



Disclosure Statement

June 1, 2019

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 October 28, 2020.
- Delivery of the Disclosure Statement to a contracting party before execution of a contract 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.

Carolina Meadows is located at: 100 Carolina Meadows, Chapel Hill, NC 27517. The corporate website is: www.carolinameadows.org

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Section 1: Provider Introduction and Information

Name and Business Address

The name of the corporation is Carolina Meadows, Inc. and is usually referred to as simply Carolina Meadows. It is licensed as a Continuing Care Retirement Community and may, from time to time, be referred to as a Life Plan Community in marketing and print materials.

It is located at 100 Whippoorwill Lane, just south of Chapel Hill, North Carolina in Chatham County. The mailing address is 100 Carolina Meadows, Chapel Hill, NC 27517.

Not-for-Profit Status

Incorporated in 1983 as a North Carolina nonprofit corporation, Carolina Meadows is exempt from corporate income taxes as a 501(c) (3) nonprofit corporation under the Internal Revenue Code. This tax exempt category allows the organization to receive charitable contributions. Contributions to the organization may generally be deductible by the donor. Under IRS regulations, no earnings of the Corporation may be distributed to the Directors, Officers, or other private individuals. All excess funds remain with Carolina Meadows for use in its programs and services to residents.

Affiliations and Intended Corporate Restructuring

Carolina Meadows is affiliated with Carolina Meadows Senior Communities & Services, Inc. (“the Parent”), a North Carolina nonprofit corporation and the sole member of Carolina Meadows. The Parent is also the sole member of Carolina Meadows Home Care, Inc., a North Carolina nonprofit corporation (“Home Care”) and the sole member of Carolina Meadows Charitable Foundation, Inc. (“the Foundation”). The Parent, Home Care, and the Foundation are recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code and as supporting organizations of Carolina Meadows. The Parent does not have any members and is governed by its board of directors. The Parent elects the board of directors of Carolina Meadows, Inc., Home Care, and the Foundation. Currently, eight of the nine members of the board of directors of the Parent are also members of the board of directors of Carolina Meadows, and five of the seven members of the board of directors of Home Care are also members of the board of directors of Carolina Meadows. Four of the seven board members of the Foundation are also members of the board of directors of Carolina Meadows. Certain actions of the board of directors of Carolina Meadows, Home Care, and the Foundation require the consent of the Parent, as more fully described in the bylaws of Carolina Meadows, Home Care and the Foundation.

The Parent is also the sole shareholder of Carolina Meadows Management and Development Services, Inc., a North Carolina corporation (“Management and Development Services”). The board of directors of Management and Development Services is elected by the Parent. Currently, all of the members of the board of directors of Management and Development Services are also members of the board of directors of Carolina Meadows. Certain actions of the board of directors

of Management and Development Services require the consent of Parent, as more fully described in the bylaws of Management and Development Services.

None of the entities affiliated with Carolina Meadows, including Parent, Home Care, the Foundation and Management and Development Services, is responsible for the financial and contractual obligations of Carolina Meadows.

Required Criminal Violations Statement

Neither the President/Chief Executive Officer, any management staff, nor any member of the Board of Directors has been convicted of a felony or pleaded nolo-contendere to a felony charge or judgment, for a felony or civil action involved in fraud, embezzlement, fraudulent conversion, or misappropriation of property. Neither is any member of management or Board of Directors subject to a currently effective injunction or restrictive court order, or within the last five years has any State or Federal license or permit suspended or revoked as a result of any action brought by a governmental agency or department, arising out of or relative to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to North Carolina G.S. 58-64 or similar laws in another state.

Accreditation

Carolina Meadows is accredited by CARF-CCAC (Commission on Accreditation of Rehabilitation Facilities – Continuing Care Accreditation Commission). Current accreditation is valid through January 2023 and is for a term of 5 years. Accreditation is earned based on conforming to annual accreditation standards and allowing CARF-CCAC to periodically review the organization through a combination of written submissions and onsite surveys. Carolina Meadows has been accredited since 1994.

Board of Directors

Carolina Meadows is governed and managed by a volunteer, community-based, Board of Directors. The By-Laws call for no less than twelve (12) voting Directors up to a maximum of fifteen (15) voting Directors and two (2) Ex-Officio non-voting Directors made up of the Chair of the Residents Association and the Chief Executive Officer of Carolina Meadows. Four of the voting Directors are required to be residents living at Carolina Meadows. The following is a list of the current Board of Directors of Carolina Meadows, Inc.

Steve Miller (Chair)

**177 Crystal Springs Court
Chapel Hill, NC 27516**

Originally from Louisville, KY, Mr. Miller moved to Chapel Hill in 1971 to attend the University of North Carolina, earning a BA in 1975. After spending a few years in Washington, DC where he worked on Capitol Hill as a Legislative Aide, Mr. Miller returned to Chapel Hill and received an MSPH from the School of Public Health in 1982 and a law degree in 1985. He has practiced law in Chapel Hill since 1985, and is a partner in the firm of Alexander Miller & Schupp, LLP.

Mr. Miller practices in the area of business and corporate law, estate planning and administration, and residential and commercial real estate. Mr. Miller served for many years on the Board of Directors of Freedom House Recovery Center, has served on the Board of the Strowd Roses Foundation since its inception in 2001, and also serves today on the Board of Directors of Eyes, Ears, Nose and Paws, a service dog training and placement organization.

Joan Pharr, CPA (Treasurer)
Managing Partner
Blackman & Sloop, CPAs, P.A.
1414 Raleigh Road, Ste. 300
Chapel Hill, NC 27517

Mrs. Pharr is a Certified Public Accountant and the President and Managing Partner of Blackman & Sloop, CPAs, P. A., a full-service accounting firm in Chapel Hill, NC, where she has in excess of thirty years of experience working with individuals, family owned businesses, and not-for-profit organizations. She currently spends much of her professional time working with trusts, estates, and high net worth individuals from both a compliance and planning perspective. Joan earned her Bachelor of Science in Business Administration degree with a concentration in accounting from the University of North Carolina at Chapel Hill and has designations as a Chartered Global Management Accountant (CGMA) and as a certified specialist in retirement planning (CSRP). Joan is a member of the North Carolina Association of Certified Public Accountants (NCACPA), where she has served in multiple volunteer capacities, including service as Chairman of the Board of Directors. She is a member of the American Institute of Certified Public Accountants (AICPA), where she is currently serving as an elected member of the Joint Trial Board. Joan has volunteered her time and talents throughout her community having served on multiple boards of not-for-profit organizations.

Dr. Pat Mandell (Resident)
502 Carolina Meadows Villa
Chapel Hill, NC 27217

Dr. Mandell is a native of Kansas. After graduating from Kansas State University in 1971, she moved to Texas, where she spent the next 33 years. There, she earned an MA in Learning Disabilities and a Doctorate in Educational Psychology. She taught elementary grades, special education and university courses in colleges of education. In addition to teaching, Dr. Mandell served as Head of School in three private schools in Texas, one in Houston and two in San Antonio. She served as the founding president of a national organization of Reform Jewish Day Schools. In 2004, Pat moved to Baltimore, MD to marry Dr. Wallace Mandell. In Baltimore, she taught at Towson University and was Head of School at Baltimore Hebrew Day School. The Mandell's retired and moved to Carolina Meadows in 2012. Pat has been a volunteer in the Pines and the library. She has served as Precinct Secretary and Representative for Precinct 15, chair of the Community Outreach Committee and chair of the Women's Luncheon Committee. She also is a

member of the Carolina Meadows University steering committee. She currently serves as Chair of the Board of Directors for the Carolina Meadows Foundation, Inc.

Richard Gurlitz

Gurlitz Architectural Group

121 S. Estes Drive, Suite 100

Chapel Hill, NC 27514

Mr. Gurlitz has been a Chapel Hill resident since 1979. He is the founding member of Gurlitz Architectural Group. His undergraduate degree is in Art History from Johns Hopkins University, coupled with a design studio under a beaux arts professor at Columbia University, directed him to pursue architecture as a profession. The program at the University of Wisconsin, strong in community planning and design, set his path for bringing strong design features to community projects. He is responsible for all design efforts in the architectural firm and has been licensed in North Carolina for 30 years. Richard has served as Treasurer with the Chapel Hill Reform Board of Trustees and Chair for Chapel Hill School System New Facilities Review Committee.

John Gabor (Resident)

238 Carolina Meadows Villa

Chapel Hill, NC 27517

Mr. Gabor arrived in New York from Budapest at age 15. He went to NYU receiving a degree in Journalism. After Army services at Fort Bragg, he worked in Cincinnati and Baltimore, where he and his wife Ann married in 1962. He then moved to New York. Mr. Gabor worked in advertising then was sales and marketing director of several startup companies developing electronic information technologies, now known as the Internet. Mr. Gabor has served on the Board of Family Violence and Rape Crisis Services as well as consulting pro bono with many Triangle nonprofits through the Executive Service Corps, where he also served on the board.

Pickett Guthrie (Resident)

535 Carolina Meadows Villa

Chapel Hill, NC 27517

Although a native of North Carolina, Ms. Guthrie lived her early adult life in Denver, Colorado and Princeton, NJ. She was educated at Duke University and at the University of Denver. Returning to North Carolina, she earned a master's degree in Library Science at UNC Chapel Hill and built her career as a Law Librarian for several large law firms. She later moved to the nonprofit world, earning a certificate in Non-Profit Management from Duke University. She co-founded the Restless Legs Syndrome Foundation (RLSF) and was executive director from 1992-1996. Several years later, she returned as a member of RLSF's Board of Directors, serving on the Executive Committee and as Chair of Governance and of Corporate Relations. Recently, Pickett held a position on the Board of UNC's Program in the Humanities. Since 2013, she and husband, Robert, have made their home at Carolina Meadows. Pickett is a long-term volunteer at the Pines where Robert lived until the end of his life in 2017.

William (Bill) Kalkhof
39 Westridge Drive
Durham, NC 27713

Mr. Kalkhof is the former President/CEO of Downtown Durham, Inc. (DDI). For twenty years he has lead the remarkable revitalization efforts that transformed downtown Durham. Mr. Kalkhof was instrumental in brokering the catalytic public-private partnerships that were so essential to the success of Durham’s renaissance – the Durham Bulls Athletic Park, Durham Performing Arts Center (DPAC), American Tobacco Historic Campus, West Village, Durham Central Park, the Farmers Market, and many more. Prior to starting DDI, Mr. Kalkhof was the Executive Vice President of the Home Builders Association of Durham & Orange Counties. He has been active in the community affairs of Durham and the Triangle serving on numerous boards and commissions. He has received numerous awards and recognitions including having a major public art sculpture commissioned in his honor and located in the CCB Plaza in downtown Durham. He was also honored by the American Cancer Society for raising over \$100,000 to help support research and services in the efforts to find a cure for cancer. Mr. Kalkhof retired from DDI in April 2013.

J.B. Culpepper
2513 Buxton Court
Chapel Hill, NC 27514

Mrs. Culpepper is an independent consulting planner and a member of the American Institute of Certified Planners. She holds a B.A. in Urban Affairs and a Master’s degree in Urban Planning from Virginia Tech. As Director of Planning for the Town of Chapel Hill for nine years, she managed the Town’s long-range planning process, development review process, and oversaw innovative planning approaches. Recently, she has been involved in community planning for an aging population and has helped arrange and conduct a series of work sessions on the topic. In addition, she contributed a chapter on modifying community infrastructure in the newly-published book “Reimagining Your Neighborhood.”

Dr. Anne Kissel (Secretary)
19104 Stone Brook
Chapel Hill, NC 27517

Dr. Kissel grew up in the nomadic childhood of a military family, beginning kindergarten in Germany and finishing high school in Hawaii. After undergraduate school at W. Kentucky (BA, Sociology) and graduate school at the University of Florida (M.Ed., Ed.S, Ph.D, Counseling and Gerontology) she enjoyed a career in hospice administration and bereavement and with agencies serving elders, retiring in 2013 as Executive Director of Fearrington Cares. Currently, she serves as Chatham County Delegate to the NC Sr. Tar Heel Legislature, on the Triangle J Area Agency on Aging Advisory Council, the Chatham Advocacy for Seniors Team and as a volunteer with

UNC Hospice, League of Women Voters, Chatham Historical Society and other community programs.

Rogers Harshbarger
300 North Elliot Road
Chapel Hill, NC 27514

Mr. Harshbarger is the Director of Private Investments at UNC Management Company, Inc. in Chapel Hill, NC. A native of Virginia, Mr. Harshbarger completed his undergraduate degree at the University of Virginia and his MBA at the University of North Carolina Kenan-Flagler Business School. He possesses a diverse knowledge of investment management experience having served various positions since 1999 with Bain & Company, Atlantic Pacific Capital, Inc., Donaldson, Lufkin & Jenrette-Credit Suisse First Boston, and Prudential Securities.

William (Bill) Lehrburger (Resident)
104 Carolina Meadows Villa
Chapel Hill, NC 27517

Raised in Brookline, MA, Mr. Lehrburger earned a BA in Economics from the College of William and Mary in Williamsburg, VA and an MBA from Harvard Business School. His working career encompassed marketing, advertising and general management positions in several industries, including plywood, farm machinery, small appliances, retail and marketing consulting. He also served as the first president of a 1500-unit gated community and as a volunteer consultant in Istanbul, Turkey under the auspices of the International Executive Service Corps. He resided in Queens, Rye and Scarsdale, NY, Glastonbury, CT, Toronto, Canada, and Boca Raton, FL before moving to Farrington Village in 2006, then Carolina Meadows in 2014. Since being in Carolina Meadows, he served as Chair of the Resident Buildings, Grounds and Safety Advisory Committee and as a member of the Resident Health Center Task Force.

Joan Pellettier
2300 Englewood Ave.
Durham, NC 27705

Born in New York and raised in Oregon, Ms. Pellettier came to North Carolina in 1969. She received a BA from Duke University and a MA from North Carolina Central University. Now retired, she was Director of the Triangle J Council of Governments' Area Agency on Aging, which covers a seven-county area. She served as chair of the NC Association of Area Agency on Aging and as a member of numerous local and state aging-related committees, including the North Carolina Study Commission on Aging. Ms. Pellettier was Executive Director of the private-non-profit Council for Senior Citizens in Durham County, NC-the Council is the lead aging service-providing agency in that county. Earlier experience was with aging and disability programs, including work with the Durham County Department of Social Services. She currently serves as

chair of the North Carolina Partnership to Address Adult Abuse and Durham's Partnership for Seniors.

Sam Ligon (Ex –Officio and President of the Residents’ Association)

329 Carolina Meadows Villa

Chapel Hill, NC 27517

Mr. Ligon moved to Carolina Meadows from Texas following a 45-year career in small business as a serial entrepreneur mostly in consumer products. Growing up, he moved from Buffalo to Palo Alto and then during high school to Mississippi. He earned a degree in mechanical engineering from Auburn University in 1961. Following a four-year tour of duty in the Navy Civil Engineer Corps, he received an MBA from Harvard Business School. Mr. Ligon has served on boards of several public companies. Since moving to Carolina Meadows, he served as chair of the Resident Budget and Finance Advisory Committee, on the Health Center Task Force and currently serves as President of the Residents Association.

Executive Management Team

Kevin A. McLeod, CPA (Ex-Officio Board Member)

President and Chief Executive Officer

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Mr. McLeod is the President and Chief Executive Officer of Carolina Meadows. He previously served as Carolina Meadows’ Chief Financial Officer from 1998 to January 2006. Prior to joining Carolina Meadows, he was the Chief Financial Officer at a retirement community in Greensboro, NC. He is a licensed Certified Public Accountant having worked in public accounting prior to joining the senior living industry. He received his Bachelor of Science degree in Geology from the University of North Carolina at Chapel Hill and he completed his accounting coursework at North Carolina State University. Mr. McLeod currently serves as a financial and administrative surveyor with CARF, the international accrediting organization for continuing care retirement communities. He is a member of the North Carolina Association of Certified Public Accountants and the American Institute of Certified Public Accountants. He is a former Board Member and Past Chair of the Board of Directors of LeadingAge-North Carolina.

Ben Cornthwaite

Executive Vice President and Chief Operating Officer

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Mr. Cornthwaite is the Executive Vice President and Chief Operating Officer where he oversees all operational areas of Carolina Meadows. Mr. Cornthwaite is deeply involved with all aspects of the business and works closely with the CEO to develop and implement strategic plans for the organization. Before joining Carolina Meadows, he served as the Vice President and Executive Director for Erickson Living. He has also served as the Associate Executive Director, Senior Administrator, and Nursing Home Administrator. He holds a master's degree in Management of Aging Services from the University of Maryland Baltimore County and a bachelor's degree in Health Services Administration from James Madison University. He is a current Board member of LeadingAge-North Carolina.

Gary Levine, CPA

Executive Vice President and Chief Financial Officer

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Mr. Levine is the Executive Vice President and Chief Financial Officer. Prior to serving as the Chief Financial Officer, he served as the Director of Finance for Carolina Meadows from 2009 to 2015. Prior to Carolina Meadows, Mr. Levine spent almost 20 years in the biotechnology and pharmaceutical industries, working for several independent biotechnology firms, having been through several public market IPOs, as well as holding responsibility for financial consolidation in Eli Lilly Research Laboratories. He began his career in public accounting with the national "Big 8" firm of Ernst & Whinney in New York City, New York. He also worked for a land developer and real estate management group in Raleigh, North Carolina. Mr. Levine received his Bachelor of Science in Business Administration degree from Washington University in St. Louis with a double major in Sociology and History. He is a licensed CPA and member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

Shelli Giardino

Vice President of Human Resources

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Giardino is the Vice President of Human Resources where she oversees all aspects of the Human Resources function including recruitment and benefits for all staff. Before joining Carolina Meadows, she served as the Director of Human Resources for Sinai Residences of Boca Raton in Florida. She also served as Director of Human Resources for Erickson Living at communities in Palm Beach Gardens, Florida and Silver Spring, Maryland as well as other Human Resource support roles in Overland Park, Kansas and Catonsville, Maryland. She earned a bachelor's degree from the University of Maryland Baltimore County in Political Science with a minor in Psychology.

Melissa Kass

Vice President - Sales and Marketing

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Kass is the Vice President of Sales and marketing at Carolina Meadows. She is responsible for developing and implementing the overall marketing and sales strategy for Carolina Meadows. Prior to joining Carolina Meadows, she spent 10 years as Director of Sales at Judson Manor at University Park in Cleveland, Ohio. There she was part of a team that launched one of the first “At Home” programs in the country, Judson Smart Living at Home continues today to be a successful model that supports the ever-growing option of aging in place. She began her career as a pharmaceutical sales representative, where she promoted a new antidepressant that was successfully utilized in long term care settings. Ms. Kass earned her Bachelor of Science degree in Education from Kent State University in Kent, Ohio.

Todd Ohle

Vice President - Dining Services

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Mr. Ohle is the Vice President of Dining Services and is an honors graduate of the Culinary Institute of America in Hyde Park, New York where he developed a passion for food and service. He went on to study hospitality management at Florida International University in Miami. He has more than 20 years of experience as a chef, leader and owner in restaurant and banquet operations and nine years as a leader in senior living dining. He was a personal chef for the Versace family in South Beach, Florida.

Dan Camara

Vice President - Plant Operations

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Mr. Camara is the Vice President of Plant Operations. He is responsible for overseeing all aspects of maintenance, improvements and operations for more than 1 million square feet of physical plant at Carolina Meadows. He ensures complex code and regulatory compliance is maintained while managing capital enhancements and improvements that ensure the beauty and comfort of the campus for all who call Carolina Meadows home. Mr. Camara has a leadership style best described as collaborative and inclusive with a respect for constructive opinions that create an atmosphere of trust and teamwork with a strong commitment to integrity and excellence. Prior to joining Carolina Meadows, he was Director of Facilities Management for a local retirement community

and prior to that, he was Director of Facilities Management for nearly 20 years at another retirement community in Boston, Massachusetts.

Linda Zachary

Vice President – Resident Services

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Zachary is the Vice President of Resident Services. She oversees all aspects of Resident Services including housekeeping, transportation, laundry, club center reception desk and concierge services. Linda ensures efficiency and accuracy while meeting the needs of residents to enhance their quality of life. She also serves as administrative liaison to residents and their families with questions, concerns or problems. She began her career at Carolina Meadows in 2005 as an administrative assistant in Resident Services but quickly moved into the role of Environmental Services Director which eventually led to her current role. Prior to joining Carolina Meadows, Ms. Zachary worked in real estate and property management where she served as an executive assistant and office manager from 1999 to 2004. She also served as secretary/treasurer for a nonprofit association and foundation. She had a career in banking from 1979 to 1999 where she served as a branch manager and bank card representative for the southeast region.

Amy Gorely

Director of Community Relations

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Gorely is the Director of Community Relations. She develops community partnerships and plays a key role in strategic communications. She aligns her work with her passion to serve the field of aging services. Prior to joining Carolina Meadows, she served on the board of directors of Carolina Meadows and Chair of the board, bringing a unique perspective to team at Carolina Meadows. She committed her career to working with mission driven nonprofit organizations, including a consulting company that served nonprofit organizations and the Carolina Center for Public Service at UNC Chapel Hill. She is a 2015 Leading Age Leadership Academy Fellow where she launched the Be Bold, Claim Old campaign to encourage celebration of every age. She earned a Master's of Public Administration specializing in nonprofit management and a Certificate in Aging from the UNC Chapel Hill.

Emma Harrill

Director of Wellbeing

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Harrill is the Director of Wellbeing, overseeing all aspects of resident wellness through activities, social work, exercise and physical fitness, and practice management in the Primary Care Clinic. Prior to joining Carolina Meadows, she served as the Center Manager for a local Community Health Center where she helped to divert the homeless and uninsured individuals from the emergency room to a more appropriate medical home. Ms. Harrill formerly served as the consulting practice manager for Duke Integrative Medicine and served as a Medical Assistant in a multi-specialty neurology and neurosurgeon private practice. She began her over 45-year career in the health care field at Duke Medical Center in an administrative role. She attended UNC-Greensboro and East Carolina University.

Adele Dowell

Director of Assisted Living

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Dowell is the Director and Administrator of the Fairways Assisted Living program at Carolina Meadows. She oversees the nursing and administrative functions of the Assisted Living and Memory Care programs. Prior to transitioning into her current role, she was a social worker at Carolina Meadows and prior to joining Carolina Meadows, she was a social worker in various settings including long-term care for seniors and a residential treatment program for nonviolent, female offenders. She has also held various positions in office management. She earned her Bachelor's degree in Social Work from North Carolina Agricultural and Technical State University.

Kathy Norman, LNHA

Pines Administrator

Carolina Meadows, Inc.

100 Carolina Meadows

Chapel Hill, NC 27517

Ms. Norman is the licensed administrator for the Pines Health Care center where she oversees the care and services provided to the Pines residents. Her experience in nursing and staff development facilitates management of a team of healthcare professionals that are committed to working with residents and families to provide a person-centered approach to enhance the quality of life for residents. She is a registered nurse. Prior to joining Carolina Meadows, Ms. Norman served as a licensed healthcare administrator at three other well-known retirement communities in North Carolina. She completed her Nursing Home Administrator requirements through UNC Chapel Hill. Ms. Norman won the 2001 NCAPA Administrator of the Year award and the 2006 Leading Age North Carolina Nursing Services Award. She also serves as a preceptor for the NC Board of Nursing Home Examiners of Nursing Home Administrators.

Dr. Donna Miller, DO
Medical Director
Carolina Meadows, Inc.
100 Carolina Meadows
Chapel Hill, NC 27517

Dr. Miller is the Medical Director and a graduate of Muhlenberg College. She earned her DO degree from Philadelphia College of Osteopathic Medicine where she also completed an Internship and residency in Internal Medicine. She was the first DO to complete a two-year Geriatric Fellowship at The Cleveland Clinic in Ohio and was employed in the Section of Geriatric Medicine until returning to Pennsylvania to head the newly created Geriatrics Institute at St. Luke's Hospital and Health Network. After the hospital closed her department, she began her private practice which specialized in long term care. She was also the Medical Director of two nursing homes and has recently recertified as a CMD. Dr. Miller serves as the Chair of the American College of Osteopathic Internists Certifying Examination for Geriatric Medicine. She has a broad range of experience in geriatric care in all settings.

Section 2: Facility Introduction and Information

Situated on 166 acres of rolling wooded land, Carolina Meadows is located in north Chatham County approximately three miles south of Chapel Hill. There are 448 independent living homes consisting of 161 apartments in six three-story buildings and 287 single story villas. Four of the apartments have been converted to guest rooms and one apartment has been turned into a marketing showroom bringing the total available independent living homes to 443. There are 95 licensed beds in 78 units in the Fairways Assisted Living, and 90 licensed nursing care beds in the Pines Health Center. Four of the 90-bed rooms in the Pines Health Center are constructed as semi-private but are most often used as private rooms thus giving couples the opportunity to stay in close proximity when needed or desired. The campus is home to over 730 residents living in apartments, villas, assisted living, memory care, and health center accommodations. A system of walkways, most of which are covered, connect the apartment buildings with the central Club Center. Each apartment building has common meeting areas available to all residents. Numerous outdoor seating areas are accessible from a walking path system, which encompasses the par 3, nine-hole golf course and meanders through the campus.

A large two-story Club Center building serves as the campus core. It houses a 400-seat auditorium, resident business center, enclosed swimming pool and Jacuzzi, library, craft and activity areas, and administrative offices. The adjoining Activities Center houses a café, fitness area and exercise studio, art studio, activity areas, and conference rooms. Other major amenities include two tennis courts, a croquet court, bocce courts, garden space with raised planter beds, and a woodworking shop.

The Club Center Dining facilities include an upscale courtyard dining venue and a private dining venue with state of the art audio and visual amenities for meetings and presentations. In addition, a Pub and Bakery are nestled in the Club Center for residents and guests to enjoy a meal of their choice. The marketplace dining venue features fresh foods and entrees made-to-order while you watch and wait and provides a wide variety of choices for those who desire a less formal dining venue.

The Fairways Assisted Living is licensed for 95 beds in 78 units as an Adult Care Home by the State of North Carolina Division of Health Service Regulation. It is a 103,000 square foot Residential Assisted Living Facility. It includes 64 apartments along with spacious common areas, an upscale dining venue, activity and lounge space, as well as The Green with 14 rooms with 15 beds providing special care for memory-challenged residents. The Green is licensed as an Adult Care Home Special Care facility.

The Pines Health Center is licensed for 90 beds and does not participate in the Medicare program. Residents who have Medicare qualifying hospital stays may choose to pay prevailing per diem in the Pines Health Center or avail themselves of Medicare Part A benefits in local Medicare certified nursing facilities reciprocal care arrangements with Carolina Meadows. Upon completion of a qualified Medicare stay at the local nursing facilities, residents may return to Carolina Meadows Health Center, Assisted Living or Independent Living.

Rehabilitation is provided on site through contract services in areas specially equipped to encompass both physical and occupational therapies. Speech therapy is available as well. Primary focus is on restoring residents' skills in preparation to return to their independent living home after an acute episode such as a stroke. To the extent that services provided by the rehabilitation services contractor are covered by Medicare Part B, the contractor will bill both Medicare and secondary insurances. Rehabilitation services that are not covered by Medicare will be billed to the resident.

A Community Health Clinic houses seven exam rooms, a laboratory area and offices for private consultation. In addition to nurse practitioners and registered nurses, Carolina Meadows employs two full time physicians, one board certified in geriatric medicine and one board certified in internal medicine to provide excellent care for the residents of the community. The Clinic accepts Medicare Part B for the billing of medical services provided by Carolina Meadows' physicians and medical staff. Secondary insurance may also be billed in the Clinic. Other contracted medical services include dermatology, audiology and psychology and are billed separately by the provider.

On-Campus Living and Early Advantage Program

Carolina Meadows offers two programs by which persons can become Residents of Carolina Meadows:

1. If a villa or apartment is available, one can reserve that accommodation, proceed through Carolina Meadows' admission process, take residency of the accommodation, and enjoy

on-campus retirement living and related services, plus ensure access to future health care services as needed.

2. If a vacancy in Carolina Meadows' Early Advantage program is available, one can reserve that position, proceed through Carolina Meadows' admission process, become a Resident of Carolina Meadows with full access to the campus amenities, and ensure access to future health care services as needed -- while remaining in their current home for the time being -- and retaining their position on the Ready List for a potential move to campus at a later date. Residents who join Early Advantage may also move into Carolina Meadows if they so choose.

Whether living on campus or continuing to live in their current home, residents in each setting have access to Carolina Meadows' assisted living facilities, health center and other health care programs.

Since the Early Advantage program does not include residency on campus, the array of retirement living services offered under Early Advantage are different than the services offered to residents who live on campus -- and the fee structure reflects those differences (Refer to the Services section of this Disclosure Statement).

Aside from those differences, however, Carolina Meadows has made the two programs as similar as possible. Some of the key similarities are the following:

1. Only persons who are on Carolina Meadows' Ready List will be offered available residences on campus, and only those on the Ready/Waiting Lists will be offered Early Advantage.
2. Once an Applicant has reserved a residence or a position in the Early Advantage Program, the admission process is identical, and includes financial analysis and a health assessment.
3. Once one becomes a Resident of Carolina Meadows, whether living on campus or through Early Advantage, they have equal access to all common areas of campus, equal standing as members of the Residents Association, and equal access to Carolina Meadows' health care facilities.

To emphasize the wide array of similarities between the two programs, the next sections on Policies and Services will intersperse information related to both programs. To help understand the similarities and the differences, each section will contain helpful tables that provide side-by-side comparison of key policies and services, and how those apply to each program.

Section 3: Ongoing or Proposed Expansion/Repositioning

The Board of Directors of Carolina Meadows has agreed to replace a portion of the existing 90-bed Pines skilled nursing center (“Health Center”) within the next 5-7 years on the same site as the existing Health Center. The initial plans call for building up to forty (40) new independent living homes in four (4) separate buildings with ten (10) homes in each building. Financial feasibility analysis indicates that additional revenues from the forty (40) new homes will advantageously position the organization financially to take on new debt associated with replacing a portion of the skilled nursing center. It is anticipated that construction on new independent living homes will begin in the third quarter of 2019 with completion slated for early 2021. Construction for replacing a portion of the Health Center is projected to begin in late 2024 after stabilization and full occupancy of the new homes has occurred.

It is anticipated that construction of the new independent living homes will be funded by a revolving construction line of credit through a local bank. Entry fees from initial occupants will then be used to pay off the construction line of credit for each 10-home building. Management anticipates starting construction on each building only after 80% of the homes are pre-sold within each building.

Section 4: Admission and Residency Requirements

The admission requirements for residency and the Early Advantage Program at Carolina Meadows are non-discriminatory with respect to race, creed, religion, gender, sexual orientation or gender expression. Carolina Meadows is open to both couples (married or unmarried) and singles. Please refer to the Tables below that explain the agreement type, their purpose, and the expected time Entry Fees and Monthly Service Fees are due:

1. Table 1 – Agreement Type and Purpose, page 17
2. Table 2 – Comparison of Admission Requirements, page 18
3. Table 3 – Comparison of Timing of Signing of Agreements and Entry Fee Payments, page 19

Age Requirements

Admission to either Carolina Meadows’ Early Advantage program or On-Campus living is restricted to persons age 62 or older.

Signing of Agreements and Timing of Entry Fee Payments

How a resident decides to enter Carolina Meadows determines which agreements he or she will sign. Table 1, below, is an overview of those agreements. The full agreements are

located in Attachment 6. Please refer to Table 3 – Comparison of Signing of Agreements and Timing of Entry Fee Payments, on page 22.

Table 1 - Agreement Type and Purpose		
	Agreement Type	
Purpose	Early Advantage	On Campus
Individual expresses initial interest	Waiting or Ready List Agreement	Waiting or Ready List Agreement
Upon availability of an independent living unit, an individual decides to move forward with either moving to campus or joining the Early Advantage Program	Early Advantage Reservation Agreement	Residential Reservation Agreement
Individual becomes a resident of Carolina Meadows or joins the Early Advantage Program	Early Advantage Agreement	Residency and Care Agreement
Upon availability, Early Advantage member decides to move to campus	Residential Reservation Agreement following Early Advantage	Not applicable
Early Advantage member moves to campus	Residency and Care Agreement following Early Advantage	Not applicable

Table 2- Comparison of Admissions Requirements

	Early Advantage	On-Campus
1) Access to Programs	Available to Members of Carolina Meadows' Ready and Waiting Lists.	Available to Members of Carolina Meadows Ready List.
2) Geographical Consideration	Persons must live in Chatham County, NC or surrounding counties, in convenient proximity to Carolina Meadows.	No geographical constraint, since persons are seeking a move to Carolina Meadows.
3) Offering Admission	When an Early Advantage slot is available, persons on the Interest List for Early Advantage are contacted in sequential order.	When an apartment or villa is available, persons on the Ready List who have expressed interest in that accommodation type are contacted in sequential order.
4) Admissions Process		
a) Reservation Agreement	Applicant signs an Early Advantage Reservation Agreement to reserve the available slot.	Applicant signs a Residential Reservation Agreement to reserve the available residence.
b) Financial Analysis	Applicant submits a Confidential Financial Statement with 10 days of signing an Early Advantage Residential Reservation.	Applicant submits a Confidential Financial Statement with 10 days of signing a Residential Reservation Agreement.
c) Insurance Requirements	Applicant must carry Medicare parts A and B or comparable alternative primary medical insurance and supplemental medical insurance.	Same

Table 3 – Comparison of Timing of Signing Agreements and Entry Fee Payments

	Early Advantage	On-Campus
Upon 10 days of receiving notice of acceptance by Carolina Meadows Admissions Committee	Any Applicant’s deposits will be applied to the balance of Early Advantage Entry Fee	Applicant’s Ready List deposit of 5% is transferred to their entry fee specified in their Residential Reservation Agreement
Date of Financial Responsibility	Date when Early Advantage Agreement is signed and remaining Entry Fee is paid.	Date when Residency and Care Agreement is signed, remaining Entry Fee and prevailing Resident Assistance Fee is paid.
	Within 10 days of signing Early Advantage Reservation Agreement.	Within 110 days from signing either Residential Reservation Agreements or when the unit is available for occupancy, whichever comes first. Customized modifications may delay your move in date but will not delay date of Financial Responsibility.
	30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.	30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.

Early Advantage Agreement

At the time that an applicant is accepted for admission under Carolina Meadows’ Early Advantage program, the applicant will be notified in writing and have 10 days to sign an Early Advantage Agreement and pay the applicable Entry Fee in full. Any previous deposits made by an applicant will be applied towards the Entry Fee for the Early Advantage Program. The date that the Agreement is signed constitutes the Date of Financial Responsibility for subsequent monthly service fees.

Residency and Care Agreement

Date of Financial Responsibility will be within 110 days from signing the Residential Reservation Agreement or when the unit is available for occupancy, whichever comes first. Customized modifications may delay your move in date but will not delay date of Financial Responsibility. At that time, applicant will sign the Residency and Care Agreement and pay the remaining Entry Fee and Resident Assistance Fee. The thirty (30) day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.

Residency and Care Agreement following Early Advantage

A resident under the Early Advantage Program who then desires to move to Independent Living on campus will sign the Residency and Care Agreement following Early Advantage prior to closing on a residence at Carolina Meadows. The Early Advantage Entry Fee and any excess deposits paid by the resident will be applied to the prevailing Entry Fee for the reserved residence. The remainder of the Entry Fee will be paid at the time of closing on the residence.

Financial and Insurance Criteria

Applicants are required to provide a detailed financial statement plus supporting documents from which Carolina Meadows uses a widely accepted actuarial-based program to measure an applicant's income and assets against projected expenses over their life expectancy. The results of this comparison are used to determine one's ability to meet future service and care costs over their actuarially projected life expectancy and to identify potential deemed financial risks, if any, to Carolina Meadows.

While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic proof, and as reasonably requested, that your coverage remains in effect. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Service Fees and other costs associated with living at Carolina Meadows.

Section 5: General Amenities, Health Care/Wellness Benefits and Services

General Campus Amenities included in Fees

General Campus Amenities	Early Advantage	On Campus
1) Membership in Carolina Meadows Residents Association	✓	✓
2) Participation in all social, educational, recreational and cultural activities offered at Carolina Meadows and/or to other off-campus activities or events sponsored by Carolina Meadows or the Residents Association	✓	✓
3) Use of all Carolina Meadows' common areas, meeting rooms, classrooms and private dining rooms	✓	✓
4) Wellness Center, indoor pool and Jacuzzi	✓	✓
5) Library	✓	✓
6) Craft/Woodworking Shops and Art Studio	✓	✓
7) Golf Course, Croquet Court, Bocce Court, Tennis Courts and Walking Trails	✓	✓
8) Resident Business Center	✓	✓
9) Resident rate for meals at any of the six dining venues at Carolina Meadows: Courtyard Dining, The Pub, The Marketplace, Café, Bakeshop, and The Fairways Dining Room	✓	✓

Residential Services Included in Fees

The following services are included in the Monthly Service Fees and Entry Fee.

Responsibilities of and Services Provided by Carolina Meadows	Early Advantage	On-Campus
1) Emergency call systems and in-home security systems monitored by 24-hour security and nursing staff	N/A	Included
2) Professional management of the community and its facilities	N/A	Included
3) Regularly scheduled transportation from campus	Included	Included
4) Maintenance of all buildings and grounds; upkeep of roads and walkways; routine landscaping around campus	N/A	Included
5) Repair of all equipment and appliances that we provide	N/A	Included
6) Housekeeping in all common areas and spaces	N/A	Included
7) General liability and property insurance coverage of Carolina Meadows' property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your home or unit. (We do not insure the personal contents of your home or unit and you are strongly encouraged to insure, at your own expense, the personal contents of your home or unit)	N/A	Included
8) Water and sewer services; standard Cable TV and high speed internet service throughout the campus; all utilities in common areas	N/A	Included
9) Removal of garbage, recyclables, and hazardous household waste	N/A	Included
10) Social services, counseling, and support programs coordinated by the Care Coordination Team	Included	Included
11) County property taxes and fees	N/A	Included

Amenities, Personal Services, and Concierge Services (Extra Fees May Apply)

Service or Amenity	Early Advantage	On-Campus
1) Resident operated Gift Shop	Available on campus	Available on campus
2) Beauty Shop managed by licensed beauticians	Available on campus	Available on campus
3) Integrative Health Therapies (massage, acupuncture) provided by licensed therapists	Available on campus	Available on campus
4) Medical specialty services (podiatry, audiology) provided by independent licensed practitioners in the Primary Care Medical Practice	Available on campus	Available on campus
5) Pick up and drop off services at a local dry cleaning business	Available only from campus location	Available on campus
6) Concierge services including assistance with email correspondence, notary services, assistance with postage and shipping from campus	Available only from campus location	Available on campus
7) Scheduled bus trips to shopping and other community events	Available from campus	Available from campus
8) Pick up and drop off point for UPS, FedEx, and other express mail services	Available only from campus location	Available on campus
9) Housekeeping and/or Handyman services	Not Available	Available on campus
10) On-campus guest apartment accommodations (reservations required)	Access to preferred partner hotels	Available on campus
11) Guest meals for your visitors	Available on campus	Available on campus
12) Resident rate for on campus dining/meals	Members charged same rate as on-campus residents	Residents charged a monthly meal minimum; additional charges at resident rate

Health Care and Wellness Services and Benefits Included in Fees

Services and Benefits	Early Advantage	On-Campus Living
1) Health Care “Free Days” which, when used, make the applicable daily rate for health care charge zero dollars (\$0).	Accrue 5 days a year. Maximum of 10 lifetime days prior to move on campus.	Not included
2) Ability to access Carolina Meadow’s on-site Primary Care Medical Practice that bills Medicare part B for payment.	Same benefits as residents living on campus	Same benefits as Early Advantage members
3) Priority access to care in the Fairways Assisted Living, the Pines Skilled Nursing Center and the Green with memory support.	Same benefits as residents living on campus	Same benefits as Early Advantage members
4) Per diem charges in Assisted Living and Skilled Nursing levels of care.	Same benefits as residents living on campus	Same benefits as Early Advantage members
5) Scheduled medical transportation during regular hours	Two trips per month covered; additional trips available fee-for-service	Included (no maximum number of trips)
6) Social services, counseling and support programs coordinated by Carolina Meadows’ Care Coordination Team or Wellness Staff	Same benefits as residents living on campus	Same benefits as Early Advantage members
7) Activities and programs provided on campus through Carolina Meadows’ Wellness Program and Activities Department	Same benefits as residents living on campus	Same benefits as Early Advantage members
8) Annual In-Home Assessment by Carolina Meadows’ Care Coordination Team or Wellness Staff	Included	Available as Needed

Health Care and Wellness Services for an Extra Charge

For Both Early Advantage and On-Campus, residents are charged per diem charges each day that they receive assisted living, assisted nursing or skilled nursing services.

Services and Benefits	Early Advantage	On- Campus Living
1) Prevailing per diem charges in Fairways Assisted Living, Green Assisted Living with Memory Support, and the Pines Skilled Nursing levels of care	Same per diem charges as residents living on campus	Same per diem charges as Early Advantage members
2) Rehabilitation services available on Campus	Billed to insurance. Resident pays deductibles /copays	Billed to insurance. Resident pays deductibles / copays
3) Medical supplies, personal need supplies, and other “ancillary” items supplied to residents while in the Fairways or Green Assisted Living	Same charges as On-Campus residents	Same charges as Early Advantage members
4) Off-hours medical transportation for a fee	Not available	Available from Carolina Meadows staff or other vetted vendor at Extra Charge
5) Medical Accompaniment (costs of additional staff person accompanying resident to the medical appointment)	Carolina Meadows can provide a list of vendors	Carolina Meadows can provide a list of vendors
6) Full access to Carolina Meadows on-campus Primary Medical Practice, including the services of Carolina Meadows’ medical director, medical staff and nursing staff	Billed to insurance. Resident pays deductibles /copays	Billed to insurance. Resident pays deductibles / copays
7) Temporary assistance by a nurse or aide through a licensed home care agency	List of partner home care agencies provided	List of preferred vendors will be provided
8) Home meal delivery as medically necessary	Not available	Available at Extra Charge
9) Assistance obtaining Home Care or Home Health Care as medically required	Available at Extra Charge	Available at Extra Charge
10)On-Campus Nutrition and Diet Counseling	Available at Extra Charge	Available at Extra Charge

Section 6: Entrance and Periodic Fees

On Campus Fees

Carolina Meadows requires the following fees to be paid for admission: A non-refundable application fee currently \$300 per unit and a non-refundable Resident Assistance Fee, currently \$8,500 for single residents or \$17,000 for couples, in addition to the Entry Fee for their chosen independent living home.

Carolina Meadows offers a unique program known as **The Equity Advantage**. Under this program residents have an opportunity to share in the appreciation of their living unit as Entry Fees may increase annually at amounts determined by Carolina Meadows. Any amount in excess of the resident's original entry fee, after deducting marketing and refurbishing cost, is split equally between Carolina Meadows and the resident or their estate. Details of this unique program are in the Residency and Care Agreement, Attachment 6 of this document.

Fees are due as follows: the application fee is due at the time of application, a waiting/ready list deposit is due upon approval for these lists and the remainder of the Entry Fee and the Resident Assistance Fee are due upon the Date of Financial Responsibility.

Increased occupancy rates have created the need for a waiting list. This list is divided into two categories: Waiting and Ready. The Waiting List is designed for applicants whose desired occupancy date is undetermined. A fully refundable deposit of \$3,000 is required for this list category. The refund of the deposit is without interest. The Ready List is designed for applicants who plan to move as soon as their chosen unit type is available. The Ready List deposit requirement is 5% of the Entry Fee. If you choose to withdraw once on the Ready List, there is a \$1,000 forfeiture fee withheld from the refund, without interest, of the Ready List deposit amount. Both the \$3,000 waiting list and the 5% ready list deposits are applicable toward the Entry Fee.

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The following fees illustrate the fee schedules in effect as of January 1, 2019; it is subject to change from time to time but generally changes each January 1.

Entry Fees

Apartments	\$ 129,700	to	\$362,300
Villas and Duplexes	301,200	to	602,900
<u>Resident Assistance Fee</u>	\$8,500	to	\$17,000

Monthly Service Fees

Single Occupancy	\$ 2,852	to	\$3,448
Double Occupancy	3,814	to	4,410
Monthly Food Minimum (<i>per person</i>)	\$250		

Assisted Living and Health Care Accommodations (All rates are per day)

<i>Assisted Living</i>		<i>Nursing Care</i>	
Single	\$227	Private	\$350
Couple/2 bath	\$364	Semi-Private	\$333
Single/1.5 bath	\$255		
Couple/1.5 bath	\$338		
Special Care	\$289		

Early Advantage Program Fees

If you should desire to join the Early Advantage Program, your entry fees and monthly service fees are as follows:

Entry and Monthly Service Fees

Entry Fee:	\$13,500 per person
Monthly Service Fee:	\$575 per person

Your Entry fee is amortized over 25 months, at which point there is no refund. If your membership within the Early Advantage program should terminate, you will be refunded any unamortized balance remaining, without interest, within 30 days of termination in the program. If you decide to move on to campus in independent living, your entire Early

Advantage entry fee will be credited to the entry fee for your desired unit regardless of whether the 25 month amortization has been completed or not. You will pay the prevailing rates as noted above for the applicable level of care. You will be required to pay the Resident Assistance Fee once you move permanently to campus.

Historical Changes in Fees

Fees are generally changed annually on January 1 in conjunction with approval of Carolina Meadows' annual budget. Resident input in the annual budgeting process is channeled through the Residents Association Budget & Finance Committee, prior to presentation to the Board at its November meeting. All fee changes are approved by the Board of Directors. Residents are provided at least thirty days written notice of such changes. Carolina Meadows' goal is to maintain fees at the lowest rate consistent with sound fiscal policies while providing for continued quality service to its residents and generating enough surplus sufficient to provide for proper maintenance and operation of its facilities.

Following are Tables 4 and 5. Table 4 illustrates the 5-year historical changes in Carolina Meadows' Monthly Service Fee structure. Table 5 illustrates the 5-year historical changes in Carolina Meadows' Entry Fees.

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Table 4 - Historical Monthly Service Fee Increases and Per Diems

	2019	2018	2017	2016	2015
Independent Living Monthly Service Fees					
Single Occupancy	\$2,661 to \$3,448	\$2,609 to \$3,315	\$2,533 to \$3,165	\$2,508 to \$2,794	\$2,435 to \$2,662
<i>Average Monthly Increase</i>		\$105	\$105	\$98	\$98
Double Occupancy	\$3,460 to \$4,410	\$3,392 to \$4,259	\$3,301 to \$4,090	\$3,276 to \$3,562	\$3,175 to \$3,402
<i>Average Monthly Increase</i>	\$110	\$114	\$105	\$98	\$71
Monthly Food Allowance per Person	\$250	\$250	\$200	\$200	\$200
<i>Average Monthly Increase</i>	\$0	\$50	\$0	\$0	\$0
Health Center Per Diems					
Private - Daily	\$350	\$341	\$333	\$323	\$311
<i>Average Per Diem Increase</i>	\$9	\$8	\$10	\$12	\$9
Semi-Private - Daily	\$333	\$325	\$317	\$308	\$297
<i>Average Per Diem Increase</i>	\$8	\$8	\$9	\$11	\$9
Assisted Living Per Diems					
Single	\$227	\$221	\$215	\$209	\$201
<i>Average Per Diem Increase</i>	\$6	\$6	\$6	\$8	\$8
Couple - 2 bath	\$364	\$354	\$344	\$334	\$322
<i>Average Per Diem Increase</i>	\$10	\$10	\$10	\$12	\$12
Single - 1.5 bath	\$255	\$248	\$241	\$234	\$226
<i>Average Per Diem Increase</i>	\$7	\$7	\$7	\$8	\$9
Couple - 1.5 bath	\$338	\$329	\$320	\$311	\$300
<i>Average Per Diem Increase</i>	\$9	\$9	\$9	\$11	\$12
Special Care	\$289	\$281	\$273	\$266	\$256
<i>Average Per Diem Increase</i>	\$8	\$8	\$8	\$10	\$10
Early Advantage Program Monthly Fee					
<i>(Began in 2017)</i>	\$575	\$575	\$575	-	-
<i>Average Monthly Increase</i>	-	-	-	-	-

Table 5- Historical Villa and Apartment Entry Fee Increases

	2019		2018		2017		2016		2015	
	Inc.	Entry Fee	Inc.	Entry Fee	Inc.	Entry Fee	Inc.	Entry Fee	Inc.	Entry Fee
Villas										
Montgomery	\$11,800	\$602,900	\$41,200	\$591,100	\$5,400	\$549,900	\$38,000	\$544,500	\$2,500	\$506,500
Madison	11,600	591,000	40,400	579,400	5,300	539,000	37,200	533,700	2,500	496,500
Hanover	11,300	575,700	39,400	564,400	5,200	525,000	36,300	519,800	2,500	483,500
Caldwell	10,800	550,700	37,700	539,900	4,900	502,200	34,700	497,200	2,500	462,500
Regent	10,600	542,600	37,100	532,000	4,700	494,900	25,500	490,000	2,500	464,500
Fairfax	10,200	521,600	35,700	511,400	4,700	475,700	24,500	471,000	2,500	446,500
Manchester	10,100	513,500	32,900	503,400	4,658	470,500	24,300	465,800	2,500	441,500
Chatham	9,200	471,500	30,200	462,300	4,300	432,100	22,300	427,800	2,500	405,500
Davidson	8,500	431,500	27,700	423,000	3,900	395,300	16,900	391,400	2,500	374,500
Brunswick	8,100	411,800	26,400	403,700	3,700	377,300	16,100	373,600	2,500	357,500
Cumberland	7,700	393,400	25,200	385,700	3,600	360,500	15,400	356,900	2,500	341,500
Albemarle	\$5,900	\$301,200	\$16,700	\$295,300	\$2,800	\$278,600	\$9,300	\$275,800	\$1,500	\$266,500
<i>Average Increase</i>	<i>\$9,700</i>		<i>\$18,000</i>		<i>\$4,500</i>		<i>\$25,000</i>		<i>\$2,500</i>	
Apartments										
Kinston	\$7,100	\$362,300	\$20,100	\$355,200	\$3,300	\$335,100	\$17,300	\$331,800	\$1,500	\$314,500
Combo	6,300	323,600	18,000	317,300	3,000	299,300	12,800	296,300	1,500	283,500
Halifax	5,800	293,900	16,300	288,100	2,700	271,800	11,600	269,100	1,500	257,500
Julian	5,700	292,600	16,200	286,900	2,700	270,700	11,500	268,000	1,500	256,500
Iredell	5,100	260,600	14,500	255,500	2,400	241,000	8,100	238,600	1,500	230,500
Forsyth	4,100	207,300	4,000	203,200	-	199,200	6,700	199,200	1,500	192,500
Lenoir	2,900	147,000	2,800	144,100	-	141,300	4,800	141,300	1,500	136,500
Edgecombe	\$2,500	\$129,700	\$2,500	\$127,200	-	\$124,700	\$4,200	\$124,700	\$1,500	\$120,500
<i>Average Increase</i>	<i>\$4,900</i>		<i>\$11,800</i>		<i>\$2,820</i>		<i>\$9,600</i>		<i>\$1,500</i>	
Early Advantage										
<i>Began in 2017</i>	-	\$13,500	-	\$13,500	-	\$13,500				

Section 7: Marriages/New Second Occupants/School Age Children

In the event a resident marries, remarries, or elects to share a living unit with another non-resident person, the new non-resident spouse or such other non-resident person may become a resident by filing a new application with the payment of an Application Fee and Resident Assistance Fund Fee. Such new prospective resident shall be required to meet the prerequisites for living at Carolina Meadows with regard to age, health, financial ability, and approval of the Admissions Committee and to execute a Residency and Care Agreement.

If the new spouse or second occupant does not meet Carolina Meadows' requirements for residency, the current resident may continue to live at Carolina Meadows without that spouse/second person or may terminate his/her Residency and Care Agreement upon two months written notice. Resident is responsible for monthly fees during the notice period. Upon vacancy of the Independent Living unit, the occupancy right will be marketed and sold by Carolina Meadows as set forth in the Residency and Care Agreement.

If an existing resident of Carolina Meadows marries another resident of Carolina Meadows it is presumed that one resident may wish to move into the residence of the other. The resident wishing to move shall notify Carolina Meadows, in writing, thirty (30) days prior to moving. When the couple begins living in the same unit together, then the monthly service fee will convert to a two-person monthly fee.

If the couple elects to retain their two separate residences, then they will continue under their initial Residency and Care Agreements and will continue to pay the single monthly service fees for their residences.

The resident shall receive a refund thirty (30) days after resale of the existing residence. The refund will be calculated by taking the current Entry Fee for the residence and subtracting a remarketing fee equal to five percent (5%) of the Current Entry Fee. In addition, refurbishment costs required to restore the residence to its original condition will be subtracted from the Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and the Original Entry Fee paid is the appreciation (positive or negative) realized. The resident is also entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred percent (100%) of the negative appreciation, if any.

Except for reasonable visitation, school age children are prohibited from living on campus.

Section 7(a): Financial Assistance for Residents with Financial Hardships

Carolina Meadows has established a Residents' Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. All residents or their responsible party(s) are required to provide updated financial information every other year. Financial assistance is determined on an individual basis, and there is no guarantee of assistance to any individual resident. All residents or their responsible party(s) are required to provide updated financial information every other year.

As long as a resident has acted in good faith in his/her dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with the resident toward a confidential plan that will assist in his/her continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance. A Resident Assistance Fee of \$8,500 per person is due at signing of the Residency and Care Agreements. The Fee is non-refundable after occupancy of unit.

Section 7(b): Refunds: Rescission, Cancellation, or Termination

Cancellation of Waiting and Ready List Agreements

- 1) Waiting List Agreement:** Applicants on the Waiting List (whether waiting for Early Advantage or Residential contracts) may terminate Waiting List agreements upon written request and be removed from the Waiting List. The \$300 application fee is non-refundable.
- 2) Ready List Agreement:** Applicants on the Ready List (whether waiting for Early Advantage or Residential contracts) may terminate Ready List agreements upon written request. The Ready List Deposit, without interest, minus a \$1,000 forfeiture fee shall be refunded within thirty (30) days. The \$300 application fee is non-refundable.

Cancellation after signing Early Advantage or Residential Reservation Agreements (during Admissions Process)

Cancellation by Applicant: If applicant cancels due to a change in health status, he/she may terminate the Early Advantage or Residential Reservation Agreement, with refund of any prior deposits. The \$300 application fee is non-refundable.

If applicant cancels during admissions process for reasons other than change in health status, the deposit is refunded less \$1,000 forfeiture fee. In addition, the \$300 application fee is non-refundable.

Cancellation by Carolina Meadows: Carolina Meadows may terminate an Early Advantage Reservation Agreement or Residential Reservation Agreement at any time during the admission process, prior to an applicant's Date of Financial Responsibility, if Carolina Meadows determines that the applicant does not meet the physical, mental, or financial requirements for admission. In the event of such cancellation, the applicant is entitled to a refund of the Entry Fee. The \$300 application fee is non-refundable.

Rescission

A Resident may rescind his/her Early Advantage Agreement, Residency and Care Agreement or Residency and Care Agreement following Early Admission within thirty (30) days of the latter of the execution of the agreement or receipt of this Disclosure Statement required by N.C.G.S. 58-64-20. A Resident is not required to move into Carolina Meadows during such thirty (30) day period.

A Resident will receive a refund of all money or property transferred to Carolina Meadows without interest, less (i) any periodic charges applicable only to the period during which the unit was actually occupied and as specified in the Residency and Care Agreement or amendment, (ii) any non-standard costs incurred by Carolina Meadows at the Resident's request, and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs paid by a Resident are non-refundable.

Cancellation of Early Advantage Agreement

Cancellation by Applicant: Member may terminate Early Advantage Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Member may be entitled to a prorated refund of the Entry Fee.

Cancellation by Carolina Meadows: Carolina Meadows may cancel the Early Advantage Agreement if (i) a Member dies; (ii) a Member misrepresents or omits material financial, medical, or other information given during the application process; or (iii) a Member's

financial status changes such that he or she no longer meets the financial requirements for admission; (iv) a Member no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

Refund: If termination occurs within the first 25 months of the Agreement, the Member is entitled to a pro-rated refund of the Entry Fee. The portion of the Entry Fee that is refundable shall decline at a rate of 4% per month following the Early Advantage Agreement Date. After 25 months, there is no refund of the Early Advantage Entry Fee. The Member shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the Early Advantage Agreement is terminated.

Cancellation of Residency and Care Agreement and Residency and Care Agreement Following Early Acceptance

Cancellation by Carolina Meadows Prior to Occupancy: Carolina Meadows may cancel the Residency and Care Agreement if (i) a Resident dies; (ii) a Resident misrepresents or omits material financial, medical, or other information given during the application process; (iii) a Resident's financial status changes such that he or she no longer meets the financial requirements for admission; or (iv) a Resident no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

A Resident will receive a refund, of the Entry Fee and the Resident Assistance Fee paid within thirty (30) days, without interest, less a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid and less any non-standard costs incurred by Carolina Meadows at the Resident's request. Modification costs to a residence are non-refundable.

Cancellation by Carolina Meadows After Occupancy: Carolina Meadows may cancel the Residency and Care Agreement if a Resident (i) has misrepresented or omitted financial, medical, or other information given during the application process; (ii) fails to comply with the provisions of the Residency and Care Agreement; (iii) fails to comply with the rules and regulations as Carolina Meadows may establish; (iv) fails to pay the monthly fees or any other required charges as specified by the Residency and Care Agreement, or by the rules and regulations of Carolina Meadows; (v) abandons the residence; or (vi) develops a physical or mental condition that cannot be cared for by Carolina Meadows within the limits of Carolina Meadows' license; (vii) a Resident no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residency and Care Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the Resident; a remarketing fee equal to 5% of the new sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly service fees for the actual time the unit was occupied. Modification costs incurred are non-refundable. The Resident Assistance Fee is also non-refundable after occupancy.

Cancellation by Resident Prior to Occupancy

A Resident may terminate the Residency and Care Agreement or the Residency and Care Agreement Following Early Advantage prior to occupancy for any reason after the 30 day Rescission Period has expired. A Resident must give sixty (60) days advance written notice of intent to terminate. The right to occupy the residence will have been legally assigned back to Carolina Meadows as soon as written notice is received.

The Entry Fee and the Resident Assistance Fee paid, less a 5% remarketing fee based on the new sales prices and any nonstandard charges incurred by Carolina Meadows at the request of the Resident, will be made thirty (30) days after the residence is covered by a new Residency and Care Agreement with another person or persons and all new fees have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs incurred are non-refundable.

Cancellation by Resident After Occupancy

A Resident may terminate the Residency and Care Agreement or the Residency and Care Agreement following Early Advantage after occupancy and after the thirty (30) day rescission period has expired. A Resident must give sixty (60) days advance written notice of intent to terminate. The right to occupy the residence will have been legally assigned back to Carolina Meadows as soon as written notice is received.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residency and Care Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the Resident; a remarketing fee equal to 5% of the new sales price; and costs to refurbish the Residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly service fees for the actual time the unit was occupied. Modification costs incurred are non-refundable. Resident Assistance Fee is also non-refundable.

Cancellation upon Death (after 30-day Rescission Period)

The Residency and Care Agreement or the Residency and Care Agreement following Early Advantage shall automatically cancel upon the death of the Resident occupying a residence, or upon the death of the last Resident to die, if a joint Residency and Care Agreement.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residency and Care Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the Resident; a remarketing fee equal to 5% of the new sales price; and costs to refurbish the Residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly service fees for the actual time the unit was occupied. Modification costs incurred are non-refundable. Resident Assistance Fee is also non-refundable.

Section 7(c): Resident Transfers or Moves

Carolina Meadows may require residents to move from their Independent Living units to Assisted Living or Nursing Care, on either a temporary or permanent basis. Such moves may be made only after consultation with Carolina Meadows' medical staff, the resident (if able), resident's family or legal representative and resident's attending physician. Additionally, the move must be deemed in the best interest of the resident, to protect personal health and safety and/or in the general welfare of all Carolina Meadows residents.

Moves from one Independent Living unit to another are permitted only in cases where changes have occurred in resident's health, financial or marital status. The Management in its sole discretion, determines whether the change in health, financial or marital status justifies the move. Charges and credits are adjusted pursuant to the then prevailing entry fees and monthly service fees for the Independent Living units in question.

Carolina Meadows is committed to the delivery of quality services in environments exemplary of good health for both residents and staff. As a tobacco free campus, Carolina Meadows has designated all enclosed public areas of its campus as well as The Fairways and The Pines Health Center as smoking and vaping free environments.

Section 8: Financial and Other Information

Reserves, Escrows, and Trusts: Operating Reserve Requirement

NCGS 58-64-33 requires Carolina Meadows to maintain an operating reserve equal to 50% of its forecasted operating costs for the twelve-month period following the period covered

by the most recent annual disclosure statement filed with the North Carolina Department of Insurance. The reserve requirement drops to 25% of the total forecasted operating costs if occupancy levels are in excess of 90%. Such reserves may only be released upon approval by the North Carolina Commissioner of Insurance. Occupancy is calculated on the number of Independent Living Units and Assisted Living Units and ignores the effect of occupancy in the Health Center.

According to the Operating Reserve Requirements, Carolina Meadows' forecasted financial statements as of December 31, 2019, (Attachment 4) indicate a minimum reserve requirement of \$8,481,000 based on forecasted occupancy of 95.2%. Occupancy is forecasted to exceed 90% throughout the forecast period 2019 to 2023.

Per the Audited Financial Statements for the Year Ending December 31, 2018 (Attachment 1) Carolina Meadows, Inc. had the following investments available to more than fund the Operating Reserve Requirement for 2017:

Board Designated and Assets Limited as to Use	\$21,926,923
Investments	<u>6,033,250</u>
Total at Fair Market Value	<u>\$27,960,173</u>
Total at Cost	<u>\$ 27,332,524</u>

Carolina Meadows' investment accounts are maintained and managed by Brown Advisory. Overall policies and decisions relative to the magnitude of reserve funds, investment of reserve funds and financial assistance funds are under the direction of the Finance Committee of the Board of Directors. Within the parameters of these policies, specific investment decisions made by Brown Advisory and their investment advisors must follow the asset allocation guidelines developed and approved by the Board of Directors of Carolina Meadows, Inc.

Shared Appreciation

Carolina Meadows' Equity Advantage program and its contract (Attachment 6) provide residents the opportunity to share in appreciation of their independent living unit upon resale of their occupancy right. We recommend you consult with your tax advisor regarding treatment and reporting of any such appreciation.

Attachments

Attachment 1: Audited Financial Statements

**CAROLINA MEADOWS SENIOR COMMUNITIES
& SERVICES, INC. AND AFFILIATES**

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

YEARS ENDED DECEMBER 31, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Carolina Meadows Senior Communities
& Services, Inc. and Affiliates
Chapel Hill, North Carolina

We have audited the accompanying consolidated financial statements of Carolina Meadows Senior Communities & Services, Inc. and Affiliates ("Carolina Meadows"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Directors
Carolina Meadows Senior Communities
& Services, Inc. and Affiliates

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Carolina Meadows Senior Communities & Services, Inc. and Affiliates as of December 31, 2018 and 2017, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2018 supplemental consolidating schedules listed in the Table of Contents are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. The supplemental combining information in the Combining Statements of Levels of Care is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of each level of care, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 26, 2019

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,902,130	\$ 2,846,945
Accounts Receivable	1,901,937	2,243,884
Sales Tax Refund Receivable	246,843	242,646
Inventories	400,068	373,167
Prepaid Expenses	184,773	157,971
Total Current Assets	7,635,751	5,864,613
ASSETS LIMITED AS TO USE	21,926,923	22,086,491
INVESTMENTS AND OTHER ASSETS		
Investments	6,033,250	7,712,092
Deferred Costs	32,928	37,470
Total Investments and Other Assets	6,066,178	7,749,562
PROPERTY AND EQUIPMENT	73,676,845	75,947,208
Total Assets	\$ 109,305,697	\$ 111,647,874
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 650,000	\$ 951,432
Accounts Payable	2,268,263	2,006,261
Accrued Expenses	2,178,566	2,201,731
Advance Fees and Refunds Due	130,000	646,056
Total Current Liabilities	5,226,829	5,805,480
LONG-TERM DEBT, LESS CURRENT MATURITIES	12,601,167	13,872,115
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	49,499,067	53,995,933
Other Deferred Revenue	208,000	275,600
Deposits on Occupied Units	3,650,220	3,009,375
Agency Funds Due Residents	1,859,041	2,778,454
Interest Rate Swap Agreement	208,937	379,339
Total Deferred Revenue and Other Liabilities	55,425,265	60,438,701
NET ASSETS		
Without Donor Restrictions	36,052,436	31,531,578
Total Liabilities and Net Assets	\$ 109,305,697	\$ 111,647,874

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
Resident Fees Earned:		
On Campus	\$ 30,041,334	\$ 29,106,607
Early Advantage	452,991	98,175
Amortization of Advance Fees:		
On Campus	5,581,934	4,531,305
Early Advantage	423,113	91,379
Contributions	9,005	-
Resident Assistance Fund Fees	459,000	705,500
Dining Services	2,280,961	2,176,081
Maintenance Services	6,055	22,254
Housekeeping Services	288,537	284,779
Resident Services	81,130	103,658
Medical and Ancillary Charges	720,371	453,739
Miscellaneous Income	154,185	186,673
Remarketing Income	494,535	828,355
Modification and Refurbishment Revenue	1,296,289	1,872,720
Realized Gains on Investments	2,787,152	447,414
Investment Income	564,772	460,253
Total Revenues, Gains, and Other Support	45,641,364	41,368,892
EXPENSES		
Administrative Services	2,681,603	2,580,553
Early Advantage	71,671	94,437
Dining Services	6,633,370	6,955,043
Housekeeping and Laundry Services	1,470,140	1,434,062
Plant Operations	4,067,215	4,182,574
Grounds	1,089,312	1,104,210
Resident Services	682,933	653,841
Human Resources	729,569	687,501
On-site Medical Practice	1,090,535	1,184,858
Wellness	322,595	342,241
Nursing Services	4,306,720	3,876,158
Assisted Living Services	1,677,375	1,705,269
Marketing	800,407	667,940
Social Services	460,923	461,776
Activities	519,649	488,115
Information Technology	1,233,115	986,052
General	1,894,173	1,864,913
Upgrades and Refurbishments	1,489,091	2,074,014
Shared Appreciation Expense	280,958	734,462
Depreciation	4,773,706	4,190,826
Amortization	5,360	4,514
Interest Expense	495,268	496,620
Resident Assistance Expense	405,206	601,594
Total Expenses	37,180,894	37,371,573
Net Operating Income	8,460,470	3,997,319
Change in Fair Value of Interest Rate Swap Agreement	170,402	190,051
EXCESS OF REVENUES OVER EXPENSES	8,630,872	4,187,370
Unrealized Gains (Losses) on Investments, Net	(4,110,014)	2,924,403
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	4,520,858	7,111,773
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Beginning of Year	31,531,578	24,419,805
END OF YEAR	\$ 36,052,436	\$ 31,531,578

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets Without Donor Restrictions	\$ 4,520,858	\$ 7,111,773
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Proceeds from Advance Fees	10,580,434	17,815,400
Amortization of Advance Fees	(6,005,047)	(4,622,684)
Equity Refund Advances	(23,104)	(98,728)
Depreciation	4,773,706	4,190,826
Amortization of Deferred Costs	4,542	4,514
Amortization of Deferred Financing Costs	21,900	21,900
Change in Value of Resident Gift Annuities	-	(6,803)
Gain Related to Interest Rate Swap Agreement	(170,402)	(190,051)
Net Unrealized and Realized Investment Gains (Losses)	1,322,862	(3,371,817)
Net Change in:		
Accounts Receivable	365,051	(256,808)
Sales Tax Refund Receivable	(4,197)	(137,777)
Inventories	(26,901)	(39,100)
Prepaid Expenses and Other Assets	(26,802)	101,167
Accounts Payable	262,002	(394,881)
Accrued Expenses	(23,165)	274,818
Net Cash Provided by Operating Activities	15,571,737	20,401,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	47,002,964	4,900,885
Purchase of Investments and Assets Limited as to Use	(46,487,416)	(5,373,339)
Acquisition and Construction of Property and Equipment	(2,503,343)	(1,532,607)
Net Cash Used in Investing Activities	(1,987,795)	(2,005,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change from Deposits on Occupied and Unconstructed Units	640,845	(991,580)
Refunds of Advance Fees	(9,655,909)	(15,254,413)
Principal Payments on Long-Term Debt	(1,594,280)	(931,432)
Payments on Line of Credit	-	(550,000)
Payments on Resident Gift Annuities	-	(830)
Net Change from Deposits in Agency Accounts	(919,413)	140,138
Net Cash Used in Financing Activities	(11,528,757)	(17,588,117)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,055,185	808,571
Cash and Cash Equivalents - Beginning of Year	2,846,945	2,038,374
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,902,130	\$ 2,846,945
Supplemental Disclosures of Cash Flow Information:		
Cash Payments for Interest	\$ 500,298	\$ 473,559

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 ORGANIZATION

The accompanying consolidated financial statements include the consolidated balance sheets and cash flows of Carolina Meadows Communities & Services, Inc. and its Affiliates. The entities and activities comprising "Carolina Meadows" consist of the following:

Carolina Meadows Senior Communities & Services, Inc.

Carolina Meadows Senior Communities & Services, Inc. ("Senior Services") is a Nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Senior Services is the sole member of Carolina Meadows, Inc. ("Carolina Meadows" or "the CCRC") and supports the CCRC as its management and administrative service provider. Senior Services provides the common management team for all entities under the "Carolina Meadows umbrella."

Carolina Meadows Management and Development Services, Inc.

Carolina Meadows Management and Development Services, Inc. ("Management and Development") was incorporated on April 25, 2017. Management and Development provides services to the CCRC and will provide similar services to other senior living organizations and development projects that align with a shared mission and business interest that enriches and improves the lives of residents and those connected to the community while supporting the overall mission and values of Carolina Meadows, Inc. Senior Services is the sole shareholder of Management and Development.

Carolina Meadows Home Care, Inc.

Carolina Meadows Home Care, Inc. ("Home Care") is a Nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Home Care provides in-home care services and support to the residents of Carolina Meadows, Inc. Senior Services is the sole member of Home Care.

Carolina Meadows, Inc.

Carolina Meadows, Inc. ("Carolina Meadows" or "the CCRC") is a Nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3). The CCRC provides housing, health care and other related services to residents through the operation of a continuing care retirement community consisting of 287 villas, 156 apartments, 78 assisted living apartments and a 90-bed health center located in Chatham County, North Carolina.

Carolina Meadows Foundation, Inc.

Carolina Meadows Foundation, Inc. ("Foundation") was incorporated on May 1, 2018. The Foundation provides support for Carolina Meadows. Senior Services is the sole member of Foundation.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated accounts of Senior Services, Management and Development, Home Care, Foundation, and the CCRC. All material intercompany accounts and transactions have been eliminated.

Adoption of New Accounting Principles

Carolina Meadows adopted the provisions of ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. The implementation of this standard resulted in certain changes to the consolidated financial statement presentation including the presentation of only two classes of net assets, rather than three classes historically presented. The new accounting standard changes the presentation of various classifications and disclosures within the consolidated financial statements. The adoption of this accounting standard did not have an impact on Carolina Meadows' financial position or changes in its net assets and has been applied retrospectively to all periods presented.

Net Assets

Net assets and revenues, gains and losses, are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets consisting of all resources that have no donor-imposed restrictions. All Carolina Meadows assets are Net Assets Without Donor Restrictions.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Carolina Meadows had no Net Assets with Donor Restrictions in 2018 and 2017.

Cash and Cash Equivalents

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Resident accounts receivable consist of resident monthly service fees. Carolina Meadows provides an allowance for uncollectible accounts using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. At December 31, 2018 and 2017, management has determined that no allowance for uncollectible accounts is necessary related to resident accounts receivable.

Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for resident assistance payments, resident funds held in agency accounts, and contingencies over which the Board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64-33.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments other than trading securities are excluded from the excess of revenues over expenses.

Fair Value Measurements

Carolina Meadows categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

Subsequent to initial recognition, Carolina Meadows may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Carolina Meadows adopted the policy to value certain financial instruments at fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by Carolina Meadows include interest rate swap agreements, equity securities held in partnerships and certain alternative investments. Level 3 inputs held by Carolina Meadows include certain alternative investments.

Derivatives

Derivatives and hedging instruments are recorded at fair value in the consolidated financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying consolidated balance sheets at estimated fair value at December 31, 2018 and 2017. Carolina Meadows does not hold or issue financial instruments for trading purposes.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

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

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenues over expenses, which Carolina Meadows uses as its measure of operations. Changes in unrestricted net assets which are excluded from the operating measure, consistent with industry practice, include unrealized gains and losses on investments other than trading securities.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$2,500 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. During the years ended December 31, 2018 and 2017, Carolina Meadows did not capitalize interest costs. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Depreciation of new construction begins the month following the date the facilities are placed in service.

Advance Fees

Under the terms of the residency and care agreement, each resident pays an entrance fee. A deposit of 5% of the entrance fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net entrance fees, along with monthly service fees, primarily pay for the cost of services provided to residents.

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable entrance fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

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NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advance Fees (Continued)

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees for residents are amortized into revenue as amortization of advance fees using the straight-line method based on the useful life of the facility since residents' fees are refundable from re-occupancy proceeds and limited to advance fee proceeds received from future residents. The unamortized portion of the advance fees is shown on the consolidated balance sheets as deferred revenue.

Obligation to Provide Future Services

Carolina Meadows periodically calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At December 31, 2018 and 2017, deferred revenue from advance fees exceeded the present value of the net cost of future services and use of facilities.

Early Advantage Program

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a "continuing care without lodging" contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow's campus amenities and the same health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on consolidated financial statements and five-year forecasts. Carolina Meadows had 80 and 48 residents under contract in the Early Advantage program as of December 31, 2018 and 2017, respectively.

Deferred Costs

Marketing costs associated with the construction of 58 new independent living villas, which began in 2010 and were completed in 2013, are being amortized using an average life expectancy of residents moving into the new villas.

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NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Costs (Continued)

Carolina Meadows has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounts Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires organizations to present bond issue costs as a direct deduction from the face amount of the related borrowings, amortize bond issue costs using the effective interest method over the life of the debt and record the amortization as a component of interest expense. Prior to adopting the new standard, bond issue costs were included in deferred costs.

Unamortized bond issuance costs related to Carolina Meadows' long-term debt are being amortized over the maturity of the related bonds.

Income Tax Status

Carolina Meadows Senior Communities & Services, Inc., Carolina Meadows Home Care, Inc., and Carolina Meadows, Inc. are nonprofit, tax-exempt organizations exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. Carolina Meadows Management and Development Services, Inc., a taxable corporation, utilizes the liability method of accounting for income taxes in accordance with standards on accounting for income taxes.

The Foundation has filed for tax exempt status under Internal Revenue Code Section 501(c)(3), but has not received the determination letter.

Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise or other taxes.

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation has had no impact on Carolina Meadows' consolidated financial statements. Carolina Meadows has determined that it does not have any material unrecognized tax benefit or obligation as of December 31, 2018.

Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Carolina Meadows has evaluated the effect subsequent events would have on the consolidated financial statements through April 26, 2019, which is the date the consolidated financial statements were available to be issued.

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NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires entities to identify performance obligations within contracts with customers and allocate the transaction price to those performance obligations using their standalone selling prices. The amendments also clarify that refundable advance fees should be accounted for and reported as a liability. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2018.

While management estimates the impact of the adoption of this pronouncement may decrease the Carolina Meadows' net assets without donor restrictions by approximately \$96,000,000, refunds are not contractually due until villas and apartments are resold.

NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS

Investments stated at fair value at December 31, 2018 and 2017, include:

	<u>2018</u>	<u>2017</u>
Cash and Certificates of Deposit Unavailable for Investment	\$ 1,859,041	\$ 2,778,454
Liquid Investments, Principally Money Market Funds	1,334,385	2,201,050
Mutual Funds	15,515,109	10,050,516
Equity Securities	-	8,629,481
Government Bonds	3,534,828	719,305
Corporate Bonds	2,737,129	2,163,299
Alternative Investments	2,979,681	3,256,478
	<u>\$ 27,960,173</u>	<u>\$ 29,798,583</u>

These investments are classified on the consolidated balance sheets as follows:

	<u>2018</u>	<u>2017</u>
Assets Limited as to Use:		
By Board Designation	\$ 11,586,882	\$ 10,946,037
NC Operating Reserve	8,481,000	8,362,000
Resident Funds Held in Agency Accounts	1,859,041	2,778,454
Total Assets Limited as to Use:	<u>21,926,923</u>	<u>22,086,491</u>
Unrestricted Investments	6,033,250	7,712,092
	<u>\$ 27,960,173</u>	<u>\$ 29,798,583</u>

Historical cost of investments was \$27,332,524 and \$24,074,310 at December 31, 2018 and 2017, respectively.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS (CONTINUED)

Board designations of investments at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Designated for Resident Assistance Payments	\$ 3,853,924	\$ 3,853,924
Designated for Capital Reserves	4,082,738	4,082,738
Designated for Unit Deposits and Reservations	<u>3,650,220</u>	<u>3,009,375</u>
	<u>\$ 11,586,882</u>	<u>\$ 10,946,037</u>

During 2018 and 2017 management evaluated certain investments whereby fair value was below cost as required by accounting standards. Management must determine when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of an impaired loss.

Investments with unrealized losses as of December 31, 2018 are summarized as follows:

Description of Securities	<u>Less than 12 Months</u>		<u>More than 12 Months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Mutual Funds	\$ 11,602,591	\$ 2,163,905	\$ -	\$ -	\$ 11,602,591	\$ 2,163,905
Stocks	-	-	-	-	-	-
	<u>\$ 11,602,591</u>	<u>\$ 2,163,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,602,591</u>	<u>\$ 2,163,905</u>

Investments with unrealized losses as of December 31, 2017 are summarized as follows:

Description of Securities	<u>Less than 12 Months</u>		<u>More than 12 Months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Mutual Funds	\$ 349,587	\$ 48,531	\$ 827,999	\$ 291,443	\$ 1,177,586	\$ 339,974
Equity Securities	<u>378,282</u>	<u>2,156</u>	<u>1,169,077</u>	<u>27,660</u>	<u>1,547,359</u>	<u>29,816</u>
	<u>\$ 727,869</u>	<u>\$ 50,687</u>	<u>\$ 1,997,076</u>	<u>\$ 319,103</u>	<u>\$ 2,724,945</u>	<u>\$ 369,790</u>

Other-than-temporary does not mean a permanent impairment. In addition, accounting standards require certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. In management's opinion there were no other-than-temporary losses on investments as of December 31, 2018 and 2017.

Carolina Meadows has adopted investment policies and monitors the allocation of investments between types of investments including mutual funds, common stocks, and alternative investments.

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NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS (CONTINUED)

Alternative Investments

As Carolina Meadows has the ability and intent to hold these investments until fair value is recovered, it does not consider the impairment of these investments to be other-than-temporary at December 31, 2018 and 2017.

NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES

Carolina Meadows uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Carolina Meadows measures fair value refer to Note 2. The following table presents the fair value hierarchy for the balances of the assets and liabilities of Carolina Meadows measured at fair value on a recurring basis as of December 31:

	2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 15,515,109	\$ 14,545,752	\$ 969,357	\$ -
Government Bonds	3,534,828	3,534,828	-	-
Corporate Bonds	2,737,129	2,737,129	-	-
Alternative Investments	2,979,681	-	1,773,787	1,205,894
Financial Assets	<u>\$ 24,766,747</u>	<u>\$ 20,817,709</u>	<u>\$ 2,743,144</u>	<u>\$ 1,205,894</u>
Liabilities:				
Interest Rate Swaps	<u>\$ 208,937</u>	<u>\$ -</u>	<u>\$ 208,937</u>	<u>\$ -</u>
2017				
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 10,050,516	\$ 8,404,791	\$ 1,645,725	\$ -
Equity Securities	8,629,481	8,629,481	-	-
Government Bonds	719,305	719,305	-	-
Corporate Bonds	2,163,299	2,163,299	-	-
Alternative Investments	3,256,478	-	2,289,364	967,114
Financial Assets	<u>\$ 24,819,079</u>	<u>\$ 19,916,876</u>	<u>\$ 3,935,089</u>	<u>\$ 967,114</u>
Liabilities:				
Interest Rate Swaps	<u>\$ 379,339</u>	<u>\$ -</u>	<u>\$ 379,339</u>	<u>\$ -</u>

Investments include cash equivalents of \$3,193,426 and \$4,979,504 as of December 31, 2018 and 2017, respectively.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

Changes in assets measured in a recurring basis using significant unobservable inputs (Level 3 inputs) for the year ended December 31, 2018:

	Fair Value Measurements Using Significant Unobservable Inputs
Balance at December 31, 2016	\$ 698,891
Purchases, Net	124,767
Unrealized Gain	143,456
Balance at December 31, 2017	967,114
Purchases, Net	173,782
Unrealized Gain	64,998
Balance at December 31, 2018	<u>\$ 1,205,894</u>

Carolina Meadows values certain investment holdings at fair value using their net asset value and has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

Fair Value Measurements of Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent) as of December 31:

	2018			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Morgan Keegan Preferred Fund of Funds, LP	\$ 9,104	\$ -	Short-term	5 Business Days
Brown Advisory Private Equity Partners III, LLP	426,728	157,883	N/A	-
Global Long Equity Hedged U.S. Equity Managers	969,357	-	Bi-Annually	95 Business Days
Viking Global Opportunities	1,764,682	-	Bi-Annually	95 Business Days
Ziegler Link-Age Fund II, L.P.	660,744	-	Monthly	95 Business Days
	118,423	125,000	N/A	-
Total	<u>\$ 3,949,038</u>	<u>\$ 282,883</u>		

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NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

	2017			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Morgan Keegan Preferred Fund of Funds, LP	\$ 9,135	\$ -	Short-term	5 Business Days
Brown Advisory Private Equity Partners III, LLP	305,186	216,268	N/A	-
Global Long Equity Hedged U.S. Equity Managers	1,139,113	-	Bi-Annually	95 Business Days
Valueact - Tax-Exempt 3-Yr Lock up	2,280,227	-	Bi-Annually 3 Year Lock	95 Business Days
Viking Global Opportunities	506,614	-	Up, Annually	95 Business Days
Ziegler Link-Age Fund II, L.P.	636,928	-	Monthly	95 Business Days
Total	<u>\$ 4,902,203</u>	<u>\$ 225,000</u>	N/A	-

The investment funds are valued at the net asset value of units, which are based on market prices of the underlying investments, held by Carolina Meadows at year end. Brown Advisory Private Equity Partners III's investment objective is to provide a vehicle for investors to invest in various private investment funds. The Global Long Equity Managers' investment objective is to invest in long positions in public and private companies. Hedged U.S. Equity Managers' investment objective is to achieve long-term capital appreciation at or above that of the broad U.S. equity market. Viking Global Opportunities' investment objective is to achieve long-term capital appreciation at or above that of the broad global equity market. Ziegler Link-Age Fund's investment objective is to achieve long-term capital appreciation by making equity and equity-like usually minority investments in early to mid-stage, emerging-growth companies that are operating or developing business focused on either the aging or post-acute care markets.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Land	\$ 2,096,762	\$ 2,096,762
Land Improvements	5,760,344	5,552,395
Buildings and Building Improvements	122,442,956	121,415,219
Construction in Progress	1,351,697	966,933
Furniture and Fixtures	8,472,420	7,815,307
Computer Equipment	1,404,003	1,271,125
Vehicles	760,485	706,130
	<u>142,288,667</u>	<u>139,823,871</u>
Less: Accumulated Depreciation	<u>68,611,822</u>	<u>63,876,663</u>
	<u>\$ 73,676,845</u>	<u>\$ 75,947,208</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

Construction in progress at December 31, 2018 relates to various projects expected to be completed in 2019, as well as the campus master plan.

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2018 and 2017:

	2018	2017
North Carolina Medical Care Commission Tax-Exempt Bonds Series 2004, Bank Qualified Debt Maturing in 2034, Bearing Interest at a Variable Rate (2.47% at December 31, 2018)	\$ 13,295,000	\$ 13,925,000
Commercial Note to SunTrust Bank, which was fully paid off in 2018	-	964,280
	13,295,000	14,889,280
Less: Unamortized Deferred Financing Costs	(43,833)	(65,733)
Less: Current Maturities	(650,000)	(951,432)
Total Long-Term Debt, Less Current Maturities	\$ 12,601,167	\$ 13,872,115

The following is a schedule by year of the aggregate maturities of long-term debt:

Year Ending December 31,	Amount
2019	\$ 650,000
2020	670,000
2021	690,000
2022	715,000
2023	735,000
Thereafter	9,835,000
	\$ 13,295,000

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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NOTE 6 LONG-TERM DEBT (CONTINUED)

The following is a discussion of significant terms and conditions regarding the North Carolina Medical Care Commission tax-exempt bonds, Series 2004:

On December 1, 2004, Carolina Meadows entered into a loan agreement with the North Carolina Medical Care Commission ("Medical Commission") pursuant to the Medical Commission's \$20,110,000 bond offering for purposes of financing the cost of constructing additional assisted living units and amenities at the facility and extinguishing existing debt. Proceeds from this offering were placed in trust. The trustee paid off the existing North Carolina Medical Care Commission tax-exempt variable rate demand bonds on December 7, 2004, thereby relieving Carolina Meadows of its liability for the outstanding Series 1998 bonds.

The payment of the principal, purchase price of and interest on the Series 2004 bonds was secured by an irrevocable, direct-pay \$18,565,726 bank letter of credit, which was cancelled upon a subsequent debt replacement on December 22, 2010.

On December 22, 2010, Carolina Meadows replaced the Series 2004 variable rate demand bonds with the Series 2004 bank qualified debt issued by SunTrust Bank ("SunTrust"). The Series 2004 bank qualified debt bears interest at 67% of the one-month London Interbank Offered Rate ("LIBOR"), as adjusted monthly with changes in one-month LIBOR, plus .95% per annum.

Under the Credit Agreement with SunTrust, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 200 days' cash on hand and a debt service coverage ratio of at least 1.25x to 1x. In addition, Carolina Meadows must meet minimum reporting requirements, limit investment exposure in alternative investments to 20% of its total cash and investments and limit short-term debt to \$2,000,000. According to these agreements, Carolina Meadows has the ability to remedy any covenant violation within thirty days after receiving written notification from SunTrust Bank, without accelerating the debt payments. Management believes Carolina Meadows was in compliance with all such covenants at December 31, 2018 and 2017.

As security for all obligations issued under the Credit Agreement, Carolina Meadows has granted SunTrust a security interest in its pledged assets. In addition, the Medical Commission assigned to SunTrust its rights as beneficiary under Carolina Meadows' Deed of Trust, which grants SunTrust first priority deed of trust on the site and any buildings or improvements and assigns its rights as secured party with respect to its security interest.

Future maturities of the bond have been classified in accordance with established installment schedule requirements in anticipation that covenant violations, if any, will be waived or remedied.

On April 29, 2016, Carolina Meadows entered into a commercial note with SunTrust Bank for an amount of \$1,500,000. This note was fully paid off in 2018.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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NOTE 6 LONG-TERM DEBT (CONTINUED)

On December 22, 2010, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. At December 31, 2018, Carolina Meadows has an outstanding interest rate swap agreement with SunTrust, having a total notional principal amount of \$6,647,500, which terminates on December 22, 2020. This agreement effectively limits Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 3.28%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counter-party to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counter-party. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

As noted in Note 2 and Note 4, interest rate swaps are required to be measured at fair value on a recurring basis. As noted in Note 4, the interest rate swap was categorized as Level 2 in the valuation hierarchy.

Below is a table listing the fair value of the liability for interest rate swaps as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Derivatives Designated as Hedging Instruments:		
Interest Rate Swap Agreements	<u>\$ 208,937</u>	<u>\$ 379,339</u>

An analysis on the effectiveness of the swap was not performed, causing the change in fair value of the swap to be included in the excess of revenues over expenses. Below is a table listing the gain recognized in excess of revenues over expenses on the interest rate swap for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Changes in Value of Interest Rate Swap:		
Interest Rate Swap Agreements	<u>\$ 170,402</u>	<u>\$ 190,051</u>

NOTE 7 LINE OF CREDIT

In February 2015 Carolina Meadows entered into a loan agreement for an open end revolving line of credit with a financial institution for an amount up to \$2,500,000. The proceeds were used to finance the expansion of the kitchen and dining room areas and to meet cash flow needs. In August 2017 Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to June 28, 2018. In July 2018 Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to July 28, 2019.

The line of credit bears interest at one-month LIBOR rate plus 2.25%. At the close of business on December 31, 2018 and 2017, the rate was 4.09% and 3.57%, respectively, on the outstanding balance and is secured by deposits and investments maintained by the borrower with SunTrust and any affiliates. At December 31, 2018 and 2017, Carolina Meadows had no balance outstanding.

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NOTE 7 LINE OF CREDIT (CONTINUED)

Under the Agreement to Commercial Note with SunTrust, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 200 days' cash on hand and a debt service coverage ratio of at least 1.25x to 1x. Management believes Carolina Meadows was in compliance with all such covenants at December 31, 2018.

NOTE 8 RETIREMENT PLAN

Carolina Meadows has a retirement plan under Internal Revenue Code Section 403(b), which operates as a deferred annuity contract and is available to all regular full-time employees. Carolina Meadows may, at its discretion, elect to make a qualified matching contribution to the retirement plan. Carolina Meadows matches 100% of participant deferrals up to 5% of their compensation. Participants may make voluntary contributions between 1% and 20% of their annual compensation not to exceed the statutory limit (\$18,500 for year ended December 31, 2018). Eligible participants are also permitted to make after-tax Roth contributions. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Expenses relating to the plan were approximately \$430,000 and \$414,000 in 2018 and 2017, respectively.

NOTE 9 AGENCY FUNDS DUE RESIDENTS

Resident funds held in agency accounts represent advance fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents' behalf in certificates of deposit or money market funds with a financial institution. Carolina Meadows acts as custodian for the agency accounts, which are legally owned by the residents. At December 31, 2018 and 2017, agency funds due residents were approximately \$1,859,000 and \$2,778,000, respectively.

NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS

Carolina Meadows is actively involved in the community through participation in various community outreach, educational, charitable and volunteer service programs sponsored on campus and throughout the community at large.

Carolina Meadows has estimated its direct and indirect costs of providing benevolent care under its benevolence care policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amount charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent care. Using this methodology, Carolina Meadows has estimated the costs for services under its benevolence care policy to be approximately \$385,000 and \$572,000 for the years ended December 31, 2018 and 2017, respectively.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS (CONTINUED)

Charitable donations and community benefits for the years ended December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Charges Foregone for Benevolent Care	\$ 405,206	\$ 601,594
Charitable Donations	141,345	106,653
Donated Volunteer Services by the Staff of Carolina Meadows	57,721	44,877
	\$ 604,272	\$ 753,124

NOTE 11 COMMITMENTS AND CONTINGENCIES

Carolina Meadows self-insures a portion of its employee health benefits exposure up to \$100,000 per employee, with stop-loss coverage for the majority of the employee claims in excess of \$100,000. An accrual for the self-insurance program was established to provide for estimated claims and losses and applicable legal expenses for claims incurred through December 31, 2018 but not reported. This accrual was determined by management and totaled approximately \$96,000 and \$121,000 at December 31, 2018 and 2017, respectively. The accrual is included in accrued expenses in the consolidated balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

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

NOTE 12 LIQUIDITY AND AVAILABILITY

Carolina Meadows general philosophy is to maintain daily liquidity on all investments. The one exception is the alternative investment category. Carolina Meadows' investment committee is limited to selecting fund groups with no more than 90-day liquidity. The alternative investment category equals approximately 12% of the total assets available to meet liquidity needs. Carolina Meadows' historical turnover of net accounts receivables is no more than 30 days.

Carolina Meadows' financial assets available within one year of the consolidated statements of financial position for general expenditures are as follows:

	2018	2017
Cash and Cash Equivalents	\$ 4,902,130	\$ 2,846,945
Investments	6,033,250	7,712,092
Board-Designated Assets Limited as to Use	11,586,882	10,946,037
	22,522,262	21,505,074
Resident Accounts Receivable, Net	1,901,937	2,243,884
Total Assets Available to Meet Liquidity Needs	\$ 24,424,199	\$ 23,748,958

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 13 FUNCTIONALIZED EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

	Program Services				Management and General	Total
	Independent Living	Assisted Living	Other Healthcare Service	Total Program Services		
Salaries and Benefits	\$ 7,801,844	\$ 2,636,884	\$ 7,470,015	\$ 17,908,743	\$ 1,430,178	\$ 19,338,921
Depreciation	4,314,781	394,808	91,377	4,800,966	-	4,800,966
Other Operating Expenses	6,283,615	931,376	3,130,706	10,345,697	2,220,444	12,566,141
Interest and Amortization Expense	145,336	257,739	71,791	474,866	-	474,866
	<u>\$ 18,545,576</u>	<u>\$ 4,220,807</u>	<u>\$ 10,763,889</u>	<u>\$ 33,530,272</u>	<u>\$ 3,650,622</u>	<u>\$ 37,180,894</u>

SUPPLEMENTARY INFORMATION

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
CURRENT ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 2,081	\$ 4,900,049	\$ -	\$ -	\$ 4,902,130
Accounts Receivable	-	-	-	1,901,937	-	-	1,901,937
Sales Tax Refund Receivable	-	-	-	248,843	-	-	248,843
Inventories	-	-	-	400,088	-	-	400,088
Prepaid Expenses	-	-	-	184,773	-	-	184,773
Total Current Assets	-	-	2,081	7,833,670	-	-	7,835,751
ASSETS LIMITED AS TO USE	-	-	-	21,928,923	-	-	21,928,923
INVESTMENTS AND OTHER ASSETS	-	-	-	6,033,250	-	-	6,033,250
Investments	-	-	-	6,033,250	-	-	6,033,250
Deferred Costs	-	-	-	32,928	-	-	32,928
Total Investments and Other Assets	-	-	-	6,066,178	-	-	6,066,178
PROPERTY AND EQUIPMENT	-	-	-	73,878,845	-	-	73,878,845
DUE FROM RELATED PARTY	-	-	-	400,715	-	(400,715)	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,081</u>	<u>\$ 109,704,331</u>	<u>\$ -</u>	<u>\$ (400,715)</u>	<u>\$ 109,305,697</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ -	\$ -	\$ -	\$ 650,000	\$ -	\$ -	\$ 650,000
Line of Credit	-	-	-	-	-	-	-
Accounts Payable	-	-	-	2,288,283	-	-	2,288,283
Accrued Expenses	-	-	27,226	2,151,340	-	-	2,178,566
Advance Fees and Refunds Due	-	-	-	130,000	-	-	130,000
Total Current Liabilities	-	-	27,226	5,199,603	-	-	5,226,829
LONG-TERM DEBT, LESS CURRENT MATURITIES	-	-	-	12,901,167	-	-	12,901,167
DEFERRED REVENUE AND OTHER LIABILITIES	-	-	-	40,499,067	-	-	40,499,067
Deferred Revenue from Advance Fees	-	-	-	40,499,067	-	-	40,499,067
Other Deferred Revenue	-	-	-	208,000	-	-	208,000
Deposits on Occupied Units	-	-	-	3,850,220	-	-	3,850,220
Agency Funds Due Residents	-	-	-	1,859,041	-	-	1,859,041
Interest Rate Swap Agreement	-	-	-	208,937	-	-	208,937
Due to Related Parties	129,542	37,804	221,393	-	11,976	(400,715)	-
Total Deferred Revenue and Other Liabilities	129,542	37,804	221,393	55,425,265	11,976	(400,715)	55,425,265
NET ASSETS							
Net Assets Without Donor Restrictions	(129,542)	(37,804)	(246,538)	36,478,296	(11,976)	-	36,052,436
Total Liabilities and Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,081</u>	<u>\$ 109,704,331</u>	<u>\$ -</u>	<u>\$ (400,715)</u>	<u>\$ 109,305,697</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.
REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS			
Resident Fees Earned:			
On Campus	\$ -	\$ -	\$ -
Early Advantage	-	-	-
Amortization of Advanced Fees:			
On Campus	-	-	-
Early Advantage	-	-	-
Contributions	-	-	-
Resident Assistance Fund Fees	-	-	-
Dining Services	-	-	-
Maintenance Services	-	-	-
Housekeeping Services	-	-	-
Resident Services	-	-	-
Medical and Ancillary Charges	-	-	250,630
Miscellaneous Income	-	-	-
Remarketing Income	-	-	-
Modification and Refurbishment Revenue	-	-	-
Realized Gains on Investments	-	-	-
Investment Income	-	-	-
Total Revenues, Gains, and Other Support	-	-	250,630
EXPENSES			
Administrative Services	7,471	220	85,458
Early Advantage	-	-	-
Dining Services	-	-	-
Housekeeping and Laundry Services	-	-	-
Plant Operations	-	-	-
Grounds	-	-	-
Resident Services	-	-	-
Human Resources	-	-	5,634
On-site Medical Practice	-	-	-
Wellness	-	-	-
Nursing Services	-	-	263,649
Assisted Living Services	-	-	-
Marketing	-	-	-
Social Services	-	-	-
Activities	-	-	-
Information Technology	-	-	8,610
General	-	-	6,720
Upgrades and Refurbishments	-	-	-
Shared Appreciation Expense	-	-	-
Depreciation	-	-	-
Amortization	-	-	-
Interest Expense	-	-	-
Resident Assistance Expense	-	-	-
Total Expenses	7,471	220	370,071
Net Operating Income (Loss)	(7,471)	(220)	(119,441)
Change in Fair Value of Interest Rate Swap Agreement	-	-	-
EXCESS OF REVENUES OVER EXPENSES	(7,471)	(220)	(119,441)
Unrealized Losses on Investments, Net	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(7,471)	(220)	(119,441)
NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Beginning of Year	(122,071)	(37,584)	(127,097)
END OF YEAR	\$ (129,542)	\$ (37,804)	\$ (246,538)

Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
\$ 30,041,334	\$ -	\$ -	\$ 30,041,334
452,991	-	-	452,991
5,581,934	-	-	5,581,934
423,113	-	-	423,113
9,005	-	-	9,005
459,000	-	-	459,000
2,280,961	-	-	2,280,961
6,055	-	-	6,055
288,537	-	-	288,537
81,130	-	-	81,130
469,741	-	-	720,371
154,185	-	-	154,185
494,535	-	-	494,535
1,296,289	-	-	1,296,289
2,787,152	-	-	2,787,152
564,772	-	-	564,772
<u>45,390,734</u>	<u>-</u>	<u>-</u>	<u>45,641,364</u>
2,576,478	11,976	-	2,681,603
71,671	-	-	71,671
6,633,370	-	-	6,633,370
1,470,140	-	-	1,470,140
4,067,215	-	-	4,067,215
1,089,312	-	-	1,089,312
682,933	-	-	682,933
723,935	-	-	729,569
1,090,535	-	-	1,090,535
322,595	-	-	322,595
4,043,071	-	-	4,306,720
1,677,375	-	-	1,677,375
800,407	-	-	800,407
460,923	-	-	460,923
519,649	-	-	519,649
1,224,505	-	-	1,233,115
1,887,453	-	-	1,894,173
1,489,091	-	-	1,489,091
280,958	-	-	280,958
4,773,706	-	-	4,773,706
5,360	-	-	5,360
495,268	-	-	495,268
405,206	-	-	405,206
<u>36,791,156</u>	<u>11,976</u>	<u>-</u>	<u>37,180,894</u>
8,599,578	(11,976)	-	8,460,470
<u>170,402</u>	<u>-</u>	<u>-</u>	<u>170,402</u>
8,769,980	(11,976)	-	8,630,872
<u>(4,110,014)</u>	<u>-</u>	<u>-</u>	<u>(4,110,014)</u>
4,659,966	(11,976)	-	4,520,858
<u>31,818,330</u>	<u>-</u>	<u>-</u>	<u>31,531,578</u>
<u>\$ 36,478,296</u>	<u>\$ (11,976)</u>	<u>\$ -</u>	<u>\$ 36,052,436</u>

CAROLINA MEADOWS, INC.
COMBINING STATEMENTS OF LEVELS OF CARE
YEAR ENDED DECEMBER 31, 2018
WITH COMPARITIVE TOTALS FOR 2017

	2018			2017		Percent Change
	Independent Living	Health Center	Assisted Living	Total	Total	
Resident Fees Earned:						
On Campus	\$ 16,558,020	\$ 7,489,990	\$ 5,993,324	\$ 30,041,334	\$ 29,106,607	3%
Early Advantage	452,991	-	-	452,991	98,175	361%
Amortization of Advance Fees:						
On Campus	5,449,334	-	132,600	5,581,934	4,531,305	23%
Early Advantage	423,113	-	-	423,113	91,379	363%
Resident Assistance Fund Fees	459,000	-	-	459,000	705,500	-35%
Dining Services	2,189,732	8,600	82,629	2,280,961	2,176,081	5%
Maintenance Services	3,396	1,644	1,015	6,055	22,254	-73%
Housekeeping Services	261,835	26,702	-	288,537	284,779	1%
Resident Services	81,130	-	-	81,130	103,658	-22%
Medical Ancillary Charges	324,447	130,790	14,504	469,741	453,739	4%
Miscellaneous Income	152,454	70	1,661	154,185	186,673	-17%
Remarketing Income	494,535	-	-	494,535	828,355	-40%
Modification and Refurbishment Revenue	1,294,689	-	1,600	1,296,289	1,872,720	-31%
Contributions	9,005	-	-	9,005	-	0%
Realized Gains on Investments	1,588,677	752,531	445,944	2,787,152	447,414	523%
Investment Income	321,920	152,488	90,364	564,772	460,253	23%
Total Operating Revenues	30,064,278	8,562,815	6,763,641	45,390,734	41,368,892	10%
Administrative Services	1,747,982	420,661	407,835	2,576,478	2,293,801	12%
Early Advantage	71,671	-	-	71,671	94,437	-24%
Dining Services	5,004,771	554,822	1,073,777	6,633,370	6,955,043	-5%
Housekeeping and Laundry Services	644,498	554,072	271,570	1,470,140	1,434,062	3%
Plant Operations	3,476,033	236,223	354,959	4,067,215	4,182,574	-3%
Grounds	1,089,312	-	-	1,089,312	1,104,210	-1%
Resident Services	682,933	-	-	682,933	653,841	4%
Human Resources	723,935	-	-	723,935	687,501	5%
On-site Medical Practice	1,090,535	-	-	1,090,535	1,184,858	-8%
Wellness	322,595	-	-	322,595	342,241	-6%
Nursing Services	-	4,043,071	-	4,043,071	3,876,158	4%
Assisted Living Services	-	-	1,677,375	1,677,375	1,705,269	-2%
Marketing	800,407	-	-	800,407	667,940	20%
Social Services	460,923	-	-	460,923	461,776	0%
Activities	220,247	152,796	146,606	519,649	488,115	6%
Information Technology	1,224,505	-	-	1,224,505	986,052	24%
General Expenses	1,360,338	276,969	250,146	1,887,453	1,864,913	1%
Upgrades and Refurbishments	1,386,976	42,757	59,358	1,489,091	2,074,014	-28%
Shared Appreciation Expense	280,958	-	-	280,958	734,462	-62%
Depreciation	3,748,217	259,963	765,526	4,773,706	4,190,826	14%
Amortization	11,930	3,285	12,045	27,260	26,414	3%
Interest Expense	145,336	70,293	257,739	473,368	474,720	0%
Resident Assistance Expense	-	413,468	(8,262)	405,206	601,594	-33%
Overhead Allocations	(1,417,245)	545,387	871,858	-	-	0%
Total Operating Expenses	23,076,857	7,573,767	6,140,532	36,791,156	37,084,821	-1%
Total Operating Surplus Before Nonoperating Activities	6,987,421	989,048	623,109	8,599,578	4,284,071	101%
Nonoperating Activities:						
Changes in Fair Value of Interest Rate Swap Agreements	170,402	-	-	170,402	190,051	-10%
Unrealized Gains (Losses) on Investments	(2,344,762)	(1,108,416)	(656,836)	(4,110,014)	2,924,403	-241%
Total Nonoperating Activities	(2,174,360)	(1,108,416)	(656,836)	(3,939,612)	3,114,454	-226%
Change in Net Assets Without Donor Restrictions	\$ 4,813,061	\$ (119,368)	\$ (33,727)	\$ 4,659,966	\$ 7,398,525	-37%



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

Attachment 2: Actual vs. Projected Results

Carolina Meadows, Inc.
Balance Sheets
Comparison of Actual Results with Forecasted Proforma Projections
Year Ended December 31, 2018

	2018	2018	Variance	
	Actual	Forecasted	Over (Under)	Notes ***
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 4,902,130	\$ 2,000,000	\$ 2,902,130	1
Accounts Receivable	1,901,937	2,244,000	(342,063)	2
Sales Tax Refund Receivable	246,843	243,000	3,843	
Inventories	400,068	373,000	27,068	
Prepaid Expenses	184,773	158,000	26,773	
Total Current Assets	<u>7,635,751</u>	<u>5,018,000</u>	<u>2,617,751</u>	
ASSETS LIMITED AS TO USE	21,926,923	22,087,000	(160,077)	
INVESTMENTS AND OTHER ASSETS				
Investments	6,033,250	12,836,000	(6,802,750)	3
Deferred Costs	32,928	32,000	928	
Total Investments and Other Assets	<u>6,066,178</u>	<u>12,868,000</u>	<u>(6,801,822)</u>	
PROPERTY AND EQUIPMENT	<u>73,676,845</u>	<u>74,877,000</u>	<u>(1,200,155)</u>	4
OTHER ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	
Total Assets	<u>\$ 109,305,697</u>	<u>\$ 114,850,000</u>	<u>\$ (5,544,303)</u>	
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 650,000	\$ 971,000	\$ (321,000)	5
Accounts Payable	2,268,263	2,006,000	262,263	6
Accrued Expenses	2,178,566	2,202,000	(23,434)	
Advance Fees and Refunds Due	130,000	646,000	(516,000)	7
Total Current Liabilities	<u>5,226,829</u>	<u>5,825,000</u>	<u>(598,171)</u>	
LONG-TERM DEBT, LESS CURRENT MATURITIES	12,601,167	12,923,000	(321,833)	8
DEFERRED REVENUE AND OTHER LIABILITIES				
Advance Refundable Fees - On Campus	48,906,559	148,589,000	(99,682,441)	9
Advance Refundable Fees - Early Advantage	592,508	1,212,000	(619,492)	10
Other Deferred Revenue	208,000	276,000	(68,000)	
Deposits on Occupied Units	3,650,220	2,997,000	653,220	11
Agency Funds Due Residents	1,859,041	2,828,000	(968,959)	12
Interest Rate Swap Agreements	208,937	379,000	(170,063)	
Total Deferred Revenue and Other Liabilities	<u>55,425,265</u>	<u>156,281,000</u>	<u>(100,855,735)</u>	
NET ASSETS				
Without Donor Restrictions	<u>36,052,436</u>	<u>(60,179,000)</u>	<u>96,231,436</u>	13
Total Liabilities and Net Assets	<u>\$ 109,305,697</u>	<u>\$ 114,850,000</u>	<u>\$ (5,544,303)</u>	

***See Notes on Following Page for Variances Greater than \$250,000 which is less than 1% of total revenues

Carolina Meadows, Inc.

Balance Sheets

Comparison of Actual Results with Forecasted Proforma Projections

Notes for Variances

As of and for the Year Ended December 31, 2018

Carolina Meadows considers anything greater than \$250,000 to be material for purposes of analyzing Balance Sheet variances between actual and forecasted results.

1. Cash is greater than forecasted mainly due to increased occupancy, timing of payments of accounts payable and decision to hold more cash in advance of potential capital projects.
2. Accounts Receivable is lower than forecasted largely due to the timing of payments on account.
3. Investments were lower than forecasted due to decision to hold more cash in advance of potential capital projects, as well as for variations in investment performance.
4. Property and Equipment are lower due to more fully depreciated assets than anticipated as well as delays in the completion of certain capital projects.
5. Current Maturities of Long-Term Debt is lower due to early payoff of bank debt during 2018.
6. Accounts payable was higher than forecasted mainly due to the timing of payments.
7. forecasted.
8. Long-Term Debt, Less Current Maturities is lower due to early payoff of bank debt during 2018.
9. Advance Refundable Fees - On Campus is lower than forecasted as the ASC 606 Revenue Recognition accounting pronouncement was not required to be adopted in 2018 as originally anticipated.
10. Advance Refundable Fees - Early Advantage was lower than forecasted as Early Advantage member contracts commenced six months later during 2018 than originally anticipated.
11. Deposits on Occupied Units is higher than forecasted due to a variation in the number of deposits paid and held in anticipation of the construction of new on campus independent living units.
12. Agency Funds Due Residents are lower than forecasted due to fewer refunds requiring deposits to be held in agency based on associated deemed financial risk.
13. Net Assets Without Donor Restrictions were greater than forecasted mainly due to the ASC 606 Revenue Recognition accounting pronouncement not being required to be adopted in 2018 as originally anticipated.

Carolina Meadows, Inc.
Statements of Operations and Changes in Net Assets
Comparison of Actual Results with Forecasted Proforma Projections
Year Ended December 31, 2018

	2018	2018	Variance	
	Actual	Forecasted	Over (Under)	Notes ***
Independent Living resident fees	\$ 16,558,020	\$ 16,271,000	\$ 287,020	1
Health Center fees	7,489,990	6,902,000	587,990	2
Assisted Living fees	5,993,324	6,422,000	(428,676)	3
Early Advantage fees	452,991	449,000	3,991	
Resident assistance fund fees	459,000	629,000	(170,000)	
Dining services	2,280,961	2,148,000	132,961	
Medical and ancillary charges	720,371	493,000	227,371	
Housekeeping services	288,537	295,000	(6,463)	
Resident services	81,130	109,000	(27,870)	
Maintenance services	6,055	22,000	(15,945)	
Remarketing income	494,535	762,000	(267,465)	4
Refurbishing reimbursements	1,296,289	1,857,000	(560,711)	5
Miscellaneous	154,185	126,000	28,185	
Investment income	564,772	698,000	(133,228)	
Total operating revenues without donor restrictions	36,840,160	37,183,000	(342,840)	
On-site Medical Practice	1,090,535	1,172,000	(81,465)	
Nursing services	4,306,720	3,741,000	565,720	6
Assisted living services	1,677,375	1,768,000	(90,625)	
Dining services	6,633,370	6,654,000	(20,630)	
Plant operations and grounds	6,645,618	6,923,000	(277,382)	7
Housekeeping and laundry services	1,470,140	1,461,000	9,140	
Resident services	682,933	673,000	9,933	
General and administrative expense	4,575,776	4,551,000	24,776	
Early Advantage program	71,671	122,000	(50,329)	
Information Technology	1,233,115	1,052,000	181,115	
Human resources	729,569	600,000	129,569	
Marketing	800,407	739,000	61,407	
Wellness, social services and activities	1,303,167	1,399,000	(95,833)	
Shared appreciation expense	280,958	660,000	(379,042)	8
Interest and letter of credit fees expense	495,268	403,000	92,268	
Total operating expenses	31,996,622	31,918,000	78,622	
Total operating surplus before other revenues and expenses	4,843,538	5,265,000	(421,462)	
<u>Other Revenues and Expenses</u>				
Contributions	9,005	-	9,005	
Amortization of advance fees - On Campus	5,581,934	-	5,581,934	9
Amortization of advance fees - Early Advantage	423,113	-	423,113	10
Realized and unrealized investment losses, net	(1,322,862)	-	(1,322,862)	11
Change in fair value of interest rate swap agreements	170,402	-	170,402	
Resident assistance expense	(405,206)	(580,000)	174,794	
Depreciation and amortization	(4,779,066)	(4,396,000)	(383,066)	12
Total other revenues and expenses	(322,680)	(4,976,000)	4,653,320	
Change in net assets without donor restrictions	\$ 4,520,858	\$ 289,000	\$ 4,231,858	

***See Notes on Following Page for Variances Greater than \$250,000 which is less than 1% of total revenues

Carolina Meadows, Inc.
Statements of Operations and Changes in Net Assets
Comparison of Actual Results with Forecasted Proforma Projections
Notes for Variances
As of and for the Year Ended December 31, 2018

Carolina Meadows considers anything greater than \$250,000 to be material for purposes of analyzing Statements of Operations variances between actual and forecasted results.

1. difference in the mix of unit types occupied and couples versus singles. Actual rate for 2018 was 97.2% versus a forecasted rate of 96%.
2. Health Center revenue was greater than forecasted due to an increase in the occupancy rate, as well as a difference in the mix of room types occupied. Actual rate for 2018 was 70.3% versus a forecasted rate of 70%.
3. Assisted Living revenue was lower than forecasted due to a decrease in the occupancy rate, as well as a difference in the mix of room types occupied. Actual rate for 2018 was 83.9% versus a forecasted rate of 93%.
4. Remarketing income was lower than forecasted due to the number and mix of unit turnovers.
5. Refurbishing reimbursements were lower than forecasted due to the number and mix of unit turnovers and was also impacted by the previously improved unit inventory based on increased level of finishes selected by prior residents.
6. Nursing services expenses were greater than forecasted due to an increase in the occupancy rate over forecast as well as the impact of inflation on the cost of providing health services.
7. Plant operations and grounds expenses were lower than forecasted largely due to decreased expenditures related to refurbishments and modifications, as evidenced by comparably lower refurb revenue.
8. Shared appreciation expenses were lower than forecasted due to the mix of vacating residents, including those not residing in their units long enough for entry fee price increases to cover their reimbursement and remarketing costs, thus leading to lower than anticipated shared appreciation expense.
9. Amortization of advance fees - on campus were lower than forecasted as the ASC 606 Revenue Recognition accounting pronouncement was not required to be adopted in 2018 as originally anticipated.
10. Amortization of advance fees - Early Advantage for 2018 was uncertain and not forecasted.
11. Realized and Unrealized investment gains are uncertain, unpredictable and not forecasted.
12. Depreciation and amortization were higher than forecasted largely due to more fully depreciated assets than anticipated as well as the mix of acquired asset types.

Carolina Meadows, Inc.
Statements of Cash Flows
Comparison of Actual Results with Forecasted Proforma Projections
Year Ended December 31, 2018

	2018	2018	Variance	
	Actual	Forecasted	Over (Under)	Notes ***
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets Without Donor Restrictions	\$ 4,520,858	\$ 289,000	\$ 4,231,858	1
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Proceeds from Advance Fees- On Campus, including Assisted Living direct admits	10,094,434	13,727,000	(3,632,566)	2
Proceeds from Advance Fees- Early Advantage	486,000	645,000	(159,000)	
Depreciation	4,773,706	4,370,000	403,706	3
Amortization of Deferred Costs	4,542	5,000	(458)	
Equity Refund Advances	(23,104)	-	(23,104)	
Amortization of Advance Fees - On Campus	(5,581,934)	-	(5,581,934)	4
Amortization of Advance Fees - Early Advantage	(423,113)	-	(423,113)	5
Amortization of Deferred Financing Costs	21,900	22,000	(100)	
Amortization of Other Deferred Costs	-	-	-	
Change in Value of Resident Gift Annuities	-	-	-	
(Gain) Related to Interest Rate Swap Agreements	(170,402)	-	(170,402)	
Realized and Unrealized Investment Losses, Net	1,322,862	-	1,322,862	6
Net Change in:				
Accounts Receivable	365,051	-	365,051	7
Accrued Interest Receivable	-	-	-	
Sales Tax Refund Receivable	(4,197)	-	(4,197)	
Inventories	(26,901)	-	(26,901)	
Prepaid Expenses and Other Assets	(26,802)	-	(26,802)	
Accounts Payable	262,002	-	262,002	8
Accrued Expenses	(23,165)	-	(23,165)	
Net Cash Provided by Operating Activities	<u>15,571,737</u>	<u>19,058,000</u>	<u>(3,486,263)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	47,002,964	-	47,002,964	9
Purchase of Investments and Assets Limited as to Use	(46,487,416)	(5,124,000)	(41,363,416)	10
Acquisition and Construction of Property and Equipment	(2,503,343)	(3,300,000)	796,657	11
Increase in Deferred Marketing Costs	-	-	-	
Increase in Debt Issuance Costs	-	-	-	
Net Cash Used in Investing Activities	<u>(1,987,795)</u>	<u>(8,424,000)</u>	<u>6,436,205</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Change from Deposits on Occupied and Unconstructed Units	640,845	(12,000)	652,845	12
Payments on Resident Gift Annuities	-	-	-	
Principal Payments on Long-Term Debt	(1,594,280)	(951,000)	(643,280)	13
Proceeds from Long-Term Debt	-	-	-	
Refunds of Advance Fees - On Campus	(9,655,909)	(10,486,000)	830,091	14
Refunds of Advance Fees - Early Advantage	-	(81,000)	81,000	
Net Payments from Line of Credit	-	-	-	
Net Change from Deposits in Agency Accounts	(919,413)	49,000	(968,413)	15
Net Cash Used in Financing Activities	<u>(11,528,757)</u>	<u>(11,481,000)</u>	<u>(47,757)</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,055,185	(847,000)	2,902,185	
Cash and Cash Equivalents - Beginning of Year	2,846,945	2,847,000	(55)	
Cash and Cash Equivalents - End of Year	<u>\$ 4,902,130</u>	<u>\$ 2,000,000</u>	<u>\$ 2,902,130</u>	

***See Notes on Following Page for Variances Greater than \$250,000 which is less than 1% of total revenues

Carolina Meadows, Inc.
Statements of Cash Flows
Comparison of Actual Results with Forecasted Proforma Projections
Notes for Variances
As of and for the Year Ended December 31, 2018

Cash Flows are determined by the changes within the Balance Sheet accounts and the operating results contained with the Statements of Operations and since those variances have been identified in the preceding pages, Carolina Meadows considers anything greater than \$250,000 to be material for purposes of analyzing variances between actual and forecasted cash flows.

1. The change in Net Assets Without Donor Restrictions was greater than forecasted mainly due to the amortization revenue of advance fees - on campus which was not forecasted as the ASC 606 Revenue Recognition accounting pronouncement was not required to be adopted in 2018 as originally anticipated.
2. The change in Proceeds From Advance Fees - On Campus was lower than the forecast due to a variation in the number and mix of units types sold.
3. Depreciation was higher than forecasted largely due to more fully depreciated assets than anticipated as well as the mix of acquired asset types.
4. Amortization of Advance Fees - On Campus were lower than forecasted as the ASC 606 Revenue Recognition accounting pronouncement was not required to be adopted in 2018 as originally anticipated.
5. Amortization of Advance Fees - Early Advantage for 2018 were uncertain and not forecasted.
6. Realized and Unrealized Investment Losses are uncertain, unpredictable and not forecasted.
7. The actual change in Accounts Receivable was not forecasted.
8. The actual change in Accounts Payable was not forecasted.
9. Proceeds from Sales and Maturities of Investments and Assets Limited As To Use are uncertain, unpredictable and not forecasted.
10. Purchases of Investments and Assets Limited as to Use are uncertain and more investments were purchased than forecasted largely due to a 2018 change in investment advisors.
11. Acquisition and Construction of Property and Equipment are lower due to delays in the completion of certain capital projects.
12. The Net Change from Deposits on Occupied Units compared to forecast is greater due to a variation in the number of deposits paid and held in anticipation of the construction of new on campus independent living units.
13. Principal Payments on Long-Term Debt are greater than forecasted due to the early payoff of bank debt during 2018.
14. Refunds of Advance Fees - On Campus were lower than the forecast due to a variation in the number and mix of unit types refunded.
15. Net Change from Deposits in Agency Accounts varies from forecast due to fewer refunds requiring deposits to be held in agency based on associated deemed financial risk as well as refunds paid on older accounts previously held in agency.

Attachment 3: Interim Financial Statements

CAROLINA MEADOWS, INC.
Statements of Financial Position
March 31, 2019 and 2018

ASSETS	2019	2018
Current Assets		
Cash and cash equivalents	\$ 3,985,174	\$ 2,794,269
Accounts receivable	1,932,811	2,022,861
Sales tax refund	306,725	182,062
Inventories	398,581	370,738
Prepaid expenses	334,854	345,956
Total current assets	<u>6,958,145</u>	<u>5,715,886</u>
Assets Limited as to Use		
Board designated funds	12,043,602	10,985,792
N.C. operating reserve fund	8,481,000	8,362,000
Resident funds held in agency accounts	1,547,779	2,725,121
	<u>22,072,381</u>	<u>22,072,913</u>
Investments and Other Assets		
Investments	7,309,887	7,721,412
Deferred costs	70,151	96,593
	<u>7,380,038</u>	<u>7,818,005</u>
Property and Equipment	<u>73,909,938</u>	<u>75,274,574</u>
Total Assets	<u><u>110,320,502</u></u>	<u><u>110,881,378</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	590,000	630,000
Current portion of term loan	-	321,432
Due to (from) Parent Company	(129,541)	(119,068)
Due to (from) Home Care Company	(245,399)	(132,294)
Due to (from) Management Company	(37,804)	(37,584)
Due to (from) Foundation	(11,976)	-
Accounts payable	1,375,671	1,548,316
Accrued expenses	1,939,301	2,112,002
Advance fees and refunds due	481,593	130,000
Total current liabilities	<u>3,961,845</u>	<u>4,452,804</u>
Long-term debt, less current maturities	<u>12,495,000</u>	<u>13,707,490</u>
Deferred Revenue and Other Liabilities		
Deferred revenue from advance fees	49,618,879	53,721,487
Other deferred revenue	308,100	232,700
Deposits on occupied units	4,106,940	3,049,130
Agency funds due residents	1,547,779	2,725,121
Interest rate swap agreements	208,937	379,339
	<u>55,790,635</u>	<u>60,107,777</u>
Total Liabilities	<u>72,247,480</u>	<u>78,268,071</u>
Net Assets without Donor Restrictions	<u>38,073,022</u>	<u>32,613,307</u>
Total Liabilities and Net Assets	<u><u>\$ 110,320,502</u></u>	<u><u>\$ 110,881,378</u></u>

CAROLINA MEADOWS, INC.
Statements of Activities
For the Three Months Ended March 31, 2019 and 2018

	Actual	2019 Budget	Variance	2018 Actual
Operating Revenues				
Resident Fees Earned	\$ 7,581,382	\$ 7,614,962	\$ (33,580)	\$ 7,545,444
Early Advantage Fees	145,637	162,150	(16,513)	87,382
Resident Assistance Fund Fees	68,000	127,500	(59,500)	187,000
Dining Services	526,007	552,107	(26,100)	539,441
Maintenance Services	5,730	7,697	(1,967)	3,599
Housekeeping Services	75,827	74,377	1,450	70,575
Resident Services	11,402	25,616	(14,214)	22,721
Ancillary and Miscellaneous Services	120,049	173,203	(53,154)	149,401
Remarketing Income	70,640	173,155	(102,515)	230,860
Refurbishment and Modification Income	321,854	363,506	(41,652)	482,109
Investment Income	114,166	68,652	45,514	67,030
Total Operating Revenues	9,040,694	9,342,925	(302,231)	9,385,562
Operating Expenses				
Administrative Services	685,667	690,040	(4,373)	619,203
Early Advantage	23,815	13,749	10,066	10,172
Dining Services	1,581,991	1,702,140	(120,149)	1,612,150
Housekeeping and Laundry	352,910	354,404	(1,494)	327,182
Plant Operations	1,010,318	1,031,952	(21,634)	947,892
Grounds	251,938	267,489	(15,551)	300,670
Resident Services	158,647	169,004	(10,357)	165,077
Human Resources	153,703	177,779	(24,076)	166,579
On-site Medical Practice	377,106	296,818	80,288	262,045
Wellness	76,643	80,744	(4,101)	80,308
Nursing Services	972,747	970,702	2,045	956,355
Assistant Living Services	408,447	443,381	(34,934)	418,458
Marketing	201,553	191,971	9,582	149,126
Social Services	93,314	103,299	(9,985)	119,090
Activities	131,882	136,545	(4,663)	116,154
Information Technology	439,633	346,895	92,738	284,700
General Expenses	451,670	450,711	959	448,037
Refurbishment and Modification Expense	401,323	460,329	(59,006)	502,420
Shared Appreciation Expense	(22,410)	-	(22,410)	(83,791)
Interest Expense	95,806	104,250	(8,444)	118,063
Total Operating Expenses	7,846,703	7,992,202	(145,499)	7,519,890
Total Operating Surplus (Deficit) Before Other Revenues and Expenses	1,193,991	1,350,723	(156,732)	1,865,672
Other Revenues and (Expenses)				
Amortization of Deferred Revenue	29,900	-	29,900	42,900
Change in Fair Value of Interest Rate Swap Agreements	-	-	-	-
Realized Gains (Losses) on Investments	24,603	-	24,603	330,779
Unrealized Gains (Losses) on Investments	1,597,506	-	1,597,506	(308,860)
Contributions	4,745	-	4,745	2,070
Depreciation	(1,111,810)	(1,137,400)	25,590	(1,132,968)
Amortization	(6,611)	(6,600)	(11)	(6,611)
Resident Assistance Expense	(137,588)	(231,041)	93,453	1,995
Total Other Revenues and Expenses	400,745	(1,375,041)	1,775,786	(1,070,695)
Change in Net Assets without Donor Restrictions	\$ 1,594,736	\$ (24,318)	\$ 1,619,054	\$ 794,977

CAROLINA MEADOWS, INC.
Statements of Cash Flows
For the Three Months Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,594,736	\$ 794,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from advance fees	1,665,565	4,350,900
Depreciation	1,111,810	1,132,968
Amortization of advance fees	(29,900)	(42,901)
Amortization of deferred costs, including financing	6,610	6,610
Equity refund advances	(370,883)	(345,259)
Change in value of resident gift annuities	-	-
Loss on disposal of fixed assets	-	-
(Gains) losses related to interest rate swap agreements	-	-
Net unrealized and realized investment (gains) losses	(1,622,109)	(21,919)
Net change in:		
Accounts receivable	340,009	566,282
Sales tax refund receivable	(59,882)	60,584
Inventories	1,487	2,429
Prepaid expenses and other assets	(150,081)	(187,985)
Due to (from) Parent Company	-	3,003
Due to (from) Home Care Company	(24,005)	(5,197)
Due to (from) Management Company	-	-
Due to (from) Foundation	-	-
Accounts payable	(892,603)	(457,945)
Accrued expenses	(212,037)	(89,729)
Net cash provided by operating activities	<u>1,358,717</u>	<u>5,766,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and assets limited as to use	6,927,524	1,737,350
Purchase of investments and assets limited as to use	(6,654,510)	(1,711,173)
Acquisition and construction of property and equipment	(1,344,904)	(460,334)
Net cash used in investing activities	<u>(1,071,890)</u>	<u>(434,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change from unit deposits	456,720	39,755
Payments on resident gift annuities	-	-
Net proceeds from line of credit	-	-
Principal payments on long-term debt	(210,000)	(150,000)
Proceeds on term loan	-	-
Principal payments on term loan	-	(80,358)
Refunds of advance fees	(1,415,753)	(4,625,345)
Net change in refunds due	351,593	(516,056)
Net change from deposits in agency accounts	(384,262)	(53,333)
Net cash used in financing activities	<u>(1,201,702)</u>	<u>(5,385,337)</u>
Net increase (decrease) in cash	(914,875)	(52,676)
Cash beginning	<u>4,900,049</u>	<u>2,846,945</u>
Cash ending	<u>\$ 3,985,174</u>	<u>\$ 2,794,269</u>

Unaudited - For Management Purposes Only

12:19 PM5/28/2019

Attachment 4: Forecasted Financial Statements (5-Years)

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES

FORECASTED FINANCIAL STATEMENTS

For the Years Ending December 31, 2019 through 2023

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES

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Years Ending December 31, 2019 Through 2023

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Carolina Meadows Senior Communities & Services, Inc. and Affiliates
Chapel Hill, North Carolina

Management is responsible for the accompanying financial forecast of Carolina Meadows Senior Communities & Services, Inc. and Affiliates, which comprises the forecasted balance sheets as of December 31, 2019 through 2023, and the related forecasted statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial forecast.

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

Sanders, Walsh & Eaton, LLC

Osterville, Massachusetts
May 10, 2019

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CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES

Forecasted Balance Sheets

At December 31, 2019 through 2023

(Dollars in Thousands)

	ASSETS				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Current Assets:					
Cash and cash equivalents	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Accounts receivable, net	1,902	1,902	1,902	1,902	1,902
Sales tax refund receivable	247	247	247	247	247
Inventories	400	400	400	400	400
Prepaid expenses	185	185	185	185	185
Total current assets	<u>4,734</u>	<u>4,734</u>	<u>4,734</u>	<u>4,734</u>	<u>4,734</u>
Assets limited as to use:					
Board designated, agency and escrow accounts	13,446	13,303	13,041	12,744	12,476
Reserves required by state statute	8,481	8,624	8,886	9,183	9,451
Total assets limited as to use	<u>21,927</u>	<u>21,927</u>	<u>21,927</u>	<u>21,927</u>	<u>21,927</u>
Investments and other assets:					
Investments	10,123	6,782	23,137	32,420	42,851
Deferred cost, net	28	24	19	15	10
Total investments and other assets	<u>10,151</u>	<u>6,806</u>	<u>23,156</u>	<u>32,435</u>	<u>42,861</u>
Property, plant and equipment:					
	155,737	173,611	181,772	185,072	188,372
Less accumulated depreciation	(73,162)	(78,357)	(83,708)	(89,220)	(94,897)
Net property and equipment	<u>82,575</u>	<u>95,254</u>	<u>98,064</u>	<u>95,852</u>	<u>93,475</u>
Total assets	<u>\$ 119,387</u>	<u>\$ 128,721</u>	<u>\$ 147,881</u>	<u>\$ 154,948</u>	<u>\$ 162,997</u>
	LIABILITIES AND NET ASSETS				
Current Liabilities:					
Current maturities of long-term debt	\$ 670	\$ 690	\$ 715	\$ 735	\$ 760
Construction line of credit	9,683	1,130	-	-	-
Accounts payable	2,268	2,268	2,268	2,268	2,268
Accrued expenses	2,179	2,179	2,179	2,179	2,179
Advance fees and refunds due	130	130	130	130	130
Total current liabilities	<u>14,930</u>	<u>6,397</u>	<u>5,292</u>	<u>5,312</u>	<u>5,337</u>
Long-term debt, less current maturities	11,953	11,286	10,570	9,836	9,075
Deferred revenue and other liabilities:					
Advance fee liability - On Campus	145,582	162,845	180,324	183,461	186,841
Advance refundable fees - Early Advantage	906	1,007	1,095	1,194	1,294
Other deferred revenue	208	208	208	208	208
Deposits on occupied units	3,650	3,650	3,650	3,650	3,650
Agency funds due residents	1,859	1,859	1,859	1,859	1,859
Interest rate swap agreement	209	209	209	209	209
Total deferred revenue and other liabilities	<u>152,414</u>	<u>169,778</u>	<u>187,345</u>	<u>190,581</u>	<u>194,061</u>
Total liabilities	179,297	187,461	203,207	205,729	208,473
Net assets:					
Without donor restrictions	(59,910)	(58,740)	(55,326)	(50,781)	(45,476)
With donor restrictions	-	-	-	-	-
Total net assets	<u>(59,910)</u>	<u>(58,740)</u>	<u>(55,326)</u>	<u>(50,781)</u>	<u>(45,476)</u>
Total liabilities and net assets	<u>\$ 119,387</u>	<u>\$ 128,721</u>	<u>\$ 147,881</u>	<u>\$ 154,948</u>	<u>\$ 162,997</u>

See summaries of significant forecast assumptions and accounting policies and accountants' report

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
Forecasted Statements of Operations and Changes in Net Assets
For the Years Ending December 31, 2019 through 2023
(Dollars in Thousands)

	2019	2020	2021	2022	2023
Revenue, gains and other support without donor restrictions:					
Resident fees earned, On Campus	\$ 17,266	\$ 18,183	\$ 20,410	\$ 21,542	\$ 22,350
Resident fees earned, Early Advantage Program	649	809	833	858	884
Health Care:					
Health Center fees	7,695	8,275	8,846	9,357	9,802
Assisted Living fees	5,504	5,892	6,227	6,497	6,771
Amortization of advance fees, On Campus	-	-	-	-	-
Amortization of advance fees, Early Advantage Program	-	-	-	-	-
Resident assistance fund fees	510	525	541	557	574
Dining services	2,378	2,449	2,523	2,599	2,676
Maintenance services	29	30	31	32	33
Housekeeping services	302	311	320	330	340
Resident services	104	107	110	114	117
Medical ancillary charges	575	592	610	628	647
Miscellaneous	130	134	138	142	146
Remarketing income	693	714	735	757	780
Modification and refurbishing revenue	1,454	1,498	1,543	1,589	1,636
Investment/interest income	598	699	778	1,076	1,299
Contribution/gift income	-	-	-	-	-
Total revenue, gains and other support without donor restrictions	<u>37,887</u>	<u>40,218</u>	<u>43,645</u>	<u>46,078</u>	<u>48,055</u>
Expenses:					
Health care:					
On-site Medical Practice	1,214	1,250	1,288	1,327	1,367
Nursing Services	3,943	4,061	4,183	4,309	4,438
Assisted Living Services	1,801	1,855	1,911	1,968	2,027
Dietary services	6,860	7,078	7,303	7,546	7,772
Maintenance, plant operations, and grounds	7,037	7,264	7,495	7,750	7,982
Housekeeping and laundry services	1,498	1,543	1,589	1,637	1,686
Resident services	690	721	752	794	818
General and administrative services	4,539	4,700	4,865	5,060	5,212
Human resources	669	689	710	731	753
Information technology	1,430	1,473	1,517	1,563	1,609
Marketing	831	856	882	908	935
Wellness, social services and activities	1,307	1,346	1,387	1,428	1,471
Early Advantage Program	100	103	106	109	112
Interest expense	417	328	310	292	274
Shared appreciation expense	-	-	-	-	-
Resident assistance fund expense	937	560	577	594	612
Depreciation	4,550	5,195	5,351	5,512	5,677
Amortization	26	26	5	5	5
Total expenses	<u>37,849</u>	<u>39,048</u>	<u>40,231</u>	<u>41,533</u>	<u>42,750</u>
Increase in net assets without donor restrictions	38	1,170	3,414	4,545	5,305
Net assets, beginning of year without donor restriction	36,052	(59,910)	(58,740)	(55,326)	(50,781)
Cumulative effect adjustment: Change in accounting principle regarding deferred revenue from entrance fees	(96,000)	-	-	-	-
Net assets, end of the year without donor restrictions	<u>\$ (59,910)</u>	<u>\$ (58,740)</u>	<u>\$ (55,326)</u>	<u>\$ (50,781)</u>	<u>\$ (45,476)</u>

See summaries of significant forecast assumptions and accounting policies and accountants' report

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
Forecasted Statements of Cash Flows
For the Years Ending December 31, 2019 through 2023
(Dollars in Thousands)

	2019	2020	2021	2022	2023
Cash flows from operating activities:					
Change in unrestricted net assets without donor restrictions	\$ 38	\$ 1,170	\$ 3,414	\$ 4,545	\$ 5,305
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Proceeds from advance fees - on campus	13,212	27,323	28,600	14,930	15,821
Proceeds from advance fees - early advantage	438	236	228	248	244
Net realized and unrealized gains on investments and assets limited as to use	-	-	-	-	-
Depreciation	4,550	5,195	5,351	5,512	5,677
Amortization of deferred costs	5	5	5	5	5
Amortization of financing cost	22	22	-	-	-
Amortization of other deferred revenue	-	-	-	-	-
Amortization of advance fees	-	-	-	-	-
Net change in:					
Accounts receivable	-	-	-	-	-
Sales tax refund receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Accounts payable	-	-	-	-	-
Accrued expenses	-	-	-	-	-
Net cash provided by operating activities	<u>18,264</u>	<u>33,951</u>	<u>37,598</u>	<u>25,239</u>	<u>27,052</u>
Cash flows from investing activities:					
Proceeds from (purchase of) investments and assets as limited as to use	(4,090)	3,341	(16,356)	(9,282)	(10,432)
Acquisition of property and equipment	<u>(13,448)</u>	<u>(17,874)</u>	<u>(8,161)</u>	<u>(3,300)</u>	<u>(3,300)</u>
Net cash used by investing activities	<u>(17,538)</u>	<u>(14,533)</u>	<u>(24,517)</u>	<u>(12,582)</u>	<u>(13,732)</u>
Cash flows from financing activities:					
Net change from deposits on occupied units	-	-	-	-	-
Principal payments of long-term debt	(650)	(670)	(690)	(715)	(735)
Principal payments of line of credit	-	(14,530)	(1,130)	-	-
Refunds of advance fees - on campus	(12,537)	(10,060)	(11,121)	(11,793)	(12,441)
Refunds of advance fees - early advantage	(124)	(135)	(140)	(149)	(144)
Net proceeds from construction loan	9,683	5,977	-	-	-
Net change from deposits in agency accounts	-	-	-	-	-
Net cash used by financing activities	<u>(3,628)</u>	<u>(19,418)</u>	<u>(13,081)</u>	<u>(12,657)</u>	<u>(13,320)</u>
Net increase in cash and cash equivalents	(2,902)	-	-	-	-
Cash and cash equivalents, beginning of year	<u>4,902</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Cash and cash equivalents, end of year	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Supplemental disclosure of cash flow information					
Cash paid for interest	<u>\$ 417</u>	<u>\$ 328</u>	<u>\$ 310</u>	<u>\$ 292</u>	<u>\$ 274</u>

See summaries of significant forecast assumptions and accounting policies and accountants' report

CAROLINA MEADOWS SENIOR COMMUNITES & SERVICES, INC. AND AFFILIATES

Summary of Significant Forecast Assumptions and Accounting Policies

For the Years Ending December 31, 2019 through 2023

Financial Statements Presentation Assumptions

This financial forecast presents, to the best of the management's knowledge and belief, the expected financial position, results of operations, and cash flows of Carolina Meadows Senior Communities & Services, Inc. and Affiliates ("Carolina Meadows") for the forecast period. Accordingly, the forecast reflects management's judgment as of May 10, 2019, the date of this forecast, of the expected conditions and its expected course of action. This report was prepared for Carolina Meadows, Inc.'s management to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Management does not intend to revise this forecast to reflect the changes in present circumstances or the occurrence of unanticipated events.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Carolina Meadows is a North Carolina not-for-profit corporation established in 1983 for the purpose of providing housing, health care and other related services to residents through the operation of a retirement community containing built inventory consisting of 287 villas, 156 apartments, 78 assisted living facility apartments and a 90-bed licensed health center located in Chatham County, North Carolina.

Basis of Presentation

The accompanying forecasted financial statements have been prepared on the accrual basis of accounting and in accordance with the principles generally accepted in the United States of America.

Net Assets

Carolina Meadows classifies its funds for accounting and reporting purposes as either unrestricted, temporarily restricted and permanently restricted as follows:

- Net Assets Without Donor Restrictions

Net assets consisting of all resources that have no donor-imposed restrictions. All Carolina Meadows assets are currently Net Assets Without Donor Restrictions.

- Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and others are perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Carolina Meadows currently has no Net Assets With Donor Restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

Accounts Receivable

Resident accounts receivable consist of resident monthly service fees. Carolina Meadows provides an allowance for uncollectible accounts using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submission.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES

Summary of Significant Forecast Assumptions and Accounting Policies

For the Years Ending December 31, 2019 through 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

Assets Limited As To Use

Assets limited as to use include assets set aside by the Board of Directors ("Board") for resident assistance payments and contingencies over which the Board retains control and may, at its discretion, subsequently use for other purposes. It also includes resident funds held in agency accounts and reserve funds required under North Carolina General Statute 58-64-33.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments other than trading securities are excluded from the excess of revenues over expenses.

Fair Value Measurements

Carolina Meadows categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

Subsequent to initial recognition, Carolina Meadows may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
Summary of Significant Forecast
Assumptions and Accounting Policies
For the Years Ending December 31, 2019 through 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fair Value Measurements (continued):

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Carolina Meadows adopted the policy to value certain financial instruments at fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Securities valued using Level 1 inputs held by Carolina Meadows include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by Carolina Meadows include the interest rate swap agreements, equity securities held in partnerships and certain alternative investments. Level 3 inputs held by Carolina Meadows include certain alternative investments.

Derivatives

Derivatives and hedging instruments are recorded at fair value in the financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying forecasted balance sheets at estimated fair value and no gains or losses are forecasted. Carolina Meadows does not hold or issue financial instruments for trading purposes.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Assets that cost over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the recoverability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Management has not forecasted any impairment of assets during the forecast period.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES

Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2019 through 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Advance Fees

Under the terms of the residency and care agreement, each resident pays an entrance fee. The agreement requires a deposit of 5% of the entrance fee when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net Entrance fees, along with monthly service fees, pay for the cost of services provided to residents.

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable entrance fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is vacated and a new resident occupies the unit.

Deposits paid, less an administrative charge, are refundable to persons canceling their residency contract prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or from physical or mental impairment.

New Accounting Pronouncement

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires entities to identify performance obligations within contracts with customers and allocated the transaction price to those performance obligations using their standalone selling prices. The amendments also clarify that refundable advance fees should be accounted for and reported as a liability. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2018.

While management estimates the impact of the adoption of this pronouncement may decrease the Carolina Meadows' net assets without donor restrictions by approximately \$96,000,000, refunds are not contractually due until after villas and apartments are resold.

Income Tax Status

Carolina Meadows is a nonprofit, tax-exempt organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying forecasted financial statements do not reflect a provision or liability for federal or state income taxes.

NOTE B - LONG-TERM DEBT:

For purposes of this financial forecast, it has been assumed that the historical carrying value of long-term debt equals the fair value of such debt. Long-term debt consists of North Carolina Medial Care Commission tax-exempt bank qualified debt with predetermined monthly payments scheduled through 2034.

During 2010, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. This agreement effectively limits Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 3.28%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counterparty. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging purposes, and does not hold instruments for speculative or investment purposes.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES

Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2019 through 2023

NOTE C - FORECASTED REVENUE AND EXPENSES:

Revenue

Forecasted revenue from service fees on the existing and expanded facilities starting in 2019 are based on the following schedule of forecasted fees and forecasted occupancy:

<u>Independent Living</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Monthly Fees:					
Early Advantage Program	\$ 575	\$ 587	\$ 598	\$ 610	\$ 622
Basic:					
Entrants Prior to January 1, 2001	\$ 2,594	\$ 2,685	\$ 2,779	\$ 2,876	\$ 2,977
New Entrants Beginning January 1, 2001	\$ 2,767	\$ 2,864	\$ 2,964	\$ 3,068	\$ 3,175
Square Footage Rate Beginning January 1, 2011	\$ 2,989	\$ 3,094	\$ 3,202	\$ 3,314	\$ 3,430
Square Footage Rate Beginning January 1, 2016	\$ 3,200	\$ 3,312	\$ 3,428	\$ 3,548	\$ 3,672
Sq. Ft. Rate Beginning January 1, 2019, Expansion units	\$ 3,253	\$ 3,367	\$ 3,485	\$ 3,607	\$ 3,733
Second Person Fees Prior to January 1, 2016	\$ 799	\$ 827	\$ 856	\$ 886	\$ 917
Second Person Fees After January 1, 2016	\$ 962	\$ 996	\$ 1,031	\$ 1,067	\$ 1,104
Food Allowance	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Units Available	443	463	483	483	483
Occupancy Percent	98%	95%	97%	98%	98%
<u>Health Center</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Daily Rates:					
Private	\$ 350	\$ 361	\$ 372	\$ 383	\$ 394
Semi-Private	\$ 333	\$ 343	\$ 353	\$ 364	\$ 375
Beds Available	86	86	86	86	86
Occupancy Percent	71%	71%	71%	71%	71%
<u>Assisted Living</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Daily Rates:					
Single	\$ 227	\$ 234	\$ 241	\$ 248	\$ 255
Single Unit Couple	\$ 364	\$ 375	\$ 386	\$ 398	\$ 410
1.5 Bath Unit - Single	\$ 255	\$ 263	\$ 271	\$ 279	\$ 287
1.5 Bath Unit - Couple	\$ 338	\$ 348	\$ 358	\$ 369	\$ 380
2 Bath Unit	\$ 364	\$ 375	\$ 386	\$ 398	\$ 410
Special Care	\$ 289	\$ 298	\$ 307	\$ 316	\$ 325
Units Available	78	78	78	78	78
Occupancy Percent	78%	81%	81%	81%	81%

The actual rate increases may be greater than those estimated above based on increased costs to operate Carolina Meadows because of inflation and other unpredictable factors which may cause costs to exceed what has been forecasted by Management. The independent living square footage rates beginning 2011, 2016 and 2019 are average monthly rates across all unit types.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
Summary of Significant Forecast
Assumptions and Accounting Policies
For the Years Ending December 31, 2019 through 2023

NOTE C - FORECASTED REVENUE AND EXPENSES (continued):

Revenue (continued):

Management has based its forecasted sales and unit turnover assumptions in part on information it obtains from its actuaries and in part on historical experience.

The following table for Entrance Fees from Turnover shows the number of units filled and the corresponding proceeds received over the forecast period:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Units Filled From Turnover	33	34	36	36	37
Units Filled from Vacant/New Sales	3	20	20	-	-
Units Emptied	(33)	(34)	(36)	(36)	(37)
Entrance Fee Receipts on Turnover	\$ 11,833	\$ 12,793	\$ 14,077	\$ 14,930	\$ 15,821
Entrance Fee Receipts on Vacant/New Sales	1,379	14,530	14,523	-	-
Entrance Fee Refunds	(12,537)	(10,060)	(11,121)	(11,793)	(12,441)
Net Proceeds	<u>\$ 675</u>	<u>\$ 17,263</u>	<u>\$ 17,479</u>	<u>\$ 3,137</u>	<u>\$ 3,380</u>

Basic Monthly Fee Revenue

Management forecasts basic monthly fee revenue to increase at a rate of 3.5% per year for independent living and at a rate of 3.0% per year for health center and assisted living.

Other Revenue

Management forecasts other revenues of maintenance services, housekeeping services, resident services, medical and ancillary charges, miscellaneous, remarketing income, modification and refurbishing revenue to increase at rates of 3.5% per year.

Investment Income

Management forecasts investment income to increase at a rate of 2.5% per year.

Expenses

After giving effect to increases related to turnover, operating expenses (excluding depreciation, amortization, and interest expense) are forecasted to increase annually by an average of 3% over the forecast period.

Capital Additions

Depreciation and amortization is based on current depreciation and amortization tables, factoring in forecasted capital additions as follows. Capital amounts are noted in thousands as follows:

<u>Year</u>	<u>Amount</u>
2019	\$13,448
2020	\$17,874
2021	\$ 8,161
2022	\$ 3,300
2023	\$ 3,300

Depreciation expense is computed using the straight-line method over the useful lives of the assets. The years 2019 through 2021 include a total of \$29,138,000 representing the estimated cost of 40 potential new independent living units as part of the Carolina Meadows campus master plan. A total of \$90,000 in capitalized interest is included in this total of \$29.1 million for the 40 potential new independent living units.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
Summary of Significant Forecast
Assumptions and Accounting Policies
For the Years Ending December 31, 2019 through 2023

NOTE D - CAROLINA MEADOWS EARLY ADVANTAGE PROGRAM:

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a "continuing care without lodging" contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow's campus amenities and the same health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly 58-64-7 (c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expense for on-campus services on the financial statements and five-year forecasts. Carolina Meadows had 80 and 48 residents under contract in the Early Advantage Program as of December 31, 2018 and 2017, respectively.

Attachment 5: Actuarial Report (no recent Actuarial Study completed in last 6 years)

Attachment 6(a): Residency and Care Agreement



Residency and Care Agreement

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Residency and Care Agreement

Introduction

This Residency and Care Agreement (the “Agreement”) takes effect on the ____ day of _____. The Agreement is between Carolina Meadows, Inc. and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, and Resident(s) refer to _____. All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517. We are a Life Plan Community licensed as a continuing-care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to a right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence and Date of Financial Responsibility

You shall have the exclusive right to occupy, use, and enjoy Residence number _____, _____, model _____, an independent living unit that hereinafter will be referred to as your “Residence”, until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven and microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates

zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

- 1.1 The Entry Fee is _____ consisting of the following payments:
 - 1.1a A Reservation Deposit of _____, paid on _____.
 - 1.1b The balance of the Entry Fee _____, is due on or before _____.
- 1.2 A Resident Assistance Fee of _____ is to be paid when you pay the balance of the Entry Fee on or before _____. This fee is separate from the Entry Fee and is refundable only if you cancel this Agreement within the Rescission period of 30 days (see Section 5).
- 1.3 The Date of Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, when we make available your Residence to occupy, and when your obligation to pay for services begins. Should your desired modifications delay your ability to occupy your Residence beyond the Date of Occupancy, you agree to begin paying your Monthly Service Fee, as described in Section 2 below, on the Date of Occupancy. Your Date of Occupancy is _____. _____ initials
- 1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Service Fee

In return for the Monthly Service Fee, we will provide the services described in Section 3. The Monthly Service Fee is currently _____, but we may increase it from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Service Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason. _____ initials

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
 - A. An emergency call system monitored 24 hours a day.
 - B. Professional management of the community and its facilities.
 - C. Regularly scheduled transportation.

- D. Maintenance of all buildings and grounds; upkeep of roads and walkways.
 - E. Repair of all equipment and appliances that we provide.
 - F. Housekeeping in hallways, elevators, rest rooms, lounges and other common areas.
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage.
 - H. 24-hour security.
 - I. Water and sewer services; all utilities in common areas; standard television cable service.
 - J. Removal of trash and recyclables deposited by residents as designated by us.
 - K. Use of the enclosed swimming pool and exercise room.
 - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course.
 - M. Wireless Internet availability in designated areas throughout the campus.
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the "Meal Minimum") currently \$_____ per resident per month, in our Dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, or semi-annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a 20% surcharge and will be billed against your Meal Minimum or may be paid by credit card, check or cash at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services on an *a la carte basis*, separate from the Monthly Service Fee. These additional services are not included in the services covered by the Monthly Service Fee. The specific charge for each of these additional services may be changed by us from time to time as *deemed* appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations).

- B. Care in the Fairways Assisted Living.
- C. Medical treatment in the Primary Care Medical Practice.
- D. Home Care services.
- E. Rehabilitation services.
- F. Use of guest room accommodations.
- G. Personal fitness training.
- H. Housekeeping and/or handyman services.
- I. Home meal delivery.
- J. Meals in excess of the monthly food minimum.
- K. Guest meals for your visitors.
- L. Assistance by a nurse or aide through a licensed home care or home health agency.
- M. Nutrition and diet counseling.

Section 5: Your Right to Rescind This Agreement within 30 Days

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may but are not required to move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1, 1.1a, 1.1b, and 1.2 minus a service charge not to exceed the greater of \$1,000 or 2% of the Entry Fee. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later.

Section 6: Termination of This Agreement Prior to Occupancy and After the Thirty Day Rescission Period has Expired

6.1 Termination by You: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received.

Your refund, without interest, of the Entry Fee and Resident Assistance Fee you have paid less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residency and Care

Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

6.2 Termination by Carolina Meadow:

Prior to Occupancy: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material financial, medical, or other information given during the application process; (iii) your financial status changes such that you no longer meet the financial requirements for admission; or (iv) your health status changes such that independent living is no longer possible.

You will receive a refund, of the Entry Fee and the Resident Assistance Fee paid within thirty (30) days, without interest, less a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid and less any non-standard costs incurred by Carolina Meadows at the Resident's request. Modification costs to a residence are non-refundable.

After Occupancy: Carolina Meadows may terminate this Agreement if you (i) misrepresent or omit financial, medical, or other information given during the application process; (ii) fail to comply with the provisions of the Residency and Care Agreement; (iii) fail to comply with the rules and regulations as Carolina Meadows may establish; (iv) fail to pay the monthly fees or any other required charges as specified by the Residency and Care Agreement, or by the rules and regulations of Carolina Meadows; (v) abandon the residence; (vi) develop a physical or mental condition that cannot be cared for by Carolina Meadows within the limits of Carolina Meadows' license; or (vii) you no longer qualify for Independent Living and fail to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residency and Care Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the Resident; a remarketing fee equal to 5% of the new sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly service fees for the

actual time the unit was occupied. Modification costs incurred are non-refundable. The Resident Assistance Fee is also non-refundable after occupancy.

- 6.3 **Death:** If you die before occupying your Residence, or become incapacitated such that you can no longer occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a full refund of the Entry Fee and Resident Assistance Fee that you have paid, less the costs of modifications to the chosen residence.

Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period has Expired

- 7.1 **Termination by You:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Service Fee and monthly meal allowance.

Your refund, without interest, of the Entry Fee you have paid, less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residency and Care Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.2 **Termination by Carolina Meadows:** Carolina Meadows may terminate the Residency and Care Agreement if you fail to pay the Monthly Service Fee, the Monthly Meal Allowance, ancillary charges, or fail to follow the standard policies of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents are jeopardized as a result of your activities or conduct, or if you misrepresented or omitted financial, medical or other information, we can terminate this Agreement. Carolina Meadows may terminate Agreement if Resident fails to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carolina Meadows

to be in the Resident's best interest. Carolina Meadows may terminate if Resident refuses to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' Care coordination team to be in the Resident's best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement.

Your refund, without interest, of the Entry Fee you have paid, less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residency and Care Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.3 **Death:** This agreement shall automatically terminate upon your death or the death of the last to die if a joint agreement. The refund will occur as noted in this Section.

Section 8: Moving to another Residence at Carolina Meadows and Care Coordination

- 8.1 You may request to move to another Residence at Carolina Meadows if you have a change in your health, marital status or financial circumstances after you move in. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to remarket occupancy rights to your Residence at the then current listed Entry Fee. You can move to your new Residence after someone else has agreed to pay the then current listed Entry Fee for your Residence but no sooner than 30 days prior to the scheduled occupancy date by a new resident who has paid the then current Entry Fee for your original Residence. If you want to move sooner, you may be permitted to do so by paying the then current Entry Fee listed for your new Residence (this would not apply if you were moving in with another resident who already had paid an Entry Fee for his or her Residence). You will be responsible for the cost of refurbishing the Residence you vacate and the 5% remarketing fee based on the current Entry Fee. Other than that, the calculation and refund of any amounts due you following the assignment of occupancy rights to your original Residence will proceed as outlined in Section 7.

- 8.2 If you move permanently to the Fairways Assisted Living facility, The Green memory care at The Fairways or the Pines Health Center nursing facility, we can deduct the cost of your care from any refund proceeds due to you under this Agreement.

Your refund, without interest, of the Entry Fee you have paid for your independent living Residence, less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after your Residence is covered by a new Residency and Care Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund. We also reserve the right to determine whether proceeds due to you under this Agreement as a result of the assignment of occupancy rights to your Residence should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from such an account would be available to offset your nursing and board charges. When a move involves dual occupancy, we will apply funds from the account as needed, without regard to who has the larger or smaller financial interest in the occupancy rights to the Residence.

- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Service Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.

- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor

to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.

- 8.5 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you to assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Fairways Assisted Living, the Green Memory support care or the Pines Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee.

- 8.6 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

If you move permanently to a Fairways Assisted Living residence, the provisions in Exhibit A shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Fairways. Carolina Meadows reserves the right to change Exhibit A from time to time in its sole discretion in order to reflect current operating practices and procedures for The Fairways, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Fairways until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to The Green, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit B shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Green. Carolina Meadows reserves the right to change Exhibit B from time to time in its sole discretion in order to reflect current operating practices and procedures for The Green, which changes shall be effective when given in writing to you. This Agreement shall continue in effect

during your residency in The Green until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to the Pines Health Center, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit C shall apply. You will be responsible for paying the then current per diem rate for your accommodations at the Pines Health Center. Carolina Meadows reserves the right to change Exhibit C from time to time in its sole discretion in order to reflect current operating practices and procedures for the Pines Health Center, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in the Pines Health Center until terminated as otherwise provided in this Agreement. _____ initials

Section 9: Your Refund under The Equity Advantage Program

Your refund will be calculated by taking the Current Entry Fee for your Residence and subtracting a remarketing fee equal to five percent (5%) of the Current Entry Fee. In addition, refurbishment costs required to restore your Residence to its original condition will be subtracted from the Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and your Entry Fee paid in Section 1.1 is the appreciation (positive or negative) your Residence has realized since you paid your Entry Fee. You are entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred (100%) of the negative appreciation, if any. Your refund is calculated according to the following formula:

Current Entry Fee	\$XXX,XXX
Less: Remarketing Fee @ 5%	(\$XX,XXX)
Less: Refurbishment Costs	<u>(\$XX,XXX)</u>
Equals: Net Proceeds	<u>\$XXX,XXX</u>
Net Proceeds	\$XXX,XXX
Less: Your Entry Fee Paid (Section 1.1)	<u>(\$XXX,XXX)</u>
Equals: Net Appreciation or Negative Appreciation	<u>\$XX,XXX</u>
Your Share of Net Appreciation at 50%	\$XX,XXX
Or your Negative Appreciation at 100%	(\$XX,XXX)
Original Entry Fee	<u>\$XXX,XXX</u>
Equals: Your Refund	<u>\$XXX,XXX</u>

Just as real estate values outside of Carolina Meadows are determined by market conditions, Entry Fees are also based on prevailing market conditions and there is no guarantee that Entry Fees will increase or will not decrease from year to year.

Carolina Meadows determines, in its sole discretion, the amount of necessary refurbishment to restore your unit to its original condition. Refurbishment costs will depend on length of time the unit is occupied, any conditions beyond normal wear and tear to your Residence, and any modifications you made that must be removed in order to remarket your Residence. All refunds will be paid to you or your estate unless specifically directed otherwise through an addendum to this Agreement.

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
 - Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Names of persons having the right of entry into your Residence
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Name, address, and phone number of funeral director (prior arrangements are encouraged)
 - Information necessary to complete a death certificate
 - Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving spouse.
 - Name of the executor of your Estate
- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written

consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain as a part of the Residence after you leave.

- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's ideals of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments that will appear white or off-white from the outside.
- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living facility or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter your Residence, remove your property and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day time period or if your Monthly Service Fee goes unpaid for 30 days or more.
- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property with your

vehicle, you agree that you will file a claim under your auto policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your auto policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.

- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Service Fees and other costs associated with living at Carolina Meadows.
- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.

- 10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____ initial
- 10.18 You represent and warrant that all of the information you have provided about yourself is accurate, and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.
- 10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoke and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

Generally, this Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as

described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

Section 13: Dual Occupancy

- 13.1 In cases of dual occupancy, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all of your duties and obligations under this Agreement.
- 13.2 If you and your spouse – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related companion live together in a Residence at Carolina Meadows, and your companion dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new companion will be accepted as a resident only after going through the following standard qualification and application procedures:
 - A. They must be qualified to become Carolina Meadows residents.
 - B. They must complete all application forms and go through the standard interview and approval process.
 - C. They must execute a Residency and Care Agreement acceptable to us.
 - D. They must pay an Application Fee and a Resident Assistance Fee.
 - E. They must agree to pay Monthly Service Fees and monthly meal allowances, and abide by the rules and regulations of the Carolina Meadows community.

Section 14: Financial Assistance

Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident. However, as long as you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Service Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Service Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Service Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets in order to keep your account on a current basis before applying for and receiving any financial assistance. _____ initial

- 14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.
- 14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows.

Section 15: No Unauthorized Assignment

Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

Section 16: Visitors

Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

Section 17: Private Duty Nurses and Companions

Carolina Meadows offers a list of preferred service providers. You agree to abide by any and all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

Section 18: Pet Policy

"Pets" shall be defined as household dogs, cats, tropical fish and caged birds. No other animals will be permitted without the approval of Management. Each pet must be viewed and approved by the Carolina Meadows staff before the pet can be brought into the Carolina Meadows community. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents or staff and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pet. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to have your pet in control at all times when outside your Residence.

Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services

Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be transferred to another facility capable of managing your condition(s) or terminate your Residency and Care Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residency and Care agreement and vacate your residence or unit.

Section 20: Miscellaneous Provisions

- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.
- 20.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign.

Section 21: Entire Agreement

All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or

modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Exhibit A: Fairways Assisted Living Agreement

The rights and responsibilities contained within the Residency and Care Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residency and Care Agreement.

Carolina Meadows is committed to a person-centered care approach in The Fairways tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of the Fairways Assisted Living at Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Fairways Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy Fairways Residence number _____, hereinafter referred to as your “Residence”, until terminated by either you or us in accordance with Section 7 of your Residency and Care Agreement. We agree to equip your Residence with wall-to-wall flooring, refrigerator, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. The base Daily Service Fee may include an additional Daily Level of Care Fee for your level of care needs, currently set at \$____ per day. The Level of Care determination is based on your care plan, which is completed within thirty days of admission, annually or with a significant change of condition. All Fairways Assisted Living residents must have care plans in place. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees from time to time to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residency and Care Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Fairways Assisted Living Residence in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming.
 - B. Three meals daily, seven days a week.
 - C. Bed and bath linens.
 - D. Assistance with activities of daily living.
 - E. Medication administration.
 - F. Twenty-four (24) hour staffing in Fairways Assisted Living.
 - G. Access to campus wide health monitoring and promotion programs.
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining facility where you may take meals. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services on an *a la carte basis*, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:
- A. Medical care in the Pines Health Center (private or semi-private accommodations).
 - B. Medical treatment in the Community Health Clinic.
 - C. Rehabilitation services.
 - D. Use of guest room accommodations.
 - E. Home Care services
 - F. Personal fitness training.
 - G. Housekeeping beyond routine scheduled services.
 - H. Handyman services for personal requests or damaged items.
 - I. Guest meals for your visitors.
 - J. Assistance by a nurse or aide through a licensed home care or home health agency as medically required.
 - K. Nutrition and diet counseling.
 - L. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services.

Section 5: Additional Requirements

- 5.1 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Resident shall be responsible for providing insurance protection on personal items.
- 5.2 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.3 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.4 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.5 Carolina Meadows reserves the right to ask you to leave for non-payment of fees. You are entitled to a 30-day notice.

5.6 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to The Green or the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT A as part of your Residency and Care Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Exhibit B: The Green Memory Care at the Fairways Agreement

The rights and responsibilities contained within the Residency and Care Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____. An additional daily level of care fee may apply based on your individual plan of care as determined within thirty days of admission, quarterly or following a significant change of condition. The daily per diem and daily level of care fee may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residency and Care Agreement.

Carolina Meadows is committed to a person-centered care approach in The Green tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of The Green at Carolina Meadows and to use and enjoy facilities, programs and services provided by The Green subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific unit within The Green, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy The Green unit number _____ that hereinafter will be referred to as your “Residence”. We agree to equip your Residence with wall-to-wall flooring, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$_____ per day. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees from time to time to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

3.1 In addition to the services and facilities described in Section 3.1 of your Residency and Care Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Residence at The Green in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:

- A. Activities programming.
- B. Three meals daily, seven days a week.
- C. Bed and bath linens.
- D. Assistance with activities of daily living.
- E. Medication administration.
- F. Twenty-four (24) hour staffing in Assisted Living.
- G. Access to campus wide health monitoring and promotion programs.
- H. Concierge services including shopping, personal errand running and information technology support services.

3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.

3.3 We will provide a central dining venue. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

4.1 You may purchase the following additional services on an *a la carte basis*, separate from the Daily Service Fee. These additional services are not included in the

services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations).
- B. Medical treatment in the Community Health Clinic.
- C. Home Care services
- D. Rehabilitation services.
- E. Use of guest room accommodations.
- F. Housekeeping beyond routine scheduled services.
- G. Handyman services for personal requests or damaged items.
- H. Home meal delivery as medically required.
- I. Guest meals for your visitors.
- J. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required.
- K. Nutrition and diet counseling.

Section 5: Additional Requirements

5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:

- Cognitive Health
- Physical Health
- Physical Functioning
- Behavior Status
- Sensory Capabilities
- Decision-Making Capacity
- Communication Abilities
- Personal Background
- Cultural Preferences
- Spiritual Needs and Preferences

5.2 The assessment tool and periodic staff observations are designed to anticipate changes in behaviors and abilities across different staff shifts. Such changes can be seen as a form of communication and an expression of preferences to which our staff will respond to accordingly.

- 5.3 Family members and/or responsible parties are encouraged to participate in any medical consultations. Family involvement is key to success in The Green and participation is encouraged in support groups. However, Carolina Meadows reserves the sole right in making the best decisions for individuals when considering safety and security concerns for all residents and staff in The Green.
- 5.4 The Green is a secured environment which utilizes a magnetic safety system. The exterior doors of the Green are secured by an electronic magnet. You may be required to wear a device which receives transmissions from transponders located throughout The Green. The device is used to prevent unattended egress from The Green. Carolina Meadows provides ample space and amenities as part of The Green to enjoy outside activities while preserving your safety and security.
- 5.5 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Carolina Meadows will not be responsible for loss of personal clothing. Resident shall be responsible for providing insurance protection on personal items.
- 5.6 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.7 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.8 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.9 Carolina Meadows reserves the right to ask you to leave for non-payment of fees.
- 5.10 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to the Pines Health Center or another facility if your care needs change beyond our ability to successfully address them.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT B as part of your Residency and Care Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revised May 28, 2019

Exhibit C: Pines Health Center Agreement

The rights and responsibilities contained within the Residency and Care Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
The current daily per diem for your home is _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem.

Carolina Meadows is committed to a person-centered care approach in our Pines Health Center tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You have received copies of the following material and the information has been explained to you:

- | | |
|---|---|
| <input type="checkbox"/> Policies and Procedures | <input type="checkbox"/> CPR policy |
| <input type="checkbox"/> Medical Care Decisions, Advance Directives | <input type="checkbox"/> Fee Schedule |
| <input type="checkbox"/> Residents’ Rights in long term care facilities | <input type="checkbox"/> Restraint Free Environment |

Personal Laundry: You wish to have Carolina Meadows Pines Health Center do your personal laundry. You have been advised of the fees for this service and understand that this service is optional and may be cancelled at any time.

Yes No

1. The Pines Health Center provides general nursing care, room and board and other health services for your comfort and well-being. You authorize us to provide these services. Depending on room availability and changing needs of the health center, you may be asked to move to a different room during your stay.
2. The Pines Health Center is not a hospital but is licensed as a nursing facility. We do not provide diagnostic or acute care for an unstable condition.
3. Physicians do not visit daily but communicate with the nursing staff by phone to prescribe medications and treatments. We are not liable for any acts or omissions of your physician in accurately following his/her instructions.

4. You have received a copy of the fee schedule and agree to pay all charges. Please note: upon permanent discharge from the Pines Health Center, you are responsible for daily fees as long as your belongings remain in the room. In the case of a resident's death, there will be no room charge for the first five days (day one being the date of death); bedhold charges will begin on the sixth day should belongings still remain in the room. After 10 days, Carolina Meadows reserves the right to remove said belongings and to store them at your expense.
5. Should it be deemed necessary, you may be required to wear a device to prevent wandering outside The Pines unless attended by staff.
6. The Pines Health Center may require you to have an escort for away-appointments. On some occasions a family member or resident volunteer may be both available and suitable. On others, a paid agency escort may be needed, the cost for which you are responsible. The Pines Health Center will consult with you prior to scheduling.
7. You understand that we contract for certain services (lab, x-ray, pharmacy, rehabilitative therapies). They are provided upon order of your physician. To the extent possible, these providers' bill third party payers for these services, however, you are responsible for payment.
8. You authorize us to release medical records to: any insurance company to process payment, to Medical Claims Rx to assist in claim processing, to a hospital or other medical facility if you are discharged, and to licensing inspectors.
9. If the Carolina Meadows Care Coordination Team determines that one-on-one companion or additional care is deemed necessary, such care will be your financial responsibility. We are not liable for any harm for failure to provide such services nor are we liable for any acts performed or omitted by such staff.
10. Smoking and vaping are prohibited in all areas of the Pines Health Center.
11. We are not responsible for loss, theft or destruction of personal property. This includes personal items such as dentures, glasses or hearing aids that are occasionally lost. Reasonable efforts are made to minimize the risk of loss, theft or destruction of personal property but it cannot be guaranteed. Items that are irreplaceable due to cost or sentiment should not be brought into the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT C as part of your Residency and Care Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Attachment 6(b): Residency and Care Agreement Following Early Advantage



Residency and Care Agreement
Following Early Advantage

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Residency and Care Agreement Following Early Advantage

Introduction

This Residency and Care Agreement (the “Agreement”) takes effect on the ____ day of _____. The Agreement is between Carolina Meadows, Inc. and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, and Resident(s) refer to _____. All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517. We are a Life Plan Community licensed as a continuing care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to a right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

Resident is entering Carolina Meadows through the Early Advantage program as follows:

- ___ Independent Living
- ___ Fairways Assisted Living: Exhibit A
- ___ The Green Memory Care: Exhibit B
- ___ The Pines Health Center: Exhibit C

You and Carolina Meadows agree as follows:

Section 1: Your Residence and Date of Financial Responsibility

You shall have the exclusive right to occupy, use, and enjoy Residence number _____, _____, model _____, an independent living unit that hereinafter will be referred to as your "Residence", until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven and microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

- 1.1 The Entry Fee is _____ consisting of the following payments:
 - 1.1a An Early Advantage Entry Fee of _____ paid on _____.
 - 1.1b Excess Ready List Deposit of _____.
 - 1.1c The balance of the Entry Fee _____, is due on or before _____.
- 1.2 A Resident Assistance Fee of _____ is to be paid when you pay the balance of the Entry Fee on or before _____. This fee is separate from the Entry Fee and is refundable only if you cancel this Agreement within the Rescission period of 30 days (see Section 5).
- 1.3 The Date of Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, when we make available your Residence to occupy, and when your obligation to pay for services begins. Should your desired modifications delay your ability to physically occupy your Residence beyond the Date of Occupancy, you agree to begin paying your Monthly Service Fee on the Date of Occupancy. Your Date of Occupancy is _____.
_____ initials
- 1.4 You will be responsible for paying for your monthly meals as provided for in Section 3.3.

Section 2: Monthly Service Fee

In return for the Monthly Service Fee, we will provide the services described in Section 3. The Monthly Service Fee is currently _____, but we may increase it from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Service Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason. _____ initials

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day.
 - B. Professional management of the community and its facilities.
 - C. Regularly scheduled transportation.
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways.
 - E. Repair of all equipment and appliances that we provide.
 - F. Housekeeping in hallways, elevators, rest rooms, lounges and other common areas.
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage.
 - H. 24-hour security.
 - I. Water and sewer services; all utilities in common areas; standard television cable service.
 - J. Removal of trash and recyclables deposited by residents as designated by us.
 - K. Use of the enclosed swimming pool and exercise room.
 - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course.
 - M. Wireless Internet availability in designated areas throughout the campus.
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the "Meal Minimum") currently \$_____ per resident per month, in our Dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, or semi-annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed

to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a 20% surcharge and will be billed against your Meal Minimum or may be paid by credit card, check or cash at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services on an *a la carte basis*, separate from the Monthly Service Fee. These additional services are not included in the services covered by the Monthly Service Fee. The specific charge for each of these additional services may be changed by us from time to time as *deemed* appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations).
- B. Care in the Fairways Assisted Living.
- C. Medical treatment in the Primary Care Medical Practice.
- D. Home Care services.
- E. Rehabilitation services.
- F. Use of guest room accommodations.
- G. Personal fitness training.
- H. Housekeeping and/or handyman services.
- I. Home meal delivery.
- J. Meals in excess of the monthly food minimum.
- K. Guest meals for your visitors.
- L. Assistance by a nurse or aide through a licensed home care or home health agency.
- M. Nutrition and diet counseling.
- N. Concierge services including shopping, personal errand running and information technology support services.

Section 5: Your Right to Rescind This Agreement within 30 Days

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may but are not required to move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1, 1.1a, 1.1b, and 1.2 minus a service charge not to exceed the greater of \$1,000 or 2% of the Entry Fee. We will issue your refund within 30 days after we receive written notice

of your desire to void this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later.

Section 6: Termination of This Agreement Prior to Occupancy and After the Thirty Day Rescission Period has Expired

6.1 Termination by You: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received.

Your refund, without interest, of the Entry Fee and Resident Assistance Fee you have paid less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residency and Care Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

6.2 Termination by Carolina Meadows: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material financial, medical, or other information given during the application process; (iii) your financial status changes such that you no longer meet the financial requirements for admission; or (iv) you no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

You will receive a refund, of the Entry Fee and the Resident Assistance Fee paid within thirty (30) days, without interest, less a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid and less any non-standard costs incurred by Carolina Meadows at the Resident's request. Modification costs to a residence are non-refundable.

6.3 Death: If you die before occupying your Residence, or become incapacitated such that you can no longer occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a full refund of the Entry Fee and

Resident Assistance Fee that you have paid, less the costs of modifications to the chosen residence.

Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period has Expired

- 7.1 **Termination by You:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Service Fee and monthly meal allowance.

Your refund, without interest, of the Entry Fee you have paid, less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residency and Care Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.2 **Termination by Carolina Meadows:** Carolina Meadows may terminate the Residency and Care Agreement if you fail to pay the Monthly Service Fee, the Monthly Meal Allowance, ancillary charges, or fail to follow the standard policies of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents are jeopardized as a result of your activities or conduct, or if you misrepresented or omitted financial, medical or other information, we can terminate this Agreement. Carolina Meadows may terminate Agreement if Resident fails to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carolina Meadows to be in the Resident's best interest. Carolina Meadows may terminate if Resident refuses to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' Care coordination team to be in the Resident's best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement.

Your refund, without interest, of the Entry Fee you have paid, less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after

the Residence is covered by a new Residency and Care Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.3 **Death:** This agreement shall automatically terminate upon your death or the death of the last to die if a joint agreement. The refund will occur as noted in this Section.

Section 8: Moving to another Residence at Carolina Meadows and Care Coordination

- 8.1 You may request to move to another Residence at Carolina Meadows if you have a change in your health, marital status or financial circumstances after you move in. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to remarket occupancy rights to your Residence at the then current listed Entry Fee. You can move to your new Residence after someone else has agreed to pay the then current listed Entry Fee for your Residence but no sooner than 30 days prior to the scheduled occupancy date by a new resident who has paid the then current Entry Fee for your original Residence. If you want to move sooner, you may be permitted to do so by paying the then current Entry Fee listed for your new Residence (this would not apply if you were moving in with another resident who already had paid an Entry Fee for his or her Residence). You will be responsible for the cost of refurbishing the Residence you vacate and the 5% remarketing fee based on the current Entry Fee. Other than that, the calculation and refund of any amounts due you following the assignment of occupancy rights to your original Residence will proceed as outlined in Section 7.

- 8.2 If you move permanently to the Fairways Assisted Living facility, The Green memory care at The Fairways or the Pines Health Center nursing facility, we can deduct the cost of your care from any refund proceeds due to you under this Agreement.

Your refund, without interest, of the Entry Fee you have paid for your independent living Residence, less a 5% remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after your Residence is covered by a new Residency and Care

Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund. We also reserve the right to determine whether proceeds due to you under this Agreement as a result of the assignment of occupancy rights to your Residence should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from such an account would be available to offset your nursing and board charges. When a move involves dual occupancy, we will apply funds from the account as needed, without regard to who has the larger or smaller financial interest in the occupancy rights to the Residence.

- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Service Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.
- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.
- 8.5 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Fairways Assisted Living, the Green Memory support care or the Pines Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee.

- 8.6 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Assisted Living or Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. Any support services in your home would be your financial responsibility. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

If you move permanently to a Fairways Assisted Living residence, the provisions in Exhibit A shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Fairways. Carolina Meadows reserves the right to change Exhibit A from time to time in its sole discretion in order to reflect current operating practices and procedures for The Fairways, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Fairways until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to The Green, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit B shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Green. Carolina Meadows reserves the right to change Exhibit B from time to time in its sole discretion in order to reflect current operating practices and procedures for The Green, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Green until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to the Pines Health Center, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit C shall apply. You will be responsible for paying the then current per diem rate for your accommodations at the Pines Health Center. Carolina Meadows reserves the right to change Exhibit C from time to time in its sole discretion in order to reflect current operating practices and procedures for the Pines

Health Center, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in the Pines Health Center until terminated as otherwise provided in this Agreement. _____ initials

Section 9: Your Refund under The Equity Advantage Program

Your refund will be calculated by taking the Current Entry Fee for your Residence and subtracting a remarketing fee equal to five percent (5%) of the Current Entry Fee. In addition, refurbishment costs required to restore your Residence to its original condition will be subtracted from the Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and your Entry Fee paid in Section 1.1 is the appreciation (positive or negative) your Residence has realized since you paid your Entry Fee. You are entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred (100%) of the negative appreciation, if any. Your refund is calculated according to the following formula:

Current Entry Fee	\$XXX,XXX
Less: Remarketing Fee @ 5%	(\$XX,XXX)
Less: Refurbishment Costs	<u>(\$XX,XXX)</u>
Equals: Net Proceeds	<u>\$XXX,XXX</u>
Net Proceeds	\$XXX,XXX
Less: Your Entry Fee Paid (Section 1.1)	<u>(\$XXX,XXX)</u>
Equals: Net Appreciation or Negative Appreciation	<u>\$XX,XXX</u>
Your Share of Net Appreciation at 50%	\$XX,XXX
Or your Negative Appreciation at 100%	(\$XX,XXX)
Original Entry Fee	<u>\$XXX,XXX</u>
Equals: Your Refund	<u>\$XXX,XXX</u>

Just as real estate values outside of Carolina Meadows are determined by market conditions, Entry Fees are also based on prevailing market conditions and there is no guarantee that Entry Fees will decrease or increase from year to year.

Carolina Meadows determines, in its sole discretion, the amount of necessary refurbishment to restore your unit to its original condition. Refurbishment costs will depend on length of time the unit is occupied, any conditions beyond normal wear and tear to your Residence, and any modifications you made that must be removed in order to remarket your Residence.

All refunds will be paid to you or your estate unless specifically directed otherwise through an addendum to this Agreement.

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Names of persons having the right of entry into your Residence
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Name, address, and phone number of funeral director (prior arrangements are encouraged)
 - Information necessary to complete a death certificate
 - Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving spouse.
 - Name of the executor of your Estate
- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and remain as a part of the Residence after you leave.
- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.

- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's ideals of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments that will appear white or off-white from the outside.
- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living facility or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter your Residence, remove your property and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day time period or if your Monthly Service Fee goes unpaid for 30 days or more.
- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property with your vehicle, you agree that you will file a claim under your auto policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your auto policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.

- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Service Fees and other costs associated with living at Carolina Meadows.
- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident. _____ initial
- 10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____ initial

- 10.18 You represent and warrant that all of the information you have provided about yourself is accurate, and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.
- 10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoke and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

Section 13: Dual Occupancy

- 13.1 In cases of dual occupancy, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all of your duties and obligations under this Agreement.
- 13.2 If you and your spouse – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related companion live together in a Residence at Carolina Meadows, and your companion dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new companion will be accepted as a resident only after going through the following standard qualification and application procedures:
 - A. They must be qualified to become Carolina Meadows residents.
 - B. They must complete all application forms and go through the standard interview and approval process.
 - C. They must execute a Residency and Care Agreement acceptable to us.
 - D. They must pay an Application Fee and a Resident Assistance Fee.
 - E. They must agree to pay Monthly Service Fees and monthly meal allowances, and abide by the rules and regulations of the Carolina Meadows community.

Section 14: Financial Assistance

Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual

Resident. However, as long as you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Service Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Service Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Service Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets in order to keep your account on a current basis before applying for and receiving any financial assistance. _____ initial

- 14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.
- 14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows.

Section 15: No Unauthorized Assignment

Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

Section 16: Visitors

Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may

reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

Section 17: Private Duty Nurses and Companions

Carolina Meadows offers a list of preferred service providers. You agree to abide by any and all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

Section 18: Pet Policy

"Pets" shall be defined as household dogs, cats, tropical fish and caged birds. No other animals will be permitted without the approval of the Chief Executive Officer. Each pet must be viewed and approved by the Carolina Meadows staff before the pet can be brought into the Carolina Meadows community. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents or staff and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pet. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to have your pet in control at all times when outside your Residence.

Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services

Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be

transferred to another facility capable of managing your condition(s) or terminate your Residency and Care Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residency and Care agreement and vacate your residence or unit.

Section 20: Miscellaneous Provisions

- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.
- 20.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign.

Section 21: Entire Agreement

All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Exhibit A: Fairways Assisted Living Agreement Following Early Advantage

The rights and responsibilities contained within the Residency and Care Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residency and Care Agreement.

Carolina Meadows is committed to a person-centered care approach in The Fairways tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of the Fairways Assisted Living at Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Fairways Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy Fairways Residence number _____, hereinafter referred to as your “Residence”, until terminated by either you or us in accordance with Section 7 of your Residency and Care Agreement. We agree to equip your Residence with wall-to-wall flooring, refrigerator, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. The base Daily Service Fee may include an additional Daily Level of Care Fee for your level of care needs, currently set at \$____ per day. The Level of Care determination is based on your care plan, which is completed within thirty days of admission, annually or with a significant change of condition. All Fairways Assisted Living residents must have care plans in place. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees from time to time to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residency and Care Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Fairways Assisted Living Residence in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming.
 - B. Three meals daily, seven days a week.
 - C. Bed and bath linens.
 - D. Assistance with activities of daily living.
 - E. Medication administration.
 - F. Twenty-four (24) hour staffing in Assisted Living.
 - G. Access to campus wide health monitoring and promotion programs.
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining facility where you may take meals if you wish. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services on an *a la carte basis*, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:
- A. Medical care in the Pines Health Center (private or semi-private accommodations).
 - B. Medical treatment in the Community Health Clinic.
 - C. Home Care services.
 - D. Rehabilitation services.
 - E. Use of guest room accommodations.
 - F. Personal fitness training.
 - G. Housekeeping beyond routine scheduled services.
 - H. Handyman services for personal requests or damaged items.
 - I. Guest meals for your visitors.
 - J. Assistance by a nurse or aide through a licensed home care or home health agency as medically required.
 - K. Nutrition and diet counseling.
 - L. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services.

Section 5: Additional Requirements

- 5.1 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Resident shall be responsible for providing insurance protection on personal items.
- 5.2 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.3 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.4 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.5 Carolina Meadows reserves the right to ask you to leave for non-payment of fees. You are entitled to a 30-day notice.

5.6 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to The Green or the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT A as part of your Residency and Care Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Exhibit B: The Green Memory Care at the Fairways Agreement

The rights and responsibilities contained within the Residency and Care Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____. An additional daily level of care fee may apply based on your individual plan of care as determined within thirty days of admission, quarterly or following a significant change of condition. The daily per diem and daily level of care fee may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residency and Care Agreement.

Carolina Meadows is committed to a person-centered care approach in The Green tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of The Green at Carolina Meadows and to use and enjoy facilities, programs and services provided by The Green subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific unit within The Green, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy The Green unit number _____ that hereinafter will be referred to as your “Residence”. We agree to equip your Residence with wall-to-wall flooring, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees from time to time to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residency and Care Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Residence at The Green in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming.
 - B. Three meals daily, seven days a week.
 - C. Bed and bath linens.
 - D. Assistance with activities of daily living.
 - E. Medication administration.
 - F. Twenty-four (24) hour staffing in Assisted Living.
 - G. Access to campus wide health monitoring and promotion programs.
 - H. Concierge services including shopping, personal errand running and information technology support services.
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining venue. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services on an *a la carte basis*, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these

additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations).
- B. Medical treatment in the Community Health Clinic.
- C. Home Care services
- D. Rehabilitation services.
- E. Use of guest room accommodations.
- F. Housekeeping beyond routine scheduled services..
- G. Handyman services for personal requests or damaged items.
- H. Home meal delivery as medically required.
- I. Guest meals for your visitors.
- J. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required.
- K. Nutrition and diet counseling.

Section 5: Additional Requirements

5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:

- Cognitive Health
- Physical Health
- Physical Functioning
- Behavioral Status
- Sensory Capabilities
- Decision-Making Capacity
- Communication Abilities
- Personal Background
- Cultural Preferences
- Spiritual Needs and Preferences

5.2 The assessment tool and periodic staff observations are designed to anticipate changes in behaviors and abilities across different staff shifts. Such changes can be seen as a form of communication and an expression of preferences to which our staff will respond to accordingly.

- 5.3 Family members and/or responsible parties are encouraged to participate in any medical consultations. Family involvement is key to success in The Green and participation is encouraged in support groups. However, Carolina Meadows reserves the sole right in making the best decisions for individuals when considering safety and security concerns for all residents and staff in The Green.
- 5.4 The Green is a secured environment which utilizes a magnetic safety system. The exterior doors of the Green are secured by an electronic magnet. You may be required to wear a device which receives transmissions from transponders located throughout The Green. The device is used to prevent unattended egress from The Green. Carolina Meadows provides ample space and amenities as part of The Green to enjoy outside activities while preserving your safety and security.
- 5.5 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Carolina Meadows will not be responsible for loss of personal clothing. Resident shall be responsible for providing insurance protection on personal items.
- 5.6 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.7 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.8 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.9 Carolina Meadows reserves the right to ask you to leave for non-payment of fees.
- 5.10 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to the Pines Health Center or another facility if your care needs change beyond our ability to successfully address them.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT B as part of your Residency and Care Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Exhibit C: Pines Health Center Agreement

The rights and responsibilities contained within the Residency and Care Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
The current daily per diem for your home is _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem.

Carolina Meadows is committed to a person-centered care approach in our Pines Health Center tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You have received copies of the following material and the information has been explained to you:

- | | |
|---|---|
| <input type="checkbox"/> Policies and Procedures | <input type="checkbox"/> CPR policy |
| <input type="checkbox"/> Medical Care Decisions, Advance Directives | <input type="checkbox"/> Fee Schedule |
| <input type="checkbox"/> Residents’ Rights in long term care facilities | <input type="checkbox"/> Restraint Free Environment |

Personal Laundry: You wish to have the Pines Health Center do your personal laundry. You have been advised of the fees for this service and understand that this service is optional and may be cancelled at any time.

Yes No

1. The Pines Health Center provides general nursing care, room and board and other health services for your comfort and well-being. You authorize us to provide these services. Depending on room availability and changing needs of the health center, you may be asked to move to a different room during your stay.
2. The Pines Health Center is not a hospital but is licensed as a nursing facility. We do not provide diagnostic or acute care for an unstable condition.
3. Physicians do not visit daily but communicate with the nursing staff by phone to prescribe medications and treatments. We are not liable for any acts or omissions of your physician in accurately following his/her instructions.

4. You have received a copy of the fee schedule and agree to pay all charges. Please note: upon permanent discharge from the Pines Health Center, you are responsible for daily fees as long as your belongings remain in the room. In the case of a resident's death, there will be no room charge for the first five days (day one being the date of death); bedhold charges will begin on the sixth day should belongings still remain in the room. After 10 days, Carolina Meadows reserves the right to remove said belongings and to store them at your expense.
5. Should it be deemed necessary, you may be required to wear a device to prevent wandering outside The Pines unless attended by staff.
6. The Pines Health Center may require you to have an escort for away-appointments. On some occasions a family member or resident volunteer may be both available and suitable. On others, a paid agency escort may be needed, the cost for which you are responsible. The Pines Health Center will consult with you prior to scheduling.
7. You understand that we contract for certain services (lab, x-ray, pharmacy, rehabilitative therapies). They are provided upon order of your physician. To the extent possible, these providers' bill third party payers for these services, however, you are responsible for payment.
8. You authorize us to release medical records to: any insurance company to process payment, to Medical Claims Rx to assist in claim processing, to a hospital or other medical facility if you are discharged, and to licensing inspectors.
9. If the Carolina Meadows Care Coordination Team determines that one-on-one companion or additional care is deemed necessary, such care will be your financial responsibility. We are not liable for any harm for failure to provide such services nor are we liable for any acts performed or omitted by such staff.
10. Smoking and vaping are prohibited in all areas of the Pines Health Center.
11. We are not responsible for loss, theft or destruction of personal property. This includes personal items such as dentures, glasses or hearing aids that are occasionally lost. Reasonable efforts are made to minimize the risk of loss, theft or destruction of personal property but it cannot be guaranteed. Items that are irreplaceable due to cost or sentiment should not be brought into the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT C as part of your Residency and Care Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 28, 2019

Attachment 6(c): Early Advantage Agreement



Early Advantage Agreement

This Early Advantage Agreement (the "Agreement") takes effect on the ____ day of _____. The Agreement is between **Carolina Meadows, Inc.** and you. In this paragraph and throughout the rest of the Agreement, the words "we", "us", "our" or "Carolina Meadows" refer to Carolina Meadows, Inc., and the words "you", "your", and Member refer to _____. All Members that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation. We are a Life Plan Community licensed as a continuing care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older. Carolina Meadows is located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517.

You desire to become a member of Carolina Meadows Early Advantage program and to use and enjoy the common facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. You have access to related contractual services as described later in this Agreement. Your specific rights and responsibilities are detailed in this Agreement.

During the time that you are a Carolina Meadows Early Advantage member, but not yet residing on campus, Carolina Meadows will offer an annual in home visit by a Carolina Meadows staff member. If more frequent in-home visits are needed, or if any needs are identified that may require subsequent in-home services, Carolina Meadows staff will refer you to our partner providers.

As a member of Carolina Meadows Early Advantage program, you will remain on our Ready List. Your priority number will remain _____, which was provided at the original date of application.

At the time you choose to reserve an apartment or villa on our campus, having already been accepted as a member of Carolina Meadows Early Advantage program, you will not have to repeat an admission process. Based on the passage of time from the date of your original acceptance, we reserve the right to seek updated medical and financial information in order to determine your ability to live independently and to have maintained sufficient assets for any additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Your acceptance as a member of Carolina Meadows Early Advantage program, however, will continue to remain in effect.

You and Carolina Meadows agree as follows:

1. YOUR MEMBERSHIP.

1.1 The Early Advantage Entry Fee is _____.
Less previous deposits of _____.
Remaining balance due _____.
If previous deposits exceed the remaining balance due, the excess of _____ will be applied to future Entry Fees upon moving on campus.

1.2 You will begin paying your Monthly Membership Fee as described in Section 2 on _____.

1.3 Upon moving to campus, your Early Advantage Entry Fee will be credited towards your Independent Living Entry Fee. If you move directly to a higher level of care on campus without paying an Independent Living Entry Fee first, your Early Advantage Fee will continue to amortize in accordance with this agreement.

2. MONTHLY MEMBERSHIP FEE. When you sign this agreement you agree to begin paying the Monthly Membership Fee. The Monthly Membership Fee is currently _____, but we may raise it from time to time to reflect changes in operating expenses and benefits. You are responsible for paying the Monthly Membership Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

3. MEMBERSHIP SERVICES AND BENEFITS WE PROVIDE.

3.1 We will provide these benefits in the manner we deem appropriate for all the members of the Early Advantage program of Carolina Meadows on a non-exclusive basis:

- A. Priority access to Assisted Living or Health Center should a change in health status require a move onto campus.
- B. Five (5) free days of room and board a year (up to ten (10) lifetime total available) for the Pines Health Center prior to moving into Carolina Meadows.
- C. Access to our on-site primary care medical practice.
- D. Care Coordination provided by a member of our Care Coordination Team, including an in home annual visit by a Carolina Meadows staff member. Social services, counseling and support programs are coordinated by the Care Coordination team.
- E. Access to the Resident website portal.
- F. Participation in all social, educational, recreational and cultural activities.

- G. Regularly scheduled transportation from campus, including shopping and events.
- H. Two scheduled medical transportation trips per month.
- I. Access to our numerous dining venues, as well as Gourmet-to-Go pick-up from campus.
- J. Use of campus amenities including wellness center, indoor pool and Jacuzzi, library, craft and art studio, woodworking shop and resident business center.
- K. Use of the Carolina Meadows golf course and other outdoor sport venues including tennis courts, bocce courts, dog park and walking trails. You may be required to pay a greens fee to play the Carolina Meadows golf course.
- L. Wireless internet availability in designated areas throughout the campus.
- M. Concierge services on campus, including notary, basic Information Technology services and postage and shipping assistance from campus
- N. Access to on-site gift shop and beauty salon

4. ADDITIONAL AVAILABLE BENEFITS.

4.1 You may purchase the following on campus additional services on an *a la carte basis*, separate from the Monthly Membership Fee. These additional services are not included in the benefits covered by the Monthly Membership Fee. The specific charge for each of these additional benefits may be changed by us from time to time as deemed appropriate in our discretion:

- A. Pines Health Center short-term stay (private or semi-private accommodations).
- B. Medical treatment in the on-site primary care medical practice. Medical specialty services (podiatry, dermatology, audiology and mental health services) provided by independent licensed practitioners.
- C. Rehabilitation services.
- D. Personal fitness training.
- E. Guest meals for your visitors.
- F. Fee-for-Service Concierge services.
- G. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required.
- H. Nutrition and diet counseling.
- I. Access to integrative health therapies, including massage and acupuncture.
- J. Access to partner providers, including home care agencies.

5. CARE COORDINATION AND TRANSFER TO ASSISTED LIVING OR THE HEALTH CENTER.

- 5.1 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you (i) assess your needs; (ii) develop a transition plan; (iii) help identify reputable local providers to meet your needs; and (iv) follow up to ensure that your needs are appropriately met.
- 5.2 You hereby acknowledge and agree that Carolina Meadows is not responsible for providing medical or other personal care services in your home. All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Assisted Living or Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee. Any support services in your home would be your financial responsibility.
- 5.3 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Assisted Living or Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. You will be financially responsible for these additional services. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.
- 5.4 Carolina Meadows does not provide services or care for the following conditions but may direct you to providers who do:
- Drug or alcohol abuse or addiction
 - Dangerous Communicable Diseases
 - Severe psychiatric or mental health disorders

6. YOUR RIGHT TO RESCIND THIS AGREEMENT WITHIN 30 DAYS.

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. The Rescission Period begins when you sign this Agreement. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1 minus a service charge not to exceed \$1,000 or 2% of the Entry Fee. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement.

7. TERMINATION AND REFUNDS.

- 7.1 Termination by you: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. You may be entitled to a prorated refund of the Entry Fee.
- 7.2 Termination by Carolina Meadows: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material, financial, medical or other information requested during the application process; (iii) you fail to pay the Monthly Membership Fee for three consecutive months; (iv) your financial status changes such that you no longer meet the financial requirements for membership; or (iv) you no longer qualify for independent living and fail to follow recommendations of the Carolina Meadows Care Coordination Team including moving to a higher level of care or obtaining sufficient support in the home.
- 7.3 In the event of your death at any time after the Date of Early Advantage this Agreement will terminate upon the date of death. Your estate may be entitled to a prorated refund of the Entry Fee.
- 7.4 Your refund, without interest, of the Entry Fee you have paid will be calculated on a pro-rated basis. The twenty-five (25) month period begins with signing of this document. If termination of this Agreement occurs during the first twenty-five (25) months of this Agreement, you or your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) for each month that this Agreement has been in effect for up to twenty-five (25) months; less (iii) any amounts due to Carolina Meadows. After twenty-five (25) months there is no refund of the Entry Fee. Refund payment, if any, shall be made within thirty (30) Days of written notice of termination.
- 7.5 Should you not move on campus, any excess deposits above the Early Advantage Fee will be refunded to you or your estate.

8. YOUR OBLIGATIONS AS A CAROLINA MEADOWS EARLY ADVANTAGE RESIDENT.

- 8.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 8.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for persons to notify in an emergency

- Name of your local physician
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Copies of relevant portions of trusts indicating where any refunds should be sent if not to the estate or surviving spouse.
 - Name of the executor of your Estate
- 8.3 You agree, upon membership and approximately annually thereafter, to participate in an in-home visit for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency. You have the right to access your health information.
- 8.4 You accept the community's ideals of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 8.5 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 8.6 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement.
- 8.7 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you later choose to move on-campus into any level of care and if you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Fees and other costs associated with living at Carolina Meadows.
- 8.8 If you carry long-term care insurance at the time you execute this Agreement and Section 8.7 does not apply because your financial

application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days (30) prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.

- 8.9 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 8.10 You agree to pay, in full and on time, all fees due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____initial
- 8.11 You represent and warrant that all of the information you have provided about yourself is accurate, and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 8.12 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence, acts or omissions.
- 8.13 You agree to provide updated financial information every two years, or as reasonably requested.
- 8.14 Upon permanently moving on campus to any Carolina Meadows' level of care, you must execute a Residency and Care Agreement following Early Advantage and become subject to the terms of that Agreement. This Early Advantage Agreement shall terminate upon execution of a Residency and Care Agreement following Early Advantage.
- 9. AMENDMENTS AND PARTIAL INVALIDATION.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.
- 10. NO ASSIGNMENT.** The rights and privileges granted to you under this agreement are specific to you and may not be assigned to anyone else.

11. MISCELLANEOUS PROVISIONS.

- 11.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 11.2 By signing this Agreement, you authorize the release to Carolina Meadows any information we might reasonably need or request. _____initial
- 11.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign. _____initial

12. ENTIRE AGREEMENT. All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

You have carefully read or had your legal or financial counsel review this agreement before signing. _____initial

(Signature Page Follows on Next Page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____