-of-Care, the Entrance Fees and the Residency Fees. Such increases and decreases may become necessary based upon changes in the cost of living and other economic factors. Notice of fee increases will be given thirty (30) days prior to the effective date of the increase. All then current residents, including residents transferred to outside nursing care facilities under the continuing care program of Carmel Hills, are responsible for any increases in the fees required by Carmel Hills. Residents are not responsible for any increases in the Entrance Fee once such residents have begun their occupancy at Carmel Hills, unless such a resident transfers to a different Dwelling Unit. In the event of such a transfer the increased Entrance Fee becomes part of the calculation for determining the applicable transfer fee under the formula in Section VI set out in the subsection labeled "Fees for Transferring between Dwelling Units." All applicants are responsible for payment of any increases in the required Entrance Fee that occur after the application has been made, but before final approval of the applicant. In the event that any fees, including Entrance Fees are decreased, neither current residents nor applicants will be entitled to any refunds.

**Changes in Fees for Previous Five Years:**

Only DREF 0 Plan has been previously offered.

**\*ADA (Average Dollar Amount) increase from pervious year**

**Entrance Fee, Affiliated Residents Declining Refund Entrance (DREF 0 Plan)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	67,648	1,970	70,354	2,706	72,465	2,111	74,639	2,174	76,878	2,239
Unit B	82,333	2,398	85,626	3,293	88,195	2,569	90,841	2,646	93,566	2,725
Unit C	102,835	2,995	106,948	4,113	110,156	3,208	113,461	3,305	116,865	3,404
Unit D	146,884	4,278	152,759	5,875	157,342	4,583	162,062	4,720	166,924	4,862
Duplex	163,200	4,753	169,728	6,528	174,820	5,092	180,065	5,245	185,467	5,402
Cabin	124,862	3,637	129,856	4,994	133,752	3,896	137,765	4,013	141,898	4,133
Assisted Living	82,332	2,398	85,625	3,293	88,194	2,569	90,841	2,647	93,566	2,725
2nd. Per	58,782	1,712	61,133	2,351	62,967	1,834	64,856	1,889	66,802	1,946

**Entrance Fee, Non-Affiliated Residents Declining Refund Entrance (DREF 0 Plan)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	81,178	2,364	84,425	3,247	86,958	2,533	89,567	2,609	92,254	2,687
Unit B	98,800	2,878	102,752	3,952	105,835	3,083	109,010	3,175	112,280	3,270
Unit C	123,403	3,594	128,339	4,936	132,189	3,850	136,155	3,966	140,240	4,085
Unit D	176,260	5,134	183,310	7,050	188,809	5,499	194,473	5,664	200,307	5,834
Duplex	195,842	5,705	203,676	7,834	209,786	6,110	216,080	6,294	222,562	6,482
Cabin	149,833	4,364	155,826	5,993	160,500	4,674	165,315	4,815	170,274	4,859
Assisted Living	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2nd. Per	70,540	2,055	73,362	2,822	75,563	2,201	77,830	2,267	80,165	2,335

**Entrance Fee, Affiliated Residents 50 % Refundable Entrance Fee (REF 50)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	67,648	1,970	70,354	2,706	72,465	2,111	74,639	2,174	N/A	N/A
Unit B	82,333	2,398	85,626	3,293	88,195	2,569	90,841	2,646	N/A	N/A
Unit C	102,835	2,995	106,948	4,113	110,156	3,208	113,461	3,305	N/A	N/A
Unit D	146,884	4,278	152,759	5,875	157,342	4,583	162,062	4,720	N/A	N/A
Duplex	163,200	4,753	169,728	6,528	174,820	5,092	180,065	5,245	N/A	N/A
Cabin	124,862	3,637	129,856	4,994	133,752	3,896	137,765	4,013	N/A	N/A
Assisted Living	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2nd. Per	58,782	1,712	61,133	2,351	62,867	1,734	64,856	1,989	N/A	N/A

**\*ADA (Average Dollar Amount) increase from pervious year**

**Entrance Fee, Non-Affiliated Residents 50% Refundable Entrance Fee (REF 50)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	81,178	2,364	84,425	3,247	86,958	2,533	89,567	2,609	N/A	N/A
Unit B	98,800	2,878	102,752	3,952	105,835	3,083	109,010	3,175	N/A	N/A
Unit C	123,403	3,594	128,339	4,936	132,189	3,850	136,155	3,966	N/A	N/A
Unit D	176,260	5,134	183,310	7,050	188,809	5,499	194,473	5,664	N/A	N/A
Duplex	195,842	5,705	205,676	7,834	209,786	4,110	216,080	6,294	N/A	N/A
Cabin	149,833	4,364	155,826	5,993	160,500	4,674	165,315	4,815	N/A	N/A
Assisted Living	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2nd. Per	70,540	2,055	73,362	2,822	75,563	2,201	77,830	2,267	N/A	N/A

**Entrance Fee, Affiliated Residents 90% Refundable Entrance Fee (REF 90)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	67,648	1,970	70,354	2,706	72,465	2,111	74,639	2,174	57,659	(16,980)
Unit B	82,333	2,398	85,626	3,293	88,195	2,569	90,841	2,646	70,175	(20,666)
Unit C	102,835	3,995	106,948	4,113	110,156	3,208	113,461	3,305	87,648	(25,813)
Unit D	146,884	4,278	152,759	5,875	157,342	4,583	162,062	4,720	125,193	(36,869)
Duplex	163,200	4,753	169,728	6,528	174,820	5,092	180,065	5,245	139,100	(40,965)
Cabin	124,862	3,637	129,856	4,994	133,752	3,896	137,765	4,013	106,423	(31,342)
Assisted Living	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2nd. Per	58,782	1,712	61,133	2,351	62,967	1,834	64,856	1,889	50,101	(14,755)

**Entrance Fee, Non-Affiliated Residents 90% Refundable Entrance Fee (REF 90)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	81,178	2,364	84,425	3,247	86,958	2,533	89,567	2,609	69,191	(5,448)
Unit B	98,800	2,878	102,752	3,952	105,835	3,083	109,010	3,175	84,210	(6,631)
Unit C	123,403	3,594	128,339	4,936	132,189	3,850	136,155	3,966	105,180	(8,281)
Unit D	176,260	5,134	183,310	7,050	188,809	5,499	194,473	5,664	150,230	(11,832)
Duplex	195,842	5,705	203,676	7,834	209,786	6,110	216,080	6,294	166,922	(13,143)
Cabin	149,833	4,364	155,826	4,993	160,500	4,674	165,315	4,815	127,706	(10,059)
Assisted Living	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2nd. Per	70,540	2,055	73,362	2,822	75,563	2,201	77,830	2,267	60,124	(4,732)



**\*ADA (Average Dollar Amount) increase from pervious year**

No Entrance Fee

**Residency Fee Affiliated Residents No Entrance Fee (NEF)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	3,371	98	3,506	135	3,612	106	3,720	108	3,832	112
Unit B	3,620	105	3,765	145	3,878	113	3,994	116	4,114	120
Unit C	4,300	125	4,472	172	4,606	134	4,744	138	4,886	142
Unit D	5,032	147	5,233	201	5,390	157	5,552	162	5,719	167
Duplex	5,394	154	5,610	216	5,778	168	5,951	173	6,130	179
Cabin	4,660	136	4,846	186	4,991	145	5,141	150	5,295	154
2nd. Per	2,659	77	2,765	106	2,848	83	2,933	85	3,021	88

No Entrance Fee

**Residency Fee Non-Affiliated Residents No Entrance Fee (NEF)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Unit A	8,430	246	8,767	337	9,030	263	9,300	270	9,579	279
Unit B	9,052	264	9,415	363	9,697	282	9,988	291	10,288	300
Unit C	10,751	313	11,181	430	11,516	335	11,861	345	12,217	356
Unit D	12,579	366	13,082	503	13,474	392	13,878	404	14,294	416
Duplex	13,483	393	14,022	539	14,443	421	14,876	433	15,323	447
Cabin	11,648	339	12,114	466	12,477	363	12,851	374	13,237	386
2nd. Per	6,650	194	6,916	266	7,123	207	7,337	214	7,557	220

**Monthly Cost-of-Care, Affiliated and Non-Affiliated Declining Refund Entrance (DREF 0 Plan)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
1/A	1,271	37	1,322	51	1,362	40	1,403	41	1,446	43
1/B	1,316	38	1,369	53	1,410	41	1,452	42	1,496	44
1/C	1,542	45	1,604	62	1,652	48	1,702	50	1,754	52
1/D	1,679	49	1,746	67	1,798	52	1,852	54	1,852	54
1/Dup	1,772	52	1,843	71	1,898	55	1,955	57	2,014	59
1/Cab	1,606	47	1,670	64	1,720	50	1,772	52	1,826	54
2/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2/B	2,293	66	2,386	93	2,458	72	2,531	73	2,607	76
2/C	2,519	73	2,621	102	2,700	79	2,781	81	2,865	84
2/D	2,656	77	2,763	107	2,846	83	2,931	85	3,019	88
2/Dup	2,749	80	2,860	111	2,946	86	3,034	88	3,125	91
2/Cab	2,583	75	2,687	104	2,768	81	2,851	83	2,937	86

**\*ADA (Average Dollar Amount) increase from pervious year**

**Monthly Cost-of-Care, Affiliated and Non-Affiliated  
50% Refundable Entrance Fee (REF 50)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
1/A	1,303	38	1,355	52	1,396	41	1,438	42	N/A	N/A
1/B	1,351	39	1,405	54	1,447	42	1,490	43	N/A	N/A
1/C	1,581	46	1,644	63	1,693	49	1,744	51	N/A	N/A
1/D	1,720	50	1,789	69	1,843	54	1,898	55	N/A	N/A
1/Dup	1,816	53	1,889	73	1,946	57	2,004	58	N/A	N/A
1/Cab	1,648	48	1,714	66	1,765	51	1,818	53	N/A	N/A
2/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2/B	2,351	68	2,445	94	2,518	73	2,593	75	N/A	N/A
2/C	2,581	75	2,684	103	2,764	80	2,847	83	N/A	N/A
2/D	2,720	79	2,829	109	2,914	85	3,001	87	N/A	N/A
2/Dup	2,816	82	2,929	113	3,017	88	3,107	90	N/A	N/A
2/Cab	2,648	77	2,754	106	2,836	82	2,921	85	N/A	N/A

**Monthly Cost-of-Care, Affiliated and Non-Affiliated  
90% Refundable Entrance Fee (REF 90)**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
1/A	1,461	43	1,519	58	1,565	46	1,612	47	2,014	402
1/B	1,516	44	1,577	61	1,624	47	1,673	49	2,188	515
1/C	1,773	52	1,844	71	1,899	55	1,956	57	2,618	662
1/D	1,931	56	2,008	77	2,068	60	2,130	62	3,145	1,012
1/Dup	2,038	59	2,120	82	2,184	64	2,250	66	3,386	1,136
1/Cab	1,848	54	1,922	74	1,980	58	2,039	59	2,875	836
2/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2/B	2,640	77	2,746	106	2,828	82	2,913	85	3,794	881
2/C	2,898	86	3,013	115	3,103	90	3,196	93	4,224	1,028
2/D	3,055	89	3,177	122	3,272	95	3,370	98	4,748	1,378
2/Dup	3,162	92	3,289	127	3,388	99	3,490	102	4,992	1,502
2/Cab	2,972	87	3,091	119	3,184	93	3,279	95	4,481	1,202

\*ADA (Average Dollar Amount) increase from pervious year

Monthly Cost-of-Care, Affiliated and Non-Affiliated  
No Entrance Fee (NEF)

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
1/A	1,907	56	1,983	76	2,042	59	2,103	61	2,167	64
1/B	2,048	60	2,130	82	2,194	64	2,260	66	2,328	68
1/C	2,433	71	2,530	97	2,606	76	2,684	78	2,765	81
1/D	2,846	83	2,960	114	3,049	89	3,140	91	3,234	94
1/Dup	3,049	89	3,171	122	3,266	95	3,364	98	3,465	101
1/Cab	2,633	77	2,738	105	2,820	82	2,905	85	2,992	87
2/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2/B	3,553	104	3,695	142	3,806	111	3,920	114	4,038	118
2/C	3,938	112	4,095	157	4,218	123	4,344	126	4,475	131
2/D	4,351	127	4,525	174	4,661	136	4,800	139	4,944	144
2/Dup	4,554	133	4,736	182	4,878	142	5,024	146	5,175	151
2/Cab	4,138	121	4,303	165	4,432	129	4,565	133	4,702	137

**Assisted Living Changes Fees for Previous Five Years:**

Only DREF 0 Plan has been previously offered

**\*ADA (Average Dollar Amount) increase from pervious year  
Assisted Living (Under DREF 0 Plan)  
Affiliated and Non-Affiliated**

**Residents pay their unit fee, plus addition Assisted Living Fee.  
Private rooms are at additional cost**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
<b>Unit A</b>										
Semi-Private	2,142	62	2,280	138	2,349	69	2,420	71	2,494	74
Private	3,231	94	3,478	247	3,583	105	3,691	108	3,803	112
*Second Person	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Unit B</b>										
Semi-Private	2,187	63	2,327	140	2,397	70	2,469	72	2,544	75
Private	3,276	95	3,525	249	3,631	106	3,740	109	3,853	113
*Second Person	4,035	116	4,302	267	4,432	130	4,565	133	4,703	138
<b>Unit C</b>										
Semi-Private	2,413	70	2,562	149	2,639	77	2,719	80	2,802	83
Private	3,502	102	3,760	258	3,873	113	3,990	117	4,111	121
*Second Person	4,261	123	4,537	276	4,673	136	4,815	142	4,961	146
<b>Unit D</b>										
Semi-Private	2,550	74	2,704	154	2,785	81	2,869	84	2,956	87
Private	3,639	106	3,902	263	4,019	117	4,140	121	4,265	125
*Second Person	4,398	127	4,679	281	4,820	141	4,965	145	5,115	150
<b>Cottage/Duplex</b>										
Semi-Private	2,643	77	2,801	158	2,885	84	2,972	87	3,062	90
Private	3,732	109	3,999	267	4,119	120	4,243	124	4,371	128
*Second Person	4,491	130	4,776	285	4,920	144	5,068	148	5,221	153
<b>Cabin</b>										
Semi-Private	2,477	72	2,628	151	2,707	79	2,789	82	2,874	85
Private	3,566	104	3,826	260	3,941	115	4,060	119	4,183	123
*Second Person	4,325	125	4,603	278	4,742	139	4,885	143	5,033	148

**\*Second Person from same unit moves to Assisted Living simultaneously with spouse (Both residents in same room - listed is for both residents combined).**

**Assisted Living Changes in Fees for Previous Five Years:**

**\*ADA (Average Dollar Amount) increase from pervious year  
Assisted Living (Under 50% Refundable Entrance Fee (REF 50)  
Affiliated and Non-Affiliated**

**Residents pay 90% of Assisted Living Fee  
Private rooms are at additional cost**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Semi-Private	3,308	96	3,640	332	3,748	108	3,861	113	N/A	N/A
Private	4,397	128	4,838	441	4,982	144	5,132	150	N/A	N/A

**Assisted Living Changes in Fees for Previous Five Years:**

**\*ADA (Average Dollar Amount) increase from pervious year  
Assisted Living (Under 90% Refundable Entrance Fee (REF 90)  
Affiliated and Non-Affiliated**

**Residents pay 95% of Assisted Living Fee  
Private rooms are at additional cost**

Date of Change	May 15		May 16		May 17		May 18		May 19	
Frequency	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA	12 Months	ADA
Semi-Private	3,492	102	3,842	350	3,957	115	4,075	118	4,198	123
Private	4,581	134	5,040	459	5,191	151	5,346	155	5,507	161

**VII. Refund Policies:**

1. Upon final approval of the application, the applicant will be notified by Carmel Hills that final approval of the application has been made and the applicant may be admitted to reside at Carmel Hills. At that time, the applicant shall enter into an Entrance Agreement with Carmel Hills. Within thirty (30) days after written notice is sent to the applicant, the applicant shall pay to Carmel Hills the Entrance Fee or Residency Fee as set forth in the Entrance Agreement. Upon final approval of the application and upon receipt by Carmel Hills of the Entrance Fee or Residency Fee and the Monthly Cost-of-Care fee, the applicant shall then become a resident of Carmel Hills.

2. If an applicant dies before becoming a resident, or if on account of illness, injury, or incapacity, an applicant would be precluded from becoming a resident under the terms of the Entrance Agreement, the Entrance Agreement is automatically canceled and the applicant or legal representative of the applicant shall receive a refund within thirty (30) days of all money or property transferred to Carmel Hills, less the application fee and any non-standard expenses which Carmel Hills has incurred at the request of the applicant.

3. An applicant may rescind the Entrance Agreement within thirty (30) days following the later of the execution of the Entrance Agreement or the receipt of this disclosure statement. In the event that an applicant rescinds the Entrance Agreement within the 30 day period, any money transferred to Carmel Hills, other than the application fee, shall be returned to the applicant within thirty (30) days, subject to the following conditions and charges:

(a) In the event that the applicant has begun occupancy of a Dwelling Unit or residency in the Assisted Living Unit after the expiration of the above thirty (30) days, then Carmel Hills shall be allowed to retain all of the Residency Fee (for NEF residents) or that part of the Entrance Fee (for residents in the other plans) as necessary to clean and repair the Dwelling Unit in a manner sufficient for occupancy by a new occupant. The resident is not required to move in during the 30 day rescission period.

(b) Additionally, Carmel Hills shall be entitled to retain a pro rata share of the Monthly Cost-of-Care based on the number of days of occupancy by the resident before he rescinded the Entrance Agreement, if applicable, and terminated his residency at Carmel Hills.

(c) Carmel Hills may also retain the cost of all other expenses incurred by Carmel Hills on behalf of the resident.

4. In the event of the termination of residency of a Carmel Hills resident by reason of death or any other reason at any time beyond the thirty (30) day period stated in Section 3, any portion of the Entrance Fee will be refunded in accordance with the provisions of this section, provided that, as a result of such termination of residency, the residential unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident. The Monthly Cost-of-Care for the unit shall continue until the unit is unoccupied and available to another resident. In the event a termination of residency qualifies for a refund, a refund will be made based on the following provisions for the various plans:

**No Entrance Fee Plan (NEF):** No Entrance fee is paid by NEF Plan residents. Carmel Hills offers thirteen (13) month agreements, renewable for successive periods of thirteen (13) months automatically renewable. The Residency Fee is not refundable upon the termination of residency. Resident shall pay the current rates for time spent in the Assisted Living at Carmel Hills or in another facility if such is required.

**90% Refundable Entrance Fee Plan (REF 90):** If the period of residency for REF 90 Plan residents is beyond the previously stated thirty (30) day period, ninety percent (90%) of the original Entrance Fee will be payable upon re-occupancy of the dwelling unit after the death of the Resident or termination of the contract.

**Declining Refund Entrance Fee Plan (DREF 0):** If the period of residency for DREF 0 Plan residents is beyond the thirty (30) day period, but less than ninety (90) days, seventy five percent (75%) of the Entrance Fee will be refunded. If the resident resides in the unit for ninety (90) days or greater up to twenty one (21) months, the resident will be refunded seventy five percent (75%) less four percent (4%) for each period of thirty (30) days or increment thereof of residency.

Carmel Hills will also deduct from any such refund and retain the amount equal to one hundred dollars (\$100) per day for each day or a portion thereof during the first one (1) month of residency that the resident has occupied either the Carmel Hills Assisted Living Unit or a nursing home or both. Any resident who dies or is terminated as a resident of Carmel Hills after having been a resident of Carmel Hills or a resident of a nursing home for more than twenty one (21) months shall not be entitled to any refund or any portion of the Entrance Fee. Any allowable Entrance Fee refund described above will be payable upon re-occupancy of the dwelling unit after the death of the resident or termination of the contract.

#### **VIII. Early Reservation Agreement**

Carmel Hills determined that there may be persons who are younger than the typical Future Resident who wish to obtain a priority on Carmel Hills' waiting list. A prospective Resident under the age of sixty two (an "Early Preserver") may reserve a priority position on Carmel Hills' waiting list without completing a Future Reservation Agreement by signing an Early Reservation Agreement (an "Early Reservation Agreement"), the current version of which is attached hereto as Appendix D. An Early Reserver must pay a one hundred dollar (\$100) non-refundable fee.

The Early Reservation Agreement does not entitle the Early Reserver to any current privileges at Carmel Hills; it merely places the Early Reserver on the waiting list so that he or she has a better opportunity to have a Dwelling Unit available when the Early Reserver may be ready to occupy it.

Under the Early Reservation Agreement, within a year of turning sixty two (62) years old, the potential resident must sign a Future Residency Agreement and comply with the application procedures contained therein, including making a reservation deposit of \$1,000. Should the prospective resident fail to fulfill the requirements of the Early Reservation Agreement the prospective resident shall forfeit his or her position on the waiting list.

#### **IX. Future Residency Agreement**

A prospective Resident (a "Future Resident") may reserve a priority position on Carmel Hills waiting list for occupancy at some time in the future by entering into a Future Residency Agreement (a "Future Residency Agreement"), the current version of which is attached hereto as Appendix C. A prospective Future Resident is required to submit an Application for Admission, a Personal Health History and a Confidential Financial Statement within thirty (30) days of executing a Future Residency Agreement. A non-interest bearing deposit of one thousand dollars (\$1,000.00) is required of all Future Residents, and will be credited toward the entrance fees due by the Future Resident at the time of occupancy as outlined in the Carmel Hills Dwelling Unit Entrance Agreement.

The Future Residency Agreement provides that upon notification by Carmel Hills that a Dwelling Unit of the type selected by the Future Resident will be available for occupancy, and the Future Resident has reached sixty two (62) years of age, the Future Resident has three (3) days to accept such Dwelling Unit. When the Future Resident accepts a Dwelling Unit, the Future Resident and Carmel Hills will enter into the Carmel Hills Dwelling Unit Entrance Agreement in effect at the time of such acceptance. The Future Resident may reject any offer by Carmel Hills to take occupancy

without losing the Future Resident's priority on Carmel Hills' waiting list. The right to reserve Dwelling Units becoming available for occupancy will be alternated between Residents occupying a Dwelling Unit at Carmel Hills who wish to transfer to another Dwelling Unit and Future Residents who have executed a Future Residency Agreement with Carmel Hills.

Notwithstanding Carmel Hills' policy to alternate the right to reserve Dwelling Units becoming available for occupancy between those Residents who wish to transfer to another Dwelling Unit and Future Residents entering Carmel Hills, Residents will have priority over all non-residents, including Future Residents, in transferring to another Dwelling Unit becoming available in the following circumstances:

- i Transfers due to medical necessity as determined by the Administrator;
- ii Transfers to a same size or smaller Dwelling Unit; and
- iii When two Dwelling units (one of which is vacant) are combined, the Resident occupying one of the Dwelling Units will have priority in reserving the combined Dwelling Unit.

Carmel Hills also reserves the right to fill in its sole discretion and without regard to the waiting list, up to five (5) vacancies in Dwelling Units each year.

The Future Residency Agreement entitles the future Residents to certain privileges at Carmel Hills with prior reservations at established rates, including meals in Carmel Hills' dining room, use of the common areas within Carmel Hills and participation in any planned programs provided by Carmel Hills.

## **X. Financial Information**

### **Financial Overview**

An overview of the financial results of Carmel Hills' operations is contained in the audited financial statements, the un-audited interim financial statements and the forecasted financial statements

### **Certified Financial Statement**

Attachment E is a certified financial statement prepared by an independent CPA, for the latest fiscal years ended April 30, 2018.

### **Interim Financial Statement**

Attachment F is labeled "Carmel Hills Income Statement & Carmel Hills Balance Sheet Summarized by Division and Department" for the period ended thirty (30) days prior to filing.

### **Pro Forma Financial Statement:**

Attachment G is labeled "*Forecasted Financial Statements*" is the projected and estimated financial statement for Carmel Hills for the next five (5) fiscal years.



**Tax Consequences**

No information is provided herein with respect to the tax consequences of entering into a Carmel Hills Dwelling Unit Entrance Agreement or Carmel Hills Assisted Living/Personal Care Agreement under applicable federal, state or local laws. The decision by a resident to enter into a Carmel Hills Dwelling Unit Entrance Agreement or Carmel Hills Assisted Living/Personal Care Agreement may have material tax consequences to the resident. Each resident is urged to consult his or her own tax advisor with respect to any tax consequences of entering into a Carmel Hills Dwelling Unit Entrance Agreement or Carmel Hills Assisted Living/Personal Care Agreement.

**XI. Reserves and Prepayments**

**Reserve Funding:**

N.C.G.S. 58-64-33 Requires Carmel Hills to establish an operating reserve equal to 50% of the total operating costs projected for the twelve month operation period ending 4/30/19, or 25% of such total operating costs if occupancy at 3/1/19 is in excess of 90%. Carmel Hills average for the year is currently 91.30% of capacity and expects to maintain occupancy in excess of 90%. Based on the financial forecast prepared by, C. DeWitt Foard & Company, P.A.

The reserve of \$745,000 is being held in designated reserve accounts.

The President of the Board of Trustees of Carmel Hills will make the final decision as to where these funds will be invested. The funds will be invested according to the restrictions listed in 58-64-33 Operating Reserves.

The method used for calculation of the Reserves listed below is to take the "Total Expenses" on page 3 of the accountants "Forecasted Financial Statements", add principal payment on long-term debt, deduct the itemized "Depreciation", and multiply remainder by .25. This method yields the required reserve.

Applicable Fiscal Year	Required Reserve	Date Reserve Required	Projected Funded Reserve	Excess (Deficit) Reserve
4/20	750,000	3/1/20	750,000	0
4/21	756,000	3/1/21	756,000	0
4/22	772,000	3/1/22	772,000	0
4/23	811,000	3/1/23	811,000	0
4/24	846,000	3/1/24	843,000	0

**Prepayment Policy:**

After an applicant has received notice of preliminary approval of the application but before an Applicant has received notice of final approval, an applicant may prepay the Entrance Fee to Carmel Hills. The amount of such prepayment may be the entire Entrance Fee or any portion thereof in excess of five thousand dollars (\$5,000). If the NEF plan (No Entrance Fee Plan) is chosen, the amount of prepayment would be the entire Residency Fee.

**XII. Facility Development/Expansion**

None

**XIII. Narrative of Material Variances**

Attachment M is labeled "Narrative of Material Variances" and is a narrative of material variances between the forecasted financial statement and the actual results contained in the current audited financial statement and the basis used in determining the material threshold used.

**XIV. Other Material Information as Applicable**

None

**XV. Attachments**

- A. Carmel Hills Dwelling Unit Entrance Agreement (3 plans)
  - 1. No Entrance Fee Plan (NEF)
  - 2. 90% Refundable Entrance Fee Plan (REF 90)
  - 3. Declining Refund Entrance Fee Plan (DREF 0)
- B. Assisted Living/Personal Care Agreement between Carmel Hills and Resident
- C. Early Reservation Agreement
- D. Future Residency Agreement
- E. Current Certified Financial Statement
- F. Interim Financial Statement
- G. Forecasted Financial Statements
- H. Residence Assistance Fund Letter & Application
- I. Pet Policy
- J. Floor Plans
- K. Community Building General Layout
- L. Site Plan
- M. Narrative of Material Variances

Carmel Hills Dwelling Unit Entrance Agreement

NEF (No Entry Fee Plan)  
A Residency Fee is Required

THIS ENTRANCE AGREEMENT is made \_\_\_\_\_, 2019, by CARMEL HILLS, a North Carolina corporation with its principal office in Mecklenburg County, North Carolina ("Carmel Hills"), and \_\_\_\_\_, a resident of \_\_\_\_\_ ("Applicant"). Applicant seeks joint admission with \_\_\_\_\_.

Statement of Purpose

Applicant has made written application to live at Carmel Hills. The parties agree by this instrument that the acceptance of the application and any tenure of residence of applicant as an occupant at Carmel Hills shall be governed by this instrument.

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### Agreement of the Parties

1. Applicant has received and reviewed the Carmel Hills Disclosure Statement (hereinafter referred to as "Disclosure Statement").
2. Applicant has paid to Carmel Hills with the presentation of a written application an application fee of two hundred dollars (\$200), which is not part of the Residency Fee. The application fee is non-refundable.
3. The application will be reviewed by the Admissions Committee of Carmel Hills. That Committee will make a decision in its sole discretion and judgment, acting in good faith and in reliance upon information contained in the application. This decision will be:  
(a) preliminary approval of the application, (b) non-approval of the application, or (c) final approval of the application.
4. Preliminary approval is granted when the type of accommodations for which application was made is not available, or the applicant is not yet ready to move. The application is still subject to final approval by the Committee. Final approval is made when the Committee approves the Applicant for residency at Carmel Hills, and the type of accommodation for which application was made is available. Non-approval is a decision made by the Committee when it will not accept Applicant for residency at Carmel Hills. The decision of the Committee is not subject to appeal.
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6. When preliminary approval has been granted, and the type of accommodation for which the application was made becomes available, Carmel Hills will notify Applicant. Applicant must then provide Carmel Hills with a revised application showing any changes and containing current information. The Committee will review the new application and render a final decision.
7. Upon final approval, Applicant will be notified by Carmel Hills. Within thirty (30) days of that notice, Applicant shall pay to Carmel Hills a "non-refundable" Residency Fee. Carmel Hills offers thirteen (13) month agreements, automatically renewable for successive periods of thirteen (13) months unless terminated by the resident with thirty (30) days written notice to Carmel Hills, or unless terminated by Carmel Hills. After final approval of the application, the Applicant officially becomes a resident of Carmel Hills upon signing this Entrance Agreement, paying the Residency Fee in full and paying the first Monthly Cost-of-Care Fee.

8. As used in this agreement, the term "Residency Fee" shall mean the amount of money specified by Carmel Hills which is required to be paid by Applicant prior to becoming a resident. The amount of the Residency Fee will vary depending upon the type of accommodations for which application is made and whether the resident is Affiliated or Non-Affiliated. Carmel Hills shall have the right to change the amount of the required Residency Fee at any time and from time to time after application for residency has been made and before the beginning of residency. See rates page 13 of Disclosure Statement for single and joint occupancy.
9. After Applicant has received notice of preliminary approval of the application but before Applicant has received notice of final approval, Applicant may prepay the Residency Fee to Carmel Hills. The amount of such payment may be the entire Residency Fee
10. Upon final approval of the application by Carmel Hills, Carmel Hills shall provide to Applicant a place of residence at its facility located on Carmel Road, in Charlotte, North Carolina. Carmel Hills shall also provide Applicant the opportunity to participate in the social and creative programs of Carmel Hills.
11. In the event the application receives final approval by Carmel Hills, Applicant shall be entitled to occupy the dwelling unit for which application was made which is identified as follows.

(Check One)

**A Unit.** This unit is located in the Community Building and contains approximately 350 square feet of living space with one main room and a private bath. The main room consists of a bed-sitting room, and a kitchenette equipped with sink, refrigerator, and stovetop unit or stove.

**B Unit.** This unit is located in the Community Building and contains approximately 450 square feet of living space with one main room and a private bath. The main room consists of a bed-sitting room, and a kitchenette equipped with sink, refrigerator, and stove.

**C Unit.** This unit is located in the Community Building and contains approximately 600 square feet of living space, which is divided into the following: A living room, dining area, bedroom, and full bath. This unit also contains a separate kitchen complete with pantry, sink, refrigerator, and a stove.

**D Unit.** This is located in the Community Building and contains approximately 900 square feet of living space. The rooms are designed as a living room, dining area, and two bedrooms, with each bedroom serviced by its own bathroom. The unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

**Cottage/Duplex Unit.** This is housed in one of five separate buildings apart from the Community Building. This unit contains approximately 1,130 square feet of living space. The unit consists of a living room, dining area, and two bedrooms. Each bedroom has a full bath. The unit also contains a separate kitchen complete with pantry, washer, dryer, sink, refrigerator, and stove.

**One Cabin.** This unit is a log cabin with approximately 896 square feet of living space. It contains a living/dining room, one bedroom, a fully equipped kitchen and full bath. It is a separate building apart from the community building. It fronts onto Carmel Road.

Currently, the Residency Fee for the above indicated dwelling unit is \$\_\_\_\_\_.

12. Applicant may rescind the Entrance Agreement within thirty (30) days following the later of the execution of the Entrance Agreement, or the receipt of the disclosure statement. The resident is not required to move in during the thirty (30) day rescission period. In the event that Applicant rescinds the Entrance Agreement, any money transferred to Carmel Hills, other than the application fee, shall be returned to applicant within thirty (30) days after the rescinding date and subject to the following conditions and charges.
  - (a) In the event that Applicant has begun occupancy of a Dwelling Unit or residency in the Assisted Living Unit, then Carmel Hills shall retain the entire Residency Fee.
  - (b) Carmel Hills shall also be entitled to retain a pro rata share of the Monthly Cost-of-Care based on the number of days of occupancy by the resident before the resident rescinded the Entrance Agreement and terminated his residency at Carmel Hills.
  - (c) Carmel Hills shall also be entitled to retain the cost of all other expenses incurred by Carmel Hills on behalf of the rescinding individual.
13. After 30 days (see item #12 above) in the event of the termination of residency of a Carmel Hills resident by reason of death of a resident, none of the Residency Fee will be refunded. The Monthly Cost-of-Care fee will continue until the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident.
14. If Applicant dies before officially becoming a resident, or if on account of illness, injury, or incapacity, an applicant would be precluded from becoming a resident under the terms of this agreement, this agreement is automatically canceled and Applicant or legal representative of Applicant shall receive a refund of all money transferred to Carmel Hills, less the application fee and any non standard expenses which Carmel Hills has incurred at the written request of the applicant.
15. The first ninety (90) days of occupancy at Carmel Hills by a resident constitutes a trial period during which a resident will be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided. Monthly Cost-of-Care fees still apply for time spent at Carmel Hills.
16. A resident may voluntarily terminate residency at Carmel Hills at any time.

17. The Board shall have a right to terminate residency of a resident at Carmel Hills at any time for what is, in the sole judgment and discretion of the Board, any just or sufficient cause, and any such termination shall be final and conclusive.
18. As part of the application procedure, Applicant must furnish Carmel Hills with certain specified financial and medical information. Carmel Hills may terminate a resident for falsifying or failing to reveal financial or medical information requested on the application forms.
19. A resident shall be required to abide by the policies and regulations established the Board concerning the conduct and activity of all residents of Carmel Hills. Carmel Hills may terminate a resident for failure to comply with such policies and regulations.
20. In the event of a Resident's termination of residency after ninety (90) days of residency, none of the Residency Fee shall be refunded. Neither Carmel Hills nor any member of the Board shall have any liability by reason of termination of the occupancy of a resident at Carmel Hills for any reason.
21. If a resident is transferred or moved to a facility outside of the Carmel Hills facilities, resident may opt to continue payment of Monthly Cost-of-Care to retain the unit. Failure to pay the Monthly Cost-of-Care will terminate the agreement. The Monthly Cost-of-Care will continue until the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident. If, in such case, such resident does recover and returns to Carmel Hills, such resident shall have the right to occupy the first dwelling unit of similar size and cost which becomes available at Carmel Hills.
22. During the time a resident is an occupant at Carmel Hills, Carmel Hills shall supply to a resident, the following services:
  - Bi-weekly cleaning of each Dwelling Unit;
  - Laundry of bed linens;
  - All utilities--heating, air conditioning, gas, electricity, trash removal. Residents pay individually for telephone and cablevision service;
  - Homeowners insurance on the building. Residents must provide for their own renters insurance on their personal property if they desire;
  - One well-balanced meal each day served semi-cafeteria style in the dining room. The resident's plate is prepared by the food service department in the resident's presence, and the resident selects his own salads, drinks, etc. Residents may prepare additional meals in their own Dwelling Unit;
  - Complete use of all common areas, including lounge, library, dining room, exercise area, porch, lawn, lake, parking area, nature trails and walks;
  - Mail delivered daily, except on postal holidays, to residents' private locked boxes located in the lobby, or lower hall;
  - Free use of laundry facilities for personal laundry;
  - Maintenance and repair of all Carmel Hills' facilities;
  - Access to the Carmel Hills Assisted Living if such level of care, is available and appropriate for the resident's needs. Resident shall pay the current rate for the Assisted Living services. If a higher level of care is required the resident and/or responsible person shall find a suitable facility. The resident is responsible to pay that facility for services provided.

23. A residents responsibility is to procure and pay for the following items received or used by such resident: all drugs (including prescriptions and non-prescription); all surgical, medical, dental and optical services; all fees to physicians, nurses and other medical care personnel; rehabilitative nursing home care; all medical services of any type beyond those services which are described in paragraph 22; dry cleaning and laundry services other than those which might be available on the grounds of Carmel Hills for use by residents; telephone and cablevision services.
24. From time to time at Carmel Hills' sole discretion, and when there are surplus funds, surplus volunteers, or surplus employees, Carmel Hills may provide services beyond those required under this agreement. Such additional services are not nor shall they become an entitlement either to the party receiving these additional services or to any other resident of Carmel Hills. Notwithstanding any provision herein, either explicit or implied, Carmel Hills shall not be responsible for providing any level of care, service, treatment, or facilities beyond such care, service, treatment or facility available and provided by Carmel Hills to its residents as of October 10, 1989. The level of care, service, treatment or facilities provided specifically excludes, without limitation, furnishing or maintaining any life support equipment such as respirators, dialysis, or heart-lung machines. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.
25. Carmel Hills reserves the right:
- (a) To transfer a resident, either temporarily or permanently, to the Assisted Living unit within Carmel Hills or another facility outside of Carmel Hills, as Carmel Hills may determine, in its sole discretion, to be in the best interest of a resident, when nursing care is required or domiciliary care is required and Carmel Hills determines, in its discretion, that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills.
- (b) To transfer a resident, either temporarily or permanently, to another facility if nursing care or domiciliary care is required and a resident's physician determines that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills, provided Carmel Hills agrees with such physician's determination.
- In the event Carmel Hills disagrees with a resident's physician's determination as to the resident's need for further nursing care based on resident's physical and mental condition, or that the resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health and peace of other residents of Carmel Hills, then Carmel Hills shall select a licensed physician to make a determination. Such determination by the physician selected by Carmel Hills shall be conclusive as to whether the resident shall be transferred.



26. If a resident is transferred to the Assisted Living unit within Carmel Hills, Carmel Hills will provide domiciliary care in a semi-private room while in the Assisted Living unit. Residents transferred to the Assisted Living unit shall pay the current rate for services rendered. If the transfer is considered temporary, the resident may continue to pay their Monthly Cost-of-Care rate in addition to the rate in the Carmel Hills Assisted Living unit to retain use of the previously occupied unit. These fees are subject to change by the actions of and/or at the discretion of the Board.
27. If a qualifying resident moves or is transferred by Carmel Hills outside of Carmel Hills, to a nursing care facility or lesser care facility licensed by the State of North Carolina and approved by Carmel Hills (such facilities hereinafter referred to as "Alternative Facilities"), the following rights and restrictions shall be in effect:
  - (a) Resident shall be responsible for all charges for occupancy and care in the Alternative Facilities. Some charges may be covered by Medicare or the resident's insurance. Carmel Hills will not be responsible for any of the costs.
  - (b) If the resident wishes to hold their present living unit the Monthly-Cost-of-Care fees will continue to apply.
  - (c) Carmel Hills will also not pay for the use and maintenance of respirators, heart lung machines, dialysis machines or any other life support equipment or machinery. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.
28. If a qualifying resident moves or is transferred to a hospital, all expenses incurred for such resident's occupancy and care in such hospital shall be borne by such resident.
29. Upon becoming an occupant of Carmel Hills, a resident shall pay before the tenth (10<sup>th</sup>) day of each month the Cost-of-Care for that month. The Cost-of-Care for that type of Dwelling Unit specified in paragraph 11 presently is \$\_\_\_\_\_ per month, and is subject to increase or decrease by the action and in the sole discretion of the Board. Carmel Hills reserves the right, in its sole discretion, to change or adjust the Monthly Cost-of-Care based upon changes in the cost of living and other economic necessities as they arise. Carmel Hills reserves the right to charge one and one-half percent (1.5%) per month on the unpaid balance of all Cost-of-Care fees not received by the tenth (10<sup>th</sup>) day of each month.
30. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due, the resident shall notify the administrator of Carmel Hills in writing, giving an explanation of the present situation and a current financial statement. Carmel Hills will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. A waiver of any Monthly Cost-of-Care must be in writing. A waiver of a fee or any part thereof for any particular month shall not constitute a waiver for any subsequent months unless so specifically stated in writing by Carmel Hills.

31. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due and Carmel Hills does not agree to provide financial assistance, then Carmel Hills may terminate this agreement. Before terminating this agreement for failure to pay, Carmel Hills shall provide written notice demanding that resident bring his account current within twenty (20) days from receipt of the written demand. Should the resident fail to bring the account current within the twenty (20) day period, then Carmel Hills may terminate this agreement.
32. A resident upon request by Carmel Hills shall apply for any federal, state or local grant, aid or benefits for which such resident may be eligible or to which such resident may be entitled, and a resident shall apply such grant, aid or benefit to the Cost-of-Care of such resident in keeping with the accounting procedures of Carmel Hills.
33. If Applicant is eligible and not already enrolled, Applicant upon request of Carmel Hills shall:
  - (a) apply for and secure participation under the Medicare Hospital Insurance Benefits Program under Part A of Public Law 89-97; and
  - (b) at the next enrollment period following the application of Applicant to Carmel Hills, apply for, secure and pay the premiums for participation under Part B of Public Law 89-97.
34. A resident shall authorize, as requested by Carmel Hills, any provider of hospitalization, medical or health services under Medicare Part A and Part B and of any other hospitalization, medical or health services to receive reimbursement as provided under those programs or as provided from any insurer providing hospitalization, medical and health insurance which covers such resident.
35. A resident shall make, as may be necessary, assignment to the provider of medical and other health services under Medicare Part B and any supplementary extended coverage plan of all benefits accruing to such resident under those plans.
36. Except for in-house domiciliary nursing care and the one meal per day provided by Carmel Hills, a resident shall pay from such resident's own funds the deductible, the per diem and all other charges for or costs of any hospitalization and medical and other health services not paid for by the Medicare programs or other insurance. Carmel Hills shall not be responsible for any charges for such services but may, to the extent that a resident's resources are inadequate to do so, from time to time in its charitable functions and in the sole discretion of the Board assist a resident in paying such charges.
37. Residents shall remain liable for the full Monthly Cost-of-Care even if such resident is voluntarily absent from Carmel Hills, provided that this agreement has not been terminated, in writing, by either Carmel Hills or the resident.
38. Each resident assumes all risks of personal injury and damage to property which such resident may incur by reason of any act or omission occurring while such resident is an occupant of Carmel Hills. Residents are encouraged to purchase "Renters insurance" to cover their personal property. Carmel Hills does not insure the resident's personal belongings.

39. Applicant agrees, if Applicant has not already done so, to make the following advance care documents:
- (a) make a will providing for the disposition of the remaining assets and personal effects of Applicant and provision for proper burial of Applicant at the expense of Applicant. Applicant shall keep the Administrator of Carmel Hills informed at all times as to the location of Applicant's will and the name of the executor of said will before and after becoming a resident at Carmel Hills.
  - (b) Prepare and sign a Health Care Power of Attorney allowing a person you trust to make medical decisions for you if you can not speak for yourself. A copy of said Health Care Power of Attorney shall be maintained in the Carmel Hills business office, and in the resident's "In case of emergency folder" behind the door of their residential unit.
  - (c) Prepare and sign a Durable Power of Attorney allowing a person you appoint to continue to pay your bills if you could not handle these matters yourself. A copy of said Durable Power of Attorney shall be maintained in the Carmel Hills business office.
40. In the application, Applicant has provided Carmel Hills certain financial information upon which Carmel Hills shall rely in reviewing the application. Applicant represents that such financial information is true, accurate and correct. Providing false information or failing to provide all the requested information are grounds for termination. Applicant agrees not to deplete or otherwise dispose of any assets, cash or property of Applicant, before and after becoming a resident at Carmel Hills, through gifts or any other voluntary means to such an extent that the ability of Applicant to meet the monthly payments due for Cost-of-Care shall be jeopardized.
41. A resident's privilege of living at Carmel Hills shall continue for thirteen (13) months. The Entrance Agreement will automatically renew for thirteen (13) consecutive month terms unless terminated by such resident with thirty (30) days written notice to Carmel Hills or unless terminated by Carmel Hills. However, this agreement is not a lease and does not create any interest on the part of any resident in the real property or personal property of Carmel Hills. The occupancy privilege of a resident does not and shall not inure to the use or benefit of any person, firm or corporation other than such resident. The rights of occupancy and all other rights of a resident shall at all times be subordinate and junior to the lien of any and all deeds of trust which might be executed by Carmel Hills.
42. In the event a resident is transferred from Carmel Hills as provided in paragraph 22 and 28, or in the event of the death of a resident, Carmel Hills shall request that all items from a resident's unit be removed within 48 hours. Carmel Hills retains the right to remove and store the furniture and personal effects of such a resident on its premises for thirty (30) days from such transfer or until such prior time as written instructions are received from such resident or his legal representative as to the disposition of such items. If, after thirty (30) days, no such instructions are received, Carmel Hills may, at its option, transfer such items to a public storage facility at the expense of the resident or his estate.
43. This agreement may be modified only in writing signed by both parties.

- 44. This instrument contains the entire agreement of the parties, and there are no other written or verbal agreements or understandings between the parties in existence except as appears in this instrument.
- 45. This agreement and the rights and liabilities of the parties there under shall be governed and construed under the laws of the State of North Carolina.
- 46. If any part, term, or provision of this Entrance Agreement is by the courts held to be illegal or in conflict with any North Carolina law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Entrance Agreement did not contain the particular part, term, or provision held to be invalid.

IN WITNESS of their agreement, Carmel Hills and Applicant have signed this instrument under seal on the day and year first above written.

Carmel Hills

Applicant

By: \_\_\_\_\_ (Seal)

Title: \_\_\_\_\_ (Seal)

I have received a Disclosure Statement \_\_\_\_\_.

Carmel Hills Dwelling Unit Entrance Agreement

90% Refundable Entrance Fee (REF 90 Plan)

THIS ENTRANCE AGREEMENT is made \_\_\_\_\_, 2019,  
by CARMEL HILLS, a North Carolina corporation with its principal office in Mecklenburg County,  
North Carolina ("Carmel Hills"), and \_\_\_\_\_,  
a resident of \_\_\_\_\_,  
("Applicant"). Applicant seeks joint admission with \_\_\_\_\_.

Statement of Purpose

Applicant has made written application to live at Carmel Hills. The parties agree by this instrument that the acceptance of the application and any tenure of residence of applicant as an occupant at Carmel Hills shall be governed by this instrument.

Carmel Hills is organized under the laws of North Carolina as a nonprofit corporation. The Board of Directors ("the Board") and officers of Carmel Hills do not receive any salary or other remuneration for such functions. Board members and officers perform such functions gratuitously as a ministry to the Lord and His people. It is the intent of Carmel Hills to maintain the lowest possible cost consistent with sound, economic principles of operations and the philanthropic purposes of Carmel Hills. Carmel Hills has been designed to provide comfortable surroundings at a low cost where older people may live in peace and contentment in Christian neighborliness. Carmel Hills and Applicant agree to seek and maintain these ideals. Carmel Hills was founded and operated by individuals associated with a group of Christians commonly known as Plymouth Brethren (according to the U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936). Although Carmel Hills routinely solicits and receives contributions from assemblies and individuals in these assemblies, such assemblies and individuals have no contractual obligation, or responsibility, either explicitly or implicitly, for continued support and funding of Carmel Hills. Residents who have been associated with the above mentioned group and the Board of Directors of Carmel Hills are considered Affiliated Residents and those not so associated are called Non-affiliated Residents.

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2. Applicant has paid to Carmel Hills with the presentation of a written application an application fee of two hundred dollars (\$200), which is not part of the entrance fee. The application fee is non-refundable.
3. The application will be reviewed by the Admissions Committee of Carmel Hills. That Committee will make a decision in its sole discretion and judgment, acting in good faith and in reliance upon information contained in the application. This decision will be:  
(a) preliminary approval of the application, (b) non-approval of the application, or (c) final approval of the application.
4. Preliminary approval is granted when the type of accommodation for which application was made is not available, or the applicant is not yet ready to move. The application is still subject to final approval by the Committee. Final approval is made when the Committee approves the Applicant for residency at Carmel Hills, and the type of accommodation for which application was made is available. Non-approval is a decision made by the Committee when it will not accept Applicant for residency at Carmel Hills. The decision of the Committee is not subject to appeal.
5. If preliminary approval is granted, the applicant will be placed on a waiting list. If applicant has paid a Reservation Deposit of One Thousand Dollars (\$1,000) under the Future Residency Agreement, this deposit will be credited towards the Entrance Fees due from the Future Resident at the time of occupancy of a Dwelling Unit at Carmel Hills.
6. When preliminary approval has been granted, and the type of accommodation for which the application was made becomes available, Carmel Hills will notify Applicant. Applicant must then provide Carmel Hills with a revised application showing any changes and containing current information. The Committee will review the new application and render a final decision.
7. Upon final approval, Applicant will be notified by Carmel Hills. Within thirty (30) days of that notice, Applicant shall pay to Carmel Hills the Entrance Fee. After final approval of the application, the Applicant officially becomes a resident of Carmel Hills upon payment of the Entrance Fee and the Monthly Cost-of-Care. (If the Entrance Fee is not paid in full at the time of residency, the resident will be required to sign a Promissory Note, agreeing to pay monthly interest at eight percent (8%) per annum on the unpaid balance. This is designed as a short term swing loan and is not intended for use as long term financing).
8. As used in this agreement, the term "Entrance Fee" shall mean the amount of money specified by Carmel Hills which is required to be paid by Applicant prior to becoming a

resident. The amount of the Entrance Fee will vary depending upon the type of accommodations for which application is made and whether the resident is Affiliated or Non-Affiliated. Carmel Hills shall have the right to change the amount of the required Entrance Fee at any time and from time to time after application for residency has been made and before the beginning of residency. See rates page 13 of Disclosure Statement for single and joint occupancy.

9. After Applicant has received notice of preliminary approval of the application but before Applicant has received notice of final approval, Applicant may prepay the Entrance Fee to Carmel Hills. The amount of such prepayment may be the entire Entrance Fee or any portion thereof in excess of five thousand dollars (\$5,000.)
10. Upon final approval of the application by Carmel Hills, Carmel Hills shall provide to Applicant a place of residence at its facility located on Carmel Road, in Charlotte, North Carolina. Carmel Hills shall also provide Applicant the opportunity to participate in the social and creative programs of Carmel Hills.
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Currently, the Entrance Fee for the above indicated dwelling unit is \$\_\_\_\_\_.

12. Applicant may rescind the Entrance Agreement within thirty (30) days following the later of the execution of the Entrance Agreement, or the receipt of the disclosure statement. The resident is not required to move in during the thirty (30) day rescission period. In the event that Applicant rescinds the Entrance Agreement within this thirty (30) day period, any money transferred to Carmel Hills, other than the application fee shall be returned to Applicant within thirty (30) days after the rescinding date and subject to the following conditions and charges:
  - (a) In the event that Applicant has begun occupancy of a Dwelling Unit or residency in the Assisted Living Unit within the above thirty (30) days, then Carmel Hills shall be allowed to retain that part of the Entrance Fee necessary to clean and repair the Dwelling Unit in a manner sufficient for occupancy by a new occupant.
  - (b) Carmel Hills shall also be entitled to retain a pro rata share of the Monthly Cost-of-Care based on the number of days of occupancy by the resident before the resident rescinded the Entrance Agreement and terminated his residency at Carmel Hills.
  - (c) Carmel Hills shall also be entitled to retain the cost of all other expenses incurred by Carmel Hills on behalf of the rescinding individual.
13. In the event of the termination of residency of a Carmel Hills resident by reason of death of a resident or for any other reason at any time, beyond the thirty (30) day period stated in the preceding paragraph (see item #12 above), ninety percent (90%) of the original Entrance fee will be refundable. The Monthly Cost-of-Care fee will continue until the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident. Any allowable Entrance Fee refund described above will be payable upon re-occupancy after the death of the resident or termination of the contract. Such refunds will be available firstly to the resident or secondly to the spouse (if applicable and living) or refunded to the estate of such resident.
14. If Applicant dies before officially becoming a resident, or if on account of illness, injury, or incapacity, an applicant would be precluded from becoming a resident under the terms of this agreement, this agreement is automatically canceled and Applicant or legal



representative of Applicant shall receive a refund of all money transferred to Carmel Hills, less the application fee and any non standard expenses which Carmel Hills has incurred at the written request of the applicant.

15. The first ninety (90) days of occupancy at Carmel Hills by a resident constitutes a trial period during which a resident will be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided. Monthly Cost-of Care fees still apply for time spent at Carmel Hills.
16. A resident may voluntarily terminate residency at Carmel Hills at any time.
17. The Board shall have a right to terminate residency of a resident at Carmel Hills at any time for what is, in the sole judgment and discretion of the Board, any just or sufficient cause, and any such termination shall be final and conclusive.
18. As part of the application procedure, Applicant must furnish Carmel Hills with certain specified financial and medical information. Carmel Hills may terminate a resident for falsifying or failing to reveal financial or medical information requested on the application forms.
19. A resident shall be required to abide by the policies and regulations established from time to time by the Board concerning the conduct and activity of all residents of Carmel Hills. Carmel Hills may terminate a resident for failure to comply with such policies and regulations.
20. In the event of a termination of residency the only refund of the original Entrance Fee shall be as provided in paragraph thirteen (13) herein. Neither Carmel Hills nor any member of the Board shall have any liability by reason of termination of the occupancy of a resident at Carmel Hills for any reason.
21. If a resident is transferred or moved to a facility outside of the Carmel Hills facilities, and if such resident's physician is of the opinion that the resident is not likely to return to the facilities of Carmel Hills, then Carmel Hills shall have the right to allow another applicant or resident of Carmel Hills to occupy the Dwelling Unit assigned to such resident. If, in such case, such resident does recover and returns to Carmel Hills, such resident shall have the right to occupy the first dwelling unit of similar size and cost which becomes available at Carmel Hills.
22. During the time a resident is an occupant at Carmel Hills, Carmel Hills shall supply to a resident, the following services:
  - Bi-weekly cleaning of each Dwelling Unit;
  - Laundry of bed linens;
  - All utilities--heating, air conditioning, gas, electricity, trash removal. Residents pay individually for telephone and cablevision service;
  - Homeowners insurance on the building. Residents must provide for their own renters insurance on their personal property if they desire;
  - One well-balanced meal each day served semi-cafeteria style in the dining room. The resident's plate is prepared by the food service department in the resident's presence, and the resident selects his own salads, drinks, etc. Residents may prepare additional meals in their own Dwelling Unit;

- Complete use of all common areas, including lounge, library, dining room, exercise area, porch, lawn, lake, parking area, nature trails and walks;
  - Mail delivered daily, except on postal holidays, to residents' private locked boxes located in the lobby, or lower hall;
  - Free use of laundry facilities for personal laundry;
  - Maintenance and repair of all Carmel Hills' facilities;
  - Access to the Carmel Hills Assisted Living if such level of care, is available and appropriate for the resident's needs. Resident shall pay the current rate for the Assisted Living services. If a higher level of care is required the resident and/or responsible person shall find a suitable facility. The resident is responsible to pay that facility for services provided.
23. Carmel Hills shall have no responsibility to provide to a resident, and a resident shall be responsible for providing and paying for, the following items received or used by a resident: all drugs (including prescriptions and non-prescription); all surgical, medical, dental and optical services; all fees to physicians, nurses and other medical care personnel; rehabilitative nursing home care; all medical services of any type beyond those services which are described in paragraph 22; dry cleaning and laundry services other than those which might be available on the grounds of Carmel Hills for use by residents; telephone and cablevision services.
24. From time to time at Carmel Hills sole discretion, and when there are surplus funds, surplus volunteers, or surplus employees, Carmel Hills may provide services beyond those required under this agreement. Such additional services are not nor shall they become an entitlement either to the party receiving these additional services or to any other resident of Carmel Hills. Notwithstanding any provision herein, either explicit or implied, Carmel Hills shall not be responsible for providing any level of care, service, treatment, or facilities beyond such care, service, treatment or facility available and provided by Carmel Hills to its residents as of October 10, 1989. The level of care, service, treatment or facilities provided specifically excludes, without limitation, furnishing or maintaining any life support equipment such as respirators, dialysis, or heart-lung machines. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.
25. Carmel Hills reserves the right:
- (a) To transfer a resident, either temporarily or permanently, to the Assisted Living unit within Carmel Hills or another facility outside of Carmel Hills, as Carmel Hills may determine, in its sole discretion, to be in the best interest of a resident, when nursing care is required or domiciliary care is required and Carmel Hills determines, in its discretion, that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills.
- (b) To transfer a resident, either temporarily or permanently, to another facility if nursing care or domiciliary care is required and a resident's physician determines that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills, provided Carmel Hills agrees with such physician's determination.

In the event Carmel Hills disagrees with a resident's physician's determination as to the resident's need for further nursing care based on resident's physical and mental condition, or that the resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health and peace of other residents of Carmel Hills, then Carmel Hills shall select a licensed physician to make a determination. Such determination by the physician selected by Carmel Hills shall be conclusive as to whether the resident shall be transferred.

26. If a resident is transferred to the Assisted Living unit within Carmel Hills, Carmel Hills will provide domiciliary care in a semi-private room while in the Assisted Living unit. Residents transferred to the Assisted Living unit shall pay ninety five percent (95%) of the current rate in the Assisted Living unit, and if the stay is considered temporary, and the resident wishes to reserve the living unit shall continue to pay the Monthly Cost-of-Care at the then current rate for the dwelling unit from which such resident transferred. These fees are subject to change by the actions of and/or at the discretion of the Board.
27. If a qualifying resident moves or is transferred by Carmel Hills outside of Carmel Hills, to a nursing care facility or lesser care facility licensed by the State of North Carolina and approved by Carmel Hills (such facilities hereinafter referred to as "Alternative Facilities"), the following rights and restrictions shall be in effect:
  - (a) Resident shall be responsible for all charges for occupancy and care in the Alternative Facilities. Some charges may be covered by Medicare or the resident's insurance. Carmel Hills will not be responsible for any of the costs.
  - (b) If the resident wishes to hold their present living unit the Monthly-Cost-of-Care fees will continue to apply.
  - (c) Carmel Hills will also not pay for the use and maintenance of respirators, heart lung machines, dialysis machines or any other life support equipment or machinery. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.
28. If a qualifying resident moves or is transferred to a hospital, all expenses incurred for such resident's occupancy and care in such hospital shall be borne by such resident.
29. Upon becoming an occupant of Carmel Hills, a resident shall pay before the tenth (10<sup>th</sup>) day of each month the Cost-of-Care for that month. The Cost-of-Care for that type of Dwelling Unit specified in paragraph 11 presently is \$\_\_\_\_\_ per month, and is subject to increase or decrease by the action and in the sole discretion of the Board. Carmel Hills reserves the right, in its sole discretion, to change or adjust the Monthly Cost-of-Care based upon changes in the cost of living and other economic necessities as they arise. Carmel Hills reserves the right to charge one and one-half percent (1.5%) per month on the unpaid balance of all Cost-of-Care fees not received by the tenth (10<sup>th</sup>) day of each month.

30. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due, the resident shall notify the administrator of Carmel Hills in writing, giving an explanation of the present situation and a current financial statement. Carmel Hills will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. A waiver of any Monthly Cost-of-Care must be in writing. A waiver of a fee or any part thereof for any particular month shall not constitute a waiver for any subsequent months unless so specifically stated in writing by Carmel Hills.
31. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due and Carmel Hills does not agree to provide financial assistance, then Carmel Hills may terminate this agreement. Before terminating this agreement for failure to pay, Carmel Hills shall provide written notice demanding that resident bring his account current within twenty (20) days from receipt of the written demand. Should the resident fail to bring the account current within the twenty (20) day period, then Carmel Hills may terminate this agreement.
32. A resident upon request by Carmel Hills shall apply for any federal, state or local grant, aid or benefits for which such resident may be eligible or to which such resident may be entitled, and a resident shall apply such grant, aid or benefit to the Cost-of-Care of such resident in keeping with the accounting procedures of Carmel Hills.
33. If Applicant is eligible and not already enrolled, Applicant upon request of Carmel Hills shall:
  - (a) apply for and secure participation under the Medicare Hospital Insurance Benefits Program under Part A of Public Law 89-97; and
  - (b) at the next enrollment period following the application of Applicant to Carmel Hills, apply for, secure and pay the premiums for participation under Part B of Public Law 89-97.
34. A resident shall authorize, as requested by Carmel Hills, any provider of hospitalization, medical or health services under Medicare Part A and Part B and of any other hospitalization, medical or health services to receive reimbursement as provided under those programs or as provided from any insurer providing hospitalization, medical and health insurance which covers such resident.
35. A resident shall make, as may be necessary, assignment to the provider of medical and other health services under Medicare Part B and any supplementary extended coverage plan of all benefits accruing to such resident under those plans.

36. Except for in-house domiciliary nursing care and the one meal per day provided by Carmel Hills, a resident shall pay from such resident's own funds the deductible, the per diem and all other charges for or costs of any hospitalization and medical and other health services not paid for by the Medicare programs or other insurance. Carmel Hills shall not be responsible for any charges for such services but may, to the extent that a resident's resources are inadequate to do so, from time to time in its charitable functions and in the sole discretion of the Board assist a resident in paying such charges.
37. Residents shall remain liable for the full Monthly Cost-of-Care even if such resident is voluntarily absent from Carmel Hills, provided that this agreement has not been terminated, in writing, by either Carmel Hills or the resident.
38. Each resident assumes all risks of personal injury and damage to property which such resident may incur by reason of any act or omission occurring while such resident is an occupant of Carmel Hills. Residents are encouraged to purchase "Renters insurance" to cover their personal property. Carmel Hills does not insure the resident's personal belongings.
39. Applicant agrees, if Applicant has not already done so, to make the following advance care documents:
- (a) make a will providing for the disposition of the remaining assets and personal effects of Applicant and provision for proper burial of Applicant at the expense of Applicant. Applicant shall keep the Administrator of Carmel Hills informed at all times as to the location of Applicant's will and the name of the executor of said will before and after becoming a resident at Carmel Hills.
  - (b) Prepare and sign a Health Care Power of Attorney allowing a person you trust to make medical decisions for you if you can not speak for yourself. A copy of said Health Care Power of Attorney shall be maintained in the Carmel Hills business office, and in the resident's "In case of emergency folder" behind the door of their residential unit.
  - (c) Prepare and sign a Durable Power of Attorney allowing a person you appoint to continue to pay your bills if you could not handle these matters yourself. A copy of said Durable Power of Attorney shall be maintained in the Carmel Hills business office.
40. In the application, Applicant has provided Carmel Hills certain financial information upon which Carmel Hills shall rely in reviewing the application. Applicant represents that such financial information is true, accurate and correct. Providing false information or failing to provide all the requested information are grounds for termination. Applicant agrees not to deplete or otherwise dispose of any assets, cash or property of Applicant, before and after becoming a resident at Carmel Hills, through gifts or any other voluntary means to such an extent that the ability of Applicant to meet the monthly payments due for Cost-of-Care shall be jeopardized.

41. A resident's privilege of living at Carmel Hills shall continue for the lifetime of such resident unless terminated under the terms set out in this agreement or unless terminated by such resident. However, this agreement is not a lease and does not create any interest on the part of any resident in the real property or personal property of Carmel Hills. The occupancy privilege of a resident does not and shall not inure to the use or benefit of any person, firm or corporation other than such resident. The rights of occupancy and all other rights of a resident shall at all times be subordinate and junior to the lien of any and all deeds of trust which might be executed by Carmel Hills.
42. In the event a resident is transferred from Carmel Hills as provided in paragraph 22 and 28, or in the event of the death of a resident, Carmel Hills shall request that all items from a resident's unit be removed within 48 hours. Carmel Hills retains the right to remove and store the furniture and personal effects of such a resident on its premises for thirty (30) days from such transfer or until such prior time as written instructions are received from such resident or his legal representative as to the disposition of such items. If, after thirty (30) days, no such instructions are received, Carmel Hills may, at its option, transfer such items to a public storage facility at the expense of the resident or his estate.
43. This agreement may be modified only in writing signed by both parties.
44. This instrument contains the entire agreement of the parties, and there are no other written or verbal agreements or understanding between the parties in existence except as appears in this instrument.
45. This agreement and the rights and liabilities of the parties there under shall be governed and construed under the laws of the State of North Carolina.
46. If any part, term, or provision of this Entrance Agreement is by the courts held to be illegal or in conflict with any North Carolina law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Entrance Agreement did not contain the particular part, term, or provision held to be invalid.

IN WITNESS of their agreement, Carmel Hills and Applicant have signed this instrument under seal on the day and year first above written.

Carmel Hills

Applicant

By: \_\_\_\_\_ (Seal)

Title: \_\_\_\_\_ (Seal)

I have received a Disclosure Statement \_\_\_\_\_

Carmel Hills Dwelling Unit Entrance Agreement

**Declining Refund Entrance Fee (DREF 0 Plan)**

THIS ENTRANCE AGREEMENT is made \_\_\_\_\_, 2019,  
by CARMEL HILLS, a North Carolina corporation with its principal office in Mecklenburg County,  
North Carolina ("Carmel Hills"), and \_\_\_\_\_,  
a resident of \_\_\_\_\_,  
("Applicant"). Applicant seeks joint admission with \_\_\_\_\_.

STATEMENT OF PURPOSE

Applicant has made written application to live at Carmel Hills. The parties agree by this instrument that the acceptance of the application and any tenure of residence of applicant as an occupant at Carmel Hills shall be governed by this instrument.

Carmel Hills is organized under the laws of North Carolina as a nonprofit corporation. The Board of Directors ("the Board") and officers of Carmel Hills do not receive any salary or other remuneration for such functions. Board members and officers perform such functions gratuitously as a ministry to the Lord and His people. It is the intent of Carmel Hills to maintain the lowest possible cost consistent with sound, economic principles of operations and the philanthropic purposes of Carmel Hills. Carmel Hills has been designed to provide comfortable surroundings at a low cost where older people may live in peace and contentment in Christian neighborliness. Carmel Hills and Applicant agree to seek and maintain these ideals. Carmel Hills was founded and operated by individuals associated with a group of Christians commonly known as Plymouth Brethren (according to the U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936). Although Carmel Hills routinely solicits and receives contributions from assemblies and individuals in these assemblies, such assemblies and individuals have no contractual obligation, or responsibility, either explicitly or implicitly, for continued support and funding of Carmel Hills. Residents who have been associated with the above mentioned group and the Board of Directors of Carmel Hills are considered Affiliated Residents and those not so associated are called Non-affiliated Residents.

The Carmel Hills Assisted Living is licensed as a "Home for the aged" by the State of North Carolina. As a "Home for the aged", medical care in Carmel Hills is usually occasional or incidental, such as may be required in the home of any individual or family, but the administration of medication is supervised in the Assisted Living. Continuing planned medical and nursing care to meet the resident's needs may be provided under the direct supervision of a physician, nurse, or home health agency.

\*U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936

## AGREEMENT OF THE PARTIES

1. Applicant has received and reviewed the Carmel Hills Disclosure Statement (hereinafter referred to as "Disclosure Statement").
2. Applicant has paid to Carmel Hills with the presentation of a written application an application fee of two hundred dollars (\$200), which is not part of the Entrance Fee. The application fee is non-refundable.
3. The application will be reviewed by the Admissions Committee of Carmel Hills. That Committee will make a decision in its sole discretion and judgment, acting in good faith and in reliance upon information contained in the application. This decision will be:  
(a) preliminary approval of the application, (b) non-approval of the application, or (c) final approval of the application.
4. Preliminary approval is granted when the type of accommodation for which application was made is not available, or the applicant is not yet ready to move. The application is still subject to final approval by the Committee. Final approval is made when the Committee approves the Applicant for residency at Carmel Hills, and the type of accommodation for which application was made is available. Non-approval is a decision made by the Committee when it will not accept Applicant for residency at Carmel Hills. The decision of the Committee is not subject to appeal.
5. If preliminary approval is granted, the applicant will be placed on a waiting list. If applicant has paid a Reservation Deposit of One Thousand Dollars (\$1,000) under the Future Residency Agreement, this deposit will be credited towards the Entrance Fees due from the Future Resident at the time of occupancy of a Dwelling Unit at Carmel Hills.
6. When preliminary approval has been granted, and the type of accommodation for which the application was made becomes available, Carmel Hills will notify Applicant. Applicant must then provide Carmel Hills with a revised application showing any changes and containing current information. The Committee will review the new application and render a final decision.
7. Upon final approval, Applicant will be notified by Carmel Hills. Within thirty (30) days of that notice, Applicant shall pay to Carmel Hills the Entrance Fee. After final approval of the application, the Applicant officially becomes a resident of Carmel Hills upon payment of the Entrance Fee and the Monthly Cost-of-Care. (If the Entrance Fee is not paid in full at the time of residency, the resident will be required to sign a Promissory Note, agreeing to pay monthly interest at eight percent (8%) per annum on the unpaid balance. This is designed as a short term swing loan and is not intended for use as long term financing)



8. As used in this agreement, the term "Entrance Fee" shall mean the amount of money specified by Carmel Hills which is required to be paid by Applicant prior to becoming a resident. The amount of the Entrance Fee will vary depending upon the type of accommodations for which application is made and whether the applicant is Affiliated or Non-Affiliated. Carmel Hills shall have the right to change the amount of the required Entrance Fee at any time and from time to time after application for residency has been made and before the beginning of residency. See rates page 13 of Disclosure Statement for single and joint occupancy.
9. After Applicant has received notice of preliminary approval of the application but before Applicant has received notice of final approval, Applicant may prepay the Entrance Fee to Carmel Hills. The amount of such prepayment may be the entire Entrance Fee or any portion thereof in excess of five thousand dollars (\$5,000).
10. Upon final approval of the application by Carmel Hills, Carmel Hills shall provide to Applicant a place of residence at its facility located on Carmel Road, in Charlotte, North Carolina. Carmel Hills shall also provide Applicant the opportunity to participate in the social and creative programs of Carmel Hills.
11. In the event the application receives final approval by Carmel Hills, Applicant shall be entitled to occupy the dwelling unit for which application was made which is identified as follows:

(Check One)

**A Unit.** This unit is located in the Community Building and contains approximately 350 square feet of living space with one main room and a private bath. The main room consists of a bed-sitting room, and a kitchenette equipped with sink, refrigerator, and stovetop unit or stove.

**B Unit.** This unit is located in the Community Building and contains approximately 450 square feet of living space with one main room and a private bath. The main room consists of a bed-sitting room, and a kitchenette equipped with sink, refrigerator, and stove.

**C Unit.** This unit is located in the Community Building and contains approximately 600 square feet of living space, which is divided into the following: A living room, dining area, bedroom, and full bath. This unit also contains a separate kitchen complete with pantry, sink, refrigerator, and a stove.

**D Unit.** This is located in the Community Building and contains approximately 900 square feet of living space. The rooms are designed as a living room, dining area, and two bedrooms, with each bedroom serviced by its own bathroom. The unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

**Cottage/Duplex Unit.** This is housed in one of five separate buildings apart from the Community Building. This unit contains approximately 1,130 square feet of living space. The unit consists of a living room, dining area, and two bedrooms. Each bedroom has a full bath. The unit also contains a separate kitchen complete with pantry, washer, dryer, sink, refrigerator, and stove.

**One Cabin.** This unit is a log cabin with approximately 896 square feet of living space. It contains a living/dining room, one bedroom, a fully equipped kitchen and full bath. It is a separate building apart from the community building. It fronts onto Carmel Road.

Currently, the Entrance Fee for the above indicated dwelling unit is \$\_\_\_\_\_.

12. Applicant may rescind the Entrance Agreement within thirty (30) days following the later of the execution of the Entrance Agreement, or the receipt of the disclosure statement. The resident is not required to move in during the thirty (30) day rescission period. In the event that Applicant rescinds the Entrance Agreement within this thirty (30) day period, any money transferred to Carmel Hills, other than the application fee shall be returned to Applicant within thirty (30) days after the rescinding date and subject to the following conditions and charges:

(a) In the event that Applicant has begun occupancy of a Dwelling Unit or residency in the Assisted Living Unit within the above thirty (30) days, then Carmel Hills shall be allowed to retain that part of the Entrance Fee necessary to clean and repair the Dwelling Unit in a manner sufficient for occupancy by a new occupant.

(b) Carmel Hills shall also be entitled to retain a pro rata share of the Monthly Cost-of-Care based on the number of days of occupancy by the resident before the resident rescinded the Entrance Agreement and terminated his residency at Carmel Hills.

(c) Carmel Hills shall also be entitled to retain the cost of all other expenses incurred by Carmel Hills on behalf of the rescinding individual.

13. In the event of the termination of residency of a Carmel Hills resident by reason of death of a resident or for any other reason at any time, beyond the thirty (30) day period stated in the preceding paragraph (see item #12 above), but during the first 21 months of the residency of Carmel Hills, any portion of the Entrance Fee will be refunded in accordance with the provisions of this section, provided that, as a result of such termination of residency, the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident. The Monthly Cost-of-Care for the unit shall continue until the unit is unoccupied and available to another resident. In the event a termination of residency qualifies for a refund, a refund will be made based on the following provisions:

If the period of residency for DREF 0 (Declining Refund Entrance Fee) Plan residents giving rise to the right of such refund is beyond the previously stated thirty (30) day period, but less than ninety (90) days, seventy five percent (75%) of the Entrance Fee will be refunded. If the period of such residency has been ninety (90) days or greater up to twenty one (21) months, a refund will be made equal to the Entrance Fee less twenty five percent (25%) thereof for the first ninety (90) days of the residency by such resident and less four percent (4%) thereof for each period of thirty (30) days or increment thereof of residency by such resident beyond the first ninety (90) days. Carmel Hills will currently deduct from any such refund and retain the amount equal to one hundred dollars (\$100) per day for each day or a portion thereof during the first one (1) month of residency that the resident has occupied either the Carmel Hills Assisted Living Unit or a nursing home or both. Any resident who dies or is terminated as a resident of Carmel Hills after having been a resident of Carmel Hills or a resident of a nursing home for more than twenty one (21) months shall not be entitled to any refund or any portion of the Entrance Fee. Any allowable refunds would be payable upon re-occupancy after the death of the Resident or termination of the contract. Such refunds will be available firstly to the resident or secondly to the spouse (if applicable and living) or refunded to the estate of such resident.

14. If Applicant dies before officially becoming a resident, or if on account of illness, injury, or incapacity, an applicant would be precluded from becoming a resident under the terms of this agreement, this agreement is automatically canceled and Applicant or legal representative of Applicant shall receive a refund of all money transferred to Carmel Hills, less the application fee and any non standard expenses which Carmel Hills has incurred at the written request of the applicant.
15. The first ninety (90) days of occupancy at Carmel Hills by a resident constitutes a trial period during which a resident will be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided. Monthly Cost-of-Care fees still apply for time spent at Carmel Hills.
16. A resident may voluntarily terminate residency at Carmel Hills at any time.
17. The Board shall have a right to terminate residency of a resident at Carmel Hills at any time for what is, in the sole judgment and discretion of the Board, any just or sufficient cause, and any such termination shall be final and conclusive.
18. As part of the application procedure, Applicant must furnish Carmel Hills with certain specified financial and medical information. Carmel Hills may terminate a resident for falsifying or failing to reveal financial or medical information requested on the application forms.
19. A resident shall be required to abide by the policies and regulations established from time to time by the Board concerning the conduct and activity of all residents of Carmel Hills. Carmel Hills may terminate a resident for failure to comply with such policies and regulations.

20. In the event of a termination of residency the only refund of the original Entrance Fee shall be as provided in paragraph 13, herein. Neither Carmel Hills nor any member of the Board shall have any liability by reason of termination of the occupancy of a resident at Carmel Hills for any reason.
21. If a resident is transferred or moved to a facility outside of the Carmel Hills facilities, and if such resident's physician is of the opinion that the resident is not likely to return to the facilities of Carmel Hills, then Carmel Hills shall have the right to allow another applicant or resident of Carmel Hills to occupy the Dwelling Unit assigned to such resident. If, in such case, such resident does recover and returns to Carmel Hills, such resident shall have the right to occupy the first dwelling unit of similar size and cost which becomes available at Carmel Hills.
22. During the time a resident is an occupant at Carmel Hills, Carmel Hills shall supply to a resident, the following Services:
- Bi-weekly cleaning of each Dwelling Unit;
  - Laundry of bed linens;
  - All utilities--heating, air conditioning, gas, electricity, trash removal. Residents pay individually for telephone and cablevision service;
  - Homeowners insurance on the building. Residents must provide for their own renters insurance on their personal property if they desire;
  - One well-balanced meal each day served semi-cafeteria style in the dining room. The resident's plate is prepared by the food service department in the resident's presence, and the resident selects his own salads, drinks, etc. Residents may prepare additional meals in their own Dwelling Unit;
  - Complete use of all common areas, including lounge, library, dining room, exercise area, porch, lawn, lake, parking area, nature trails and walks;
  - Mail delivered daily, except on postal holidays, to residents' private locked boxes located in the lobby, or lower hall;
  - Free use of laundry facilities for personal laundry;
  - Maintenance and repair of all Carmel Hills' facilities;
  - Access to the Carmel Hills Assisted Living and/or nursing home care or a nursing facility duly licensed by the State of North Carolina.
23. Carmel Hills shall have no responsibility to provide to a resident, and a resident shall be responsible for providing and paying for, the following items received or used by a resident: all drugs (including prescriptions and non-prescription); all surgical, medical, dental and optical services; all fees to physicians, nurses and other medical care personnel; rehabilitative nursing home care; all medical services of any type beyond those services which are described in paragraph 22; dry cleaning and laundry services other than those which might be available on the grounds of Carmel Hills for use by residents; telephone and cablevision services.

24. From time to time at Carmel Hills sole discretion, and when there are surplus funds, surplus volunteers, or surplus employees, Carmel Hills may provide services beyond those required under this agreement. Such additional services are not nor shall they become an entitlement either to the party receiving these additional services or to any other resident of Carmel Hills. Notwithstanding any provision herein, either explicit or implied, Carmel Hills shall not be responsible for providing any level of care, service, treatment, or facilities beyond such care, service, treatment or facility available and provided by Carmel Hills to its residents as of October 10, 1989.

The level of care, service, treatment or facilities provided specifically excludes, without limitation, furnishing or maintaining any life support equipment such as respirators, dialysis, or heart-lung machines. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.

25. Carmel Hills reserves the right:

(a) To transfer a resident, either temporarily or permanently, to the Assisted Living unit within Carmel Hills or another facility outside of Carmel Hills, as Carmel Hills may determine, in its sole discretion, to be in the best interest of a resident, when nursing care is required or domiciliary care is required and Carmel Hills determines, in its discretion, that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills.

(b) To transfer a resident, either temporarily or permanently, to another facility if nursing care or domiciliary care is required and a resident's physician determines that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills, provided Carmel Hills agrees with such physician's determination.

In the event Carmel Hills disagrees with a resident's physician's determination as to the resident's need for further nursing care based on resident's physical and mental condition, or that the resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health and peace of other residents of Carmel Hills, then Carmel Hills shall select a licensed physician to make a determination. Such determination by the physician selected by Carmel Hills shall be conclusive as to whether the resident shall be transferred.

26. If a resident is transferred to the Assisted Living unit within Carmel Hills, Carmel Hills will provide domiciliary care in a semi-private room while in the Assisted Living unit. Residents transferred to the Assisted Living unit shall continue to pay the Monthly Cost-of-Care at the then current rate for the dwelling unit from which such resident transferred. Additionally, residents transferred into the Assisted Living unit shall pay an additional fee to help offset the cost of the additional services and other expenses. This fee is subject to change by the actions of and/or at the discretion of the Board.

27. If a qualifying resident moves or is transferred by Carmel Hills outside of Carmel Hills, to a nursing care facility or lesser care facility licensed by the State of North Carolina and approved by Carmel Hills (such facilities hereinafter referred to as "Alternative Facilities"), the following rights and restrictions shall be in effect:
- (a) Carmel Hills will pay for the basic monthly service charge of the Alternative Facilities based on a rate of a semi-private room in the Alternative Facilities, but only to the extent that payment is not covered by the insurance of the resident or Medicare.
- (b) The obligation of Carmel Hills to pay the Alternative Facilities for a resident's nursing care shall be contingent upon the continuing payment to Carmel Hills by the resident of the Monthly Cost-of-Care and the additional fees. The Monthly Cost-of-Care and additional fees obligations shall continue at the then current rate that would be charged to the resident had he not been transferred to the Alternative Facilities.
- (c) Notwithstanding anything herein to the contrary, Carmel Hills will not pay for ancillary services provided by the Alternative Facilities. Carmel Hills will also not pay for the use and maintenance of respirators, heart lung machines, dialysis machines or any other life support equipment or machinery. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.
28. If a qualifying resident moves or is transferred to a hospital, all expenses incurred for such resident's occupancy and care in such hospital shall be borne by such resident.
29. Upon becoming an occupant of Carmel Hills, a resident shall pay before the tenth (10<sup>th</sup>) day of each month the Cost-of-Care for that month. The Cost-of-Care for that type of Dwelling Unit specified in paragraph 11 presently is \$\_\_\_\_\_ per month, and is subject to increase or decrease by the action and in the sole discretion of the Board. Carmel Hills reserves the right, in its sole discretion, to change or adjust the Monthly Cost-of-Care based upon changes in the cost of living and other economic necessities as they arise. Carmel Hills reserves the right to charge one and one-half percent (1.5%) per month on the unpaid balance of all Cost-of-Care fees not received by the tenth (10<sup>th</sup>) day of each month.
30. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due, the resident shall notify the administrator of Carmel Hills in writing, giving an explanation of the present situation and a current financial statement. Carmel Hills will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. A waiver of any Monthly Cost-of-Care must be in writing. A waiver of a fee or any part thereof for any particular month shall not constitute a waiver for any subsequent months unless so specifically stated in writing by Carmel Hills.
31. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due and Carmel Hills does not agree to provide financial assistance, then Carmel Hills may terminate this agreement. Before terminating this agreement for failure to pay, Carmel Hills shall provide written notice demanding that resident bring his account current within twenty (20) days from receipt of the written demand. Should the resident fail to bring the account current within the twenty (20) day period, then Carmel Hills may terminate this agreement.

32. A resident upon request by Carmel Hills shall apply for any federal, state or local grant, aid or benefits for which such resident may be eligible or to which such resident may be entitled, and a resident shall apply such grant, aid or benefit to the Cost-of-Care of such resident in keeping with the accounting procedures of Carmel Hills.
33. If Applicant is eligible and not already enrolled, Applicant upon request of Carmel Hills shall:
  - (a) apply for and secure participation under the Medicare Hospital Insurance Benefits Program under Part A of Public Law 89-97; and
  - (b) at the next enrollment period following the application of Applicant to Carmel Hills, apply for, secure and pay the premiums for participation under Part B of Public Law 89-97.
34. A resident shall authorize, as requested by Carmel Hills, any provider of hospitalization, medical or health services under Medicare Part A and Part B and of any other hospitalization, medical or health services to receive reimbursement as provided under those programs or as provided from any insurer providing hospitalization, medical and health insurance which covers such resident.
35. A resident shall make, as may be necessary, assignment to the provider of medical and other health services under Medicare Part B and any supplementary extended coverage plan of all benefits accruing to such resident under those plans.
36. Except for in-house domiciliary nursing care and the one meal per day provided by Carmel Hills, a resident shall pay from such resident's own funds the deductible, the per diem and all other charges for or costs of any hospitalization and medical and other health services not paid for by the Medicare programs or other insurance. Carmel Hills shall not be responsible for any charges for such services but may, to the extent that a resident's resources are inadequate to do so, from time to time in its charitable functions and in the sole discretion of the Board assist a resident in paying such charges.
37. Residents shall remain liable for the full Monthly Cost-of-Care even if such resident is voluntarily absent from Carmel Hills, provided that this agreement has not been terminated, in writing, by either Carmel Hills or the resident.
38. Each resident assumes all risks of personal injury and damage to property which such resident may incur by reason of any act or omission occurring while such resident is an occupant of Carmel Hills. Residents are encouraged to purchase "Renters insurance" to cover their personal property. Carmel Hills does not insure the resident's personal belongings.
39. Applicant agrees, if Applicant has not already done so, to make the following advance care documents:
  - (a) make a will providing for the disposition of the remaining assets and personal effects of Applicant and provision for proper burial of Applicant at the expense of Applicant. Applicant shall keep the Administrator of Carmel Hills informed at all times as to the location of Applicant's will and the name of the executor of said will before and after becoming a resident at Carmel Hills.

(b) sign a "DECLARATION OF DESIRE FOR NATURAL DEATH" or other instrument as may be required to instruct health care providers not to prolong life by artificial means when hope for recovery has dissipated. A copy of said DECLARATION shall be maintained in the Carmel Hills business office, and in the resident's "In case of emergency folder" behind the door of their residential unit. Carmel Hills will no longer be responsible for the continuing care of a resident if the resident, or the resident's responsible party has rescinded or ignored the DECLARATION, and extraordinary means are being used to prolong life.

(c) Prepare and sign a Health Care Power of Attorney allowing a person you trust to make medical decisions for you if you can not speak for yourself. A copy of said Health Care Power of Attorney shall be maintained in the Carmel Hills business office, and in the resident's "In case of emergency folder" behind the door of their residential unit.

(d) Prepare and sign a Durable Power of Attorney allowing a person you appoint to continue to pay your bills if you could not handle these matters yourself. A copy of said Durable Power of Attorney shall be maintained in the Carmel Hills business office.

40. In the application, Applicant has provided Carmel Hills certain financial information upon which Carmel Hills shall rely in reviewing the application. Applicant represents that such financial information is true, accurate and correct. Providing false information or failing to provide all the requested information are grounds for termination. Applicant agrees not to deplete or otherwise dispose of any assets, cash or property of Applicant, before and after becoming a resident at Carmel Hills, through gifts or any other voluntary means to such an extent that the ability of Applicant to meet the monthly payments due for Cost-of-Care shall be jeopardized.
41. A resident's privilege of living at Carmel Hills shall continue for the lifetime of such resident unless terminated under the terms set out in this agreement or unless terminated by such resident. However, this agreement is not a lease and does not create any interest on the part of any resident in the real property or personal property of Carmel Hills. The occupancy privilege of a resident does not and shall not inure to the use or benefit of any person, firm or corporation other than such resident. The rights of occupancy and all other rights of a resident shall at all times be subordinate and junior to the lien of any and all deeds of trust which might be executed by Carmel Hills.
42. In the event a resident is transferred from Carmel Hills as provided in paragraph 22 and 28, or in the event of the death of a resident, Carmel Hills shall request that all items from a resident's unit be removed within 48 hours. Carmel Hills retains the right to remove and store the furniture and personal effects of such a resident on its premises for thirty (30) days from such transfer or until such prior time as written instructions are received from such resident or his legal representative as to the disposition of such items. If, after thirty (30) days, no such instructions are received, Carmel Hills may, at its option, transfer such items to a public storage facility at the expense of the resident or his estate.
43. This agreement may be modified only in writing signed by both parties.



- 44. This instrument contains the entire agreement of the parties, and there are no other written or verbal agreements or understanding between the parties in existence except as appears in this instrument.
- 45. This agreement and the rights and liabilities of the parties there under shall be governed and construed under the laws of the State of North Carolina.
- 46. If any part, term, or provision of this Entrance Agreement is by the courts held to be illegal or in conflict with any North Carolina law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Entrance Agreement did not contain the particular part, term, or provision held to be invalid.

IN WITNESS of their agreement, Carmel Hills and Applicant have signed this instrument under seal on the day and year first above written.

Carmel Hills

Applicant

By: \_\_\_\_\_ (Seal)

Title: \_\_\_\_\_ (Seal)

I have received a Disclosure Statement \_\_\_\_\_.

Assisted Living/Personal Care Agreement Between Carmel Hills and Resident

Carmel Hills is organized under the laws of North Carolina as a non-profit corporation, has no stockholders. The Board of Directors ("the board") and officers of Carmel Hills do not receive any salary or other remuneration for such functions. Board members and officers perform such functions gratuitously as a ministry to the Lord and His people. It is the intent of Carmel Hills to maintain the lowest possible cost consistent with sound, economic principals of operations and the philanthropic proposes of Carmel Hills. Carmel Hills has been designed to provide comfortable surroundings at a low cost where older people may live in peace and contentment in Christian Neighborliness. Carmel Hills and Applicant agree to seek and maintain these ideals. Carmel Hills is sponsored by a Board of Directors who are associated with a group of Christians commonly known as Plymouth Brethren, but this does not affect this Assisted Living/Personal Care Agreement.

Residents and Carmel Hills agree as Follows:

Name of Resident \_\_\_\_\_

Admission Date \_\_\_\_\_

Monthly Rate

Individual rates are kept on file in the main office.

Room rates may be discussed with the Administrator at any time. All bills are due and payable by the 10<sup>th</sup> of the month.

Rates are subject to change upon thirty days notice to the resident or the person in charge of the resident.

The current direct entry monthly rate for a semi-private room is currently \$4,419.

When available and practical, private rooms may be offered. The current direct entry monthly rate for a private room is currently \$5,728. Charges for room # \_\_\_\_\_ currently are \$ \_\_\_\_\_ semi-private and \$ \_\_\_\_\_ for private.

No Entrance Fee Plan (NEF)

Transfers from apartment's rate for a semi-private room is currently \$4,419 monthly.

Currently, when available and practical, private rooms may be offered for \$5,728.

Charges for room # \_\_\_\_\_ currently are \$ \_\_\_\_\_ semi-private and \$ \_\_\_\_\_ for private.

90% Refundable Entrance Fee Plan (REF 90)

Transfers from apartments for a semi-private room is currently \$4,198 monthly (or 95% of the existing Assisted Living base rate).

When available and practical, private rooms may be offered for transfers from apartments. The monthly rate for a private room is currently \$5,507.

Charges for room #\_\_\_\_\_ currently are \$\_\_\_\_\_ semi-private and \$\_\_\_\_\_ for private.

Declining Refund Entrance Fee Plan (DREF 0)

Currently, transfers from apartments pay their monthly apartment rate plus \$1,048 for a semi-private room.

Currently, when available and practical, private rooms may be offered for an additional 1,309 (this is in addition to the transfer rate listed above).

Charges for room #\_\_\_\_\_ currently are \$\_\_\_\_\_ semi-private and \$\_\_\_\_\_ for private.

Service and Accommodations

The preceding rates include a room in the Assisted Living unit of Carmel Hills, three well-balanced meals a day, snacks, twenty-four hour supervision, laundry (excluding dry cleaning), Assisted Living services as needed, and medical care according to a physician's orders, meaningful activities, and reasonable use of the telephone.

Rates do not include the cost of clothing, personal items (i.e. toothbrushes) or non-prescription drugs, hospital bills, physician visits and medications. Such items must be paid for by the resident, family or guardian. Long distance telephone calls are charged to the residents.

Assisted Living Services Provided

1. Assistance with bathing \_\_\_\_\_
2. Assistance with dressing \_\_\_\_\_
3. Shampooing \_\_\_\_\_
4. Mouth care (gums/teeth/dentures) \_\_\_\_\_
5. Trimming nails (finger) \_\_\_\_\_
6. Eating \_\_\_\_\_
7. Walking \_\_\_\_\_
8. Other \_\_\_\_\_
9. Smoking is not permitted in the home.
10. Alcohol use by permission of physician and administrator.

Medication Policies

Administration of resident medication is provided by the staff of Carmel Hills. Carmel Hills policy does not allow for self-administering of drugs by residents.

The Assisted Living Facility requires that the resident utilize a medication administration system acceptable to the facility. This Facility utilizes a special dose system that facilitates the administration of medication to a large number of residents with the lowest possibility of errors. This facility has a special arrangement with a pharmacy provider. However, the resident has the right to use a pharmacy provider as long as the medications are packaged in the form that is used in the Assisted Living Facility. Carmel Hills will provide a written list of requirements to the provider of choice.

Health Care

A current FL-2 (less than 30 days old) will be completed prior to admission and will be updated once a year thereafter. Arrangements for the completion of the residents' FL-2 will be made by \_\_\_\_\_,

Name of resident's physician \_\_\_\_\_,

Address of physician \_\_\_\_\_,

Physician's phone number \_\_\_\_\_,

Name of dentist \_\_\_\_\_,

Address of dentist \_\_\_\_\_,

Dentist's phone number \_\_\_\_\_,

Plans for emergency treatment \_\_\_\_\_,

\_\_\_\_\_

Accidents

Accidents resulting in injury to the resident must be reported within 24 hours on form DSS 1870.

Visitation

Residents may leave Carmel Hills with family or friends if they are physically able to do so. Residents will notify the individual in charge prior to the proposed out of home visit so that medication, meals, etc, can be coordinated. Residents will inform staff of expected return time and promptly pick up the resident at the appointed hour. Resident or person responsible for the resident must sign out before resident leaves Carmel Hills.

Visitation is permitted at any reasonable hour. Visitation is encouraged and the resident will be allowed privacy, if desired. Visiting during meal times is discouraged.

Furniture

Carmel Hills will provide all necessary furniture; however, room furnishings can be brought with approval of the administrator.

Mail

Residents are encouraged, and assisted if needed, to correspond by mail with family and friends. Mail to a resident should be addressed:

Resident's name  
Carmel Hills  
2801 Carmel Road  
Charlotte, NC 28226

All mail must be delivered to the resident unopened. Outgoing mail will not be censored.

Transportation

Transportation needs related to health or business of resident will be arranged and provided by Carmel Hills. Resident must give Carmel Hills reasonable advance notice (not less than 24 hours) of a need for transportation. No charge will be made for transportation to needed services.

Suggested Items to Bring to the Assisted Living Unit

Clothes, pajamas or nightclothes, comfortable shoes, socks or hose, housecoat, slippers, underclothing, coats, sweaters and personal items (i.e. toothbrush, toothpaste, brush, comb and correspondence materials). Room furnishings can be brought with the approval of the administrator

All items must be identified with a permanent marking (i.e. name).

Items brought to the home by the resident: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Handling of Funds

The resident will handle his/her own funds whenever possible. If unable to do so, the administrator will contact a family member or responsible party regarding the need for a guardian, personal representative or payee. The administrator will not serve as guardian or personal representative.

If the administrator handles the resident's spending money, a written request by the resident will be made and be kept on file. A receipt must be given to the resident for any money deposited with the administrator on admission. All funds spent will be documented and available for review. Personal funds handled by\_\_\_\_\_.

#### Non-Payment of Monthly Assisted Living Fee

Monthly fees are due on the first of each month but no later than the 10<sup>th</sup> day of each month. After the 10<sup>th</sup> day a late charge of 1 ½% or \$25, whichever is greater, will be added to the bill. Failure to pay the costs of services and accommodations by the payment due date according to the residents contract after receiving written notice of warning of discharge for failure to pay, shall result in the discharge of the resident to another facility.

#### Discharge and Transfer

The administrator will involve the resident, family and physician when other living arrangements are needed due to improved condition, when professional nursing or intermediate care is needed, or requested.

The first ninety (90) days of occupancy in the Assisted Living unit of Carmel Hills by a resident will constitute a trial period during which a resident may be required to terminate residency at Carmel Hills if the administrator determines that a resident is unable to make a physical or mental adjustment to the style of living provided.

A resident may voluntarily terminate residence in the Assisted Living unit of Carmel Hills at any time. If a discharge is instigated by the resident or responsible person, the facility requires not less than 14 days notice or payment of 14 days at the current rate. The administrator shall have the right to initiate the termination of the residency of any resident in the Assisted Living unit of Carmel Hills for what is, in the sole judgment and discretion of the administrator, grounds for termination. The discharge of a resident initiated by the facility shall be according to conditions and procedures specified in paragraph (a) through (g) of rule 10A NCAC 13F.0702, amended, effective July 1, 2004.

If the administrator request's that a resident terminate residence, a notice of not less than 30 days will be given.

If a resident wishes to leave, the resident will give the administrator not less than 14 days notice or pay for 14 days at the current rate.

#### Refund Policy for Assisted Living Unit

Refunds on unused monthly cost of care will be made when:

1. A proper notice is given to the administrator.
2. A resident dies and all personal effects have been removed from room.
3. The resident enters the hospital and the administrator is notified that the resident will not return.
4. Other \_\_\_\_\_

Carmel Hills has signed, Form DSS-1464, indicating its willingness to comply with Title VI of the Civil Rights Act that no person will, on the grounds of race, color or national origin be excluded from participation in, be denied benefits of, or be subjected to discrimination in the provision of any assistance, care or services.

Plans In The Event Of A Resident's Death

Notify the next of kin or others (as listed below):

Name \_\_\_\_\_,  
Address \_\_\_\_\_,  
Phone #Home: \_\_\_\_\_, Work: \_\_\_\_\_,

Name \_\_\_\_\_,  
Address \_\_\_\_\_,  
Phone #Home: \_\_\_\_\_, Work: \_\_\_\_\_,

Name \_\_\_\_\_,  
Address \_\_\_\_\_,  
Phone #Home: \_\_\_\_\_, Work: \_\_\_\_\_,

Funeral home preferred \_\_\_\_\_,  
Address \_\_\_\_\_,  
Phone # \_\_\_\_\_,

Burial site \_\_\_\_\_,  
Resources for burial: \_\_\_\_\_ (Updates)  
Personal Funds \_\_\_\_\_,  
Life Insurance \_\_\_\_\_,  
Burial Policies \_\_\_\_\_,  
Family Arrangement \_\_\_\_\_,  
Family Responsibilities \_\_\_\_\_,

Social Security Administration \_\_\_\_\_,  
Designated Responsible Party \_\_\_\_\_,

Date: \_\_\_\_\_  
Resident or  
Responsible Party \_\_\_\_\_

Carmel Hills  
Administrator \_\_\_\_\_

## Early Reservation Agreement

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Carmel Hills, Inc., a North Carolina nonprofit corporation (the "Corporation"), and \_\_\_\_\_, (the "Early Reserver") (if husband and wife, or two other persons enter into this Agreement, the word "Early Reserver" shall apply to them collectively unless the context otherwise requires).

### Introduction

WHEREAS, the Corporation owns and operates a continuing care retirement community on Carmel Road in Charlotte, North Carolina ("Carmel Hills"); and

WHEREAS, the Early Reserver desires to be entered on the waiting list at Carmel Hills; and

WHEREAS, the Early Reserver is below the age of sixty two (62) years and the parties agree he or she is not required to complete a Future Residency Agreement (as hereinafter defined) and comply with its requirements until reaching the age of sixty two (62) years.

### Agreement

1. Priority Reservation. The Corporation agrees to assign to the Early Reserver a priority position on Carmel Hills' waiting list based on the date of this Agreement and the chronological order in which all Early Reserves and Future Residents enter into such Early Reservation Agreements and Future Residency Agreements (as the case may be), regardless of the apartment type selected.
2. Early Reservation Fee. In consideration of being entered on the waiting list, the Early Reserver hereby pays to the Corporation a non-refundable fee in the amount of one hundred dollars (\$100) (the "Early Reservation Fee"). The Early Reserver understands that the Early Reservation Fee is in addition to any and all other fees, costs and deposits that the Early Reserver may be required to pay to the Corporation in connection with the execution of a Future Residency Agreement or a Carmel Hills Dwelling Unit Entrance Agreement.
3. Application for Admission. In connection with the execution of this Agreement and the remittance of the Early Reservation Fee, the Early Reserver will submit a completed Application for Admission on a form supplied by the Corporation for each party who is an Early Reserver hereunder.
4. Future Requirements. To retain his or her position on Carmel Hills waiting list, the Early Reserver shall, within twelve (12) months after reaching the age of sixty two (62) years (which in the case of multiple Early Reserver shall be determined based on the older party), (i) complete and sign the form of Future Residency Agreement in use at such time (the "Future Residency Agreement"), (ii) meet all the admission procedures outlined therein, and (iii) pay the reservation deposit required by the Future Residency Agreement.



5. Compliance. Failure to comply in a timely manner with Section 4 hereof shall result in the forfeiture of the Early Reserver's position on Carmel Hills waiting list.
6. No Assignment. The rights and privileges of the Early Reserver under this Agreement are personal to the Early Reserver and may not be transferred or assigned by the Early Reserver.
7. Entire Agreement. This Agreement constitutes the entire agreement between the Corporation and the Early Reserver. Without limiting the generality of the foregoing, the parties understand and agree that the Early Reserver has no rights hereunder to the present use of Carmel Hills or any of its amenities.
8. Governing Laws. This Agreement shall be governed by the laws of the State of North Carolina.
9. Notice Provisions. Any notices, consents, or other communications to the Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

Administrator  
 Carmel Hills  
 2801 Carmel Road  
 Charlotte, NC 28226

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

CARMEL HILLS, INC.

\_\_\_\_\_

Early Reserver Signature

\_\_\_\_\_

Printed Name

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

\_\_\_\_\_

Current Address: Street

Title: \_\_\_\_\_

\_\_\_\_\_

City, State, Zip Code

\_\_\_\_\_

Telephone

### Future Residency Agreement

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
Between Carmel Hills, Inc., a North Carolina nonprofit corporation (the "Corporation"), and  
\_\_\_\_\_  
(the  
"Future Resident") (if husband and wife, or two other persons enter into this Agreement, the word  
"Future Resident" shall apply to them collectively unless the context otherwise requires).

#### Introduction

WHEREAS, the corporation owns and operates a continuing care retirement community on Carmel Road in Charlotte, North Carolina ("Carmel Hills"); and

WHEREAS, the Future Resident desires to become a Resident of Carmel Hills and to use and enjoy the facilities, programs and services provided by Carmel Hills.

#### Agreement

##### I. Priority, Dwelling Unit Type, and Projected Date of Occupancy

- A. Priority Reservation. The Corporation agrees to assign to the Future Resident a priority position on Carmel Hills' waiting list based on the date of this Agreement and the chronological order in which all Early Reserves and Future Residents enter into such Early Reservation Agreements and Future Residency Agreements (as the case may be), regardless of the apartment type selected. If the Future Resident is an Early Reserver, the Priority Position assigned to him or her under the Early Reservation Agreement shall be the Future Resident's priority position for purposes of this Agreement.
- B. Apartment Type Preference. The Future Resident prefers to occupy a \_\_\_\_\_ type Dwelling Unit at Carmel Hills (the "Dwelling Unit") at some time in the future.
- C. Projected Date of Occupancy. The Future Resident projects readiness for actual occupancy of the Dwelling Unit at Carmel Hills in approximately \_\_\_\_\_ (Month) of \_\_\_\_\_ (Year). It is understood that such a Projected Date of Occupancy is an estimate and may vary due to the Future Resident's readiness and the actual availability of the Dwelling Unit at Carmel Hills.

## II. ADDITIONAL PRIVILEGES

In addition to the priority established for the Future Resident for the apartment type and projected date of occupancy, the Future Resident shall have the following privileges at Carmel Hills:

- A. Meals. The Future Resident may have meals in Carmel Hills' dining room with prior reservations and at the established guest meal rate.
- B. Use of Common Areas. The Future Resident may use the common areas within Carmel Hills including the dining room, Shuffle Inn, library areas, multi-purpose rooms, lounges, beauty and barber shop, other recreational areas, common areas and amenities, from time-to-time with prior reservations and at rates established by the Corporation, if any.
- C. Participation in Planned Activities. The Future Resident may participate in planned social, recreational, educational, cultural, spiritual, arts and crafts, and exercise programs if provided by Carmel Hills, with prior reservations and at rates established by the Corporation, if any.

## III. ADMISSION PROCEDURES

- A. Application Forms. Within thirty (30) days after execution of this Agreement, the Future Resident will submit completed application forms containing all the information required by the Admissions Committee of Carmel Hills for initial review. The Application forms shall include an Application for Residency, a Personal Health History ("Applicant's Medical Certificate"), and a Confidential Financial Statement on forms provided by Carmel Hills for review by the Admissions Committee.
- B. Admissions Committee Review. Upon receipt of the completed application forms, Carmel Hills Admissions Committee will review the forms submitted by the Future Resident as a basis for initial admission to Carmel Hills. The Admissions Committee, in its sole discretion, will within thirty (30) days of receipt of the completed application forms, approve or deny the application for initial admission based on admissions criteria and policies established by the Board of Directors of the Corporation.
- C. Notification of Availability of Living Accommodation. The Corporation will make reasonable efforts to notify the Future Resident of availability of the Dwelling Unit specified by the Future Resident at the time the Dwelling Unit becomes available for occupancy at or near the Projected Date of Occupancy. The Future Resident may accept or reject Carmel Hills' offer to take actual occupancy of the Dwelling Unit. The Future Resident has three (3) days from the date of notification by the Carmel Hills Business Office to accept the Dwelling Unit. The Future Resident may reject any offer by the Corporation to take occupancy without losing the Future Resident's priority on Carmel Hills' waiting list. The Future Resident understands that Residents of Carmel Hills who occupy a Dwelling Unit and who request a change of Dwelling Unit have priority over Future Residents on the waiting list.

D. Priority As To Available Dwelling Units. The right to reserve Dwelling Units becoming available for occupancy will be alternated between Residents occupying Dwelling Units at Carmel Hills, who wish to transfer to another Dwelling Unit on one hand, and Future Residents who have executed a Future Residency Agreement with the Corporation on the other hand. Notwithstanding the plan to alternate the right to reserve Dwelling Units becoming available for occupancy between those Residents who wish to transfer to another Dwelling Unit and Future Residents entering Carmel Hills, Residents will have priority over all non-residents, including Future Residents, in transferring to another Dwelling Unit becoming available in the following circumstances:

1. transfers due to medical necessity as determined by the Administrator;
2. transfers to a same size or smaller Dwelling Unit; and
3. when two Dwelling Units (one of which is vacant) are combined, the Resident occupying one of the Dwelling Units will have priority in reserving the combined Dwelling Unit.

Notwithstanding the above, the Corporation reserves the right to fill, in its sole discretion and without regard to the waiting list, up to five (5) vacancies in Dwelling Units each year. The Dwelling Units granted under this paragraph may be of the same unit type. It is expected that filling vacant Dwelling Units pursuant to this paragraph will be rare.

E. Carmel Hills Dwelling Unit Entrance Agreement. Should the Future Resident accept the offer for occupancy of the Dwelling Unit at Carmel Hills, the Future Resident shall execute the Carmel Hills Dwelling Unit Entrance Agreement in effect at the time of such acceptance and pay the required fees in effect at such time as outlined in such Carmel Hills Dwelling Unit Entrance Agreement. Prior to occupancy by the Future Resident, the Future Resident shall have satisfied all the admissions requirements described in such Carmel Hills Dwelling Unit Entrance Agreement, including but not limited to the following:

1. Updated Application Forms, If Requested. Future Resident agrees to provide, if requested by the Corporation, updated application forms for review by the Admissions Committee before taking occupancy, including the Application for Residency, Personal Health History ("Applicant's Medical Certificate") and Confidential Financial Statement.
2. Physician's Examination Report. Upon execution of the Carmel Hills Dwelling Unit Entrance Agreement, the Future Resident agrees to submit a physician's examination report completed by the Future Resident's personal physician on the Medical Certificate form provided by the Corporation for review by Carmel Hills Admissions Committee before taking occupancy.

- F. Final Review by Admissions Committee. Within thirty (30) days upon receipt of the Carmel Hills Dwelling Unit Entrance Agreement, the Applicant's Medical Certificate, and any updated application forms, if requested, the Admissions Committee will make final review of the application of the Future Resident, and in its sole discretion, approve or deny the application based on the admission criteria and policies as established by the Board of Directors of the Corporation at the time of occupancy, and notify Future Resident of such action.

#### IV. CONSIDERATION FROM FUTURE RESIDENT

- A. Reservation Deposit. In consideration for the rights and privileges as outlined in this Agreement, the Future Resident agrees to pay a Reservation Deposit of One Thousand Dollars (\$1,000). The Reservation Deposit is a non-interest bearing deposit associated with this Future Residency Agreement, and will be credited toward the Entrance Fees due by the Future Resident at the time of occupancy of the Dwelling Unit at Carmel Hills as outlined in the Carmel Hills Dwelling Unit Entrance Agreement.

#### V. TERMINATION AND REFUND

- A. Termination by the Future Resident. The Future Resident may terminate this Agreement for any reason prior to occupancy by giving written notice to the Corporation.
- B. Termination by the Corporation. The Corporation may terminate this Agreement at any time if there has been a material misrepresentation or omission submitted by the Future Resident in the Future Resident's Application for Residency, Personal Health History ("Applicant's Medical Certificate"), Confidential Financial Statement, or Physicians Examination Report. The Corporation may also terminate this Agreement if the Future Resident does not meet the admission criteria set by the Board of Directors. Upon such termination, the Corporation shall notify the Future Resident of the reasons for such non-acceptance for admission.
- C. Upon any termination of this agreement by either the Future Resident or the Corporation, the Corporation shall refund the Future Resident the full amount of the Reservation Deposit of One Thousand Dollars (\$1,000) within sixty (60) days of such notification of termination.

#### VI. GENERAL PROVISIONS

- A. Assignment. The rights and privileges of the Future Resident under this Agreement to the facilities, services, and programs of Carmel Hills are personal to the Future Resident and may not be transferred or assigned by the Future Resident.
- B. Entire Agreement. This Agreement constitutes the entire contract between the Corporation and the Future Resident and is preliminary to the Carmel Hills Dwelling Unit Entrance Agreement.

- C. Successors and Assigns. Except as set forth herein, this agreement shall bind and inure to the benefit of the successors and assigns of the Corporation.
- D. Governing Laws. This Agreement shall be governed by the laws of the State of North Carolina.
- E. Copy of the Agreement. The Future Resident, by executing this Agreement, acknowledges that the Corporation presented a copy of this Agreement to Future Resident prior to the transfer of any funds or consideration to the Corporation.
- F. Notice Provisions. Any notices, consents, or other communications to the Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

Administrator  
 Carmel Hills  
 2801 Carmel Road  
 Charlotte, NC 28226

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

CARMEL HILLS, INC.

	Future Resident Signature
By: _____	Printed Name
Title: _____	Current Address: Street
	City, State, Zip Code
	Telephone

*CARMEL HILLS, INC.*

*FINANCIAL STATEMENTS*  
*APRIL 30, 2019*

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***Carmel Hills, Inc.***  
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**April 30, 2019**

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# C. DEWITT FOARD & COMPANY, P.A.

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CERTIFIED PUBLIC ACCOUNTANTS  
817 EAST MOREHEAD STREET SUITE 100  
CHARLOTTE, NORTH CAROLINA 28202  
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066

PHILLIP G. WILSON  
TERRY W. LANCASTER

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Carmel Hills, Inc.  
Charlotte, North Carolina

We have audited the accompanying consolidated financial statements of Carmel Hills, Inc. (the "Organization" - a nonprofit corporation), which comprise the consolidated balance sheet as of April 30, 2019, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Carmel Hills, Inc., as of April 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and our report dated June 11, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. Dewitt Foard & Company, P.A.*  
July 1, 2019

# ***Carmel Hills, Inc.***

## **Consolidated Balance Sheet**

**April 30, 2019, With Prior Year Comparative Totals**

<b><u>Assets</u></b>	<b>2019</b>	<b>2018</b>
Cash and equivalents	\$ 781,393	\$ 1,089,838
Receivables:		
Entrance fees	-	8,516
Sales tax refund	7,969	5,455
Inventories	14,682	16,407
Prepaid Expenses	39,336	27,190
Operating Reserve Requirement:		
Cash and equivalents	438,655	286,123
Investments - certificates of deposit	6,045	133,510
<b>Total Current Assets</b>	<b>1,288,080</b>	<b>1,567,039</b>
Operating Reserve Requirement:		
Investments - certificate of deposit	300,314	294,166
Investments - other	148,746	127,354
Property and Equipment, net	1,844,349	1,600,326
<b>TOTAL</b>	<b>\$ 3,581,489</b>	<b>\$ 3,588,885</b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 117,892	\$ 100,637
Deferred revenue - refundable resident fees	85,808	25,659
Current portion of long-term debt	149,050	181,737
<b>Total Current Liabilities</b>	<b>352,750</b>	<b>308,033</b>
Long-Term Liabilities:		
Long-term debt, net of current portion	477,287	566,654
Deposits	500	500
Deferred revenue - refundable entrance fees	926,471	762,509
Deferred Revenue - nonrefundable entrance fees	1,067,697	1,100,667
<b>Total Liabilities</b>	<b>2,824,705</b>	<b>2,738,363</b>
Net Assets:		
Without donor restrictions	756,784	850,522
<b>Total Net Assets</b>	<b>756,784</b>	<b>850,522</b>
<b>TOTAL</b>	<b>\$ 3,581,489</b>	<b>\$ 3,588,885</b>

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**Carmel Hills, Inc.****Consolidated Statement of Operations and Changes in Net Assets  
Year Ended April 30, 2019, With Prior Year Comparative Totals**

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	2019	2018
Support and Revenue:		
Net resident fees	\$ 2,151,646	\$ 2,005,803
Earned entrance fees	189,684	296,567
Contributions	289,092	305,901
Gain (loss) on disposal of assets	(12,132)	117,974
Investment income	28,927	25,286
Miscellaneous	40,223	28,677
<b>Total</b>	<b>2,687,440</b>	<b>2,780,208</b>
Expenses:		
Salaries	1,390,542	1,328,350
Payroll taxes and group insurance	251,072	267,112
Depreciation	192,115	168,330
Repairs and maintenance	173,265	138,513
Food supplies	157,298	151,872
Insurance	101,446	98,946
Utilities	99,394	95,420
Contract labor and sales commissions	90,580	43,098
Janitorial expense	78,343	79,343
Advertising	42,404	46,524
Miscellaneous	37,175	41,625
Interest	33,717	46,983
Security	22,925	9,268
Office and other supplies	20,872	14,802
Legal and accounting	17,855	55,181
Telephone	16,906	13,665
Medical expense	15,661	19,891
Dietary supplies	12,729	12,836
Vehicle expense	8,870	9,000
Dues and subscriptions	6,157	5,891
Retirement plan	5,994	7,071
Travel and training	5,858	7,986
<b>Total</b>	<b>2,781,178</b>	<b>2,661,707</b>
<b>CHANGE IN NET ASSETS</b>	<b>(93,738)</b>	<b>118,501</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING</b>	<b>850,522</b>	<b>732,021</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, ENDING</b>	<b>\$ 756,784</b>	<b>\$ 850,522</b>

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*See accompanying notes to financial statements.**Page 3*

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**Carmel Hills, Inc.****Consolidated Statement of Cash Flows****Year Ended April 30, 2019, With Prior Year Comparative Totals**

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<u><i>Operating Activities</i></u>	2019	2018
Change in Net Assets	\$ (93,738)	\$ 118,501
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	192,115	168,330
Contributions of property	(67,500)	-
Entrance fees received net of refunds	329,192	478,782
Earned entrance fees	(189,684)	(296,567)
(Gain) loss on disposal of property	12,132	(117,974)
Realized and unrealized gain on investments	(17,883)	(14,230)
Change in value of split interest agreements	(367)	(547)
Change in operating assets and liabilities:		
Sales tax refund receivable	(2,514)	1,779
Inventories	1,725	2,381
Prepaid expenses	(12,146)	2,819
Accounts payable and accrued expenses	17,255	25,153
Deferred revenue - resident fees	60,149	(774)
<b><i>Cash Flows From Operating Activities</i></b>	<b>228,736</b>	<b>367,653</b>
<u><i>Investing Activities</i></u>		
Purchase of property and equipment	(380,770)	(176,874)
Proceeds from the sale of property	-	319,098
Proceeds from the sale of investments	133,510	5,979
Acquisition of investments	(15,702)	(13,714)
<b><i>Cash Flows From Investing Activities</i></b>	<b>(262,962)</b>	<b>134,489</b>
<u><i>Financing Activities</i></u>		
Principal payments on long-term debt	(121,687)	(341,278)
<b><i>Cash Flows From Financing Activities</i></b>	<b>(121,687)</b>	<b>(341,278)</b>
<b>CHANGE IN CASH AND EQUIVALNETS</b>	<b>(155,913)</b>	<b>160,864</b>
<b>CASH AND EQUIVALENTS - BEGINNING</b>	<b>1,375,961</b>	<b>1,215,097</b>
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 1,220,048</b>	<b>\$ 1,375,961</b>

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***Carmel Hills, Inc.***  
**Notes to Consolidated Financial Statements**  
**April 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities*

Carmel Hills, Inc. (the "Organization") was incorporated as a nonprofit corporation on July 17, 1977 pursuant to the laws of the State of North Carolina. The Organization was formed for the purpose of providing a residential retirement facility for older brothers and sisters who share a common bond in our Lord Jesus Christ, that is, brethren, known to be walking together as members of the Body of Christ who gather only to the name of Christ (sometimes secularly referred to as "Plymouth Brethren"). On May 9, 2012, the Organization formed a separate company named *Carmel Hills Properties, LLC* (the Company). The Company was established for the sole purpose of receiving, holding, administering, and disposing of real estate.

The facility contains 42 apartment and duplex units, and an assisted living care center with 24 rooms that is licensed for 38 beds. A resident purchases the privilege of occupying a specific living unit and the accompanying medical care for their lifetime. The agreement states that it is not a lease and does not create any interest in the real estate or property. The Organization's primary source of revenue is from resident fees.

*Principles of consolidation*

A common board of directors governs both the Organization and the Company; therefore, due to common control, the accompanying financial statements include the activities of both entities. All significant inter-Organization accounts and transactions have been eliminated. As stated above, the sole purpose of the Company is to receive, hold, administer, and dispose of real estate; however, during the year the Company had no activity and held no assets.

*Basis of presentation*

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets.

*Net assets without donor restrictions* – These amounts are not subject to any donor-imposed stipulations and include resources invested in property. Net assets without donor restrictions can be designated by the Organization for specific purposes.

*Net assets with donor restrictions* – These amounts consist of temporarily restricted net assets, which are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and permanently restricted net assets, which are subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of year-end, the Organization had no remaining temporarily restricted net assets. During the year, the Organization had no permanently restricted net assets.

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***Carmel Hills, Inc.***  
**Notes to Consolidated Financial Statements**  
**April 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*Contributions*

In accordance with GAAP, the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted grants and contributions whose restrictions are met in the same reporting period as received are reported as unrestricted support.

*Obligation to provide future services*

The Organization enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident over his or her remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. No obligation for future costs associated with these contracts has been provided by the Organization because management believes that future cash inflows will be sufficient to cover such costs.

*Entrance agreements*

The residency entrance fee is set by the Board of Directors and is due in full at the time residency is established. A portion of the entrance fee is refundable on a decreasing basis over the first two years of residency. For financial statement purposes, entrance fees are recorded as a liability on the accompanying balance sheet as "Unamortized Entrance Fees" and amortized to revenue over the life expectancy of the resident and are adjusted annually for changes in life expectancy. Unamortized entrance fees as of year-end are \$1,067,697. Unamortized entrance fees in excess of any refund provisions are included in revenue at the termination of the occupancy agreement. In addition to the entrance fee, each unit is assessed a monthly service fee as set by the Board of Directors.

Residents may elect to pay additional incremental monthly fees. Under a 90 percent or 50 percent option a percentage of the original entrance fees are refundable dependent on the contract option elected. The contract provides for payment of the refundable fees after the unit is vacated and a new resident occupies the unit and pays the entrance fee in effect at the time of occupancy. The refundable portion of the entrance fees paid under the refund option contract is reflected on the accompanying balance sheet as a liability as "Refundable Entrance Fees" and as of year-end, has a balance of \$926,471.

*Cash and equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity of three months or less when purchased, to be cash equivalents.

*Receivables*

Receivables are recorded at net realizable value. Management assesses the collectability of receivables on an individual account basis and writes off any amounts deemed uncollectible. Therefore, no allowance for uncollectible accounts is provided. The balances at year-end is expected to be collected within the following year.

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***Carmel Hills, Inc.***

**Notes to Consolidated Financial Statements**

**April 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*Inventories*

Inventories are stated at the lower of cost or market determined on the first-in, first-out method.

*Investments*

The Organization maintains investments in stock, and certificates of deposits with various banks with various interest rates with original maturities in excess of three months. Investments are reflected on the accompanying balance sheet at fair value, while certificates of deposit are reflected at their original cost plus accrued interest, which approximates fair value.

*Property and equipment*

Property is recorded at cost if purchased or fair value if donated, subject to a \$500 capitalization policy. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, which range from 3 to 40, years. Major renewals and improvements are charged to the property accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed currently. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

*Resident fees*

Resident fees represent the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Resident fees are recorded as revenue when earned.

*Income tax status*

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income and is classified as other than a private foundation.

*Use of estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Advertising costs*

The Organization expenses advertising costs as incurred.

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***Carmel Hills, Inc.*****Notes to Consolidated Financial Statements****April 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*****Donated services and goods***

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded no donated services or goods.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions, as the contributions do not meet the criteria for recognition.

***Prior-year comparative totals***

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the presentation in the current-year financial statements.

**NOTE 2 - INVESTMENTS**

At year-end, investments consist of the following:

**Certificates of Deposit:**

BB&T - matures on August 8, 2019 with interest at 1.0%	\$ 6,045
Everbank - matures on March 10, 2022 with interest at 2.27%	176,975
Everbank - matures on June 10, 2021 with interest at 1.78%	123,339
	<hr/>
	306,359

**Stocks:**

Various publicly-traded stocks and mutual fund held in E*Trade account	148,746
	<hr/>
	\$ 455,105



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***Carmel Hills, Inc.***  
**Notes to Consolidated Financial Statements**  
**April 30, 2019**

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**NOTE 3 - PROPERTY AND EQUIPMENT**

The Organization's property and equipment as of year-end, is comprised of the following:

Land and land improvements	\$ 505,123
Buildings and improvements	4,176,213
Furniture, fixtures, and equipment	864,107
Vehicles	206,898
	<hr/>
	5,752,341
Less - accumulated depreciation and amortization	3,907,992
	<hr/>
	\$ 1,844,349

During the year the Organization received donated land adjacent to its campus valued at \$67,500.

**NOTE 4 - STATUTORY OPERATING RESERVE REQUIREMENT**

Under regulations of the North Carolina Insurance Commission CCRC's are required to maintain an operating reserve equal to 25 percent of the total occupancy costs, as defined, projected for the 12-month period following the period covered by the most recent annual financial statement filed with the North Carolina Department of Insurance, if the occupancy levels are in excess of 90 percent. If the occupancy levels are less than 90 percent, the operating reserve requirement is 50 percent of total occupancy costs, as defined. The Organization has historically maintained an occupancy level in excess of 90 percent. As of year-end, the Organization's maintained an occupancy level of 93 percent and an operating reserve of \$745,014.

**NOTE 5 - RETIREMENT PLAN**

The Organization sponsors a defined contribution 403(b) retirement plan which enables employees to make contributions on their own behalf up to allowable amounts as defined by the Internal Revenue Code. The Organization matches 50 percent of employee contributions up to a maximum of five percent of employee compensation. Matching contributions are 100 percent vested after five years. For the year the Organization's match was \$5,994.

**NOTE 6 - SPLIT INTEREST AGREEMENT**

The Organization entered into a charitable gift annuity agreement in a previous year. This contribution was given to the Organization with the condition that a specified payment is made to the contributors over their life. A liability was established based on the present value of the payments to be made. The anticipated remainder interest was recorded as a contribution. All variances in income earned and changes to life expectancy are recorded as changes in value of split interest agreements.

***Carmel Hills, Inc.***  
**Notes to Consolidated Financial Statements**  
**April 30, 2019**

**NOTE 7 - LONG-TERM DEBT**

The Organization's long-term debt as of year-end, consists of the following obligations:

	<u>Current</u>	<u>Long-term</u>
Bonds sold to finance the construction of the facility and to purchase furniture, fixtures, equipment, etc. These bonds are unsecured and interest rates vary from 3.75% to 6.5% and remaining maturities are from 1 month to 9 years. Existing residents own the majority of these bonds.	\$ 147,000	\$ 451,167
A balance owed on a \$250,000 line-of-credit with a local bank with monthly interest only due at the Bank's prime rate until December 17, 2020, at which time all unpaid principal is due. This loan is secured by a deed of trust on the Organization's real estate. The interest rate at year-end is 3.5%.	-	20,228
A charitable gift annuity payable in semi-annual installments of \$1,025 over a life expectancy of 4.1 years with interest at 2.5 %.	<u>2,050</u>	<u>5,892</u>
	<u>\$ 149,050</u>	<u>\$ 477,287</u>

Maturities of all long-term debt are as follows:

Year ending April 30:		
2021		\$ 97,136
2022		38,408
2023		16,908
2024		81,168
2025		121,667
Thereafter		<u>122,000</u>
		<u>\$ 477,287</u>

Interest expense

During the year the Organization paid interest expense of \$34,520.

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**Carmel Hills, Inc.****Notes to Consolidated Financial Statements****April 30, 2019**

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**NOTE 8 - FUNCTIONAL EXPENSES**

All expenses in the accompanying statement of operations were incurred for or related to the provision of services by the retirement facility consisting of independent and assisted living services. Program services represent the primary focus of the Organization's activities. Supporting services are related to general and administrative activities. The Organization spends no significant amount of time related to fundraising; therefore, no expenses have been allocated to this function. Certain costs have been allocated among the program and supporting services. Personnel, telephone expenses are allocated based on management's estimates of time spent. Occupancy, depreciation, and miscellaneous expenses are allocated based on space usage. All other expenses are allocated on an analysis of the various expenses that comprise those costs. For the year the total allocation of operating expenses is as follows:

	<u>TOTAL</u>	<u>Program</u>	<u>General and administrative</u>
Personnel expenses	\$ 1,685,172	\$ 1,416,724	\$ 268,448
Depreciation	192,115	189,627	2,488
Facilities	373,928	369,085	4,843
Food and Supplies	170,026	170,026	-
Insurance	63,883	56,650	7,233
Contract labor	90,580	90,580	-
Advertising	42,403	-	42,403
Interest	33,717	33,717	-
Office supplies	20,872	-	20,872
Legal and accounting	17,854	-	17,854
Telephone	16,906	14,213	2,693
Medical	15,661	15,661	-
Vehicle	8,870	8,870	-
Dues	6,157	-	6,157
Travel and Training	5,859	5,859	-
Miscellaneous	37,175	36,694	481
<b>TOTAL</b>	<u>\$ 2,781,178</u>	<u>\$ 2,407,706</u>	<u>\$ 373,472</u>

**NOTE 9 - FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments in publicly-traded stocks and mutual funds are classified as level 1 above, and its investments in certificates of deposit are classified as level 2 above.

**NOTE 10 - CONCENTRATION OF CREDIT RISK**

*Cash and equivalents*

Cash and certificates of deposit held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash and certificates of deposit held by the Organization at year-end, include \$955,519 in excess of insured limits covered by the FDIC. However, the Organization believes it is not exposed to any significant credit risk related to these accounts.

*Investments*

Investments held in financial institutions are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC); however, this insurance does not cover the loss of value of the underlying assets. As disclosed in Note 2 above, the Organization maintains investments which are subject to fluctuations in market values and expose the Organization to a certain degree of investment risk.

*Revenue and receivables*

The Organization receives revenue from a limited number of sources and operates in a limited geographic area and is therefore sensitive to changes in the local economy. During the year, the Organization received 37 percent of its contributions, as reflected on the statement of operations and changes in net assets, from five donors including 21 percent from two donors.

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***Carmel Hills, Inc.*****Notes to Consolidated Financial Statements****April 30, 2019**

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**NOTE 11 - CHARITY CARE***Property tax status*

During 2001, the State of North Carolina passed legislation which provided a property tax exemption for continuing care retirement communities (CCRCs) that expend five percent or more of their operating revenues on charity care and community service or CCRCs that have financed their facilities with tax-exempt bond financing. Partial exemptions are available for CCRCs which provide some charity care and community service and CCRCs that have facilities which are partially financed with tax-exempt bond financing. The property tax exemption must be requested each year. The Organization's management believes that it will qualify for a full property tax exemption for the foreseeable future.

The Organization provides for a portion of the cost of resident care for those who are unable to pay the full cost of care from their own resources. The Organization has calculated charity care cost for the year based on a historical ratio of cost to income as follows:

Gross revenue for the prior year		\$	2,780,208
Less - other revenue:			
Contributions	\$	305,901	
Investment income		25,286	
Gain on disposal of assets		117,974	
Miscellaneous		28,677	477,838
			<hr/>
Net operating revenue			2,302,370
Cost of operations			2,661,707
Cost to income ratio			1.16
Charity care charges for the current year			138,703
Cost of providing charity care		\$	<hr/> 160,895

**NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$1,675,153 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$1,220,048, certificates of deposit of \$306,359 and investments of \$148,746. Of this amount, the Organization is required to maintain an operating reserve of \$745,014 as described in Note 4 above. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has an unused balance of approximately \$230,000 on a line of credit of \$250,000 in the event that funds are needed on a short-term basis.

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***Carmel Hills, Inc.***

**Notes to Consolidated Financial Statements**

**April 30, 2019**

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**NOTE 13 - RELATED PARTIES**

As of year-end, the Organization owed \$73,500 in bonds payable described in Note 3 to 5 members of the Organization's Board of Directors. These debts range in amounts from \$5,000 to \$28,000. Total interest paid by the Organization to related individuals during the year amounted to \$3,833.

**NOTE 14 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the consolidated balance sheet through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.

**CARMEL HILLS**  
**Profit & Loss**  
 July 2019

	<b>Jul 19</b>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>Contributions Income</b>	
<b>Residence Assistant Fund</b>	
3-4052 · RAF to Entrance/Residency Fees	0.00
3-4051 · RAF To Monthly Income	-12,403.38
<b>Total Residence Assistant Fund</b>	-12,403.38
1-4003 · Unrestricted/General	1,566.25
2-4002 · Capital Contribution	0.00
3-4055 · RAF Contributions	5,730.00
<b>Total Contributions Income</b>	-5,107.13
<b>Fees</b>	
1-4011 · Monthly Fee Apartment	87,467.96
1-4012 · Monthly Fee Care Center	121,309.32
1-4014 · Single Room Surcharge	14,947.00
1-4015 · Late Fee Charge	0.00
1-1418 · Storage Fee	175.00
1-4390 · Due From Capital C.C	-17,836.00
<b>Total Fees</b>	206,063.28
1-4018 · Philips Lifeline	168.00
<b>Interest Income</b>	
1-4100 · All other Interest	3.51
3-4102 · Interest Income-RAF	0.02
4-4104 · BB&T Nursing Care Reserve	0.00
5-4106 · Reserve	1,218.39
8-4120 · Entrance Fee Refund Account	12.80
<b>Total Interest Income</b>	1,234.72
1-4052 · RAF to Monthly Income	0.00
<b>Total Income</b>	202,358.87
<b>Gross Profit</b>	202,358.87
<b>Expense</b>	
1-6026 · Cyber Insurance	0.00
<b>Contract Labor</b>	
1-6016 · Misc. Contract Labor	0.00
1-6014 · Contract Labor - Interim CC	4,345.00
<b>Total Contract Labor</b>	4,345.00
1-6054 · Philips Lifeline Charges	131.02
<b>Food</b>	
1-6604 · Cost-Apt	16,427.47
1-6605 · Care Center Supplements	564.80
1-6634 · Preparation Supplies	670.79
1-6662 · Dining Room Supplies	749.38
<b>Total Food</b>	18,412.44
<b>Insurance</b>	

**CARMEL HILLS**  
**Profit & Loss**  
 July 2019

	Jul 19
1-6025 · Auto Insurance	538.41
1-6027 · Directors & Officers/Cyber	434.00
1-6028 · Umbrella/Excess Liability	1,184.00
1-6029 · Workers Comp	3,863.00
1-6032 · Group Health	12,470.29
1-6040 · Property Insurance/Commercial	1,653.00
1-6042 · Group Life Insurance	175.50
1-6043 · General Liability	1,075.00
1-6044 · Business Service Bond/Old Repub	0.00
1-6045 · Unemployment Insurance	0.00
<b>Total Insurance</b>	<b>21,393.20</b>
<b>Interest Expense</b>	
1-6083 · Loan Interest	78.95
1-6092 · Bond Interest	2,296.18
1-6094 · Annuity Interest	0.00
<b>Total Interest Expense</b>	<b>2,375.13</b>
<b>Janitorial</b>	
1-6692 · Labor	0.00
1-6693 · Linen	4,799.12
1-6702 · Supplies	989.46
<b>Total Janitorial</b>	<b>5,788.58</b>
<b>Miscellaneous</b>	
1-6782 · Miscellaneous	4.07
1-6786 · Miscellaneous-Res. Reimb	-962.23
<b>Total Miscellaneous</b>	<b>-958.16</b>
<b>Payroll</b>	
1-6012 · Salaries	117,764.65
1-6013 · Bonus Management	0.00
1-6015 · Bonus- Christmas	0.00
1-6022 · Payroll Taxes- FICA & Medicare	8,138.11
1-6023 · Payroll Processing	736.91
1-6024 · 403B Company Match	468.44
1-6033 · Mileage Remb	0.00
1-6035 · Met Life Form 5500	0.00
<b>Total Payroll</b>	<b>127,108.11</b>
<b>Repairs</b>	
1-6402 · Vehicle Repair & Maint.	10.75
1-6412 · Equipment Repairs	50.66
1-6422 · Building Repairs	1,979.39
1-6432 · Ground Repairs	
1-6434 · Goose Control	225.00
1-6432 · Ground Repairs - Other	602.41
<b>Total 1-6432 · Ground Repairs</b>	<b>827.41</b>
<b>Total Repairs</b>	<b>2,868.21</b>



**CARMEL HILLS**  
**Profit & Loss**  
**July 2019**

	Jul 19
<b>Travel &amp; Ent</b>	
1-6552 · Travel	0.00
1-6553 · Meals	0.00
<b>Total Travel &amp; Ent</b>	0.00
<b>Utilities</b>	
1-6202 · Telephone	640.66
1-6212 · Electricity	5,057.94
1-6222 · Water	1,766.10
1-6232 · Natural Gas	703.00
1-6234 · Cable	122.82
<b>Total Utilities</b>	8,290.52
<b>1-6053 · Blood Borne Pathogens-CC</b>	
1-6055 · Stericycle	0.00
1-6053 · Blood Borne Pathogens-CC - Other	297.29
<b>Total 1-6053 · Blood Borne Pathogens-CC</b>	297.29
<b>1-6072 · Security</b>	1,255.79
<b>1-6082 · Bank Service Charges</b>	124.56
<b>1-6085 · Loan Fees</b>	99.31
<b>1-6102 · Professional Fees</b>	
1-6103 · Accounting	1,208.33
1-6104 · Legal Fees	0.00
<b>Total 1-6102 · Professional Fees</b>	1,208.33
<b>1-6152 · Medical Supplies C.C.</b>	112.00
<b>1-6252 · Advertising</b>	2,982.00
<b>1-6254 · Marketing</b>	0.00
<b>1-6272 · Office Supplies</b>	1,104.41
<b>1-6273 · Office Supplies Care Center</b>	0.00
<b>1-6274 · Furnishings</b>	21.43
<b>1-6302 · Dues and Subscriptions</b>	258.35
<b>1-6322 · Staff Training</b>	-35.00
<b>1-6323 · Appreciation gifts</b>	3,600.00
<b>1-6342 · Transportation - Apt</b>	
1-6349 · 2016 Ford Pick Up	0.00
1-6348 · Gas for equipment	0.00
1-6343 · Bus	93.50
1-6344 · Mazda Van	71.03
1-6345 · Pickup	0.00
1-6346 · Ramp Van	145.45
1-6342 · Transportation - Apt - Other	0.00
<b>Total 1-6342 · Transportation - Apt</b>	309.98
<b>1-6382 · Recruiting Employees</b>	0.00
<b>1-6442 · Garbage Pick-up</b>	699.66
<b>1-6502 · Activities - Residents</b>	-278.59
<b>1-6512 · Activities - Employees</b>	0.00

**CARMEL HILLS**  
**Profit & Loss**  
July 2019

	<u>Jul 19</u>
1-6513 · Food for Staff	25.35
1-6752 · Personal Care Supplies	529.47
1-6762 · Benevolence	0.00
2-6182 · Depreciation	11,988.00
<b>Total Expense</b>	<u>214,056.39</u>
<b>Net Ordinary Income</b>	-11,697.52
<b>Other Income/Expense</b>	
<b>Other Income</b>	
1-8102 · Guests	90.00
1-8154 · Meal Income	577.00
1-8202 · Miscellaneous Income	69.12
1-8332 · Sales Tax Refund	0.00
2-8302 · Entrance Fees-Apt	10,000.00
2-8304 · Residency Fee	5,633.87
2-8305 · Early Reservation Deposit	0.00
2-8342 · Application Fees	200.00
<b>Total Other Income</b>	<u>16,569.99</u>
<b>Net Other Income</b>	16,569.99
<b>Net Income</b>	<u><u>4,872.47</u></u>

**CARMEL HILLS**  
**Profit & Loss**  
**August 2019**

	Aug 19
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>Contributions Income</b>	
<b>Residence Assistant Fund</b>	
3-4052 · RAF to Entrance/Residency Fees	0.00
3-4051 · RAF To Monthly Income	-12,760.79
<b>Total Residence Assistant Fund</b>	-12,760.79
1-4003 · Unrestricted/General	1,140.71
2-4002 · Capital Contribution	0.00
3-4055 · RAF Contributions	8,150.00
<b>Total Contributions Income</b>	-3,470.08
<b>Fees</b>	
1-4011 · Monthly Fee Apartment	87,133.90
1-4012 · Monthly Fee Care Center	115,733.78
1-4014 · Single Room Surcharge	16,059.98
1-4015 · Late Fee Charge	0.00
1-1418 · Storage Fee	175.00
1-4390 · Due From Capital C.C	-14,272.80
<b>Total Fees</b>	204,829.86
1-4018 · Philips Lifeline	326.11
<b>Interest Income</b>	
1-4100 · All other Interest	3.12
3-4102 · Interest Income-RAF	0.01
4-4104 · BB&T Nursing Care Reserve	6.05
5-4106 · Reserve	765.36
8-4120 · Entrance Fee Refund Account	12.80
<b>Total Interest Income</b>	787.34
1-4052 · RAF to Monthly Income	0.00
<b>Total Income</b>	202,473.23
<b>Gross Profit</b>	202,473.23
<b>Expense</b>	
1-6026 · Cyber Insurance	0.00
<b>Contract Labor</b>	
1-6016 · Misc. Contract Labor	0.00
1-6014 · Contract Labor - Interim CC	9,269.04
<b>Total Contract Labor</b>	9,269.04
1-6054 · Philips Lifeline Charges	229.75
<b>Food</b>	
1-6604 · Cost-Apt	11,339.33
1-6605 · Care Center Supplements	374.90
1-6634 · Preparation Supplies	41.48
1-6662 · Dining Room Supplies	368.06
<b>Total Food</b>	12,123.77
<b>Insurance</b>	

**CARMEL HILLS**  
**Profit & Loss**  
**August 2019**

	<b>Aug 19</b>
1-6025 · Auto Insurance	538.41
1-6027 · Directors & Officers/Cyber	434.00
1-6028 · Umbrella/Excess Liaibility	1,184.00
1-6029 · Workers Comp	3,863.00
1-6032 · Group Health	10,803.73
1-6040 · Property Insurance/Commercial	1,653.00
1-6042 · Group Life Insurance	190.50
1-6043 · General Liability	1,075.00
1-6044 · Business Service Bond/Old Repub	0.00
1-6045 · Unemployment Insurance	0.00
<b>Total Insurance</b>	<b>19,741.64</b>
<b>Interest Expense</b>	
1-6083 · Loan Interest	69.70
1-6092 · Bond Interest	2,296.18
1-6094 · Annuity Interest	0.00
<b>Total Interest Expense</b>	<b>2,365.88</b>
<b>Janitorial</b>	
1-6692 · Labor	0.00
1-6693 · Linen	5,779.82
1-6702 · Supplies	2,274.69
<b>Total Janitorial</b>	<b>8,054.51</b>
<b>Miscellaneous</b>	
1-6782 · Miscellaneous	5.06
1-6786 · Miscellaneous-Res. Reimb	-77.10
<b>Total Miscellaneous</b>	<b>-72.04</b>
<b>Payroll</b>	
1-6012 · Salaries	111,483.73
1-6013 · Bonus Management	0.00
1-6015 · Bonus- Christmas	0.00
1-6022 · Payroll Taxes- FICA & Medicare	7,776.37
1-6023 · Payroll Processing	745.87
1-6024 · 403B Company Match	468.44
1-6033 · Mileage Remb	0.00
1-6035 · Met Life Form 5500	0.00
<b>Total Payroll</b>	<b>120,474.41</b>
<b>Repairs</b>	
1-6402 · Vehicle Repair & Maint.	13.92
1-6412 · Equipment Repairs	1,261.35
1-6422 · Building Repairs	2,779.42
1-6432 · Ground Repairs	
1-6434 · Goose Control	225.00
1-6432 · Ground Repairs - Other	-2,659.28
<b>Total 1-6432 · Ground Repairs</b>	<b>-2,434.28</b>
<b>Total Repairs</b>	<b>1,620.41</b>

**CARMEL HILLS**  
**Profit & Loss**  
**August 2019**

	Aug 19
<b>Travel &amp; Ent</b>	
1-6552 · Travel	0.00
1-6553 · Meals	0.00
<b>Total Travel &amp; Ent</b>	0.00
<b>Utilities</b>	
1-6202 · Telephone	958.86
1-6212 · Electricity	5,729.76
1-6222 · Water	2,109.30
1-6232 · Natural Gas	762.86
1-6234 · Cable	122.82
<b>Total Utilities</b>	9,683.60
<b>1-6053 · Blood Borne Pathogens-CC</b>	
1-6055 · Stericycle	195.39
1-6053 · Blood Borne Pathogens-CC - Other	445.94
<b>Total 1-6053 · Blood Borne Pathogens-CC</b>	641.33
1-6072 · Security	95.42
1-6082 · Bank Service Charges	115.64
1-6085 · Loan Fees	99.31
1-6102 · Professional Fees	
1-6103 · Accounting	1,333.66
1-6104 · Legal Fees	0.00
<b>Total 1-6102 · Professional Fees</b>	1,333.66
1-6152 · Medical Supplies C.C.	203.98
1-6252 · Advertising	2,032.00
1-6254 · Marketing	215.84
1-6272 · Office Supplies	69.83
1-6273 · Office Supplies Care Center	107.12
1-6274 · Furnishings	272.25
1-6302 · Dues and Subscriptions	1,232.79
1-6322 · Staff Training	501.82
1-6342 · Transportation - Apt	
1-6349 · 2016 Ford Pick Up	94.88
1-6348 · Gas for equipment	92.79
1-6343 · Bus	94.00
1-6344 · Mazda Van	31.00
1-6345 · Pickup	50.00
1-6346 · Ramp Van	119.82
1-6342 · Transportation - Apt - Other	0.00
<b>Total 1-6342 · Transportation - Apt</b>	482.49
1-6382 · Recruiting Employees	1,118.91
1-6442 · Garbage Pick-up	6,429.41
1-6502 · Activities - Residents	704.48
1-6512 · Activities - Employees	0.00
1-6513 · Food for Staff	100.82

**CARMEL HILLS**  
**Profit & Loss**  
August 2019

	<u>Aug 19</u>
1-6752 · Personal Care Supplies	1,068.63
1-6762 · Benevolence	0.00
2-6182 · Depreciation	<u>11,988.00</u>
<b>Total Expense</b>	<u>212,304.70</u>
<b>Net Ordinary Income</b>	-9,831.47
<b>Other Income/Expense</b>	
<b>Other Income</b>	
1-8102 · Guests	585.00
1-8154 · Meal Income	530.55
1-8202 · Miscellaneous Income	10.00
1-8332 · Sales Tax Refund	0.00
2-8302 · Entrance Fees-Apt	10,000.00
2-8304 · Residency Fee	6,018.00
2-8305 · Early Reservation Deposit	-1,000.00
2-8342 · Application Fees	<u>0.00</u>
<b>Total Other Income</b>	16,143.55
<b>Other Expense</b>	
1-8622 · Refund to Residents	<u>200.00</u>
<b>Total Other Expense</b>	<u>200.00</u>
<b>Net Other Income</b>	15,943.55
<b>Net Income</b>	<u><u>6,112.08</u></u>

**CARMEL HILLS**  
**Balance Sheet**  
As of August 31, 2019

Aug 31, 19

**ASSETS**

**Current Assets**

**Checking/Savings**

**Cash**

1-1000 · Cash On Hand 850.00

1-1010 · BB&T Bank 33,035.81

**Total Cash** 33,885.81

**Capital Account**

2-1054 · SunTrust 1000171588162 76,101.48

**Total Capital Account** 76,101.48

**Cash Reserve (Restrictive)**

5-1043 · TIAA BankCD #900095717 178,322.63

5-1031 · E\*Trade Brokerage Reserve 156,363.17

5-1035 · BB&T Reserve #0005200730080 300,691.59

5-1041 · TIAA Bank CD 0900075341 124,074.79

**Total Cash Reserve (Restrictive)** 759,452.18

**Residents Assistance Fund**

3-1090 · RAF Apartment-BB&T 106.82

**Total Residents Assistance Fund** 106.82

**Entrance Fee Refund**

8-1000 · BB&T Entrance Fee Refund Acct. 753,633.05

Entrance Fee Refund - Other 16.25

**Total Entrance Fee Refund** 753,649.30

**Total Checking/Savings** 1,623,195.59

**Accounts Receivable**

1-1340 · Accounts Receivable 17,084.82

**Total Accounts Receivable** 17,084.82

**Other Current Assets**

1-1310 · Sales Tax Ruffund Receivable 8,032.55

1-1412 · Loan Modification Fee 1,814.63

1-1450 · Prepaid Insurance 27,724.38

1-1410 · Prepaid Expense 1,000.67

1-1400 · Inventory 14,681.83

**Total Other Current Assets** 53,254.06

**Total Current Assets** 1,693,534.47

**Fixed Assets**

2-2012 · Apt 17 314.67

2-2013 · Room 113 2,123.49

2-8400 · Loss on disposal of fixed asset 10,412.26

1-1630 · Apt. Furniture and Equipment 27,898.46

1-1632 · Furn & Equip 17,363.72

2-1500 · Land 204,784.57

2-1510 · Residence Hall 1,180,301.50

2-1511 · Master Plan (Agchitectural) 7,668.00

2-1520 · Care Wing 663,313.50

**CARMEL HILLS**  
**Balance Sheet**  
As of August 31, 2019

Aug 31, 19

2-1530 · Duplex #1	118,261.43
2-1540 · Duplex #2	139,710.29
2-1550 · Duplex #3	133,035.57
2-1560 · Duplex #4	144,996.12
2-1570 · Duplex #5	150,681.82
1-1592 · Log Home	151,674.32
2-1600 · Backflow Preventive Water Proj.	10,060.96
2-1602 · Duplex Water Proofing Project	23,670.71
2-1603 · Care Center Storm water repair	1,826.45
2-1610 · Land Improvements	304,455.89
2-1620 · Building Component Replacements	900,369.78
2-1630 · Furniture & Equipment	753,863.69
2-1632 · Furn & Fix. CC	70,042.30
2-1640 · Vehicles	206,898.66
2-1661 · Accumulated Depreciation	-3,464,889.01
2-1662 · Accum. Depreciation-Care Ctr.	-491,055.51
2-1680 · Maintenance Building	8,186.09
2-1700 · Care Wing Exp. Apartments	230,937.19
2-1701 · Generator	205,088.92
2-1702 · Roof	98,777.28
2-1703 · New Network 2019	5,344.60
2-1712 · Waterproofing Project	<u>38,143.15</u>
<b>Total Fixed Assets</b>	<u>1,854,260.87</u>
<b>TOTAL ASSETS</b>	<u><u>3,547,795.34</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
1-2000 · Accounts Payable	44,181.48
<b>Total Accounts Payable</b>	<u>44,181.48</u>
<b>Other Current Liabilities</b>	
1-1416 · Accrued General Liability	4,300.00
1-1415 · Accrued Umbrella/Excess Liab	4,736.00
1-1414 · Auditing Fees	3,749.58
1-2016 · Security Deposit	500.00
1-2014 · Refundable entrance fees	926,470.80
<b>2100 · Payroll Liabilities</b>	
1-2060 · Accrued Salaries	<u>74,542.51</u>
<b>Total 2100 · Payroll Liabilities</b>	74,542.51
1-2070 · Deferred Income - Bond 508	-0.31
<b>Loans</b>	
1-2100 · BB&T Line Of Credit 06	<u>12,227.92</u>
<b>Total Loans</b>	12,227.92
2-2010 · Accrued Interst Payable	4,195.22
2-2400 · NEF Deposit	59,422.85



**CARMEL HILLS**  
**Balance Sheet**  
As of August 31, 2019

	<u>Aug 31, 19</u>
2-2300 · Bonds Payable	142,000.00
6-2200 · Gift Annuities Current-Payable	2,050.00
2-2660 · Unamortized Advance Entrance Fe	1,027,696.70
<b>Total Other Current Liabilities</b>	<u>2,261,891.27</u>
<b>Total Current Liabilities</b>	2,306,072.75
<b>Long Term Liabilities</b>	
2-2700 · Bonds Payable-LT	456,166.67
6-2800 · Gift Annuities-Long Term	5,891.55
<b>Total Long Term Liabilities</b>	<u>462,058.22</u>
<b>Total Liabilities</b>	2,768,130.97
<b>Equity</b>	
Opening Bal Equity	2,543,751.33
1110 · Net Worth	-1,776,491.59
Net Income	12,404.63
<b>Total Equity</b>	<u>779,664.37</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>3,547,795.34</u></u>

**CARMEL HILLS**  
**Statement of Cash Flows**  
**May through August 2019**

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	May - Aug 19
<b>OPERATING ACTIVITIES</b>	
Net Income	12,404.63
Adjustments to reconcile Net Income to net cash provided by operations:	
1-1340 · Accounts Receivable	-24,882.88
1-1412 · Loan Modification Fee	397.24
1-1450 · Prepaid Insurance	1,736.00
1-2000 · Accounts Payable	2,919.12
1-1416 · Accrued General Liability	4,300.00
1-1415 · Accrued Umbrella/Excess Liab	4,736.00
1-1414 · Auditing Fees	4,958.65
2100 · Payroll Liabilities:1-2060 · Accrued Salaries	-1,327.77
Loans:1-2100 · BB&T Line Of Credit 06	-8,000.00
2-2010 · Accrued Interst Payable	2,226.28
2-2400 · NEF Deposit	-11,924.18
2-2660 · Unamortized Advance Entrance Fe	-40,000.00
<b>Net cash provided by Operating Activities</b>	<b>-52,456.91</b>
<b>INVESTING ACTIVITIES</b>	
2-2012 · Apt 17	-314.67
2-2013 · Room 113	-2,123.49
2-1500 · Land	-4,117.57
2-1511 · Master Plan (Agchitectural)	-7,668.00
2-1620 · Building Component Replacements	-22,821.99
2-1630 · Furniture & Equipment	-1,113.59
2-1632 · Furn & Fix. CC	-3,947.55
2-1661 · Accumulated Depreciation	47,952.00
2-1703 · New Network 2019	-5,344.60
<b>Net cash provided by Investing Activities</b>	<b>500.54</b>
<b>Net cash increase for period</b>	<b>-51,956.37</b>
<b>Cash at beginning of period</b>	<b>1,675,151.96</b>
<b>Cash at end of period</b>	<b>1,623,195.59</b>

*CARMEL HILLS, INC.*  
*FINANCIAL FORECAST*  
*FOR EACH OF THE FIVE YEARS ENDING*  
*APRIL 30, 2024*  
*(WITH INDEPENDENT ACCOUNTANTS'*  
*COMPILATION REPORT THEREON)*

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***Carmel Hills, Inc.***

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**For the Five Years Ending April 30, 2024**

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# ***C. DEWITT FOARD & COMPANY, P.A.***

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***CERTIFIED PUBLIC ACCOUNTANTS***

***817 EAST MOREHEAD STREET • SUITE 100***

***CHARLOTTE, NORTH CAROLINA 28202***

***TELEPHONE: 704-372-1515 • FACSIMILE: 704-372-6066***

***PHILLIP G. WILSON  
TERRY W. LANCASTER***

## **INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors of  
Carmel Hills, Inc.  
Charlotte, North Carolina

Management is responsible for the accompanying forecasted financial statements of Carmel Hills (the Organization - a nonprofit organization), which comprises the statements of financial position, activities, and cash flows as of April 30, 2020, 2021, 2022, 2023 and 2024, and for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards of Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted financial statements or the assumptions. The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material.

The accompanying forecast information and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the 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.

*C. DeWitt Foard & Company, P.A.*

August 1, 2019

**Carmel Hills, Inc.****Forecasted Statement of Financial Position****April 30, 2020, 2021, 2022, 2023 and 2024****(in thousands of dollars)**

	2020	2021	2022	2023	2024
<b><u>ASSETS</u></b>					
Cash	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Accounts Receivable	8	8	8	8	8
Inventories	15	15	15	15	15
Prepaid Expenses	40	41	42	43	44
Certificates of Deposits and Other Investments	125	133	197	262	275
Total Current Assets	938	947	1,012	1,078	1,092
Restricted - Certificates of Deposit:					
Operating Reserve Requirement	750	756	772	811	846
Property and Equipment:					
Land and improvements	505	505	505	505	505
Buildings	4,343	4,517	4,698	4,886	5,081
Furniture, fixtures, equipment and vehicles	1,114	1,159	1,205	1,253	1,303
Total	5,962	6,181	6,408	6,644	6,889
Less - accumulated depreciation	4,100	4,294	4,490	4,685	4,887
Property and Equipment (net)	1,862	1,887	1,918	1,959	2,002
<b>TOTAL ASSETS</b>	<b>\$ 3,550</b>	<b>\$ 3,590</b>	<b>\$ 3,702</b>	<b>\$ 3,847</b>	<b>\$ 3,940</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 121	\$ 124	\$ 127	\$ 130	\$ 133
Deferred revenue - refundable resident fees	88	90	92	94	96
Current portion of long-term debt:					
Notes payable	20	-	-	-	-
Bonds payable	75	37	15	81	122
Charitable gift annuities	2	1	2	-	-
Total Current Liabilities	306	252	236	305	351
Long-Term Liabilities:					
Long-term debt:					
Bonds payable	376	339	324	243	122
Charitable gift annuities	4	3	1	1	1
Total Long-Term Debt	380	342	325	244	123
Deferred revenue - refundable entrance fees	1,060	1,198	1,340	1,487	1,638
Deferred revenue - nonrefundable entrance fees	1,013	956	897	836	774
Total Long-Term Liabilities	2,453	2,496	2,562	2,567	2,535
Total Liabilities	2,759	2,748	2,798	2,872	2,886
Net Assets:					
Without donor restrictions	791	842	904	975	1,054
Total Net Assets	791	842	904	975	1,054
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,550</b>	<b>\$ 3,590</b>	<b>\$ 3,702</b>	<b>\$ 3,847</b>	<b>\$ 3,940</b>

*See accompanying summary of significant forecast assumptions and accounting policies.**Page 2*

**Carmel Hills, Inc.****Forecasted Statement of Activities****Years Ending April 30, 2020, 2021, 2022, 2023 and 2024****(in thousands of dollars)**

	2020	2021	2022	2023	2024
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>					
Support and Revenue:					
Net resident fees	\$ 2,352	\$ 2,423	\$ 2,496	\$ 2,571	\$ 2,648
Earned entrance fees	189	195	201	207	213
Health care revenues	-	-	-	-	-
Contributions	455	469	483	497	512
Investment income	25	26	27	28	29
Miscellaneous	35	36	37	38	39
Total Support and Revenue	<u>3,056</u>	<u>3,149</u>	<u>3,244</u>	<u>3,341</u>	<u>3,441</u>
Expenses:					
Salaries	1,617	1,666	1,716	1,767	1,820
Payroll taxes and employee benefits	276	284	293	302	311
Food supplies	160	165	170	175	180
Interest	37	27	23	21	20
Insurance	109	112	115	118	122
Repairs and maintenance	174	179	184	190	196
Utilities	88	91	94	97	100
Janitorial	88	91	94	97	100
Legal and accounting	30	31	32	33	34
Telephone	18	19	20	21	22
Contract labor	55	57	59	61	63
Dining room and food preparation supplies	14	14	14	14	14
Miscellaneous	32	33	34	35	36
Vehicle expense	11	11	11	11	11
Office expense	20	21	22	23	24
Medical expense	12	12	12	12	12
Advertising	58	60	62	64	66
Travel and training	6	6	6	6	6
Retirement	8	8	8	8	8
Dues and subscriptions	8	8	8	8	8
Security	9	9	9	9	9
Depreciation and amortization expense	192	194	196	198	200
Total Expenses	<u>3,022</u>	<u>3,098</u>	<u>3,182</u>	<u>3,270</u>	<u>3,362</u>
Change in Net Assets	34	51	62	71	79
NET ASSETS, BEGINNING	<u>757</u>	<u>791</u>	<u>842</u>	<u>904</u>	<u>975</u>
NET ASSETS, ENDING	<u>\$ 791</u>	<u>\$ 842</u>	<u>\$ 904</u>	<u>\$ 975</u>	<u>\$ 1,054</u>

*See accompanying summary of significant forecast assumptions and accounting policies.*

**Carmel Hills, Inc.****Forecasted Statement of Cash Flows****Years Ending April 30, 2020, 2021, 2022, 2023 and 2024****(in thousands of dollars)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>OPERATING ACTIVITIES</u></b>					
Change in net assets	\$ 34	\$ 51	\$ 62	\$ 71	\$ 79
Adjustments to reconcile change in net assets to cash flows from operating activities:					
Depreciation and amortization	192	194	196	198	200
Entrance fees received, net of refunds	268	276	284	293	302
Earned entrance fees	(189)	(195)	(201)	(207)	(213)
(Increase) decrease in operating assets:					
Accounts receivable	(1)	-	-	(1)	1
Inventories	1	-	-	(1)	1
Prepaid expenses	(1)	(1)	(1)	(1)	(1)
Increase (decrease) in operating liabilities:					
Accounts payable and accrued expenses	3	3	3	2	3
Deferred revenue	2	2	2	2	2
Net Cash Flows From Operating Activities	<u>309</u>	<u>330</u>	<u>345</u>	<u>356</u>	<u>374</u>
<b><u>INVESTING ACTIVITIES</u></b>					
Change in certificates of deposit and other investments	(420)	(14)	(80)	(103)	(48)
Capital additions of property and equipment	<u>(210)</u>	<u>(219)</u>	<u>(227)</u>	<u>(236)</u>	<u>(245)</u>
Net Cash Flows From Investing Activities	<u>(630)</u>	<u>(233)</u>	<u>(307)</u>	<u>(339)</u>	<u>(293)</u>
<b><u>FINANCING ACTIVITIES</u></b>					
Principal payments on long-term debt	<u>(149)</u>	<u>(97)</u>	<u>(38)</u>	<u>(17)</u>	<u>(81)</u>
Net Cash Flows From Financing Activities	<u>(149)</u>	<u>(97)</u>	<u>(38)</u>	<u>(17)</u>	<u>(81)</u>
CHANGE IN CASH	(470)	-	-	-	-
CASH - BEGINNING	<u>1,220</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>
CASH - ENDING	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>



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## ***Carmel Hills, Inc.***

### **Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2024**

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#### **Note 1 - Nature of Activities and Projections**

##### ***General***

The accompanying financial forecast presents, to the best knowledge and belief of the management (“Management”) of Carmel Hills, Inc. (the “Organization”) the expected financial position, changes in net assets, and cash flows of the Organization as of and for each of the five years ending April 30, 2024. Accordingly, the accompanying forecast reflects Management’s judgment as of August 1, 2019, the date of completion of this forecast, of the expected conditions and its course of action.

Management’s purpose in releasing this financial forecast is for inclusion in the Organization’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. The Organization recognizes that there will be differences between prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

##### ***Background of the organization***

The Organization is a not-for-profit corporation formed in 1977 pursuant to the laws of the State of North Carolina. The Organization was formed to provide a residential facility for older brothers and older sisters associated with a group of Christians commonly known as “Plymouth Brethren.” Residents associated with the Plymouth Brethren (“Affiliated Residents”) received preferential treatment in the selection process and Entrance Fees.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income and is classified as other than a private foundation.

The Organization owns and operates a continuing care retirement community (“CCRC”) known as Carmel Hills (the “Community”) in Charlotte, North Carolina. The Community is a licensed CCRC by the North Carolina Department of Insurance. The Community includes 42 independent living units (the “Independent Living Units”) and is licensed for 38 assisted living beds (the “Assisted Living Beds”).

The Community offers three entrance fee/residency plans. The Entrance Fee plans include a Declining Refund Entrance Fee Plan (“DREF”), and a 90% Refundable Entrance Fee Plan (“REF 90”). The No Entrance Fee Plan (NEF) is a 13-month contract with a non-refundable residency fee. As of August 2019, eight residents have selected the REF 90 plan, eighteen residents have selected the NEF plan, and thirteen residents have selected the DREF plan.

# Carmel Hills, Inc.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2024

### Note 1 - Nature of Activities and Projections, continued

The following table outlines details regarding the Community's configuration, "Entrance Fees", and "Monthly Fee", effective May 1, 2019:

Type of Unit	Total Units	Square Footage	Entrance Fees (1)(2)	DREF	REF 90	NEF(2)
<b>Independent Living Units:</b>						
Efficiency-Unit A	8	350	\$92,567	\$1,446	\$2,014	\$2,167
Efficiency-Unit B	8	450	112,280	1,496	2,188	2,328
1 Bedroom-Unit C	11	600	140,240	1,754	2,618	2,765
2 Bedroom-Unit D	4	900	200,307	1,908	3,142	3,234
2 Bedroom-Cottage	10	1,132	222,562	2,014	3,386	3,465
1 Bedroom-Cabin	1	896	170,274	1,826	2,875	2,992
Total/Weighted Average	42	686	\$151,811	\$1,724	\$2,660	\$2,792
Second person fee Assisted Living Beds			\$80,165	\$1,111	\$1,606	\$1,710
Private	varies	185-223	N/A		\$5,507	\$5,728
Semi-private	varies	185-223	N/A		4,198	4,419
Total/Weighted Average	30		N/A			
<b>Total</b>	<b>72</b>					

Source: Management

(1) Fees indicated are effective May 1, 2019.

(2) The Entrance Fees represented in the chart are for Residents not affiliated with the Plymouth Brethren ("Non-Affiliated Residents"). Affiliated Residents receive a 20 percent discount on Entrance Fees.

(3) Residents who select the NEF plan are required to pay a non-refundable "Residency Fee" ranging from \$3,832-\$6,130 for the first person and an additional \$3,021 for the second person for Affiliated Residents and \$9,579-\$15,323 for first person and an additional \$7,557 for a second person for Non-Affiliated Residents.

(4) The Assisted Living Beds:

a. The Assisted Living Beds are in both private and semi-private rooms however most private rooms can be converted into a semi-private room.

b. The Assisted Living Beds' Monthly Fee for the NEF plan is also for direct admits.

c. Residents who transfer to an Assisted Living Bed on the DREF plan would pay the then Monthly Fee for their Independent Living Unit plus \$1,048 for a semi-private room or the then Monthly Fee for their Independent Living Unit plus \$2,357 (\$1,048+\$1,309) for a private room.

Year Ending April 30,	Total ILU's	Average Entrance Fee
2020	3	\$151,811
2021	3	\$156,364
2022	3	\$161,056
2023	3	\$165,887
2024	3	\$170,863

Source: Management

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***Carmel Hills, Inc.*****Summary of Significant Forecast Assumptions and Accounting Policies  
For the Five Years Ending April 30, 2024**

---

**Note 2 - Significant Accounting Policies****Basis of presentation**

The prospective financial statements included in the forecast have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

**Receivables**

Receivables from residents are recorded at net realizable value with no allowance for doubtful accounts.

**Inventories**

Inventories are stated at the lower of cost or market determined on the first-in, first-out method.

**Certificates of deposit and other investments**

The Organization maintains certificates of deposits with various banks, interest rates and original maturities in excess of three months. Certificates of deposit are reflected on the accompanying balance sheet at their original cost plus accrued interest which approximates fair value. Other investments consist of various publicly stocks reflect on the balance sheet at their market value.

**Property and equipment**

Property is recorded at cost if purchased or fair value if donated, subject to a \$500 capitalization policy. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, which range from 3 to 30 years. Major renewals and improvements are charged to the property accounts, while replacements, maintenance and repairs, which do not improve or extend the life of the assets, are expensed currently. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

**Obligation to provide future services**

The Organization enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Organization specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. No obligation for future costs associated with these contracts has been provided by the Organization because management believes that future cash inflows will be sufficient to cover such costs.

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## *Carmel Hills, Inc.*

### **Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2024**

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#### **Note 2 - Significant Accounting Policies, continued**

##### Entrance agreements

The residency entrance fee is set by the Board of Directors and is due in full at the time residency is established. Under the DREF plan a portion of the entrance fee is refundable on a decreasing basis over the first two years of residency. For financial statement purposes, entrance fees are recorded as a liability on the accompanying balance sheet as "Unamortized Entrance Fees" and amortized to revenue over the life expectancy of the resident and are adjusted annually for changes in life expectancy. Unamortized entrance fees in excess of any refund provisions are included in revenue at the termination of the occupancy agreement. In addition to the entrance fee, each unit is assessed a monthly service fee as set by the Board of Directors.

Residents may elect to pay additional incremental entrance fees based on the resident's age at his or her nearest birthday on the date of occupancy. Under this option, 90 percent of the original entrance fees are refundable dependent on the contract option elected. The contract provides for payment of the refundable fees after the unit is vacated and a new resident occupies the unit and pays the entrance fee in effect at the time of occupancy. The refundable portion of the entrance fees paid under the refund option contract is reflected on the accompanying balance sheet as a liability as "Refundable Entrance Fees".

##### Contributions

All contributions are considered to be available for operations use unless specifically restricted by the donor. Amounts received that contain donor-imposed stipulations that must be utilized for specific purposes or for future periods are reported as net assets with donor. When a temporary restriction no longer applies, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions whose restrictions are met in the same reporting period as received are reported as net assets without donor restrictions. Management anticipates that all restricted contributions received during the forecasted period will be restricted for either resident assistance or capital improvements and will be utilized within the same period. Management does not anticipate receiving any other restricted contributions during the forecasted period.

##### Resident fees

Resident fees represent the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Resident fees are recorded as revenue when earned. Management assumes resident fee rates will increase approximately 3.0 percent annually during the forecast period.

##### Use of estimates

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

---

***Carmel Hills, Inc.*****Summary of Significant Forecast Assumptions and Accounting Policies  
For the Five Years Ending April 30, 2024**

---

**Note 2 - Significant Accounting Policies, continued*****Concentration of credit risk***

The Organization's cash and certificates of deposit held by banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (the "FDIC"). These amounts may occasionally exceed the amount insured by the FDIC. However, the Organization believes it is not exposed to any significant credit risk related to these accounts.

**Note 3 - Summary of Significant Balance Sheet Assumptions*****Property and equipment***

Management assumes no gain or loss from the sale or disposal of property and equipment and routine capital additions for each year during the forecast period as shown on the accompanying forecasted statement of cash flows.

***Long-term debt***

Management assumes long-term debt will consist of the following:

---

Year ending April 30,	2020	2021	2022	2023	2024
Bonds Payable	\$ 451	\$ 376	\$ 340	\$ 325	244
Notes Payable	20	-	-	-	-
Gift Annuities Payable	6	4	2	-	-
Long-term debt	477	380	342	325	244
Less current portion	(97)	(38)	(17)	(81)	(122)
Long-term debt, less current portion	\$380	\$ 342	\$ 325	\$ 244	\$122

---

Source: Management

The complete terms of these loans are described below. The Organization may decide to refinance the above notes and issue additional bonds during these forecast period.

---

***Carmel Hills, Inc.*****Summary of Significant Forecast Assumptions and Accounting Policies  
For the Five Years Ending April 30, 2024**

---

**Note 3 - Summary of Significant Balance Sheet Assumptions, continued*****Long-term debt, continued***

Note Payable - The Organization's note payable consists of a balance advanced against an unsecured \$250,000 line of credit with a local bank. Monthly interest only is due at the bank's prime rate until December 17, 2020, at which time all unpaid principal is due. For purposes of the forecast, Management assumes no additional borrowings from the line of credit.

Bonds Payable - The Organization's bonds payable consists of bonds previously sold to finance the construction of the facility and to purchase furniture, fixtures, equipment, etc. Approximately 80 percent of original maturing bonds were reinvested in the new bond. Bonds payable are unsecured and interest rates vary from 3.75% to 6.50% and remaining maturities from 1 to 10 years. Existing residents own the majority of these bonds. Management assumes issuing no new bonds payable during the forecast period.

Gift Annuities Payable - The Organization entered into a charitable gift annuity agreement in a prior year. This contribution was given to the Organization with the condition that a specific payment is to be made to the contributor over his or her life. A liability is established based on the present value of the payments to be made. The anticipated remainder interest was recorded as a contribution. All variances in income earned and changes to life expectancy are recorded as changes in the value of the split interest agreement.

***Statutory operating reserve requirement***

North Carolina General Statute Chapter 58, Article 64 sets forth minimum operating reserve requirements. Under this legislation, the Organization is required to maintain an operating reserve at least equal to 25 percent of the upcoming year's total operating costs as defined by the statute. The reserve is maintained in certificates of deposit on the forecasted balance sheet.

***Contingencies***

The Organization has in place insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims including medical malpractice. Management believes that claims, if asserted, would be settled within the limits of coverage.

The State of North Carolina previously passed legislation which provides a property tax exemption for CCRCs that expend five percent or more of their operating revenues on charity care and community service. The property tax exemption must be requested each year. The forecast assumes that five percent of operating revenue will be spent on charity care and community service and that the Organization will qualify for a full property tax exemption for the forecast period.

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**Carmel Hills, Inc.****Summary of Significant Forecast Assumptions and Accounting Policies  
For the Five Years Ending April 30, 2024**

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**Note 4 - Summary of Statement of Operating Assumptions**

The following table summarizes the projected utilization of the Independent Living Units:

---

Years ended April 30,	Average Number of Units Occupied	Average Number of Units Available	Average Total Occupancy
2020 <sup>(1)</sup>	40	41	95%
2021	40	41	95%
2022	39	41	95%
2023	39	41	95%
2024	40	41	95%

---

Source: Management

(1) The Independent Living Apartments are assumed to fill over a 12-month period at an average of approximately 1 unit per quarter from May 2019 to April 2020.

Double occupancy in the Independent Living Units is assumed to be 20 percent of the occupied units in 2019 and throughout the forecast period.

The assumed monthly move-in pattern for the Independent Living Units is summarized in the table below:

---

Fiscal Year/Month	Independent Living Units	Cumulative Total	Occupancy Percentage
2019-May	1	40	95% <sup>(1)</sup>
June	1	40	95%
July	1	40	95%
August	1	39	93%
September	1	40	95%
October	0	39	93%
November	1	40	95%
December	0	40	95%
January	0	39	93%
February	1	40	95%
March - April	0	40	95%
Total	6	40	93%

---

Source: Management

(1) As of May 2019, 40 of the Independent Living Apartments were occupied and 1 of the 42 units were available for occupancy (online). One of the 42 Independent Living Apartments were offline. The offline unit was renovated by the end of July 2019.

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***Carmel Hills, Inc.*****Summary of Significant Forecast Assumptions and Accounting Policies  
For the Five Years Ending April 30, 2024**

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**Note 4 - Summary of Statement of Operating Assumptions, continued**

The Assisted Living Bed's services are available to residents of the Community on a priority basis. The following table summarizes the assumed utilization of the Assisted Living Beds during the projection period:

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Table 6

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Assisted Living Utilization

---

Year Ending April 30,	Average Number of Assisted Living Beds Occupied (1)	Average Number of Assisted Living Beds Available (1)	Average Occupancy
2020	29	30	97%
2021	29	30	97%
2022	28	30	93%
2023	28	30	93%
2024	28	30	93%

---

Source: Management

(1) The Community offers Assisted Living Beds in a private or semi-private room. The Community is licensed for 38 Assisted Living Beds. However, because of the facility configuration current capacity is 30 beds.

**Contributions**

Management assumes contributions and bequest to increase approximately 3.0 percent annually during the forecast period.

**Investment income**

Management assumes dividends earned on stocks and interest earned on checking, money market, and certificates of deposit to be approximately one half of one percent annually of the average balances during the forecast period.

**Operating expenses**

Management assumes operating expenses will increase approximately 3 percent annually.



Enclosed please find an application for the Residents Assistance Fund.

Timothy 5:16 talks about responsibilities regarding the elderly. The operations of a benevolent fund are based on this portion of scripture. We feel that Carmel Hills is considered as a part of the local testimony and the primary responsibility for care of the older saints lies with the family. If any man or woman who is a believer, who has a widow in the family, they should do everything possible for her and not allow her to become the church's responsibility. The church will then be free to look after those widows who are alone in the world.

This being the case we would ask that the family appoint a spokesperson whose responsibility would be to contact every working child and grandchild of the resident and ask what they can do to support the widow. In many cases ten or twenty dollars a week from each could multiply to meet the needs of the resident.

Once it has been determined what the family can contribute, the enclosed Residents Assistance Fund Application should be submitted to the administrator for review by the Board. The Board will then review if assistance is warranted and available, and if so, how much.

Please be assured that all related information is kept in confidence. Thank you for your assistance in this matter. If you have any questions please feel free to contact me.

Yours in His service,

*Gabriel Iorga*

Gabriel Iorga  
Administrator

*"If any man or woman that believeth have widows, let them relieve them, and let not the church be charged: that it may relieve them that are widows indeed". I Timothy 5:16*

**Carmel Hills  
Retirement Community  
Residence Assistance Application  
Monthly Expenses**

Name \_\_\_\_\_

Health Insurance Cost \$ \_\_\_\_\_  
 Does health insurance cover drugs \_\_\_ Yes \_\_\_ No  
 Average monthly drug costs with insurance \$ \_\_\_\_\_  
 Average monthly drug cost without insurance coverage \$ \_\_\_\_\_  
 Other monthly expenses (list) \$ \_\_\_\_\_

<u>Source</u>	<u>Annual Income</u>	<u>Annual Income to Spouse In Event of Death</u>
Social Security: _____	\$ _____	\$ _____
Annuity: _____	\$ _____	\$ _____
Pension or Retirement: _____	\$ _____	\$ _____
Interest: _____	\$ _____	\$ _____
Dividends: _____	\$ _____	\$ _____
Rental Income: _____	\$ _____	\$ _____
Other Income: _____	\$ _____	\$ _____
Total Yearly Income:	\$ _____	\$ _____

Does pension or retirement system provide cost of living increase? \_\_\_ Yes \_\_\_ No

Have you given any assets or funds over \$1,000 in the past 5 years? \_\_\_ Yes \_\_\_ No

Has your net worth decreased more than 25% over the last 3 years? \_\_\_\_\_ If yes, please explain.

Amount that family can contribute towards monthly care \$ \_\_\_\_\_

The information contained in this statement is provided for the purpose of assisting Carmel Hills in planning and providing continuing care on behalf of the undersigned in facilities provided by Carmel Hills. Each undersigned understands that Carmel Hills is relying on information provided herein and each undersigned represents and warrants that the information provided is true and complete. Carmel Hills will consider this statement as continuing to be true and correct until a written notice of change is given to Carmel Hills by the undersigned.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Social Security No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

Signature (Spouse) \_\_\_\_\_ Date \_\_\_\_\_  
 Social Security No \_\_\_\_\_ Date of Birth \_\_\_\_\_

This Form must be updated every two years.

Carmel Hills

Retirement Community

Confidential

Residents Assistance Application

Assets

Source	Value
Home (Market Value) _____,	\$ _____,
Other Real Estate (Market Value) _____,	\$ _____,
Checking Account _____,	\$ _____,
Savings Account _____,	\$ _____,
Certificates of Deposits _____,	\$ _____,
Stocks (Market Value) _____,	\$ _____,
Bonds _____,	\$ _____,
Notes _____,	\$ _____,
Life Insurance _____,	\$ _____,
(Paid up or Cash Value) _____,	\$ _____,
Other Assets _____,	\$ _____,
_____,	\$ _____,
Total Assets	\$ _____,

How much life insurance do you own (face value)? \_\_\_\_\_,

Beneficiary \_\_\_\_\_,

Liabilities

Home Mortgage _____,	\$ _____,
Other Liabilities _____,	\$ _____,
_____,	\$ _____,
Total Liabilities	\$ _____,

## Carmel Hills

## PET POLICY

## Addendum to Dwelling Units Entrance Agreement Relating to Pets

This ADDENDUM to the DWELLING UNIT ENTRANCE AGREEMENT (the "Agreement") dated \_\_\_\_\_, 20\_\_\_\_, between Carmel Hills Inc. (the "Corporation") and the undersigned (the "Resident") shall add to the agreement the following terms and conditions related to pets.

The Resident occupies a cottage/duplex unit at Carmel Hills and has informed the Corporation that the Resident desires to keep a pet at Carmel Hills. The primary purpose of these terms and conditions is to establish reasonable requirements for the keeping of common household pets to provide a comfortable, safe, and sanitary environment for existing and prospective residents, employees, and the public and to preserve the physical condition of Carmel Hills.

Violation of this Addendum or of any other pet-related rules and regulations that the Corporation may adopt or amend shall be considered a material violation of the Agreement and may result in termination of the Agreement by the Corporation pursuant to either: Paragraph #17 of the Dwelling Unit Entrance Agreements or section #6 of the Residential Rental Contract agreement.

The Corporation and the Resident agree as follows:

1. There is a \$500 non refundable pet fee.
2. Attached to this Addendum is a photograph of the pet.
3. The pet is not permitted inside any building at Carmel Hills other than the Resident's Living Accommodation.
4. The Resident shall keep the pet under the Resident's control (for example, on a leash; being carried; in a container; or, for residents of cottage/duplex units only, through the use of a hidden pet fence) at all times that the pet is outside the Living Accommodation. No animal shall be chained or tied outside the Living Accommodation. Dogs and cats shall wear a collar with a tag identifying the pet and its owner, with name, address, and telephone number.

5. The Resident shall be responsible for the proper care of the pet, including, but not limited to, flea control, yearly inoculations, spaying and neutering, and compliance with all applicable laws, ordinances, rules, and regulations.
6. The Resident shall be responsible to clean up after his or her pet anywhere on Carmel Hills property and shall carry a disposable plastic bag any time the pet is outside the Living Accommodation. Pet waste shall be bagged and disposed of in the appropriate trash receptacles.
7. The Resident shall be responsible for ensuring that the pet's noise, odors, wastes, or other nuisances do not infringe upon or diminish the health, safety, or rights to peace and quiet enjoyment of other residents. The Resident shall keep his or her Living Accommodation and surrounding areas free of pet odors, insect infestation, waste, and litter and maintained in a sanitary condition at all times. The Resident shall pay, upon receipt of a bill, for the cost of all materials and/or labor required to repair any damage caused by the Resident's pet, including, but not limited to, charges for extermination services for pet-related insect infestation.
8. The Corporation has the right to demand that the pet be removed from Carmel Hills immediately if the Corporation, in its sole discretion, determines that the presence of the pet poses a safety threat to any member of Carmel Hills community, creates a nuisance, or otherwise violates the rights of any member of the community.
9. The Resident acknowledges that if the Resident moves to a Living Accommodation other than a Cottage/Duplex unit, the Resident will no longer be able to keep the pet at Carmel Hills.
10. The Resident shall make arrangements for someone to care for the pet in the event that the Resident becomes unable to do so. The Resident hereby authorizes Carmel Hills to take appropriate action to transfer the pet to an appropriate facility, with all corresponding fees to be charged to the Resident, if the Resident becomes unable to care for the pet and has not made prior arrangements for the pet's care.

11. The Resident agrees to indemnify and hold the Corporation, its officers, directors, agents, employees, and representatives harmless from all liabilities, losses, damages, claims, actions, causes of actions, demands, or costs of any nature whatsoever caused by the actions of the Resident's pet or by the Resident's own negligent or intentional actions related to care or control of the pet.
12. The terms and conditions of the Agreement are incorporated herein. To the extent that any provisions of the Agreement are inconsistent with the provisions of the Addendum, the provisions of the Addendum shall control.

IN WITNESS WHEREOF, the parties have executed the Addendum as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Carmel Hills, Inc.

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

\_\_\_\_\_  
Resident (SEAL)

Title: \_\_\_\_\_

\_\_\_\_\_  
Current Address: Street

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

\_\_\_\_\_  
Telephone

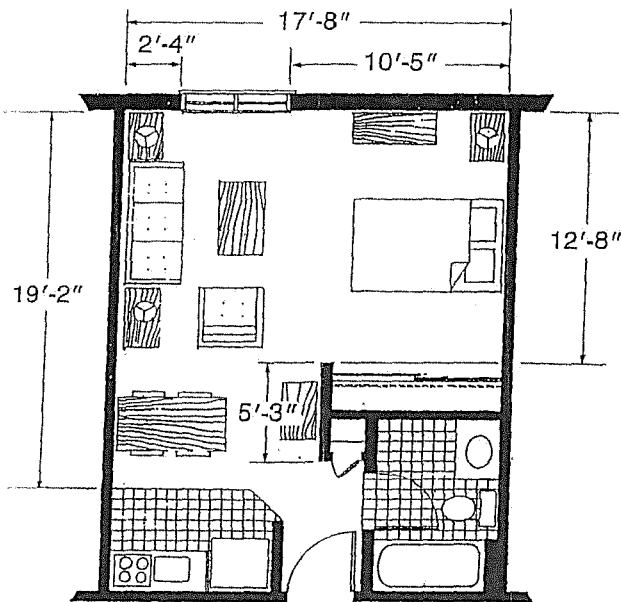
Attached Photograph of Pet Below

## Floor Plans

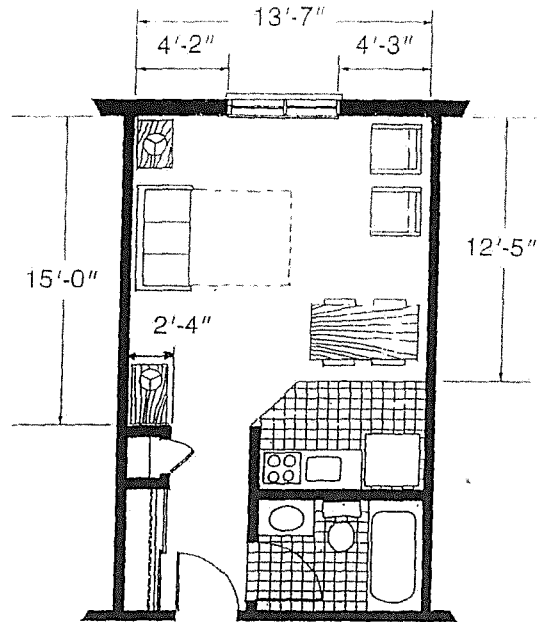
Attachment J

These floor plans are approximate drawings of each of the apartments at Carmel Hills. Furniture has been shown to provide an example of the way your apartment can be arranged. However, you would bring your own furnishings and arrange your apartment according to your taste.

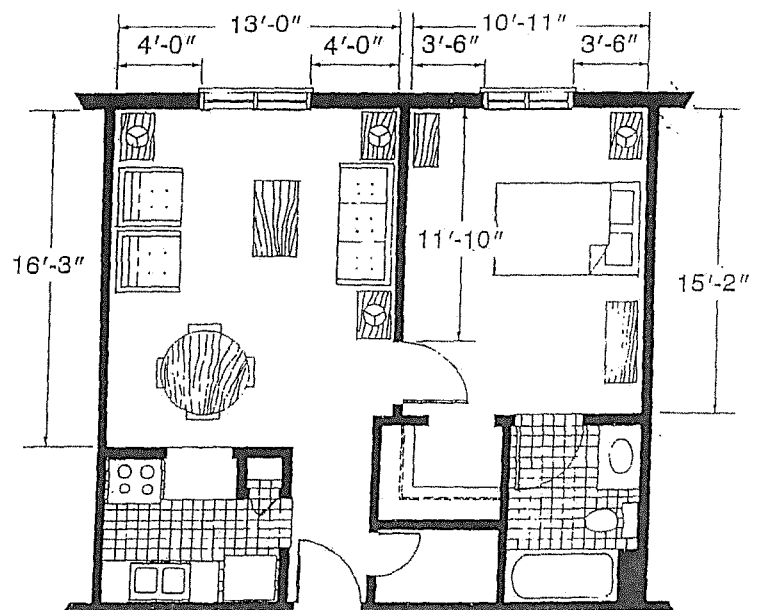
*The A Apartment* offers approximately 350 square feet of living space and includes a bed/sitting room, bath, and kitchenette.



*The C Apartment* offers approximately 600 square feet of living space and includes a living room, separate bedroom, bath and fully equipped kitchen.

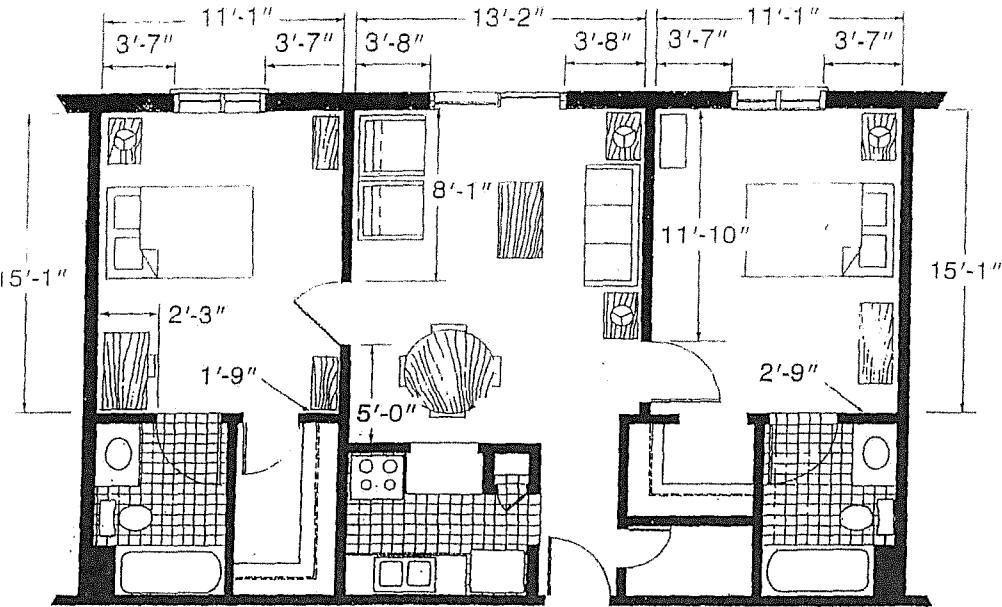


*The B Apartment* offers approximately 450 square feet of living space, and includes a bed/sitting room, bath, and kitchenette.

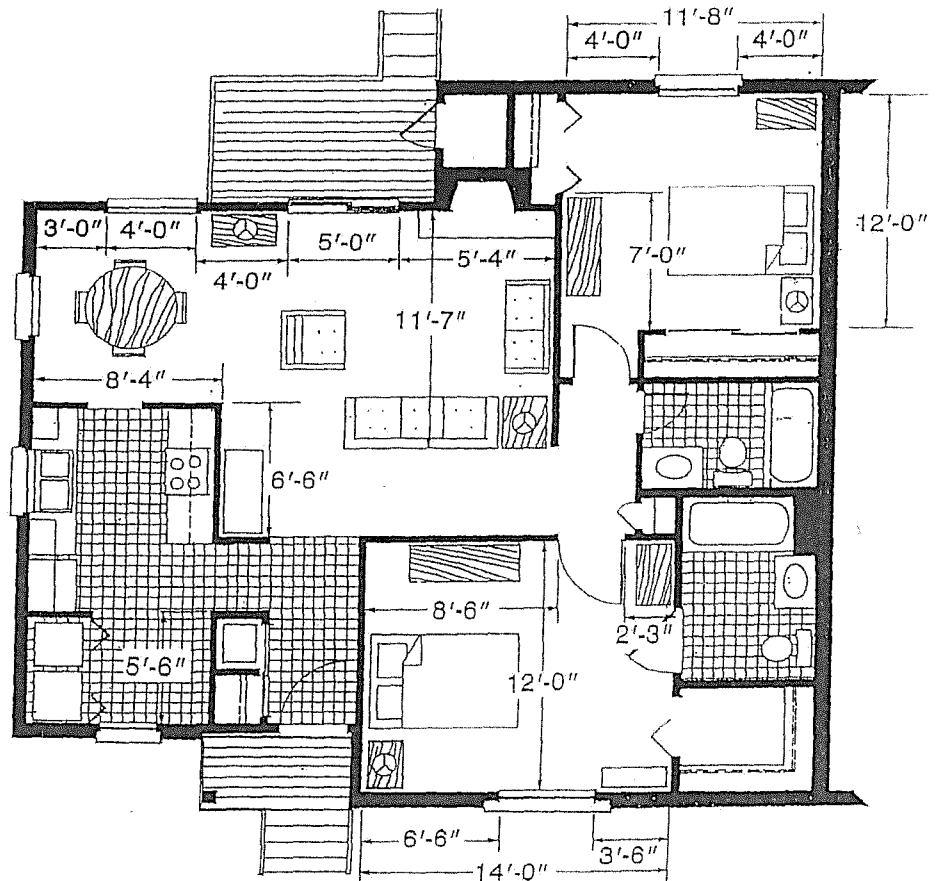


## Floor Plans

*The D Apartment* offers approximately 900 square feet of living space and includes living room, fully equipped kitchen, two separate bedrooms, each with full bath, and walk in closet.



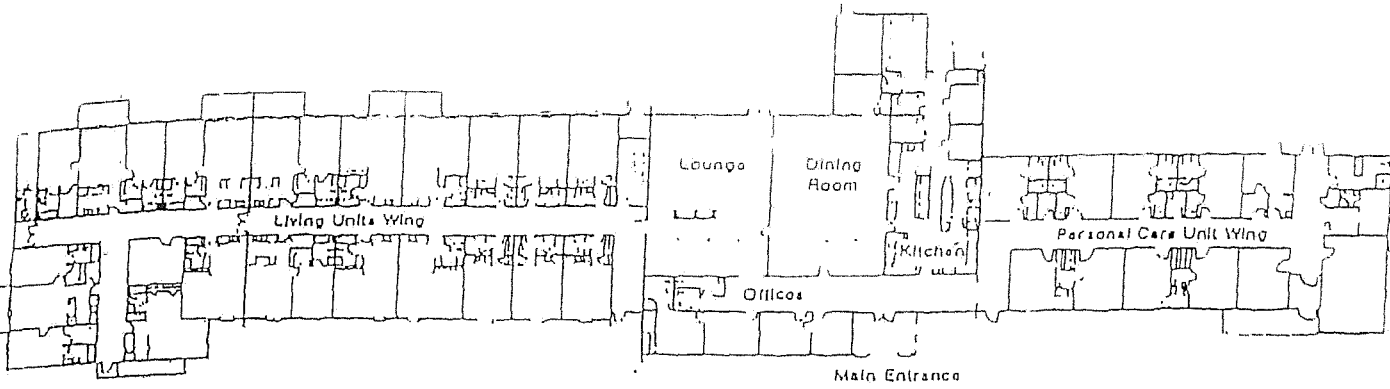
*The Duplex* offers approximately 1,132 square feet of living space, and includes living room, dining area, fully equipped kitchen, two separate bedrooms, and two full baths.





# COMMUNITY BUILDING PLAN

Attachment K

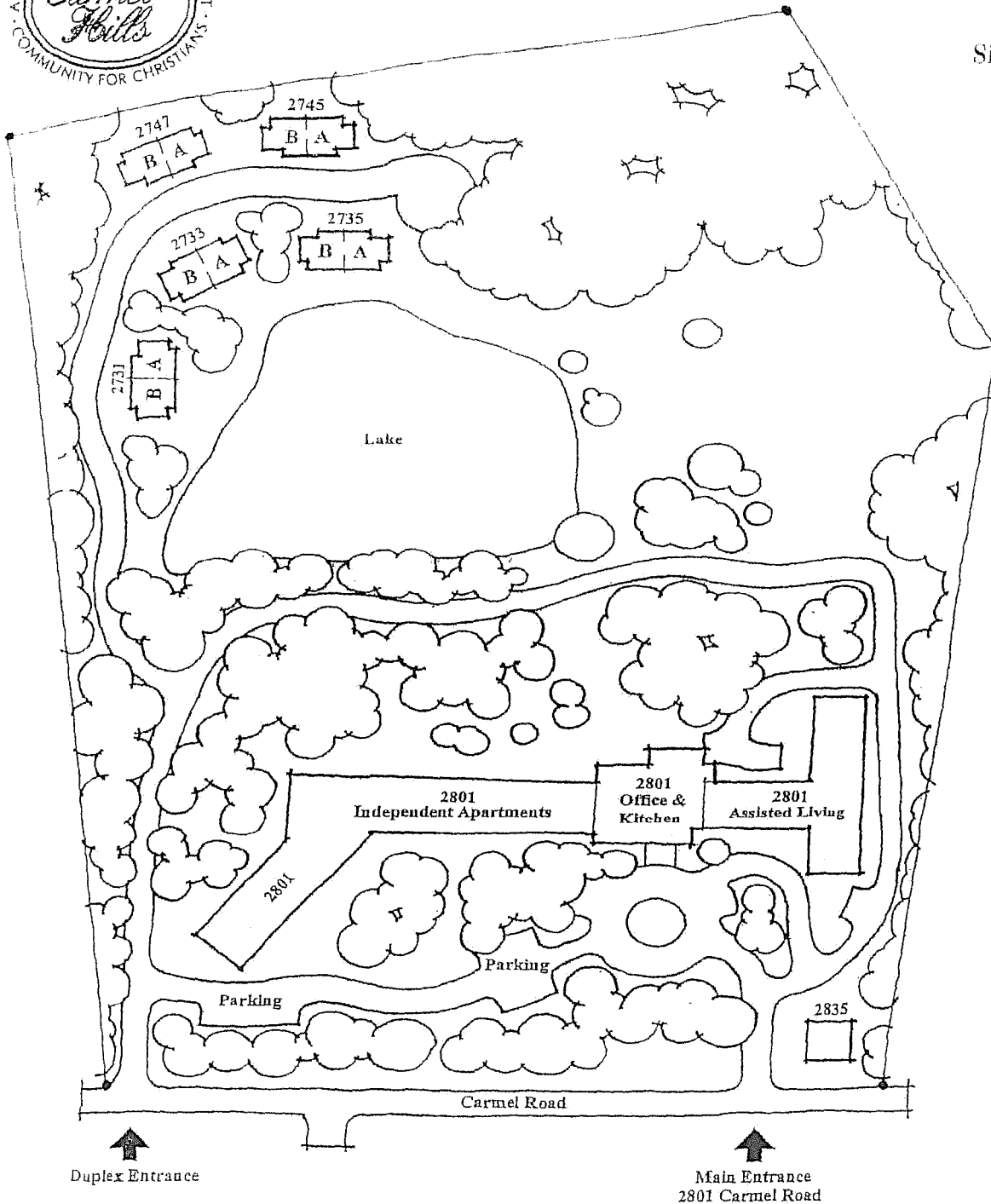


Drawing provides representation of common area in the Community Building.  
Drawing does not illustrate recent additions to the Dwelling Units and  
the Personal Care Unit.

Not drawn to scale



Site Plan



Carmel Hills is located on 15 areas of land in a beautiful residential area of South Carolina. One third of the site is a large, flat, wooded area adjacent to Carmel Road. The main building and adjoining Personal Care Center are in this area. The land to the rear of this is also heavily wooded, sloping down to a 1 1/2 acre lake. The lake has excellent fishing and is the focal point for the duplex/cottage units.

Carmel Hills Retirement Community  
**Material Difference Narrative**  
For the Year Ending April 30, 2019

The following explanation is furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanation pertains to material differences between the Carmel Hills Retirement Community Forecasted Statements of Operations and Audited Cash Flows for the year ending April 30, 2019, included in the Disclosure Statement dated September 18, 2019 and the actual results of operations and cash flows for the year ended April 30, 2019, as shown in the audited financial statements.

For purposes of this narrative, "material" differences are variances of \$80,000, or more, and 10%, or more, on consolidated line item amounts, however dollar variances of less than \$15,000 are not considered material regardless of percentage. The \$80,000 and 10% parameters used for the purposes of determining which variances require a narrative explanation was determined subjectively after review of the line items presented in both the audited financial statements and the compiled financial forecast. \$80,000 is approximately 3% of total support & revenue and 10% is a reasonable variation from line items that are smaller dollar amounts, where \$80,000 would be inappropriate.

**Support and Revenue:**

- Net resident fees - were down by \$358,874, 14% lower than the amount forecasted of \$2,510,520 in the year ending 4/30/19. This decrease was due primarily to two factors. A high number of apartments and Assisted Living rooms needing complete renovations and a lack of skilled employees in the Facility Management dept to do the work. This lack of labor has been addressed. The result was a unit turnover rate that was much longer than desired.
- Earned Entrance Fees - were \$30,873 or 14% lower than the amount forecasted of \$220,557 for the year ending 4/30/19. This decrease was due to a higher number of apartments undergoing complete renovations and being offline preventing new residents from moving in.
- Miscellaneous - was \$40,223, 1,911% higher than the amount forecasted of \$2,000 for the year ending 4/30/19. The amount received from Miscellaneous revenue was more than forecasted grossly due to an increase in revenue from visitor rental, meal fees and late fees.

**Expenses:**

- Salaries - were down by \$122,633, 8% lower than the amount forecasted of \$1,513,175 in the year ending 4/30/19. This decrease was in large due to lack of skilled labor primarily in two departments one of which has been addressed and the other is being addressed with contactor labor and hiring.

- Depreciation - was \$48,268, 34% higher than the amount forecasted of \$143,847 for the year ending 4/30/19. This increase is primarily due to the Board's and CEO's commitment to modernizing the facility and the cost of upgrading the facility work truck.
- Repairs & Maintenance - cost was \$57,025, 49% higher than the amount forecasted of \$116,240 during the year ending 4/30/19. This increase resulted from greater number of units turned over that required renovating.
- Interest - cost of \$33,717 is a \$16,552 or 33% below forecast in the year ending 4/30/18. This decreased is due to the reduction in debt.
- Contract Labor & Sales Commission - cost of \$90,580 is a \$46,080 or 104% increase above forecast in the year ending 4/30/19. This is primarily due to a lack of Carmel Hills' standard, available skilled labor.

### Operating Activities

- Change in Net Assets - amount of \$93,738 is a \$212,239 or 179% decrease in forecast amount for the year ending 4/30/19. This was primarily due to debt reduction and commitment to renovate outdated units in order to increase long term revenue.
- Depreciation - amount of \$192,115 is a \$23,785 or 14% increase in the forecast amount for the year ending 4/30/19. This increase is primarily due to the Board's and CEO's commitment to modernizing the facility.
- Contribution of Property - amount of \$67,500 is a \$67,500 or 100% increase in forecast amount for the year ending 4/30/19. This was the result of an unexpected land donation to Carmel Hills.
- Entrance Fees Received - amount of \$329,192 is a \$149,590 or 31% decrease above forecast in the year ending 4/30/19. Carmel Hills had a lower than average year in entrance fees from the DREF 0 plan.
- Earned Entrance Fees - amount of \$189,684, is a 36% lower liability than the forecast of \$296,567 for the year ending 4/30/2019. We had less residents under the DREF-0 plan come in than anticipated. This scenario caused the Earned Entrance Fees liability to be lower than forecasted.
- Loss on Disposal of property or equipment - amount of \$12,132 is a \$130,106 or 110% realized gain due to capital expenditure in improving the facility in the year ending 4/30/19.
- Deferred Revenue-Resident Fees - amount of \$60,149, or \$60,923 higher than the forecasted amount for the year ending 4/30/2019. This was caused by a higher than normal average number of residents moving into Carmel Hills under the NEF (No Entrance Fee) plan.

### **Investment Activities**

- Purchase of Property and Equipment - amount of \$203,896, a 115% increase of the forecasted \$176,874 for the year ending 4/30/2019, is a result of capital investment in improving the facility.
- Changes in Certificate of Deposit and Other Investments - amount of \$133,510, is a 2,133% change from the forecasted \$5,979 for the year ending 4/30/2019, is a result of board policy to hold two matured CDs in cash for investment opportunities.
- Proceeds from the Sale of Investments - the amount of \$319,098, was a one-time Carmel Hills owned property sale.

### **Financing Activities**

- Principle Payments on Long-Term Debt - in the amount of \$121,687 is a 64% decrease from the forecasted amount of \$341,278 for the year ending 4/30/2019. The company continues its conscious effort in their intent to reduce debt.

Carmel Hills Retirement Community		2019-2020			
Statement of Operations					
For the Year Ended April 30, 2019					
	for April 30, 2019	for April 30, 2019	Difference		
	Actual (Audit)	Forecast	\$	%	
Unrestricted Net Assets					
<b>Support and Revenue:</b>					
Net resident fees	2,151,646	2,510,520	(358,874)	-14.29%	Material Variance
Earned entrance fees	189,684	220,557	(30,873)	-14.00%	Material Variance
Contributions	289,092	298,280	(9,188)	-3.08%	Not material
Gain (loss) on disposal of assets	(12,132)	-	12,132	100.00%	Not material
Investment Income-Formerly Interest Income	28,927	25,519	3,408	13.35%	Not Material
Miscellaneous	40,223	2,000	38,223	1911.15%	Material Variance
<b>Total Support &amp; Revenue</b>	<b>2,687,440</b>	<b>3,056,876</b>	<b>(369,436)</b>	<b>-12.09%</b>	
<b>Expenses:</b>					
Salaries	1,390,542	1,513,175	(122,633)	-8.10%	Material Variance
Payroll Taxes & Group Insurance-(Emp. Benft)	251,072	264,952	(13,880)	-5.24%	Not Material
Depreciation & Amortization Expenses	192,115	143,847	48,268	33.56%	Material Variance
Food supplies	157,298	170,793	(13,495)	-7.90%	Not material
Repairs & Maintenance	173,265	116,240	57,025	49.06%	Material Variance
Utilities	99,394	98,139	1,255	1.28%	Not Material
Insurance	101,446	102,225	(779)	-0.76%	Not Material
Janitorial Expense (Supplies / Linen / Labor)	78,343	80,908	(2,565)	-3.17%	Not material
Interest	33,717	50,269	(16,552)	-32.93%	Material Variance
Contract Labor & Sales Commissions	90,580	44,500	46,080	103.55%	Material Variance
Advertising	42,404	49,000	(6,596)	-13.46%	Not Material
Miscellaneous	37,175	25,867	11,308	43.72%	Not material
Office Expense & other supplies	20,872	16,056	4,816	30.00%	Not Material
Medical Expense	15,661	17,075	(1,414)	-8.28%	Not Material
Dietary Supplies-Formerly Dining Room & Food	12,729	6,665	6,064	90.98%	Not Material
Telephone	16,906	13,560	3,346	24.68%	Not Material
Legal and Accounting	17,855	18,434	(579)	-3.14%	Not material
Security	22,925	8,500	14,425	169.71%	Not Material
Retirement Plan	5,994	8,653	(2,659)	-30.73%	Not Material
Vehicle Expense	8,870	10,946	(2,076)	-18.97%	Not Material
Travel and Training	5,858	9,834	(3,976)	-40.43%	Not Material
Dues & Subscriptions	6,157	8,333	(2,176)	-26.11%	Not Material
<b>Total Expenses</b>	<b>2,781,178</b>	<b>2,777,971</b>	<b>3,207</b>	<b>0.12%</b>	
<b>Changes In Net Assets</b>	<b>(93,738)</b>	<b>118,501</b>	<b>(212,239)</b>	<b>-179.10%</b>	
<b>Unrestricted Net Assets, (Deficit), Beginning</b>	<b>850,522</b>	<b>732,021</b>	<b>118,501</b>	<b>16.19%</b>	
<b>Unrestricted Net Assets, Ending</b>	<b>756,784</b>	<b>850,522</b>	<b>(93,738)</b>	<b>-11.02%</b>	
<b>Material Variance = Over \$80,000 or above 10% (Below \$15,000 considered Not Material)</b>					
Not material = Less than \$80,000 and under 10% or below \$15,000					

<b>Carmel Hills Retirement Community</b>		<b>2019-2020</b>			
Statement of Operations - CONTINUED					
For the Year Ended April 30, 2019					
	<b>for April 30, 2019</b>	<b>for April 30, 2019</b>	<b>Difference</b>		
	<b>Actual (Audit)</b>	<b>Forecast</b>	<b>\$</b>	<b>%</b>	
<b>Operating Activities:</b>					
Change in Net Assets	(93,738)	118,501	(212,239)	-179.10%	Material Variance
Adjustments to reconcile change in net assets to cash flows from operating activities:					
Depreciation and Amortization	192,115	168,330	23,785	14.13%	Material Variance
Contributions of property	(67,500)	-	(67,500)	100%	Material Variance
Entrance Fees Received	329,192	478,782	(149,590)	-31.24%	Material Variance
Earned Entrance Fees	(189,684)	(296,567)	106,883	-36.04%	Material Variance
Loss on disposal of property and equipment	12,132	-117,974	130,106	-110%	Material Variance
Realized and unrealized loss (gain) on investments	(17,883)	-14,230	(3,653)	26%	Not Material
Change in value of split interest agreements	(367)	-547	180	-33%	Not Material
Donated equipment	-	-	-		
Change in Operating Assets and Liabilities:					
Sales tax refund receivable	(2,514)	1,779	(4,293)	-241%	Not Material
Inventories	1,725	2,381	(656)	-27.55%	Not Material
Prepaid Expenses	(12,146)	2,819	(14,965)	-530.86%	Not Material
Increase (decrease) in operating liabilities:					
Accounts Payable and Accrued Expenses	17,255	25,153	(7,898)	-31.40%	Not Material
Deferred Revenue-Resident Fees	60,149	(774)	60,923	-7871%	Material Variance
Security Deposits	-	-	-		Not Material
<b>Cash Flows From Operating Activities</b>	<b>228,736</b>	<b>367,653</b>	<b>(138,917)</b>	<b>-37.78%</b>	
<b>Investment Activities:</b>					
Purchases of property and equipment	(380,770)	(176,874)	(203,896)	115.28%	Material Variance
Formerly-Capital additions of property and equipment					
Change in certificates of deposit and other investment	133,510	5,979	127,531	2132.98%	Material Variance
Proceeds from the Sale of Investments	-	319,098	(319,098)	100.00%	Material Variance
Acquisition of Investments	(15,702)	(13,714)	(1,988)	14.50%	Not Material
<b>Net Cash Flows From Investment Activities</b>	<b>(262,962)</b>	<b>134,489</b>	<b>(397,451)</b>	<b>-295.53%</b>	
<b>Financing Activities:</b>					
Principle payments on long-term debt	(121,687)	(341,278)	219,591	-64.34%	Material Variance
<b>Net Cash Flows From Financing Activities</b>	<b>(121,687)</b>	<b>(341,278)</b>	<b>219,591</b>	<b>-64.34%</b>	
<b>Changes In Cash And Equivalents</b>	<b>(155,913)</b>	<b>160,864</b>	<b>(316,777)</b>	<b>-196.92%</b>	
<b>Cash And Equivalents-Beginning</b>	<b>1,375,961</b>	<b>1,215,097</b>	<b>160,864</b>	<b>13.24%</b>	
<b>Cash And Equivalents-Ending</b>	<b>1,220,048</b>	<b>1,375,961</b>	<b>(155,913)</b>	<b>-11.33%</b>	
<b>Material Variance = Over \$80,000 or above 10% (Below \$15,000 considered Not Material)</b>					
<b>Not material =Less than \$80,000 and under 10% or below \$15,000</b>					