



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

**DISCLOSURE STATEMENT**

**June 1, 2020**

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

- **This Disclosure Statement may be delivered until revised, but not after October 27, 2021.**
- **Delivery of this Disclosure Statement to a contracting party before execution of a contract for continuing care is required.**
- **The Disclosure Statement has not been reviewed or approved by a government agency or representative to ensure accuracy or completeness of the information set out.**

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

## **ORGANIZATION INTRODUCTION AND INFORMATION**

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

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

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

In addition, Aldersgate is affiliated with Aldersgate Life Plan Services, Inc. (“Parent”), the sole member of Aldersgate. Parent is a North Carolina nonprofit corporation and is recognized by Internal Revenue Service (the “IRS”) as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. Parent elects the Board of Directors of Aldersgate, and the Board of Directors is confirmed by the Conference. Currently, the members of the Board of Directors of Parent are also the members of the Board of Directors of Aldersgate. Also, certain actions of the Board of Directors of Aldersgate require the consent of Parent, as more fully described in Aldersgate’s bylaws.

Parent is also the sole member of Aldersgate at Home, Inc. (“Home Services”), a North Carolina nonprofit corporation, of Aldersgate at Sharon, Inc. (“Sharon”), a North Carolina nonprofit corporation, of Aldersgate at Shalom Park, Inc. (“Generations”) a North Carolina nonprofit corporation and of Aldersgate Foundation, Inc. (“Foundation”) a North Carolina nonprofit corporation. Home Services, Sharon, Foundation and Generations have been recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. The Board of Directors of each of Home Services, Sharon, Generations and the Foundation are elected by Parent. Currently, the members of the Board of Directors of Parent are also the members of the Board of Directors of Home Services and Sharon. Also, certain actions of the Board of Directors of Home Services, Sharon, Generations and the Foundation require the consent of Parent, as more fully described in each of their bylaws.

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

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

Aldersgate has received approval for the North Carolina Department of Insurance's continuing care at home program without lodging pursuant to Chapter 64 Article 58 Paragraph 7. Aldersgate is calling this program Thrive.

**Accreditation**

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

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

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## **FACILITY INTRODUCTION AND INFORMATION**

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

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

### **Epworth Place**

Epworth Place is an eight-story congregate living facility with 124 accommodations, including Parker Terrace Assisted Living. Epworth Place is attached to The Commons, allowing easy access to several food venues.

### **Parker Terrace**

Parker Terrace is a 46 bed assisted living community located on the second and third floor of Epworth Tower. Parker Terrace is an ideal location for residents who need some assistance but are able to maintain much of their daily independence. The community offers private pay one bedroom and studio apartments with personal bathrooms including walk in showers. Residents of Parker Terrace have access to a private dining room, four large covered patios, two living rooms, as well as dedicated life enrichment entertainment including animal therapy, chair yoga, and performers. Residents are also able to enjoy meals at the Market Café, Gatehouse Dining, The Rose and The Ivey Pub, and formal dining in the Sunroom. Parker Terrace residents enjoy all common areas as well as services such as Aldersgate’s Salon and Spa.

### **Ray Hall Community Center**

Ray Hall Community Center (“RHCC”) includes a chapel/multi-purpose center, wellness facility with exercise room and aquatic center featuring instructor led water conditioning classes and free swim, therapy suites, and an elegant two-story living room with a fireplace and balcony overlook. The architectural style reminds residents of a grand brick country home with an expansive front veranda and arched windows. The overall building is designed around a courtyard focusing resident activity spaces on a garden containing plantings, walking paths and shaded seating areas.

### **The Commons**

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

### **Francis Residential Building**

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

### **Azalea View Cottages**

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

### **Lake Ridge Cottages**

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

### **Wesley Glen Executive Homes**

The Wesley Glen Executive Home community is on the east side of the campus. The four standard floor plans of these homes range in square footage from 1,546 square feet to 2,340 square feet. They are freestanding, two- and three-bedroom homes with options such as fireplaces, sunrooms and vaulted ceilings. Master bedrooms offer large walk-in closets and tray ceilings and all homes have decks or patios and a two- car garage with additional storage. This community was originally approved to include 50 homes, 42 of which are completed. Site plan reviews are currently being conducted with the intent to construct 8 new cottages.

### **Magnolia View Apartments**

The Magnolia View Apartments are located near the entrance to The Commons, overlooking a greenway linear park between it and Lake View and Park View. The largest of our Gateway Promise Expansion for independent living, Magnolia View has 38 apartments consisting of 7 different floorplans. The apartments range in size from 851 square feet to 1,456 square feet. Each apartment features at least one balcony or patio, quartz countertops and stainless appliances, and range from 1 bedroom, 1.5 bath to 2 bedrooms, 2 full baths with some offering the option for fireplaces. Residents enjoy a common area sunroom with full kitchen available for their usage. Parking is below ground with additional spaces on the perimeter of the building.

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

Lake View Villas and Park View Villas contain 12 residences each across 3 floors with 4 different floorplan options. Lake View and Park View are situated next to each other across the greenway linear park from Magnolia Building. Villas range in size from 985 square feet to 1,475 square feet with some offering the option for fireplaces. All finishes coordinate with Gateway Promise Expansion apartments in Magnolia Building and are adjacent to The Commons.

### **Cuthbertson Village Memory Support**

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

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

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

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

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

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

### **Board of Directors**

**Christopher W. Davis**, 130 Harbour Place Drive, Ste 200, Davidson NC 28036.

Managing Director, Davidson Wealth Management.

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

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

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

**Brad Crossley**, 13816 Professional Center Drive, Suite 100, Huntersville, NC 28078.

Director of Financial Services, United Methodist Foundation of Western North Carolina.

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

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

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

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

**George Moffat**, 3800 Shamrock Drive, Charlotte, NC 28215. Resident.

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

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

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

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

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

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

### **Management Staff**

**Suzanne Hodge Pugh, NHA, ALA, CMP – President and Chief Executive Officer** has been on staff at Aldersgate UMRC, Inc. for 23 years. Ms. Pugh served as the Director of Marketing for over ten (10) years and then received her Nursing Home Administrator's license and her certification as an Assisted Living Administrator and was named the Chief Operating Officer. In 2011, Ms. Pugh became President and CEO and continues to serve in that role today. Ms. Pugh is a 2012 alumnus of the LeadingAge Leadership Academy and she also serves as Vice-Chair on the Board of Directors for LeadingAge North Carolina. She serves on the Board of the United Methodist Association, as well as on the board member for Charlotte Will, a non-profit dedicated to raising awareness around poverty and socioeconomic mobility in the Charlotte area. She enjoys spending time with family and loves to mountain bike, kayak and fish with her son, Wyatt.

**Jeff Weatherhead – Chief Operating Officer** has been the Chief Operating Officer since 2014. Within this position he oversees the daily operations of the community. Mr. Weatherhead has over twenty years' experience in the senior living industry working in Ohio and Florida prior to moving to North Carolina. His career in senior living has been exclusively with not-for-profit and faith-based organizations. He is a licensed nursing home administrator as well as assisted living administrator in North Carolina. Mr. Weatherhead attained a Bachelor of Arts in Interpersonal and Public Communications from Bowling Green State University and a Master of Health Services Administration from Xavier University. Mr. Weatherhead is a 2016 alumnus of the LeadingAge Leadership Academy, a 2018 graduate of the LeadingAge Leadership Educator Program and a member of the



Annual Conference Education Committee in 2018 and 2019. Jeff is also a member of the LeadingAge North Carolina Public Policy Committee.

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

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

**Yvette Porterfield – Chief Nursing Officer** has been on staff since 1978. Ms. Porterfield became the Director of Nursing in 1994 and has served in this role until April 2018. Effective April 2018, Ms. Porterfield became the Chief Nursing Officer for Aldersgate. Prior to joining Aldersgate, Ms. Porterfield was employed at Carolina Medical Center. Ms. Porterfield is a graduate of Wingate College. Ms. Porterfield received board certification in gerontology nursing in 1991. In 2011, she received the Nurse of the Year award, as presented by Leading Age, North Carolina. Ms. Porterfield is a long-time member of the LeadingAge North Carolina Education Committee.

**Brooke Patterson Hodge, BSN, RN, LNHA – Director of Health Services** has been on staff at Aldersgate for 8 years. Mrs. Hodge has served in various roles at Aldersgate, such as Staff Development Coordinator, Assistant Director of Nursing, Director of Nursing, and Assistant to the Administrator. Mrs. Hodge pursued her Nursing Home Administrator’s license in 2018 and became the Director of Health Services in 2019. In 2019, she received the LeadingAge NC Emerging Leader Award. Mrs. Hodge has participated in various vaccination and healthcare education programs in Belize and England, where she lived for several years. She has a Bachelor of Science in Healthcare Administration from St. Christopher's School of Medicine in England and a Bachelor of Science in Nursing from Queens University of Charlotte. She enjoys spending time with her family, being on the beach, and is an avid runner.

***Christina Floyd, NHA, ALA – Director of Assisted Living*** joined the team in 2018 as the Director of Assisted Living. Mrs. Floyd achieved a Master’s in Business Administration and a Master’s in Gerontology from the University of North Carolina at Greensboro where she was also the chapter president of the National Academic Honor and Professional Society in Gerontology. Prior to joining Aldersgate, Mrs. Floyd had worked as a skilled nursing home administrator since 2013. She is a proud Class 9 member of the CBI Leadership Under 40 Development Initiative. Originally from Boston she has made Charlotte her home with her husband, and their two rambunctious dogs. They are looking forward to welcoming their first child in May.

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

***Boris Henderson – Chief Strategy Officer*** is a Charlotte native (graduated from Garinger High School) and is very familiar with Aldersgate and its surrounding community. He is a graduate of Davidson College and obtained a master’s in business administration from Wake Forest University in 2006. Boris was inducted into the Davidson Athletic Foundation Hall of Fame in 2013, served a six-year term on the Davidson College Athletic Foundation Board and recently received the Emerging Philanthropist award from AFP’s Charlotte Chapter. Boris served as the Chief Finance Officer of the Drakeford Real Estate Development Company where he was primarily responsible for the management of real estate development activities, capital raise, cash flow forecasting and modeling and construction loan procurement. Subsequently, Boris served as a Vice President of Commercial Real estate and Special Initiatives for The Housing Partnership where he heavily focused on the design and development of mixed income communities, execution of board approved commercial development activities and key economic development initiatives. Boris then joined Aldersgate as Chief Strategy Officer after serving on its Board of Directors for over three years. His primary role is to support Aldersgate’s immediate and long-range growth plans, consisting of new construction real estate development projects, among other activities.

***Maria Hagadorn – Director of Sales and Development*** – Maria joined Aldersgate in February 2019. Prior to joining Aldersgate, Maria worked for the third largest global ocean carrier, CMA CGM America LLC. for eleven years where she was presented with the President’s Award for record year over year growth. She spent 8 years in Sales with her most recent position being Senior Key Account Manager with a focus on Global & Strategic Account development. Maria made a career change to pursue a calling on her heart to serve the elderly. She started as Director of Philanthropy and is now Director of Sales and

Development. Maria currently serves as a member of the United Methodist Association's Shared Learning Committee. She is an active participant of the United Methodist Association's Development Network and the Association of Fundraising Professionals. Maria received her Bachelor of Arts at Virginia Polytechnic Institute and State University. She is very active in her church.

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

#### **Criminal Violation Statement**

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

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

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

### **Estimated Number of Residents**

As of December 31, 2019 the approximate number of continuing care retirement community residents of Aldersgate was 586. The mix of single and double occupancies will affect the total number of residents at any given time.

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

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## **POLICIES AND ADMISSION**

### **ADMISSION**

#### **Contract Options**

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

Aldersgate offers a Residence and Services Agreement containing a Health Care benefit if member is eligible. See Attachment III for a sample of this agreement.

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

Residents not qualifying for Health Care Benefits may be admitted to membership at the discretion of Aldersgate but the Life Care benefit will not be applicable to them. They will pay a one-time Entrance Fee and an ongoing monthly services fee. Should a non-Life Care resident need additional services in Assisted Living, Memory Care or the Health Care Facility on a permanent basis, the base monthly services fee will be changed to the Member without Health Care Benefits for the appropriate level of care. A prospective resident qualifying for Health Care Benefits may choose to exclude themselves from the Health Care Benefits provisions of the agreement upon approval by Aldersgate.

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

#### **Health Requirements**

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

#### **Financial and Insurance Criteria**

##### **Financial**

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

the Applicant qualifies for financial assistance within the provisions of Aldersgate's financial assistance policy.

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

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

### **Health Insurance**

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

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

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

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

### **Age Requirements**

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

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

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

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

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

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

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

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

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

#### **D. Termination by Member After Occupancy**

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

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

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

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

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

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

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

#### **F. Termination Upon Death**

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

#### **G. Refund Upon Termination**

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

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



2. **50% Refundable Entrance Fee Option** For Members who have chosen the 50% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%) for any termination occurring in months one through ten after occupancy; (ii) one percent (1%) for each month that has elapsed between month eleven and the date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
3. **90% Refundable Entrance Fee Option** For Members who have chosen the 90% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%); (ii) a fee of One Thousand Dollars (\$1,000); and (iii) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

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

#### **H. Condition of Residence**

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

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

1. Should a Member who has chosen the 90% or 50% Refundable Entrance Fee Option vacate his or her Residence by transferring permanently to a Health Care Facility at the Community, the Member may then draw against his or her refund to supplement payment of his or her health care costs at Aldersgate but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on his or her health care.
2. The following conditions apply when "the Member" is used in the Agreement to apply to two married individuals in an Independent Living Residence who have chosen the 90% or 50% Refundable Entrance Fee Option:
  - a. The Entrance Fee relates to Member identified in the Agreement, not to either individual Member alone. As such, as long as one of the Members remains in the

Community, no refund of the Entrance Fee is due to either Member, even if one Member vacates the Community for any reason.

- b.** Should both Members vacate their Residence by transferring permanently to a Health Care Facility at the Community, either or both Member(s) may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at Aldersgate but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The 90% and 50% Refundable Entrance Fee option can be accessed exclusively for health care services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
- c.** Should one Member vacate their Residence by transferring to a Health Care Facility at the Community, and the other Member vacates the Residence by transferring to an independent accommodation that carries a lesser Entrance Fee, the Member who has transferred to the Health Care Facility may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at Aldersgate, up to the difference between the original Entrance Fee, and the then current Entrance Fee (Revised Entrance Fee) for the new independent accommodation, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The Member would still be entitled to receive any applicable Member discount on their health care. Should the Member residing in the independent living accommodation vacate said accommodation by transferring to Assisted Living or the Health Care Facility at the Community, that Member may then draw upon the refundable portion of the Revised Entrance Fee to supplement payment of their health care costs at Aldersgate, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The 90% or 50% Refundable Entrance Fee can be accessed exclusively for health care services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
- d.** Utilization of the 90% or 50% Refundable Entrance Fee option may be made to supplement payment of health care costs at Aldersgate only. Contingent upon a financial review of the Member's income and assets, Aldersgate reserves the right to determine the amount of the 90% or 50% Refundable Entrance Fee that may be used to supplement the Member's health care fees at Aldersgate.

### **Change of Accommodations**

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

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

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

Transfer of the Member to any of the health care facilities of Aldersgate, which currently includes Asbury Health and Rehabilitation Center, Parker Terrace Assisted Living, and Cuthbertson Village Memory Support, does not constitute a change of accommodation for these purposes.

### **Marriages**

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

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

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

If the applying spouse should not meet the requirements of residency, the applying spouse would not be able to reside at Aldersgate and the Member may terminate the Agreement in

the same manner as provided in Section VI of the Agreement with respect to a voluntary termination. As of the date of this Disclosure Statement, no applying spouse has failed to meet the requirements.

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

### **Cohabitation Policy**

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

### **Inability To Pay**

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

### **Lease Option**

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

## SERVICES

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

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

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

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

<u>Service</u>	<u>Fees</u>
Beauty and Barber	\$1 - \$80 per specific service
Cable TV	\$40 per month
Telephone	\$38 per month
Extra Housekeeping / Maintenance	\$25 per hour
Information Technology Services	\$40 per hour
Tray service	\$5 per delivery
Extra Meals	Menu Pricing
Guest Rooms*	\$90 per day
Guest Meals	Menu Pricing
Group Outings	Per person – event specific
Event Catering	Per person – event specific
Independent Living Unit Transfer Fee	\$15,000 per transfer

\*Family members of residents in Parker Terrace, Cuthbertson Village, and Asbury Skilled Nursing are entitled to a discounted Guest Room rate of \$70 per day

### Health Care Services

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

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

### **Fees and Charges**

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

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

- a. **Temporary Transfers** A transfer is considered temporary when the condition that requires the Member's transfer has the potential to be resolved in a manner which may allow the Member to return to the Residence. The Member's Residence will be held for the Member's return.
  - i. **Single Occupancy** Should the Member have a temporary need for Assisted Living or Health Care Facility services while still occupying a Residence, the Member will continue to pay both the then-current Monthly Service Fee for the Residence and the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
  - ii. **Double Occupancy** Should one or both Residents have a temporary need for Assisted Living or Health Care Facility services while still occupying the Residence, the Resident will continue to pay the then-current Monthly Service Fee less the then-current second person Monthly Service Fee for the Residence. Additionally, each Resident requiring temporary care provided in Assisted Living or Health Care Facility, will be required to pay the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
  - iii. Temporary utilization of Assisted Living or Health Care Facility services does not constitute a change of accommodations subject to the provisions of Section IV.M of the Agreement.
- b. **Permanent Transfers** A transfer is considered permanent when a condition requires a move to one of the levels of Healthcare and will not allow the Resident to return to their Residence and the Residence has been vacated. A move from Independent Living to another Independent Living residence due to health circumstances, upon approval, will be subject to a Transfer Fee of \$15,000. The exact amount may vary depending on the

circumstances which will be evaluated at the time of transfer approval. Aldersgate reserves the right to waive or modify such transfer charges.

- i. Single Occupancy Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Resident will be required to release the Residence as provided in Section V of the Agreement. If the member entered the Community as a qualified Health Care Benefit Member, the Member's Monthly Service Fee will be initially adjusted to the Health Care Benefit rate, which is the market rate of the 90% refundable contract option Monthly Service Fee for the two-bedroom, two-bathroom Sycamore type independent living residence, plus the cost of additional meals such that the resident receives \$51 dining dollars per person per day (the "Health Care Benefit Rate".) If the Member is not eligible for the Qualified Health Care Benefit, the monthly fee will be the current monthly fee for the accommodation the Member is moving to (See Exhibit A of Resident and Services Agreement).
- ii. Double Occupancy Should one Resident have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Residence for one person plus either the Health Care Benefit Rate or Member rate without Health Care Benefits. For the Assisted Living Facility or Health Care Facility referenced in Exhibit A. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Resident will be required to release the Residence as provided under Section V of the Agreement. The Monthly Service Fee will be initially adjusted to two times the Health Care Benefit rate or Monthly Service rate for the Assisted Living Facility or Health Care rate listed in Exhibit A.
- c. Additional Charges Residents will be responsible for all costs and charges associated with Assisted Living or the Health Care Facility that are not covered by the monthly or daily rates for such care then in effect which may include drugs, supplies, ancillary charges and level of care fees, if applicable. In the event of a temporary or permanent transfer, the member will be responsible for all costs of relocation.

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

Should the Member or the Member's legally-authorized representative apply for and receive assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated. Temporary utilization of the assisted living services and nursing services does not constitute a change of accommodations as referred to under "Change of Accommodations" in the Agreement.

## **FEES**

### **Reservation Fee**

\$1,000 deposit followed by 10% of selected Entrance Fee.

### **Entrance Fee & Monthly Fee, Notification of Fee Increase** Members of Aldersgate pay:

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

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

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

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**Refundable Entrance Fee Schedule Existing Independent Living Units – Effective January 1, 2020**

<b>Residence Type</b>	<b>Approx. Sq. Ft</b>	<b>50% and 90% Refundable Plan</b>	<b>0% Refundable Plan</b>
<b>Apartments</b>			
<b>Epworth</b>			
1 Bedroom (Rose)	585	\$140,400 - \$165,154	\$98,261 - \$115,693
1 Bedroom (Knock-Out Rose)	585	\$135,986 - \$197,476	\$95,153 - \$138,284
1 Bedroom/Kitchen (Iris)	585	\$177,135 - \$201,889	\$123,960 - \$141,392
2 Bedroom (Tulip)	782	\$177,135 - \$250,894	\$123,960 - \$175,800
2 Bedroom/Kitchen (Lotus)	1,060	\$260,026	\$183,829
2 Bedroom/Kitchen (Lily)	1,067	\$226,140 - \$250,894	\$158,367 - \$175,800
2 Bedroom/Kitchen (Lilac)	1,130	\$277,197	\$195,969
2 Bedroom/Kitchen (Gardenia)	1,170	\$259,262 - \$288,430	\$185,033 - \$205,573
<b>Francis</b>			
1 Bedroom/1 Bath (Cherry)	750	\$186,971 - \$220,769	\$130,847 - \$154,649
1 Bedroom/1.5 Bath (Mimosa)	955	\$242,643 - \$275,250	\$169,805 - \$192,767
2 Bedroom/2 Bath/Balcony (Dogwood)	1,050	\$266,508 - \$299,115	\$186,487 - \$209,450
2 Bedroom/2 Bath/Balcony (Holly)	1,075	\$266,508 - \$299,115	\$186,487 - \$209,450
2 Bedroom/2 Bath/Dining (Magnolia)	1,150	\$291,214 - \$322,560	\$203,762 - \$255,836
2 Bedroom/2 Bath/Dining (Willow)	1,180	\$291,214 - \$322,560	\$203,762 - \$255,836
2 Bedroom/2 Bath/Dining/Balcony (Sycamore)	1,250	\$322,600 - \$346,798	\$225,857 - \$242,897
2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)	1,400	\$334,153 - \$336,536	\$233,807 - \$235,484
2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)	1,500	\$382,684 - \$391,372	\$267,859 - \$273,978
2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak)	1,660	\$424,390 - \$444,243	\$297,169 - \$311,151
<b>Magnolia View</b>			
1 Bedroom/1.5 bath (Catawba)	851	\$315,440	\$220,808
1 Bedroom/1.5 bath (Elk)	950	\$351,853	\$246,297
1 Bedroom/1.5 bath (Linville)	1,002	\$364,365	\$255,056
1 Bedroom/1.5 bath (Elk Deluxe)	1,034	\$367,568	\$257,298
2 Bedroom/2.5 bath (Mitchell)	1,192	\$439,996	\$307,998
2 Bedroom/2.5 bath (Pamlico)	1,280	\$459,175	\$321,423
2 Bedroom/2.5 bath (South Fork)	1,376	\$478,354	\$334,848
2 Bedroom/2.5 bath/Fireplace (Uwhaarie)	1,376	\$503,885	\$352,720
2 Bedroom/2.5 bath/Fireplace (Yadkin)	1,456	\$530,083	\$371,027
<b>Lake View and Park View</b>			
1 Bedroom/1.5 Bath (Badin)	985	\$370,119	\$259,083
2 Bedroom/2.5 Bath (James)	1,285	\$478,355	\$334,848
2 Bedroom/2.5 Bath (Jordan)	1,352	\$490,559	\$343,392
2 Bedroom/2.5 Bath /Fireplace (Norman)	1,352	\$516,588	\$361,612
2 Bedroom/2.5 Bath (Tillery)	1,475	\$523,562	\$366,493
2 Bedroom/2.5 Bath/Fireplace (Wylie)	1,475	\$549,093	\$384,365
<b>Cottages/Executive Homes</b>			
<b>Azalea View</b>			
2 Bedroom	1,082 - 1,700	\$199,842 - \$293,918	\$139,889 - \$202,258
3 Bedroom	1,767 - 2,500	\$291,986 - \$352,435	\$204,474 - \$248,204
<b>Lake Ridge</b>			
2 bedroom/2 Bath/Garage (Maple)	1,598	\$402,819 - \$427,908	\$283,441 - \$302,588
2 Bedroom/2 Bath/Den/Garage (Walnut)	1,740	\$455,261	\$320,875
2 Bedroom/2 Bath/Den/Garage (Hickory)	1,867	\$483,230 - \$492,437	\$340,850 - \$348,813
<b>Wesley Glen</b>			
2 Bedroom/2 Bath (Cedar)	1,548	\$418,278 - \$435,250	\$294,236 - \$307,679
2 Bedroom/2 Bath (Myrtle)	1,650	\$452,147 - \$486,078	\$316,507 - \$342,509
2 Bedroom/2.5 Bath/Den (Poplar)	1,880	\$484,623 - \$516,054	\$340,741 - \$364,243
2 Bedroom/2.5 Bath/Den (Redwood)	2,035	\$498,441 - \$534,321	\$350,414 - \$376,968
2 Bedroom/2.5 Bath/Den (Laurel)	2,340	\$454,770	\$321,281

Fees shown above apply to single occupancy. The rates for double-occupancy include an additional entrance fee of \$27,040 regardless of residence type.

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

## Monthly Service Fee Schedule Existing Independent Living Units – Effective January 1, 2020

Residence Type	Approx. Sq. Ft	0% and 90% Refundable Plan	50% Refundable
<b>Apartments</b>			
<b>Epworth</b>			
1 Bedroom (Rose)	585	\$2,579	\$2,063
1 Bedroom (Knock-Out Rose)	585	\$2,579 - \$2,700	\$2,063 - \$2,161
1 Bedroom/Kitchen (Iris)	585	\$2,700	\$2,161
2 Bedroom (Tulip)	782	\$2,759	\$2,270
2 Bedroom/Kitchen (Lotus)	1,060	\$2,800	\$2,238
2 Bedroom/Kitchen (Lily)	1,067	\$2,759 - \$2,856	\$2,207 - \$2,285
2 Bedroom/Kitchen (Lilac)	1,130	\$2,984	\$2,201
2 Bedroom/Kitchen (Gardenia)	1,170	\$2,981	\$2,161 - \$2,385
<b>Francis</b>			
1 Bedroom/1 Bath (Cherry)	750	\$3,091	\$2,472
1 Bedroom/1.5 Bath (Mimosa)	955	\$3,463	\$2,770
2 Bedroom/2 Bath/Balcony (Dogwood)	1,050	\$3,834 - \$3,958	\$3,067 - \$3,167
2 Bedroom/2 Bath/Balcony (Holly)	1,075	\$3,834 - \$3,958	\$3,067 - \$3,167
2 Bedroom/2 Bath/Dining (Magnolia)	1,150	\$4,082 - \$4,205	\$3,264 - \$3,365
2 Bedroom/2 Bath/Dining (Willow)	1,180	\$4,082 - \$4,205	\$3,264 - \$3,365
2 Bedroom/2 Bath/Dining/Balcony (Sycamore)	1,250	\$4,454	\$3,563
2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)	1,400	\$4,826	\$3,860
2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)	1,500	\$5,073	\$4,058
2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak)	1,660	\$5,543	\$4,355
<b>Magnolia View</b>			
1 Bedroom/1.5 bath (Catawba)	851	\$3,089	\$2,468
1 Bedroom/1.5 bath (Elk)	950	\$3,637	\$2,906
1 Bedroom/1.5 bath (Linville)	1,002	\$3,750	\$2,998
1 Bedroom/1.5 bath (Elk Deluxe)	1,034	\$3,868	\$3,099
2 Bedroom/2.5 bath (Mitchell)	1,192	\$4,469	\$3,582
2 Bedroom/2.5 bath (Pamlico)	1,280	\$4,642	\$3,716
2 Bedroom/2.5 bath (South Fork)	1,376	\$4,828	\$3,862
2 Bedroom/2.5 bath/Fireplace (Uwhaarie)	1,376	\$4,828	\$3,862
2 Bedroom/2.5 bath/Fireplace (Yadkin)	1,456	\$5,120	\$4,098
<b>Lake View and Park View</b>			
1 Bedroom/1.5 Bath (Badin)	985	\$3,576	\$2,857
2 Bedroom/2.5 Bath (James)	1,285	\$4,676	\$3,739
2 Bedroom/2.5 Bath (Jordan)	1,352	\$4,884	\$3,907
2 Bedroom/2.5 Bath /Fireplace (Norman)	1,352	\$4,884	\$3,907
2 Bedroom/2.5 Bath (Tillery)	1,475	\$5,120	\$4,098
2 Bedroom/2.5 Bath/Fireplace (Wylie)	1,475	\$5,120	\$4,098
<b>Cottages/Executive Homes</b>			
<b>Azalea View</b>			
2 Bedroom	1,082 - 1,700	\$3,646	\$2,920
3 Bedroom	1,767 - 2,500	\$3,839	\$3,070
<b>Lake Ridge</b>			
2 bedroom/2 Bath/Garage (Maple)	1,598	\$4,187	\$3,356
2 Bedroom/2 Bath/Den/Garage (Walnut)	1,740	\$4,652	\$3,723
2 Bedroom/2 Bath/Den/Garage (Hickory)	1,867	\$4,829	\$3,862
<b>Wesley Glen</b>			
2 Bedroom/2 Bath (Cedar)	1,548	\$4,056	\$3,251
2 Bedroom/2 Bath (Myrtle)	1,650	\$4,323	\$3,465
2 Bedroom/2.5 Bath/Den (Poplar)	1,880	\$4,982	\$3,987
2 Bedroom/2.5 Bath/Den (Redwood)	2,035	\$5,222	\$4,176
2 Bedroom/2.5 Bath/Den (Laurel)	2,340	\$5,280	\$4,225

Rates shown above apply to single-occupancy. The rates for double-occupancy include an additional \$1,173 per month regardless of residence type.

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

<b>Monthly Service Fee Schedule Existing and New Health Care Beds– Effective January 1, 2020</b>			
<b>Residence Type</b>	<b>Direct Admit</b>	<b>Member - with Health Care Benefit</b>	<b>Member - without Health Care Benefit</b>
<b>Parker Terrace (Assisted Living)</b>			
<b>Studio</b>			
- Tier 1	\$5,330/month		\$4,998/month
- Tier 2	\$6,396/month		\$6,063/month
- Life Care Rate		\$4,886/month	
<b>One Bedroom Apartment</b>			
- Tier 1	\$5,537/month		\$5,204/month
- Tier 2	\$6,606/month		\$6,273/month
- Life Care Rate		\$4,886/month	
<b>Cuthbertson Village Memory Support (Assisted Living)</b>			
<b>One Bedroom Apartment</b>			
- Tier 1	\$6,581/month		\$6,244/month
- Tier 2	\$7,601/month		\$7,264/month
- Life Care Rate		\$4,886/month	
<b>Asbury Health and Rehabilitation (Health Care Facility)</b>			
- Tier 1	\$328/day		\$318/day
- Tier 2	\$371/day		\$360/day
- Life Care Rate		\$4,886/month	
<b>Asbury Health and Rehabilitation (Health Care Facility)</b>			
- Home for the Aged - Tier 1	\$250/day		\$243/day
- Home for the Aged - Tier 2	\$283/day		\$275/day
- Life Care Rate		\$4,886/month	

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

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

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

## Changes in Fees for the Previous Five Years

Effective Date	Independent Living		Assisted Living		Memory Support		Skilled Nursing	
	% Per Month (Average)	\$ Per Month (Average)	% Per Month (Average)	\$ Per Month (Average)	% Per Month (Average)	\$ Per Month (Average)	% Per Month (Average)	\$ Per Month (Average)
1/1/2016	3.0%	\$87	3.0%	\$127	3.0%	\$127	3.0%	\$4
1/1/2017	3.0%	\$90	3.0%	\$131	3.0%	\$131	3.0%	\$4
1/1/2018	2.8%	\$85	3.0%	\$135	4.0%	\$180	5.0%	\$8
1/1/2019	3.0%	\$95	3.5%	\$162	4.0%	\$187	5.0%	\$8
1/1/2020	3.0%	\$74	4.0%	\$67	4.0%	\$113	4.5%	\$9

## **THRIVE PROGRAM**

### **Program Description**

Thrive is a home-based membership service. Thrive allows the opportunity for healthy, active older adults to maintain their independence at home as long as medically feasible and plan for their future care needs. Thrive members have access to the benefits of a retirement community including wellness programs, campus amenities, life enrichment activities, social engagement opportunities with on campus residents and fellow thrive members, home care services, and meals.

Thrive provides the opportunity for members to have peace of mind that housing and care options will be available to them when a change in the individual's health or independence occurs.

### **Program Eligibility**

Acceptance for Thrive is nondiscriminatory except as to age, and the Community is open to both married and single men and women of all races and religions and without regard to place of former residence. The applicant must be at least 62 years of age; for couples, one applicant must be at least 62 years of age. Applicants must complete a Membership Application, Financial Application, Medical Application, and a pass a health assessment completed by the Thrive program. A home assessment may be required to approval. If the home environment is considered unsafe, the prospective member will be required to make the recommended changes prior to approval for membership. If the Thrive member desires to become a resident of Aldersgate Continuing Care Retirement Community, the member will be subject to the entry requirements of the retirement community applicable payment of fees.

### **Services Provided**

Thrive enrollment will begin June of 2020. Thrive will provide the following services to Thrive Members (Members may be subjected to the fees associated with the services):

- a. Wellzesta: Each Thrive household will have access to Wellzesta, a cloud-based wellness application.
- b. Community Dining: Members will be able to utilize dining at The Gatehouse Dining Room, Market Café, The Rose and Ivey Pub, On Common Grounds. Fees will be subjected to current published fees.

- c.** Body Shop and Fitness Classes: Members are granted access to participate in the fitness classes offered on the Aldersgate at Shamrock campus, including water fitness classes. All members are encouraged to swim with a partner. Members will have access to the locker rooms for their pre and post physical fitness needs.
- d.** Indoor Swimming Pool and Indoor Spa: Members can utilize the swimming pool when water fitness classes are not in session. All members are encouraged to swim with a partner.
- e.** Community Organized Activities: Members can participate in community organized activities, both on campus and off campus, and are subject to applicable fees. Organized activities include those planned by Life Enrichment Staff as well as resident led activities.
- f.** On Campus Life Enrichment Amenities: Members can utilize Life Enrichment Amenities such as the dog park, side walks and nature trails, pond for fishing (catch and release), Bocce Court, Gardens, Common Area gathering spaces.
- g.** Transportation: Members can utilize Aldersgate transportation for community arranged activities and trips.
- h.** One Wellness Exam in the Wellness Clinic: Each member in the Thrive Household must have a completed wellness exam in the Aldersgate at Shamrock Wellness Clinic per calendar year.
- i.** Program Consultation: Members will receive quarterly communication from Thrive to access for any needs in desired care, membership satisfaction, etc.
- j.** Nursing Consultation: Members will receive nursing consultation for medical situations and disease management that may arise once enrolled in the Thrive program.
- k.** Home Care Services: Members will receive referrals and care coordination services for any care planning and arrangement of home care services that may arise with a temporary or permanent change in health.
- l.** Admission to Asbury Health and Rehabilitation: Thrive members will have access to utilize Asbury Health and Rehabilitation for their temporary or long-term care needs. Assistance with admission and discharge arrangements from local health care systems, hospitals, or care facilities will be provided to the member.
- m.** Expedited Admission: Thrive members will have expedited admission to an of the community's levels of care services in residence when the desire or need is made known. Actual admission will be made as appropriate residences and accommodations are available and with satisfaction of residency requirements for the level of care desired or needed. Member will be subjected to any applicable fees for admission to any level of care services at Aldersgate, including Independent Living accommodations.

### **Membership Plan and Fees**

The Member(s) agrees to pay to the community and Entrance Fee as a condition of becoming a member. The Entrance Fee is non-refundable and shall be the property of the Community for use in accordance with the terms of its Agreement and shall not be subject to the claims of creditors of the Member.

The Member shall choose one of the following options. The Community may, for any lawful reason, limit availability of one or more of the following Entrance Fee options. Entrance Fee Option Amount of Entrance Fee For Service \$ 13,000 per member for a Discounted Fee For Service, or \$ 16,000 per member. The Member must notify the Community in writing of the selection of the Entrance Fee Option on or before the Entrance Fee is paid. The Member may not change the option selected after the date the Entrance Fee is paid. In addition to the Entrance Fee, each Member agrees to pay a Monthly Service Fee that will be initially \$ 400 per month for one person under the Residence and Services Agreement and \$475 per month under the Discounted Fee for Service Agreement. The Monthly Service Fee shall be due beginning on the Membership Date and will be prorated, if necessary, on a daily basis for the first and last months of membership.

The Community may increase the Monthly Service Fee upon thirty (30) days' written notice to you. The Monthly Service Fee shall be billed in advance to the Member on or before the third (3rd) business day of each month, and shall be paid on or before the tenth (10th) day of the month.

In the event that the Member elects to and is granted residency to an Aldersgate Independent Living accommodation the entrance fee paid for the Thrive membership will be applied to the entrance fee required for the selected accommodation.

If there are two members in one household and one member transfers to a higher level of care at Aldersgate, the monthly service fee for the member who transferred to a higher level of care will be prorated for date of admission to a healthcare facility at Aldersgate.

### **Termination of Membership**

- a. By Member: The member may terminate the Resident and Services Agreement for any reason by providing written notice of such termination at least 90 days in advance of the termination date. In the case of the death of a member, the Resident and Services Agreement shall automatically terminate.
- b. By Thrive: Thrive may terminate the Resident and Services Agreement if:
  - i. There has been a material misrepresentation or omission made by the Member in the Member's membership application, financial application, or personal health history form.
  - ii. The Member fails to make payment to the Thrive program, care coordination services provided, or ancillary charges due within 30 days of the date due.
  - iii. The member does not abide by the rules and regulations adopted by the Program and/or Aldersgate at Shamrock.
  - iv. The Member breaches any of the terms or conditions of this agreement.
  - v. The Thrive Program reasonably determines that the member poses a danger to him/herself or to others and member or member's designated legal representative refuses to allow the transfer of the member from the member's home or facility to another facility.

## **FINANCIAL INFORMATION**

### **Financial Overview Statement**

Aldersgate has relied upon gifts, pledges, bequests and funds received from trust balances to cover a portion of the cost of construction, equipment, landscaping, other extraordinary expenses and debt service. Aldersgate has long term debt arising from tax-exempt bond issuance in October 2013, the proceeds of which were used to refund the Series 2009 and 2010 bonds and in October 2015, the proceeds of which were used for project related cost for the New Memory Care Suites, the Town Center, and the New Nursing Center. In 2017, Aldersgate issued tax-exempt bonds and two bank loans to construct a new Commons (community center) and 62 new independent living units.

General Statutes Chapter 58, Article 64 requires Aldersgate to establish and maintain an operating reserve equal to twenty-five percent of the total operating costs projected for the twelve-month period ending December 31, 2020, or fifty percent of such total operating costs if occupancy at Aldersgate is less than ninety percent (the "Operating Reserve Requirement"). Aldersgate expects to maintain an occupancy rate more than ninety percent and have sufficient funds available to meet the Operating Reserve Requirement. The projected amount of the Operating Reserve Requirement is \$9,503,250 as defined by statute for the forecasted year ending December 31, 2020. Aldersgate's operating reserve consists of cash, cash equivalents and marketable securities, principally mutual funds.

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

The Board of Directors determines the way funds of Aldersgate are invested. The funds of Aldersgate are invested in a diversified portfolio of marketable securities, including cash, cash equivalents, bonds, stocks, mutual funds and other permitted instruments.

Aldersgate operates on a fiscal year that ends on the last day of December. The financial records of the facility are audited annually by an independent certified public accountant. Audited Financial Statements for the years ended December 31, 2019 and December 31, 2018 are included in Attachment I.

Interim, unaudited financial statements as of April 30, 2020, and the year then ended are included as Attachment IV.

Projected Financial Statements for the fiscal years 2020 through 2024 are included as Attachment II.

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

Aldersgate continues to develop funds that are to be used for assistance to residents who are approved for financial assistance. As of December 31, 2019, the principal of these funds was approximately \$1,945,412 consisting of both donor and board-designated amounts. The income from these funds constitutes one of several sources of Aldersgate's financial assistance. Other sources of assistance include an annual Mother's Day Offering and grants from wills, trusts, foundations and the Western North Carolina Conference of the United Methodist Church. Aldersgate does not guarantee that the principal of board designated funds will remain committed solely for financial assistance.

Schedule of Variances between Forecasted and Actual Balance Sheet (in thousands of dollars)

**Materiality Threshold is 15% and \$200 variance from prior year's forecast**

	12/31/2019 Projected	12/31/2019 Actual	Dollar Fav. (Unfav.) Variance	Percentage Fav. (Unfav.) Variance
<b>Assets</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents <i>(See Note 1)</i>	\$ 1,672	\$ 3,845	\$ (2,173)	-130%
Investments <i>(See Note 1)</i>	23,404	14,750	8,654	37%
Accounts receivable, net <i>(See Note 1)</i>	2,070	2,722	(652)	-31%
Due From Related Party <i>(See Note 1)</i>	-	7,127	(7,127)	100%
Entrance Fees Receivable <i>(See Note 1)</i>	180	-	180	100%
Prepaid Expenses and Other Current Assets	810	721	89	11%
<b>Total Current Assets</b>	<b>28,136</b>	<b>29,165</b>	<b>(1,029)</b>	<b>-4%</b>
PROPERTY, PLANT AND EQUIPMENT, NET	127,398	126,908	490	0%
ASSETS LIMITED AS TO USE	20,287	21,723	(1,436)	-7%
OTHER ASSETS <i>(See Note 1)</i>	708	573	135	19%
<b>Total Assets</b>	<b>176,529</b>	<b>178,369</b>	<b>(1,840)</b>	<b>-1%</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses <i>(See Note 2)</i>	6,572	5,252	1,320	20%
Due to Related Party <i>(See Note 2)</i>	-	1,603	(1,603)	-100%
Entrance Fee Deposits on Unoccupied Units <i>(See Note 2)</i>	-	2,931	(2,931)	-100%
Other Current Liabilities	88	104	(16)	-18%
Current portion of long-term debt	7,133	7,605	(472)	-7%
<b>Total Current Liabilities</b>	<b>13,793</b>	<b>17,495</b>	<b>(3,702)</b>	
LONG TERM DEBT, NET OF CURRENT PORTION	108,957	108,934	23	0%
LIABILITY UNDER INTEREST RATE SWAP AGREEMENT <i>(See Note 2)</i>	-	92	(92)	100%
DEFERRED ENTRANCE FEE REVENUE, NET <i>(See Note 2)</i>	27,626	22,852	4,774	17%
REFUNDABLE ENTRANCE FEES	46,309	44,218	2,091	5%
<b>Total Liabilities</b>	<b>196,685</b>	<b>193,591</b>	<b>3,094</b>	<b>2%</b>
<b>NET ASSETS</b>				
Without Donor Restriction	(21,001)	(16,067)	4,934	-23%
With Donor Restriction	845	845	-	0%
<b>Total Net Assets <i>(See Note 2)</i></b>	<b>(20,156)</b>	<b>(15,222)</b>	<b>(4,934)</b>	<b>24%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 176,529</b>	<b>\$ 178,369</b>	<b>\$ (1,840)</b>	<b>-1%</b>

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



Schedule of Variances between Forecasted and Actual Operations Statement (in thousands of dollars)

**Materiality Threshold is 15% and \$200 variance from prior year's forecast**

	12/31/2019 Projected	12/31/2019 Actual	Dollar Fav. (Unfav.) Variance	Percentage Fav. (Unfav.) Variance
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Net Resident Service Revenue	\$ 18,966	\$ 20,298	\$ 1,332	7%
Health Care Revenue	13,438	13,677	239	2%
Amortization of Deferred Entrance Fees	2,899	2,988	89	3%
Investment Income, Net (See Note 3)	1,175	725	(450)	-38%
Other Support (See Note 3)	304	1,180	876	288%
Net Assets Released From Restrictions Used in Operations (See Note 3)	-	181	181	100%
Unrestricted Contributions (See Note 3)	245	606	361	147%
<b>Total Revenue, Gains and Other Support</b>	<b>37,027</b>	<b>39,655</b>	<b>2,628</b>	<b>7%</b>
<b>EXPENSES</b>				
Nursing and Related Services	11,475	11,926	451	4%
Dietary	5,193	5,444	251	5%
Housekeeping	1,531	1,620	89	6%
Plant Operations and Maintenance (See Note 3)	4,754	4,042	(712)	-15%
Administration	9,283	10,621	1,338	14%
Interest Expense	6,277	5,916	(361)	-6%
Depreciation and Amortization	6,099	6,551	452	7%
<b>Total Expenses</b>	<b>44,612</b>	<b>46,120</b>	<b>1,508</b>	<b>3%</b>
OPERATING INCOME (LOSS) (See explanations above)	(7,585)	(6,465)	1,120	-15%
DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES	(7,585)	(6,465)	1,120	-15%
<b>OTHER CHANGES IN UNRESTRICTED NET ASSETS</b>				
Change in Net Unrealized (Losses) on Investments (See Note 4)	-	3,556	3,556	100%
Change in Value of Interest Rate Swap Liability (See Note 4)	-	(92)	(92)	-100%
<b>(DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS (See explanations above)</b>	<b>\$ (7,585)</b>	<b>\$ (3,001)</b>	<b>\$ 4,584</b>	<b>-60%</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	-	180	180	100%
Net Assets Released from Restrictions	-	(180)	(180)	-100%
Change in Net Unrealized Losses on Investments With Donor Restriction	-	-	-	0%
<b>(DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100%</b>
<b>DECREASE IN NET ASSETS (See explanations above)</b>	<b>(7,585)</b>	<b>(3,001)</b>	<b>4,584</b>	<b>-60%</b>
Net assets, beginning of year	\$ (12,571)	\$ (12,221)	\$ 350	-3%
Net assets, end of year (See explanations above)	\$ (20,156)	\$ (15,222)	\$ 4,934	-24%

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

## Schedule of Variances between Forecasted and Actual Cash Flow Statement (in thousands of dollars)

### Materiality Threshold is 15% and \$200 variance from prior year's forecast

	12/31/2019 Projected	12/31/2019 Actual	Dollar Fav. (Unfav.) Variance	Percentage Fav. (Unfav.) Variance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Decrease in Net Assets	\$ (7,585)	\$ (3,002)	\$ 4,583	-60%
<i>Adjustments to reconcile change in net assets to net cash (used in)</i>			-	
<i>provided by operating activities:</i>				
Proceeds from Entrance Fees	5,123	4,978	(145)	-3%
Depreciation and Amortization	6,463	6,823	360	6%
Bad Debt Expense (See Note 4)	-	70	70	100%
Gain on Disposal of Assets	-	(2)	(2)	-100%
Amortization of Deferred Entrance Fees	(2,899)	(2,988)	(89)	3%
Net Unrealized (Gains) Losses on Investments (See Note 3)	-	(3,555)	(3,555)	100%
Change in Value of Interest Rate Swap Liability (See Note 2)	-	92	92	100%
Net Realized Gains on Investments (See Note 3)	-	(85)	(85)	100%
<i>Changes in operating assets and liabilities:</i>				
Accounts and Other Receivable (See Note 1)	16	(706)	(722)	-4513%
Prepaid Expenses and Other Current Assets	1	90	89	8900%
Other Assets (See Note 1)	-	172	172	100%
Entrance Fee Receivable	16	-	(16)	-100%
Accounts Payable and Accrued Expenses (See Note 2)	(132)	(1,452)	(1,320)	1000%
Due/From Related Party (See Note 2)	-	(4,997)	(4,997)	100%
Other Current Liabilities	(16)	-	16	-100%
Net cash provided by operating activities	987	(4,562)	(5,549)	-562%
			-	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Property and Equipment (See Note 4)	(9,549)	(11,710)	(2,161)	23%
Change in Investments, Net (See Note 3)	(9,683)	-	9,683	-100%
Deferred Marketing Costs	(30)	-	30	-100%
Construction and Retainage Payable (See Note 4)	(2,046)	-	2,046	-100%
Purchases of Investments and Assets Limited as to Use (Note 4)	-	(1,266)	(1,266)	-100%
Sales of Investments and Assets Limited as to Use, Net (See Note 3)	2,251	536	(1,715)	-76%
Net cash used in investing activities	(19,057)	(12,440)	6,617	-35%
			-	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Repayments of Long-Term Debt	(15,685)	(15,196)	489	-3%
Proceeds from the Issuance of Long-Term Debt	11,305	11,291	(14)	0%
Additions to Deferred Marketing Costs	-	(21)	(21)	100%
Proceeds from Refundable Entrance Fees (See Note 4)	10,172	5,761	(4,411)	-43%
Proceeds from First Generation Entrance Fees (See Note 4)	19,126	18,308	(818)	-4%
Change in Entrance Fee Deposits (See Note 3)	(3,610)	-	3,610	100%
Entrance Fees Refunded (See Note 4)	(3,215)	(5,100)	(1,885)	59%
Net cash provided by financing activities	18,093	15,043	(3,050)	-17%
			-	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23	(1,959)	(1,982)	-8617%
			-	
CASH AND CASH EQUIVALENTS—Beginning of year (Note 4)	1,649	6,524	4,875	296%
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH —End of year (Note 4)	\$ 1,672	\$ 4,565	\$ 2,893	173%

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

**Materiality Threshold is 15% and \$200 variance from prior year's forecast**

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

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

**Note 1:**

- Cash and cash equivalents - Favorable to projection due to a significant number of entrance fees being collected in December, prior to the rate increase going into effect.
- Due from related party – Intercompany transactions are not included in the projection.
- Investments - Unfavorable to project due to a slower than projected Gateway fill-up, which did not allow for funds to be put to investments.
- Accounts Receivable - Favorable due to the timing of payments being made.
- Entrance Fees - The classification of entrance fees on the cash flow was different in the audit and projection.
- Entrance Fees Refunded - Unfavorable due to unit turnover impacting more residents with refundable contracts than those without refundable contracts.

**Note 2:**

- Accounts payable and accrued expenses - Favorable to forecast due to a check run being issued on December 31<sup>st</sup>.
- Entrance fee on unoccupied unit - Unfavorable to projection due to a significant number of entrance fees being collected in December, prior to the rate increase going into effect.
- Interest Rate Swap Liability - Unfavorable as it was not signed until late December and was not included at the time of the projection.
- Deferred Entrance Fee Revenue, Net - Favorable due to the delays in opening the Gateway expansion, the fill up was slower than forecasted, which caused multiple individuals to back out of their contracts.
- Total Net Assets - Favorable to projection due to variances explained in Note 3.

**Note 3:**

- Investment income - Unfavorable due to a slower than budgeted fill-up schedule at Gateway, the excess funds were not available to move to investments and earn income.
- Unrestricted contributions - Favorable due to a significant estate gift received in late 2019.
- Plant Operations and Maintenance - Unfavorable due to significant work being completed and additional service contracts that were not included at the time of the projection.
- Change in Net Unrealized (Losses) on Investments – Unfavorable to budget as this line is not included in the prior projection.

**Note 4:**

- Bad Debt Expense – Unfavorable to projection as this line was not included in the prior year projection
- Construction and Retainage Payable - Unfavorable variance due to those costs being included in Accounts Payable on the audited financial statements.
- Entrance Fees - The classification of entrance fees on the cash flow was different in the audit and projection.
- Entrance Fees Refunded - Unfavorable due to unit turnover impacting more residents with refundable contracts than those without refundable contracts.
- Purchase of Property and Equipment - This variance is due to the delay in the Gateway Expansion which pushed expenditures that were projected in 2018 into 2019.

## Attachment I

### Most Recent Certified Financial Statements

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

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

**YEARS ENDED DECEMBER 31, 2019 AND 2018**



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CONSULTING**

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

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

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

We have audited the accompanying consolidated financial statements of Aldersgate United Methodist Retirement Community, Inc. (an affiliate of Aldersgate Life Plan Services, Inc.) (a nonprofit corporation), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

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

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aldersgate United Methodist Retirement Community, Inc. as of December 31, 2019 and 2018, 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 supplemental consolidating schedules are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 28, 2020



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,845,365	\$ 1,648,674
Investments	14,749,973	13,720,540
Accounts Receivable	2,721,563	2,085,648
Due From Related Party	7,127,249	527,184
Entrance Fees Receivable	-	196,200
Prepaid Expenses and Other Current Assets	721,111	811,212
Total Current Assets	29,165,261	18,989,458
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	126,907,507	123,726,978
<b>ASSETS LIMITED AS TO USE</b>		
Designated for Statutory Operating Reserve	8,781,448	8,675,045
Held Under Bond Agreements	10,985,799	11,979,860
Board Designated	1,111,709	1,038,418
Donor Restricted	844,816	845,212
Total Assets Limited as to Use	21,723,772	22,538,535
<b>OTHER ASSETS</b>		
Deferred Marketing Costs, Net	532,805	512,223
Other	39,828	212,178
Total Other Assets	572,633	724,401
Total Assets	\$ 178,369,173	\$ 165,979,372

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 5,251,862	\$ 6,704,210
Due to Related Party	1,602,596	-
Construction and Retainage Payable	-	2,046,123
Entrance Fee Deposits on Unoccupied Units	2,931,474	3,609,588
Current Portion of Long-Term Debt	7,605,334	11,401,294
Other Current Liabilities	103,680	103,680
Total Current Liabilities	17,494,946	23,864,895
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	108,934,378	108,706,103
<b>LIABILITY UNDER INTEREST RATE SWAP AGREEMENT</b>	91,995	-
<b>DEFERRED ENTRANCE FEES, NET</b>	22,851,976	15,340,198
<b>REFUNDABLE ENTRANCE FEES</b>	44,218,206	30,288,723
Total Liabilities	193,591,501	178,199,919
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	(17,178,853)	(14,104,177)
Designated by the Board for Endowment Fund	1,111,709	1,038,418
Total Without Donor Restrictions	(16,067,144)	(13,065,759)
With Donor Restrictions	844,816	845,212
Total Net Assets	(15,222,328)	(12,220,547)
Total Liabilities and Net Assets	\$ 178,369,173	\$ 165,979,372

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>		
Resident Service Revenue	\$ 33,976,044	\$ 31,561,292
Amortization of Deferred Entrance Fees	2,987,836	2,652,379
Investment Income, Net	724,850	1,744,726
Other Support	1,179,541	1,033,973
Net Assets Released from Restrictions for Use in Operations	180,564	489,344
Contributions	606,208	698,467
Total Revenue, Gains, and Other Support	39,655,043	38,180,181
<b>EXPENSES</b>		
Nursing and Related Services	11,925,993	12,083,785
Dietary	5,444,440	4,896,884
Housekeeping and Laundry	1,619,576	1,535,729
Plant Operations	4,042,135	4,523,131
Administration	10,620,798	9,611,986
Interest Expense	5,915,519	4,539,619
Amortization	66,429	73,747
Depreciation	6,485,260	4,480,158
Total Expenses	46,120,150	41,745,039
<b>OPERATING LOSS</b>	(6,465,107)	(3,564,858)
<b>NONOPERATING INCOME (LOSS)</b>		
Change in Net Unrealized Gains (Losses) on Investments	3,555,717	(3,153,323)
Change in Value of Interest Rate Swap Liability	(91,995)	-
Total Nonoperating Income (Loss)	3,463,722	(3,153,323)
<b>DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT UNDER EXPENSES AND DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ (3,001,385)</b>	<b>\$ (6,718,181)</b>

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Operating Loss	\$ (6,465,107)	\$ (3,564,858)
Change in Net Unrealized Gains (Losses) on Investments	3,555,717	(3,153,323)
Change in Value of Interest Rate Swap Liability	(91,995)	-
<b>DECREASE IN NET ASSETS WITHOUT RESTRICTIONS</b>	(3,001,385)	(6,718,181)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	180,168	252,327
Net Assets Released from Restrictions	(180,564)	(489,344)
Investment Income, Net	-	6,173
Change in Net Unrealized Gains (Losses) on Investments With Donor Restrictions	-	(46,253)
<b>DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(396)	(277,097)
<b>DECREASE IN NET ASSETS</b>	(3,001,781)	(6,995,278)
Net Assets - Beginning of Year	(12,220,547)	(5,225,269)
<b>NET ASSETS - END OF YEAR</b>	\$ (15,222,328)	\$ (12,220,547)

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	\$ 13,986,253	\$ 429,301	\$ 100,581	\$ 14,516,135
Employee Benefits	1,486,716	722,218	-	2,208,934
Payroll Taxes	1,014,081	114,799	8,628	1,137,508
Professional Services	2,987,453	1,677,702	-	4,665,155
Advertising and Promotion	-	376,009	35,483	411,492
Office Expenses	56,732	417,779	41,206	515,717
Occupancy	37,454	920	-	38,374
Travel	22,209	88,486	8,322	119,017
Conferences and Meetings	12,690	80,556	5,468	98,714
Interest	5,892,247	23,272	-	5,915,519
Insurance	261,791	394,862	-	656,653
Supplies	3,364,137	-	-	3,364,137
Management Fees	-	1,723,500	-	1,723,500
General and Administrative	2,072,921	349,421	-	2,422,342
Depreciation and Amortization	6,031,857	519,832	-	6,551,689
Equipment Expenses	528,601	528,601	-	1,057,202
Dues and Subscriptions	167,568	167,568	-	335,136
Other	319,798	61,232	1,896	382,926
	<u>\$ 38,242,508</u>	<u>\$ 7,676,058</u>	<u>\$ 201,584</u>	<u>\$ 46,120,150</u>
Total Expenses	<u>\$ 38,242,508</u>	<u>\$ 7,676,058</u>	<u>\$ 201,584</u>	<u>\$ 46,120,150</u>

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in Net Assets	\$ (3,001,781)	\$ (6,995,278)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Proceeds from Non-refundable Entrance Fees	4,978,180	4,455,359
Depreciation	6,485,260	4,480,158
Amortization of Deferred Marketing Costs	-	14,727
Amortization of Bond Discount	40,832	59,020
Amortization of Debt Issuance Costs	296,749	313,209
Bad Debt Expense	70,447	710,638
Gain on the Disposal of Assets	(1,614)	-
Change in Value of Interest Rate Swap Liability	91,995	-
Amortization of Deferred Entrance Fees	(2,987,836)	(2,652,379)
Net Unrealized (Gains) Losses on Investments	(3,555,717)	3,199,576
Net Realized Gains on Investments	(84,815)	(1,146,281)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(706,362)	(899,681)
Due (to)/From Related Party	(4,997,469)	-
Prepaid Expenses and Other Current Assets	90,101	218,847
Other Assets	172,350	(14,002)
Accounts Payable and Accrued Expenses	(1,452,348)	3,230,123
Net Cash Provided (Used) by Operating Activities	(4,562,028)	4,974,036
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant, and Equipment	(11,710,298)	(22,474,183)
Change in Construction and Retainage Payable	-	(2,379,219)
Sales of Investments and Assets Limited as to Use	535,569	4,227,844
Purchases of Investments and Assets Limited as to Use	(1,265,902)	(323,242)
Net Cash Used by Investing Activities	(12,440,631)	(20,948,800)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Long-Term Debt	(15,195,871)	(1,540,000)
Proceeds from the Issuance of Long-Term Debt	11,290,605	18,591,516
Additions to Deferred Marketing Costs	(20,582)	-
Proceeds from Refundable Entrance Fees	5,760,772	3,164,081
Proceeds from First Generation Entrance Fees	18,308,339	-
Entrance Fees Refunded	(5,100,108)	(2,136,415)
Net Cash Provided by Financing Activities	15,043,155	18,079,182
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS</b>		
<b>AND RESTRICTED CASH</b>	(1,959,504)	2,104,418
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	6,524,124	4,419,706
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH -</b>		
<b>END OF YEAR</b>	\$ 4,564,620	\$ 6,524,124

See accompanying Notes to Consolidated Financial Statements.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Cash and Cash Equivalents	\$ 3,845,365	\$ 1,648,674
Restricted Cash included in Assets Limited as to Use	719,255	4,875,450
Total Cash, Cash Equivalents and Restricted Cash	\$ 4,564,620	\$ 6,524,124

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid for Interest, Excluding Amounts Capitalized	\$ 5,685,879	\$ 5,065,121
Purchases of Property, Plant, and Equipment Included in Accounts Payable, Including Retainage	\$ -	\$ 2,046,123

*See accompanying Notes to Consolidated Financial Statements.*



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

**Organization**

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

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

Aldersgate at Shamrock is an affiliate of Aldersgate Life Plan Services, Inc. (ALPS), the sole member of Aldersgate at Shamrock. ALPS was incorporated in 2016 as a North Carolina nonprofit corporation. The purpose of ALPS is to create, maintain, and operate continuing care retirement communities and to provide related services as a nonprofit corporation. ALPS also functions as the sole member of Aldersgate at Home, Inc. (Aldersgate at Home), Aldersgate at Sharon, Inc. (Aldersgate at Sharon), Aldersgate at Shalom Park, Inc. d/b/a Generations at Shalom Park (Generations at Shalom Park), and Aldersgate Foundation, Inc. (Foundation). These entities are related organizations to Aldersgate at Shamrock.

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

**Principles of Consolidation**

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

**Basis of Presentation**

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

**Basis of Presentation (Continued)**

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

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**Allowance for Doubtful Accounts**

The carrying amount of accounts receivable has been reduced by an allowance using management's estimate of the amounts that will not be collected. Payment for services is required upon receipt of invoice or claim submitted. The allowance for doubtful accounts is based on actual cash receipts as a percentage of the previous month's ending accounts receivable balance. Accounts past due are individually analyzed for collectability. Aldersgate believes all receivables net of the allowance for doubtful accounts of approximately \$987,000 and \$989,000, respectively, are collectible as of December 31, 2019 and 2018.

**Investments**

Investments are held as available for sale and are stated at fair value in the consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in the deficit of revenues, gains, and other support under expenses unless restricted by donors or law. Unrealized gains and losses on investments, if any, are excluded from investment income and included as nonoperating income, as appropriate.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

**Investments (Continued)**

Management continually reviews its investments and evaluates whether declines in the fair value of securities should be considered an impairment. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, the recommendation of investment advisors and the length of time and extent to which the market value has been less than cost. At December 31, 2019 and 2018, Aldersgate determined that no impairment was necessary.

**Assets Limited as to Use**

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

**Property, Plant, and Equipment**

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

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

**Debt Issuance Costs**

Debt issuance costs have been incurred in connection with the issuance of Aldersgate's long-term debt. These costs are amortized over the term of the related indebtedness, which approximates the effective interest method. Debt issuance costs, net of accumulated amortization, were approximately \$1,653,000 and \$1,950,000 at December 31, 2019 and 2018, respectively.

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

**Entrance Fees**

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

**Entrance Fees (Continued)**

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

*95% Refundable Contract* – Entrance fees are refundable less a processing fee and less 5%. This contract option was available only for certain new charter members.

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

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

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

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

**Financial Assistance**

Aldersgate has a financial assistance policy to identify residents who are unable to pay and use certain funds designated for financial assistance to subsidize the entrance fees and services provided to those residents. A resident who enters Aldersgate and later becomes unable to pay some or all of their charges after receiving care, through no fault of their own, may apply for financial assistance from Aldersgate's Financial Assistance Program. The policy governing this program has established a committee consisting of management and members of the board of directors to accept and consider applications for assistance.

Aldersgate has estimated its direct and indirect costs of providing financial assistance under its Financial Assistance Program. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amounts charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing financial assistance. Using this methodology, Aldersgate has estimated the costs for services under Aldersgate's financial assistance policy to be approximately \$561,000 and \$786,000 for the years ended December 31, 2019 and 2018, respectively.

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

**Financial Assistance (Continued)**

Aldersgate received approximately \$108,000 and \$191,000 to subsidize the costs of providing financial assistance under its policy for the years ended December 31, 2019 and 2018, respectively.

**Donor-Restricted Contributions**

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

**Performance Indicator**

Aldersgate's operations include deficit of revenue, gains, and other support under expenses, known as the performance indicator. Nonoperating losses include unrealized gains and losses on investments, change in value of the interest rate swap liability or losses on the disposal of capital assets, if any.

**Income Taxes**

Aldersgate at Shamrock and Holdings are exempt from federal income taxes under Section 501(c)(3) and 501(c)(2), respectively, of the Internal Revenue Code (IRC). Accordingly, Aldersgate at Shamrock and Holdings have made no provision for income taxes in the consolidated financial statements.

Aldersgate at Shamrock and Holdings are not aware of any activities that would jeopardize their tax-exempt status. Aldersgate at Shamrock and Holdings follow accounting guidance regarding recognition and measurement of uncertain tax positions. As of December 31, 2019 and 2018, management is not aware of any uncertain tax positions.

**Fair Value of Financial Instruments**

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

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(CONTINUED)**

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

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

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

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

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

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

**Functional Allocation of Expenses**

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

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

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

**New Accounting Pronouncements**

During the year ended December 31, 2019, Aldersgate adopted ASU 2016-18, *Statement of Cash Flows*. This new accounting standard requires that the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of this standard was retrospectively applied to the periods presented and did not have an impact on Aldersgate's financial position or changes in its net assets.

Aldersgate also adopted the provisions of ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, during the year ended December 31, 2019. The implementation of this standard resulted in certain changes to the financial statement presentation including that the presentation of investment returns (including realized and unrealized gains and losses) not restricted by donors or by law shall be included in the performance indicator. The adoption of this accounting standard did not have an impact on Aldersgate's financial position or change in its net assets and has been applied retrospectively to all periods presented.

**Reclassifications**

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on previously reported net assets or change in net assets.

**Subsequent Events**

In preparing these consolidated financial statements, Aldersgate has evaluated events and transactions for potential recognition or disclosure through April 28, 2020, the date the consolidated financial statements were available to be issued.

**NOTE 2 STATUTORY OPERATING RESERVE**

Regulations of the North Carolina Department of Insurance (Department) requires Aldersgate to maintain an operating reserve equal to a percentage of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department. As of December 31, 2019 and 2018, Aldersgate has reserved approximately \$8,781,000 and \$8,675,000, respectively, in compliance with these regulations.

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**NOTE 3 RISKS AND UNCERTAINTIES**

**Concentrations of Credit Risks**

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

**Regulatory Matters**

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

**Insurance**

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

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



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**NOTE 4 INVESTMENTS**

Investments consist of the following as of December 31:

	2019	2018
Cash and Cash Equivalents	\$ -	\$ 2,068,758
Commonfund Contingent Asset Portfolio	472,237	396,858
Commonfund Multi-Strategy Equity Investors	7,653,608	5,844,761
Commonfund Multi-Strategy Bond Investors	6,622,281	5,406,476
Alternative Funds	1,847	3,687
Total	<u>\$ 14,749,973</u>	<u>\$ 13,720,540</u>

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

	2019		
	Total	Without Donor Restrictions	With Donor Restrictions
Revenues, Gains, and Other Support:			
Interest and Dividends	\$ 640,035	\$ 640,035	\$ -
Realized Net Gains on Investments	84,815	84,815	-
	<u>724,850</u>	<u>724,850</u>	<u>-</u>
Nonoperating Income (Loss):			
Unrealized Net Gains on Investments	3,555,717	3,555,717	-
Total Investment Return	<u>\$ 4,280,567</u>	<u>\$ 4,280,567</u>	<u>\$ -</u>
	2018		
	Total	Without Donor Restrictions	With Donor Restrictions
Revenues, Gains, and Other Support:			
Interest and Dividends	\$ 604,618	\$ 598,445	\$ 6,173
Realized Net Gains on Investments	1,146,281	1,146,281	-
	<u>1,750,899</u>	<u>1,744,726</u>	<u>6,173</u>
Nonoperating Income (Loss):			
Unrealized Net Losses on Investments	(3,199,576)	(3,153,323)	(46,253)
Total Investment Return	<u>\$ (1,448,677)</u>	<u>\$ (1,408,597)</u>	<u>\$ (40,080)</u>

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

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

	<u>2019</u>	<u>2018</u>
Land and Improvements	\$ 12,711,941	\$ 12,707,370
Buildings and Improvements	166,488,824	137,023,840
Furniture, Fixtures, and Equipment	18,892,739	17,433,162
Vehicles	436,217	857,284
Subtotal	<u>198,529,721</u>	<u>168,021,656</u>
Less: Accumulated Depreciation	<u>(72,610,983)</u>	<u>(66,253,672)</u>
Subtotal	125,918,738	101,767,984
Construction in Progress	988,769	21,958,994
Property and Equipment, Net	<u><u>\$ 126,907,507</u></u>	<u><u>\$ 123,726,978</u></u>

Depreciation expense for the years ended December 31, 2019 and 2018 totaled approximately \$6,485,000 and \$4,480,000, respectively. The majority of the construction in progress at December 31, 2018 related to the construction of the new independent living units on the Aldersgate at Shamrock campus. Construction in progress at December 31, 2019 relates to campus upgrades including sidewalks and a dog park.

Construction began in October 2015 on a new replacement skilled nursing care facility. The new nursing care facility opened in October 2017. In September 2016, construction began on a new, approximately 14,000 square foot community center as well as the renovation of approximately 29,000 square feet of the adjacent Ray Hall Community Center (collectively, the New Community Center). The New Community Center serves the entire Aldersgate at Shamrock community and opened December 2017. In May 2017, construction began on new independent living units that was completed in April 2019.

**NOTE 6 ASSETS LIMITED AS TO USE**

Assets limited as to use are stated at fair value and consist of cash and cash equivalents, mutual funds, fixed income investments, equity securities, exchange traded funds, and Commonfund contingent asset, multi-strategy equity, and multi-strategy bond investor portfolios at December 31, 2019 and 2018.

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**NOTE 7 LONG-TERM DEBT**

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

	2019	2018
North Carolina Medical Care Commission:		
Retirement Facilities Revenue Bonds, Series 2013	\$ 29,643,000	\$ 31,260,000
Retirement Facilities Revenue Bonds, Series 2015	49,240,000	49,240,000
Retirement Facilities Revenue Refunding Bonds, Series 2017A	19,080,000	19,080,000
Retirement Facilities Revenue Bonds, Series 2017B	15,502,534	13,309,912
Taxable Loan	5,090,295	9,571,183
Subtotal	118,555,829	122,461,095
Less: Current Portion	(7,605,334)	(11,401,294)
Less: Unamortized Bond Discount	(363,268)	(404,100)
Less: Unamortized Debt Issuance Costs	(1,652,849)	(1,949,598)
Total	\$ 108,934,378	\$ 108,706,103

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

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

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

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

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

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

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

The terms of the agreements related to the 2013, 2015, 2017A, and 2017B Bonds require, among other provisions, a debt coverage ratio (as defined) greater than or equal to 1.2. At December 31, 2019 and 2018, management believes Aldersgate at Shamrock was in compliance with these requirements as well as all other financial covenants contained in its bond agreements. The series 2013, 2015, 2017A, and 2017B Bonds are collateralized by certain property of Aldersgate.

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

In December 2019, Aldersgate entered into an interest rate swap agreement related to a portion of the outstanding Series 2017B Bonds. The swap agreement is with a financial institution and has a notional amount of \$7,000,000 with a trade date of December 30, 2019, an effective date of January 2, 2020 and a termination date of June 1, 2027. Under the swap agreement, the interest rate on the Aldersgate's Series 2017B Bonds variable rate borrowings are effectively converted to 1.56%. Aldersgate recognizes the fair value of its interest rate swap on the consolidated balance sheets, representing a liability of approximately \$92,000 at December 31, 2019. An analysis on the effectiveness of the swap was not performed, causing the change in fair value of the swap to be included in deficit of revenues, gains, and other support under expenses.

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

<u>Maturity Date</u>	<u>Principal Amount</u>
2020	\$ 7,605,334
2021	2,629,758
2022	2,743,608
2023	2,872,889
2024	3,001,443
Thereafter	99,702,797
Total	<u>\$ 118,555,829</u>

**NOTE 8 ENTRANCE FEES**

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

	<u>2019</u>	<u>2018</u>
Standard	\$ 12,045,113	\$ 8,784,803
95% Refundable	199,107	-
90% Refundable	1,771,578	1,013,061
50% Refundable	8,836,178	5,542,334
Total	<u>\$ 22,851,976</u>	<u>\$ 15,340,198</u>

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

	<u>2019</u>	<u>2018</u>
Standard	\$ 270,602	\$ -
95% Refundable	4,149,529	-
90% Refundable	28,385,278	22,659,222
50% Refundable	11,412,797	7,629,501
Total	<u>\$ 44,218,206</u>	<u>\$ 30,288,723</u>

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**NOTE 9 NET ASSETS**

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

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specific Purpose:		
Financial Assistance to Residents	\$ 200,000	\$ 189,087
Renovations and Beautification	200	-
Art Fund	-	11,509
Subtotal	<u>200,200</u>	<u>200,596</u>
Subject to Aldersgate's Spending Policy and Appropriation:		
Endowment Funds	644,616	644,616
Total Net Assets With Donor Restrictions	<u>\$ 844,816</u>	<u>\$ 845,212</u>

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions Accomplished:		
Financial Assistance to Residents	\$ 108,434	\$ 305,361
Renovations and Beautification	50	-
Woodshop	19,885	-
Employee Training	-	8,242
Columbarium Fund	40,586	82,336
Art Fund	11,609	92,805
Library Fund	-	600
Total Net Assets Released from Restrictions	<u>\$ 180,564</u>	<u>\$ 489,344</u>

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

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**NOTE 9 NET ASSETS (CONTINUED)**

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

Endowment net asset composition by type and fund was as follows as of December 31, 2019 and 2018:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,111,709	\$ -	\$ 1,111,709
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	644,616	644,616
Total	<u>\$ 1,111,709</u>	<u>\$ 644,616</u>	<u>\$ 1,756,325</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,038,418	\$ -	\$ 1,038,418
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	644,616	644,616
Total	<u>\$ 1,038,418</u>	<u>\$ 644,616</u>	<u>\$ 1,683,034</u>

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**NOTE 9 NET ASSETS (CONTINUED)**

The following are the changes in endowment net assets managed by Aldersgate for the years ended December 31, 2019 and 2018:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of the Year	\$ 1,038,418	\$ 644,616	\$ 1,683,034
Contribution - Income	73,291	-	73,291
Distributions	-	-	-
Realized Gains/Losses and Change in Unrealized Gains/ Losses on Investments	-	-	-
Endowment Net Assets, End of the Year	<u>\$ 1,111,709</u>	<u>\$ 644,616</u>	<u>\$ 1,756,325</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of the Year	\$ 696,135	\$ 642,407	\$ 1,338,542
Contributions - Income	342,283	-	342,283
Distributions	-	-	-
Realized Gains/Losses and Change in Unrealized Gains/ Losses on Investments	-	2,209	2,209
Endowment Net Assets, End of the Year	<u>\$ 1,038,418</u>	<u>\$ 644,616</u>	<u>\$ 1,683,034</u>

Aldersgate had board designated endowment funds of \$1,111,709 and \$1,038,418 for the years ended December 31, 2019 and 2018, respectively. These board designated endowment funds are included as a component of net assets without donor restrictions.

**Return Objectives and Risk Parameters**

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



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**NOTE 9 NET ASSETS (CONTINUED)**

**Spending Policy**

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

**NOTE 10 RESIDENT SERVICE REVENUE**

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

Performance obligations are determined based on the nature of the services provided by Aldersgate. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Aldersgate believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or residents receiving services in the facilities or in their homes (home care). Aldersgate measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Aldersgate considers monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and Aldersgate does not believe it is required to provide additional goods or services related to that sale.

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

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

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

Medicare and Medicaid

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

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

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

Other

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Aldersgate's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2019 or 2018.

Generally residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Aldersgate estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2019 and 2018. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

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

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

	<u>2019</u>	<u>2018</u>
Medicare	\$ 7,707,122	\$ 7,381,547
Medicaid	708,843	538,245
Private	<u>25,560,079</u>	<u>23,641,500</u>
Total	<u>\$ 33,976,044</u>	<u>\$ 31,561,292</u>

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

The composition of resident service revenue based on Aldersgate's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Service Lines:		
Independent Living	\$ 11,211,651	\$ 9,722,721
Assisted Living	2,638,802	2,542,060
Skilled Nursing Facility	14,146,529	13,194,746
Home Care	-	281,146
Memory Support	4,032,679	3,868,706
Other	1,946,383	1,951,913
Total	<u>\$ 33,976,044</u>	<u>\$ 31,561,292</u>
Method of Reimbursement:		
Monthly Service Fees	\$ 24,922,299	\$ 22,878,185
Fee for Service	9,053,745	8,683,107
Total	<u>\$ 33,976,044</u>	<u>\$ 31,561,292</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 33,976,044</u>	<u>\$ 31,561,292</u>

**Financing Component**

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

**Contract Costs**

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
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**NOTE 11 BENEFIT PLAN**

Aldersgate has a defined contribution retirement plan that covers all employees of Aldersgate who have completed 30 days of employment and who are regularly scheduled to work a minimum of 20 hours per week. Employees whose annual compensation hours exceed 1,000 shall be eligible to receive a discretionary annual contribution of a percentage of annual gross compensation subject to approval by the board of directors, depending on the financial performance of Aldersgate. Aldersgate matches fifty percent of the voluntary contribution of each employee up to a maximum of four percent of annual compensation. Employees vest in employer contributions on a graded scale over a six-year period.

There were no discretionary contributions made to the plan by Aldersgate during the years ended December 31, 2019 and 2018.

**NOTE 12 FAIR VALUE MEASUREMENTS**

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

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

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

The following table presents the fair value hierarchy for the balances of the assets and liabilities of Aldersgate measured at fair value on a recurring basis, except those measured by using net asset value (NAV) per share as a practical expedient, as of December 31, 2019 and 2018:

	2019			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Assets Limited as to Use				
Fixed Income	\$ 7,070,515	\$ -	\$ -	\$ 7,070,515
Mutual Funds	3,198,570	-	-	3,198,570
Total Assets Measured at Fair Value	<u>\$10,269,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,269,085</u>
<b>Liabilities:</b>				
Interest Rate Swap Agreement	\$ -	\$ 91,995	\$ -	\$ 91,995
Total Liabilities	<u>\$ -</u>	<u>\$ 91,995</u>	<u>\$ -</u>	<u>\$ 91,995</u>

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

	2018			
	Level 1	Level 2	Level 3	Total
Assets				
Assets Limited as to Use				
Fixed Income	\$ 7,104,409	\$ -	\$ -	\$ 7,104,409
Total Assets Measured at Fair Value	\$ 7,104,409	\$ -	\$ -	\$ 7,104,409

Certain alternative investments held by Aldersgate calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of funds that calculate net asset value per share (or its equivalent) for the years ended December 31, 2019 and 2018:

	2019			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
CF Multi-Strategy Equity Investors, LLC	\$ 12,645,841	\$ -	Monthly	5 Days
CF Multi-Strategy Bond Investors, LLC	10,945,466	-	Monthly	5 Days
CF Contingent Asset Portfolio, LLC	780,542	-	Weekly	5 Days
Endowment Fund	1,111,709	-	Quarterly	90 Days
Aurora Offshore Fund Ltd II	1,847	-	Quarterly	95 Days
Total Alternative Funds	\$ 25,485,405	\$ -		

  

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

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

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 14 LIQUIDITY AND AVAILABILITY**

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

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

	2019	2018
Cash and Cash Equivalents	\$ 3,845,365	\$ 1,648,674
Investments and Assets Limited as to Use:		
Operating Investments	14,749,973	13,720,540
Designated for Statutory Operating Reserve	8,781,448	8,675,045
Board Designated	<u>1,111,709</u>	<u>1,038,418</u>
Total Investments and Assets Limited as to Use	24,643,130	23,434,003
Accounts Receivable	2,721,563	2,085,648
Due from Related Party	7,127,249	527,184
Entrance Fees Receivable	<u>-</u>	<u>196,200</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 38,337,307</u>	<u>\$ 27,891,709</u>

**NOTE 15 SUBSEQUENT EVENTS**

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Aldersgate, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes Aldersgate is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2019.

During the period from January 1, 2020 through April 28, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the consolidated financial statements as of and for the year ended December 31, 2019.

**SUPPLEMENTARY INFORMATION**



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2019**

<b>ASSETS</b>	Aldersgate United Methodist Retirement Community, Inc.	Aldersgate Holdings, Inc.	Eliminating Entries	Consolidated
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 3,845,365	\$ -	\$ -	\$ 3,845,365
Investments	14,749,973	-	-	14,749,973
Accounts Receivable	2,721,563	-	-	2,721,563
Due From Related Party	7,127,249	-	-	7,127,249
Prepaid Expenses and Other Current Assets	721,111	-	-	721,111
Total Current Assets	<u>29,165,261</u>	<u>-</u>	<u>-</u>	<u>29,165,261</u>
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	126,557,507	350,000	-	126,907,507
<b>ASSETS LIMITED AS TO USE</b>				
Designated for Statutory Operating Reserve	8,781,448	-	-	8,781,448
Held Under Bond Agreement	10,985,799	-	-	10,985,799
Board Designated	1,111,709	-	-	1,111,709
Donor Restricted	844,816	-	-	844,816
Total Assets Limited as to Use	<u>21,723,772</u>	<u>-</u>	<u>-</u>	<u>21,723,772</u>
<b>OTHER ASSETS</b>				
Deferred Marketing Costs, Net	532,805	-	-	532,805
Other	39,828	-	-	39,828
Total Other Assets	<u>572,633</u>	<u>-</u>	<u>-</u>	<u>572,633</u>
<b>Total Assets</b>	<u><u>\$ 178,019,173</u></u>	<u><u>\$ 350,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 178,369,173</u></u>

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2019**

<b>LIABILITIES AND NET ASSETS</b>	Aldersgate United Methodist Retirement Community, Inc.	Aldersgate Holdings, Inc.	Eliminating Entries	Consolidated
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 5,251,862	\$ -	\$ -	\$ 5,251,862
Due to Related Party	1,602,596	-	-	1,602,596
Entrance Fee Deposits on Unoccupied Units	2,931,474	-	-	2,931,474
Current Portion of Long-Term Debt	7,605,334	-	-	7,605,334
Other Current Liabilities	103,680	-	-	103,680
Total Current Liabilities	<u>17,494,946</u>	<u>-</u>	<u>-</u>	<u>17,494,946</u>
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	108,934,378	-	-	108,934,378
<b>LIABILITY UNDER INTEREST RATE SWAP AGREEMENT</b>	91,995	-	-	91,995
<b>DEFERRED ENTRANCE FEES, NET</b>	22,851,976	-	-	22,851,976
<b>REFUNDABLE ENTRANCE FEES</b>	<u>44,218,206</u>	<u>-</u>	<u>-</u>	<u>44,218,206</u>
Total Liabilities	193,591,501	-	-	193,591,501
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	(17,528,853)	350,000	-	(17,178,853)
Designated by the Board for Endowment Fund	1,111,709	-	-	1,111,709
Total Without Donor Restrictions	<u>(16,417,144)</u>	<u>350,000</u>	<u>-</u>	<u>(16,067,144)</u>
With Donor Restrictions	844,816	-	-	844,816
Total Net Assets	<u>(15,572,328)</u>	<u>350,000</u>	<u>-</u>	<u>(15,222,328)</u>
Total Liabilities and Net Assets	<u>\$ 178,019,173</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 178,369,173</u>

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**  
**(AN AFFILIATE OF ALDRSGATE LIFE PLAN SERVICES, INC.)**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2019**

	Aldersgate United Methodist Retirement Community, Inc.	Aldersgate Holdings, Inc.	Eliminating Entries	Consolidated
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Resident Service Revenue	\$ 33,976,044	\$ -	\$ -	\$ 33,976,044
Amortization of Deferred Entrance Fees	2,987,836	-	-	2,987,836
Investment Income, Net	724,850	-	-	724,850
Other Support	1,179,541	-	-	1,179,541
Net Assets Released from Restrictions for Use in Operations	180,564	-	-	180,564
Contributions	606,208	-	-	606,208
Total Revenue, Gains, and Other Support	<u>39,655,043</u>	<u>-</u>	<u>-</u>	<u>39,655,043</u>
<b>EXPENSES</b>				
Nursing and Related Services	11,925,993	-	-	11,925,993
Dietary	5,444,440	-	-	5,444,440
Housekeeping and Laundry	1,619,576	-	-	1,619,576
Plant Operations	4,042,135	-	-	4,042,135
Administration	10,620,798	-	-	10,620,798
Interest Expense	5,915,519	-	-	5,915,519
Amortization	66,429	-	-	66,429
Depreciation	6,485,260	-	-	6,485,260
Total Expenses	<u>46,120,150</u>	<u>-</u>	<u>-</u>	<u>46,120,150</u>
<b>OPERATING LOSS</b>	(6,465,107)	-	-	(6,465,107)
<b>OTHER NONOPERATING LOSS</b>				
Change in Net Unrealized Gains on Investments	3,555,717	-	-	3,555,717
Change in Value of Interest Rate Swap Liability	(91,995)	-	-	(91,995)
Total Other Nonoperating Loss	<u>3,463,722</u>	<u>-</u>	<u>-</u>	<u>3,463,722</u>
<b>DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT UNDER EXPENSES AND DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ (3,001,385)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,001,385)</u>

## Attachment II

Five Year Projection

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

**FORECASTED FINANCIAL STATEMENTS**

For the Years Ending December 31, 2020 through 2024

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Aldersgate United Methodist Retirement Community, Inc.  
Charlotte, North Carolina

Management is responsible for the accompanying financial forecast of Aldersgate United Methodist Retirement Community, Inc., which comprises the forecasted balance sheets as of December 31, 2020 through 2024, and the related forecasted statements of operations and changes in net deficit, 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, CPAs, LLC*

Osterville, Massachusetts  
May 18, 2020

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Forecasted Balance Sheets At December 31, 2020 through 2024 (Dollars in Thousands)

	<b>ASSETS</b>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,845	\$ 3,845	\$ 3,845	\$ 3,845	\$ 3,845
Investments	13,833	18,895	22,178	24,401	25,847
Accounts receivable	2,804	2,887	2,971	3,056	3,142
Due from related party	6,927	6,927	6,927	6,927	6,927
Prepaid expenses and other current assets	743	765	788	811	835
Total current assets	<u>28,152</u>	<u>33,319</u>	<u>36,709</u>	<u>39,040</u>	<u>40,596</u>
<b>Assets limited as to use:</b>					
Held under bond agreement	10,986	10,986	10,986	10,986	10,986
Designated for statutory operating reserve	7,827	8,100	8,362	8,631	8,769
Board designated	1,112	1,112	1,112	1,112	1,112
Donor restricted	845	845	845	845	845
Total assets limited as to use	<u>20,770</u>	<u>21,043</u>	<u>21,305</u>	<u>21,574</u>	<u>21,712</u>
<b>Property, plant and equipment:</b>	200,807	202,313	203,865	205,463	208,309
Less accumulated depreciation	<u>(79,091)</u>	<u>(85,626)</u>	<u>(92,149)</u>	<u>(98,684)</u>	<u>(105,206)</u>
Net property and equipment	121,716	116,687	111,716	106,779	103,103
<b>Other assets</b>					
Deferred marketing costs, net	533	533	533	533	533
Other	40	40	40	40	40
Total other assets	<u>573</u>	<u>573</u>	<u>573</u>	<u>573</u>	<u>573</u>
Total assets	<u>\$ 171,211</u>	<u>\$ 171,622</u>	<u>\$ 170,303</u>	<u>\$ 167,966</u>	<u>\$ 165,984</u>
	<b>LIABILITIES AND NET DEFICIT</b>				
<b>Current Liabilities:</b>					
Current maturities of long-term debt	\$ 7,620	\$ 2,643	\$ 2,758	\$ 2,886	\$ 3,018
Accounts payable and accrued expenses	5,410	5,569	5,729	5,890	6,052
Due to related party	1,603	1,603	1,603	1,603	1,603
Entrance fee deposits on unoccupied units	2,931	2,931	2,931	2,931	2,931
Other current liabilities	104	104	104	104	104
Total current liabilities	<u>17,668</u>	<u>12,850</u>	<u>13,125</u>	<u>13,414</u>	<u>13,708</u>
Long-term debt, net of current portion	101,484	103,978	101,262	98,400	95,396
<b>Deferred Revenue and Other Liabilities:</b>					
Liability under interest rate swap agreement	92	92	92	92	92
Deferred entrance fee, net, on campus	24,943	26,963	28,290	29,519	30,750
Deferred entrance fee, net, thrive	1,005	2,347	3,374	3,235	3,098
Refundable entrance fees	46,074	49,441	51,621	53,797	56,122
Total deferred revenue and other liabilities	<u>72,114</u>	<u>78,843</u>	<u>83,377</u>	<u>86,643</u>	<u>90,062</u>
Total liabilities	191,266	195,671	197,764	198,457	199,166
<b>Net deficit:</b>					
Without donor restrictions:					
Undesignated	(22,012)	(26,006)	(29,418)	(32,448)	(35,139)
Designated by the board for endowment fund	1,112	1,112	1,112	1,112	1,112
Total without donor restrictions	<u>(20,900)</u>	<u>(24,894)</u>	<u>(28,306)</u>	<u>(31,336)</u>	<u>(34,027)</u>
With donor restrictions	845	845	845	845	845
Total net deficit	<u>(20,055)</u>	<u>(24,049)</u>	<u>(27,461)</u>	<u>(30,491)</u>	<u>(33,182)</u>
Total liabilities and net deficit	<u>\$ 171,211</u>	<u>\$ 171,622</u>	<u>\$ 170,303</u>	<u>\$ 167,966</u>	<u>\$ 165,984</u>

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



**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

Forecasted Statements of Operations and Changes in Net Deficit

For the Years Ending December 31, 2020 through 2024

(Dollars in Thousands)

	2020	2021	2022	2023	2024
Revenue, gains and other support without donor restrictions:					
Resident service revenue, on campus	\$ 20,988	\$ 21,896	\$ 22,372	\$ 22,926	\$ 23,590
Resident service revenue, thrive	137	640	1,150	1,305	1,308
Health care revenue	13,292	13,446	13,702	14,027	14,370
Amortization of deferred entrance fees, on campus	3,033	3,033	3,126	3,238	3,389
Amortization of entrance fees, thrive	39	89	154	221	252
Investment income	2,031	1,922	2,051	2,132	2,187
Other support	510	525	542	558	575
Unrestricted contributions	150	150	150	150	150
Total revenue, gains and other support	<u>40,180</u>	<u>41,701</u>	<u>43,247</u>	<u>44,557</u>	<u>45,821</u>
Expenses:					
Nursing and related services	11,243	11,581	11,928	12,286	12,654
Dietary	5,194	5,350	5,511	5,676	5,846
Housekeeping and laundry	1,473	1,517	1,562	1,609	1,658
Plant operations and maintenance	3,764	3,876	3,993	4,113	4,236
Administration	10,579	10,896	11,223	11,561	11,907
Thrive expense	250	400	500	515	531
Interest expense	5,510	5,379	5,262	5,139	5,012
Depreciation and amortization	6,650	6,696	6,680	6,688	6,668
Total expenses	<u>44,663</u>	<u>45,695</u>	<u>46,659</u>	<u>47,587</u>	<u>48,512</u>
Net operating loss	<u>(4,483)</u>	<u>(3,994)</u>	<u>(3,412)</u>	<u>(3,030)</u>	<u>(2,691)</u>
Excess of expenses over revenues and change in net deficit without donor restrictions	(4,483)	(3,994)	(3,412)	(3,030)	(2,691)
Net deficit without donor restrictions:					
Beginning of year	<u>(15,572)</u>	<u>(20,055)</u>	<u>(24,049)</u>	<u>(27,461)</u>	<u>(30,491)</u>
End of year	<u>\$ (20,055)</u>	<u>\$ (24,049)</u>	<u>\$ (27,461)</u>	<u>\$ (30,491)</u>	<u>\$ (33,182)</u>

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

**Forecasted Statements of Cash Flows**

For the Years Ending December 31, 2020 through 2024

(Dollars in Thousands)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net deficit without donor restrictions	\$ (4,483)	\$ (3,994)	\$ (3,412)	\$ (3,030)	\$ (2,691)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:					
Proceeds from non-refundable entrance fees - on campus	5,124	5,054	4,452	4,467	4,620
Proceeds from non-refundable entrance fees - thrive	1,080	1,603	1,477	416	446
Depreciation	6,480	6,535	6,523	6,536	6,522
Amortization of deferred marketing cost	-	-	-	-	-
Amortization of deferred financing cost	130	124	121	117	113
Amortization of bond discount	39	38	36	34	33
Amortization of deferred entrance fees - on campus	(3,033)	(3,033)	(3,126)	(3,238)	(3,389)
Amortization of deferred entrance fees - thrive	(39)	(89)	(154)	(221)	(252)
Net change in:					
Accounts receivable	(82)	(83)	(84)	(85)	(86)
Due (to)/from related party	(200)	-	-	-	-
Prepaid expenses and other current assets	(22)	(22)	(23)	(23)	(24)
Other assets	-	-	-	-	-
Accounts payable and accrued expenses	158	159	160	161	162
Net cash provided by operating activities	<u>5,152</u>	<u>6,292</u>	<u>5,970</u>	<u>5,134</u>	<u>5,454</u>
Cash flows from investing activities:					
Assets limited as to use	2,272	(5,336)	(3,545)	(2,492)	(1,584)
Acquisition of property and equipment	(1,639)	(1,506)	(1,552)	(1,598)	(2,846)
Net cash provided by (used by) investing activities	<u>633</u>	<u>(6,842)</u>	<u>(5,097)</u>	<u>(4,090)</u>	<u>(4,430)</u>
Cash flows from financing activities:					
Repayment of long-term debt	(7,605)	(2,644)	(2,758)	(2,886)	(3,018)
Entrance fees refunded - on campus	(5,694)	(4,082)	(4,380)	(4,408)	(4,483)
Entrance fees refunded - thrive	(36)	(172)	(296)	(334)	(331)
Proceeds from refundable entrance fees	7,550	7,448	6,561	6,584	6,808
Net cash provided by (used by) financing activities	<u>(5,785)</u>	<u>550</u>	<u>(873)</u>	<u>(1,044)</u>	<u>(1,024)</u>
Net change in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, beginning of year	<u>3,845</u>	<u>3,845</u>	<u>3,845</u>	<u>3,845</u>	<u>3,845</u>
Cash and cash equivalents, end of year	<u>\$ 3,845</u>	<u>\$ 3,845</u>	<u>\$ 3,845</u>	<u>\$ 3,845</u>	<u>\$ 3,845</u>
Supplemental disclosure of cash flow information:					
Cash paid for interest	<u>\$ 5,510</u>	<u>\$ 5,379</u>	<u>\$ 5,262</u>	<u>\$ 5,139</u>	<u>\$ 5,012</u>

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE A - INTRODUCTION AND BACKGROUND INFORMATION:**

#### Basis of Presentation

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 Aldersgate United Methodist Retirement Community, Inc. for the forecast period. Accordingly, the forecast reflects management's judgment as of May 18, 2020, the date of this forecast, of the expected conditions and its expected course of action. This report was prepared for Aldersgate United Methodist Retirement Community, 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.

#### Organization

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

Aldersgate is an affiliate of Aldersgate Life Plan Services, Inc. (ALPS), the sole member of Aldersgate. ALPS was incorporated in 2016 as a North Carolina nonprofit corporation. The purpose of ALPS is to create, maintain, and operate continuing care retirement communities and to provide related services as a nonprofit corporation. ALPS also functions as the sole member of Aldersgate at Home, Inc. (Aldersgate at Home), Aldersgate at Sharon, Inc. (Aldersgate at Sharon), Aldersgate at Shalom Park, Inc. d/b/a Generations at Shalom Park (Generations at Shalom Park), and Aldersgate Foundation, Inc. (Foundation). These entities are related organizations to Aldersgate.

#### Description of the Community

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

The Community currently consists of multiple stand-alone buildings, which total approximately 782,000 square- feet of space and which currently consists of 217 independent living apartments in three (3) residential buildings ("Epworth Place", "Francis Residential Building", and "Gateway"), and ninety-one (91) cottages, which consist of thirty-three (33) "Azalea View Cottages," sixteen (16) "Lake Ridge Cottages," and forty-two (42) "Wesley Glen Cottages." Also included within the Community is a forty-six (46) unit assisted living area, a sixty-one (61) unit memory support assisted living facility (known as the "Cuthbertson Village"), and the "Asbury Health and Rehabilitation Center," which currently consists of 120 nursing units, and five (5) home for the aged units.

# ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE A - INTRODUCTION AND BACKGROUND INFORMATION (continued):**

#### Description of the Community (continued)

Currently, Ray Hall Community Center is a two-story, approximately 43,000 square-foot, building containing a chapel/multi-purpose center, wellness facility with aquatic center and exercise room, administrative spaces and a two (2) story living room with a fireplace and balcony overlook. The overall plan is designed around a courtyard. Renovations on the Ray Hall Community Center were completed in 2017 with proceeds from the issuance of the 2017 A Bonds (defined hereafter). The Ray Hall Community Center serves the entire Community and includes a new dining room, beauty and spa salon, activity and media rooms, lounge and bar, outdoor terrace, executive and marketing office, and a winter garden.

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

#### Independent Living Units

- The Epworth Place Independent Living Apartments (81), the Francis Residential Building (74), and the Gateway (62) total 217 independent living units, are collectively referred to as the "Independent Living Apartments."
- Azalea View Cottages (33), Lake Ridge Cottages (16) and Wesley Glen Cottages (42) total 91 independent living units, are collectively referred to as the "Independent Living Cottages."
- Collectively, the Independent Living Apartments and the Independent Living Cottages are referred to as the "Independent Living Units."

#### Assisted Living Units

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

#### Nursing

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### NOTE A - INTRODUCTION AND BACKGROUND INFORMATION (continued):

#### Description of the Community (continued)

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

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

#### Included Property Leases:

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

#### Excluded Property Leases:

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

# ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE A - INTRODUCTION AND BACKGROUND INFORMATION (continued):**

#### Residency Agreements

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

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

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

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

#### Services and Amenities

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

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

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE A - INTRODUCTION AND BACKGROUND INFORMATION (continued):**

#### Health Care Benefit

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

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

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

Residents not qualifying for the Health Care Benefit may be admitted to the Community at the discretion of Aldersgate, but the Health Care Benefit will not be applicable to them. These Residents will pay a one-time reduced entrance fee and an ongoing monthly services fee. Should a non-Health Care Benefit Resident need additional services in Health Care on a permanent basis, the base monthly fee will be changed to the then current market rate per day for the appropriate level of care.

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

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### NOTE A - INTRODUCTION AND BACKGROUND INFORMATION (continued):

#### Health Care Benefit (continued)

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

#### Prior Residency Agreements

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

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

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

#### Refund Upon Termination

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

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

90% Refundable Plan - For Residents who have chosen the 90% Refundable Entrance Fee option, the refund due shall be the entrance fee paid less: (i) ten percent (10%); (ii) a fee of one thousand dollars (\$1,000); and (iii) any amount due to the Company for monthly care or other unpaid services.

50% Refundable Plan - For Residents who have chosen the 50% Refundable Entrance Fee option, the refund due shall be the entrance fee paid less: (i) ten percent (10%) for any termination occurring in months one (1) through ten (10) after occupancy; (ii) one percent (1%) for each month that has elapsed between month eleven (11) and the date of withdrawal up to month fifty (50); (iii) a fee of one thousand dollars (\$1,000); and (iv) any amount due to the Company for monthly care or other unpaid services.



# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE A - INTRODUCTION AND BACKGROUND INFORMATION (continued):**

#### Refund Upon Termination (continued)

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

Residents who put down deposits on Gateway before March 31, 2018 had the option of a 95% Refundable Plan which has the same amortization schedule as the 90% Refundable Plan.

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

#### Lease Agreements

For a limited number of specified residences at the Community, the Company offers a lease option. The lease option provides access to the same services and amenities as other residents. Health Care services are available at market rates (no discounts). The total number of available independent living units referenced in Table 1 above includes the Leased Units. For the Leased Units, Aldersgate offers a thirteen (13) month lease agreement (the "Lease Agreement"). As of December 31, 2019, there are five (5) individuals living at the Community under the Lease Agreement (the "Limited Residents"). While the Lease Agreement does not require payment of an entrance fee, it does require payment of a monthly fee at a higher rate than Residents who have executed the Residency Agreement and paid the entrance fee. The Lease Agreement provides the Limited Residents access to the same services provided to Residents, with exception of services provided in Health Care. Further, the Limited Residents receive limited access to the wellness clinic in Ray Hall Community Center. Should the Limited Resident require admission into Aldersgate's Health Care, the Limited Resident agrees to pay for the services provided therein at the then current monthly or daily rate for non-Residents. At the expiration of the initial thirteen (13) month term, the Limited Resident may extend the Lease Agreement on a month-to-month term or the Limited Resident has the option of becoming a Resident by executing the Residency Agreement. Management has indicated that it would limit the number of Lease Agreements to 12 during the Projection Period.

# ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### Basis of Accounting and Presentation

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

#### Use of Estimates

The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates made by the Company relate primarily to the life expectancy used to amortize deferred revenue from entrance fees and the collectability of accounts receivable. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

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

#### Investments

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

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

#### Revenue Recognition

Health service revenue provided from third-party payers and related accounts receivable are recorded at their estimated net realizable amounts. Revenue under third-party payer agreements is subject to audit, retroactive adjustment, and significant regulatory actions. Provisions for amounts due to or from third-party reimbursement agencies are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. It is reasonably possible that the recorded estimates will change in the near term. Third-party payers retain the right to review and propose adjustments to amounts recorded by the Company. In the opinion of Management, actual adjustments, if any, will not be materially different from the amounts recorded.

#### Allowance for Doubtful Accounts

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

#### Inventories

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

#### Assets Limited As To Use

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

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

#### Property and Equipment

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

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

Deferred issuance costs represent expenses incurred in connection with the issuance of debt and are deferred and amortized over the life of the related indebtedness using the straight-line method which approximates the effective interest method. ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, requires that debt issuance costs be presented in the projected balance sheets as a deduction from the carrying amount of the related liability, rather than as a deferred charge asset. In addition, amortization expense associated with the debt issuance costs is shown as a component of interest expense as opposed to depreciation/amortization expense. The effects of this standard have been taken into considerations in Management's projection.

#### Entrance Fees

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

#### Net Assets with Donor Restrictions

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

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

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

#### Income and Real Property Taxes

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

#### Obligation to Provide Future Services

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

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

Summary of Significant Forecast  
Assumptions and Accounting Policies  
For the Years Ending December 31, 2020 through 2024

**NOTE C - MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES:**

Monthly Service Fee Revenue and Health Care Revenue

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

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

<u>Unit Type</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Independent Living Entrance Fee Increases	4.0%	2.0%	2.0%	2.0%	2.0%
Independent Living Monthly Fee Increases	3.0%	3.0%	3.0%	3.0%	3.0%
Assisted Living Monthly Fee Increases	4.0%	3.0%	3.0%	3.0%	3.0%
Memory Support Monthly Fee Increases	4.0%	3.0%	3.0%	3.0%	3.0%
Memory Support - Direct Admits	4.5%	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Per Diem Increases	4.5%	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Medicare	3.0%	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Medicaid	0.0%	0.0%	0.0%	0.0%	0.0%

Occupancy

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

<u>Independent Living</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Average Number of Independent Living Units	303	303	303	303	303
Average Number of Occupied Units	280	288	289	289	289
Average Percentage Occupancy	92.4%	95.0%	95.4%	95.4%	95.4%

Health Care

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

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

<u>Assisted Living</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Average Number of Independent Living Units	46	46	46	46	46
Average Number of Occupied Units	43	43	43	43	43
Average Percentage Occupancy	93.5%	93.5%	93.5%	93.5%	93.5%

Memory Support Suites

Average Number of Independent Living Units	61	61	61	61	61
Average Number of Occupied Units	58	58	58	58	58
Average Percentage Occupancy	95.1%	95.1%	95.1%	95.1%	95.1%

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

Summary of Significant Forecast  
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**NOTE C - MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES (continued):**

Home for the Aged Beds

Average Number of Independent Living Units	5	5	5	5	5
Average Number of Occupied Units	2.5	2.5	2.5	2.5	2.5
Average Percentage Occupancy	50.0%	50.0%	50.0%	50.0%	50.0%

Skilled Nursing

Average Number of Independent Living Units	120	120	120	120	120
Average Number of Occupied Units	107.50	107.50	107.50	107.50	107.50
Average Percentage Occupancy	89.6%	89.6%	89.6%	89.6%	89.6%

Entrance Fees

The following also summarizes projected entrance fees received and refunds paid.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Units Filled From Turnover	39	38	33	32	33
Units Filled from Vacant/New Sales	7	5	-	-	-
Units Emptied	(32)	(33)	(33)	(32)	(33)
Entrance Fee Receipts on Turnover	\$ 9,800	\$ 10,690	\$ 11,013	\$ 11,051	\$ 11,428
Entrance Fee Receipts on Vacant/New Sales	2,874	1,812	-	-	-
Entrance Fee Refunds	(5,694)	(4,082)	(4,380)	(4,408)	(4,483)
Net Proceeds	<u>6,980</u>	<u>8,420</u>	<u>6,633</u>	<u>6,643</u>	<u>6,945</u>

Amortization of Deferred Entrance Fees

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

Unrestricted Contributions

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

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

Summary of Significant Forecast  
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**NOTE C - MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND ENTRANCE FEES (continued):**

Other Support

Other support revenue is estimated based upon Management's experience and consists principally of revenue from the following operations: hospice and dialysis support revenue, guest and employee meals, guest rooms, miscellaneous facility rentals, beauty salon, rebates and refunds, and other miscellaneous charges. Charges for other support revenue are assumed to change as a percentage of their applicable total revenue throughout the Projection Period.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Units Filled From Turnover	32	35	35	36	37
Units Filled from Vacant/New Sales	25	20	-	-	-
Units Emptied	(32)	(35)	(35)	(36)	(37)
Entrance Fee Receipts on Turnover	\$ 12,426	\$ 13,854	\$ 14,684	\$ 15,528	\$ 16,664
Entrance Fee Receipts on Vacant/New Sales	15,900	14,349	-	-	-
Entrance Fee Refunds	<u>(14,406)</u>	<u>(10,898)</u>	<u>(11,609)</u>	<u>(12,208)</u>	<u>(13,091)</u>
Net Proceeds	<u>\$ 13,920</u>	<u>\$ 17,305</u>	<u>\$ 3,075</u>	<u>\$ 3,320</u>	<u>\$ 3,573</u>

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% per year.

Investment Income

Management forecasts investment income to increase at a rate of 5% per year.

**NOTE D - MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES:**

Operating Expenses

Operating expenses have been projected to be recognized during the month incurred. Management has projected operating expenses based primarily upon its historical experience operating the Company, adjusted primarily for inflation.

Operating expenses are projected to increase at 3% inflation annually throughout the Projection Period. The specific basis for major expense items were formulated by Management and are discussed below.

Salaries and Benefits

Management has projected salaries and wages based upon its historical operating experience and expectations for servicing Aldersgate. Management has projected that salaries and wages would increase primarily as a result of wage increases of approximately 3% for each during the Projection Period.

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

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### **NOTE D - MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES (continued):**

#### Non-Salary Related Operating Expenses

##### Nursing and Related Services:

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

##### Dietary:

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

##### Housekeeping and Laundry:

Non-salary related costs of housekeeping and laundry services include Management's estimate of the costs for contract services, supplies, and other miscellaneous costs associated with providing housekeeping and laundry services to residents. Housekeeping and laundry costs are projected to vary with changes in occupancy levels and inflation.

##### Plant Operations:

Non-salary related costs in this department include Management's estimate of the cost for electricity, water, sewer, gas, sanitation, service contracts, repairs, general maintenance, and operating supplies which Management assumes are primarily fixed in nature, and adjusted to reflect changes in occupancy levels. Plant operations costs are projected to vary with changes in occupancy levels and inflation.

##### Administration:

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

##### Interest Expense:

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

##### Depreciation and Amortization:

Property and equipment are projected to be depreciated over their estimated useful lives by the straight-line method.

##### Property Tax Expense:

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



# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### NOTE E - MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS:

#### Current Assets and Current Liabilities

##### Cash and Cash Equivalents:

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

##### Accounts Receivable - Residents:

Resident accounts receivable, net of an allowance for non-collectible accounts, is projected based on 3% inflation over 2019 balances.

##### Prepaid Expenses and Other Current Assets:

Prepaid expenses and other current assets are projected based 3% inflation over the 2019 balances.

##### Accounts Payable and Accrued Expenses:

Accounts payable is projected based on 3% over the 2019 balance. Accrued expenses is projected to remain the same throughout the Projection Period.

##### Accrued Interest:

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

##### Entrance Fee Deposits on Unoccupied Units

Entrance fee deposits on unoccupied units represents deposits on units which have yet to be occupied and have been projected based on historical levels.

#### Assets Limited as to Use

##### *Held by Trustee*

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

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

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

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

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

Summary of Significant Forecast  
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**NOTE E - MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued):**

Assets Limited as to Use (continued)

*Held by Trustee (continued)*

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

*Held by Corporation*

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

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

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

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

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

Property and Equipment

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

<u>Year</u>	<u>Amount</u>
2020	\$ 1,639
2021	\$ 1,506
2022	\$ 1,552
2023	\$ 1,598
2024	\$ 2,846

Depreciation expense is computed using the straight-line method over the useful lives of the assets.

# ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.

## Summary of Significant Forecast Assumptions and Accounting Policies For the Years Ending December 31, 2020 through 2024

### NOTE E - MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued):

#### Long-Term Debt and Interest Expense

The Company's long-term debt, as of December 31, 2019, is comprised of the following:

#### Existing Long-Term Debt:

The Company's existing outstanding long-term debt totaled approximately \$118,555,829 at December 31, 2019, which was comprised of the following:

- \$49,240,000 of Series 2015 Bonds – In November 2015, the North Carolina Medical Care Commission issued its \$49,240,000 Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate), Series 2015 (the "2015 Bonds"). The proceeds of the 2015 Bonds were used to finance the cost of Asbury Health and Rehabilitation Center which was completed in October 2017, refinance the cost of the completion of the memory support suites expansion, which was completed in August 2016, to fund a debt service reserve fund, and to pay certain costs incurred in connection with the authorization and issuance of the 2015 Bonds. Principal payments on the 2015 Bonds begin in July 2032 and extend through July 2045. Interest on the 2015 Bonds is paid semi-annually with interest rates ranging from 4.7% to 5.0%.
- \$29,643,000 of Series 2013 Bonds – In October 2013, the North Carolina Medical Care Commission issued its \$38,025,000 Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate), Series 2013 (the "2013 Bonds"). The proceeds of the 2013 Bonds were used to refund the then outstanding 2009 and 2010 Bonds, to fund a debt service reserve fund, and to pay certain costs incurred in connection with the authorization and issuance of the 2013 Bonds. Principal payments on the 2013 Bonds began in July 2014 and extend through July 2035. Interest on the 2013 Bonds is paid semi-annually with interest rates ranging from 2% to 6.25%.
- \$19,080,000 of Series 2017A Bonds – In May 2017, the North Carolina Medical Care Commission issued its \$19,080,000 Retirement Facilities First Mortgage Revenue Refunding Bonds series 2017A (the "2017A Bonds"). The proceeds of the 2017A Bonds were used to refund a prior 2016 bank loan, finance the costs of constructing, renovating, equipping, and furnishing the Ray Hall Community Center Expansion, to acquire a piece of land, to fund a debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2017A Bonds. Principal payments on the 2017A Bonds begin in July 2020 and extend through June 2047. Interest on the 2017A Bonds is paid semi-annually with interest rates ranging from 2.5% to 4.5%.
- \$15,502,534 of Series 2017B Bonds – In May 2017, the North Carolina Medical Care Commission issued its \$15,712,645 Retirement Facilities First Mortgage Revenue Refunding Bonds series 2017B (the "2017B Bonds"). The proceeds of the 2017B Bonds were used to construct, equip, furnish, and market the Independent Living Expansion Project, fund routine capital improvements to buildings throughout the Company's campus, and to pay certain expenses incurred in connection with the issuance of the Series 2017B Bonds. Principal payments on the 2017B Bonds begin in July 2019 and extend through June 2044. The 2017B Bonds is a draw down loan. Monthly interest payments began in July 2017 at a variable rate based upon 67% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread.

**ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

Summary of Significant Forecast  
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**NOTE E - MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued):**

Long-Term Debt and Interest Expense (continued)

• \$5,090,295 Taxable Loan – In May 2017, the Company entered into a taxable loan agreement (“2017 Taxable Loan”) with a financial institution for an amount not to exceed \$18,473,050. The 2017 Taxable Loan consists of a bank placed variable rate taxable loan whose principal will be funded on a draw down basis. The 2017 Taxable Loan has monthly interest payments which began in June 2017. The interest rate is based upon 100% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread. The 2017 Taxable Loan is assumed to mature January 1, 2020. Principal payments will occur based upon the anticipated availability of entrance fee receipts relating to the Independent Living Expansion Project.

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

	<u>Series</u> <u>2013</u>	<u>Series</u> <u>2015</u>	<u>Series</u> <u>2017A</u>	<u>Series</u> <u>2017B</u>	<u>Taxable</u> <u>Bank</u>
<u>Year</u>					
2020	\$ 1,695	\$ -	\$ 390	\$ 445	\$ 5,090
2021	1,785	-	400	459	-
2022	1,875	-	410	473	-
2023	1,975	-	425	486	-
2024	2,075	-	440	503	-
2025	2,205	-	450	518	-
Thereafter	18,030	49,240	16,565	12,635	-
Total	<u>\$29,640</u>	<u>\$49,240</u>	<u>\$19,080</u>	<u>\$15,519</u>	<u>\$ 5,090</u>

**NOTE F - ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY EARLY ADVANTAGE PROGRAM "THRIVE":**

In 2019, Aldersgate United Methodist Retirement Community received approval from the North Carolina Department of Insurance to offer a "continuing care without lodging" contract for persons to become residents of Aldersgate while not taking residence at Aldersgate initially. Under the "Thrive" Early Advantage contract, residents who are living off-campus receive the same access to Aldersgate's campus amenities and the same health care services and future benefits that are afforded to residents who are living on campus.

North Carolina General Assembly 58-64-7 (c) stipulates that Aldersgate United Methodist Retirement Community must account for the revenue and expenses related to the "Thrive" Early Advantage program separately from revenue and expense for on-campus services on the financial statements and five-year forecasts.

## Attachment III

Residence and Services Agreement

Mediation and Binding Arbitration Agreement

Reservation Agreement

Reservation Agreement for New Wesley Glen

Lease Agreement

Acknowledgment of Receipt of Disclosure Statement

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

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

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

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

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

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

THEREFORE, the Member and the Community agree as follows:

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

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

thirty (30) days' notice to Members.

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

**E. Services and Programs.**

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

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

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



Facility. If the cost of care at the other facility is higher than at the Community, the Community will pay the difference.

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

**Effect on Monthly Service Fee.**

- 1) **Temporary Transfers.** A transfer is considered temporary when the condition that requires the Members transfer has the potential to be resolved in a manner which may allow the Member to return to the Member's Residence. The Member's Residence will be held for the residents return.
  - a) **Single Occupancy.** Should the Member have a temporary need for Assisted Living or Health Care Facility services while the Member is still occupying the Residence, the Member will pay both the then-current Monthly Service Fee for their Residence and the then-current applicable pro-rated monthly rate at Assisted Living or the then-

current daily rate at the Health Care Facility.

- b) **Double Occupancy.** Should one or both Residents have a temporary need for Assisted Living or Health Care Facility services while still occupying the Residence, the Resident will continue to pay the then- current Monthly Service Fee less the then-current second person Monthly Service Fee for the Residence. Additionally, each Resident requiring temporary care provided in Assisted Living or Health Care Facility, will be required to pay the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
- c) **Temporary Utilization.** Temporary utilization of Assisted Living or Health Care Facility services does not constitute a change of accommodations subject to the provisions of Section IV. M. Change of Accommodations.

2) **Permanent Transfers.** A transfer is considered permanent when a condition requires a move to one of the levels of Healthcare and will not allow the Resident to return to their Residence and the Residence has been vacated, A move from Independent Living to another Independent Living residence due to health circumstances, upon approval, will be subject to a Transfer Fee of \$15,000 The exact amount may vary depending on the circumstances which will be evaluated at the time of transfer approval. Aldersgate reserves the right to waive or modify such transfer charges.

- a) **Single Occupancy.** Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Resident will be required to release their Residence as provided in Section V. If the Member entered the Community as a qualified Health Care Benefit Member, the Monthly Service Fee will be initially adjusted to the market rate of the 90% Refundable Contract Option Monthly Service Fee for the two bedroom, two bathroom Sycamore type independent living residence plus the cost of additional meals such that the Member will receive Dining Dollars with the equivalent point value to three (3) meals per person per day (the “Health Care Benefit Rate”). If the Member is not eligible for the Qualified Health Care Benefit, the monthly fee will be the current monthly fee for the accommodation the member is moving to. (See ExhibitA for the current fee schedule.)
- b) **Double Occupancy.** Should one Resident have a permanent need for Assisted Living or Health Care Facility services,

the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Residence for one person plus either the Health Care Benefit Rate or Member rate without Health Care Benefits for the Assisted Living Facility or Health Care Facility referenced in Exhibit A. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Resident will be required to release the Residence as provided under Section V of the Agreement. The Monthly Service Fee will be initially adjusted to two times the Health Care Benefit rate or Monthly Service rate for the Assisted Living Facility or Health Care rate listed in Exhibit A.

- 3) **Additional Charges.** Residents will be responsible for all costs and charges associated with Assisted Living or the Health Care Facility services that are not covered by the monthly or daily rates for such care then in effect which may include prescription medications, drugs, supplies, therapies, ancillary charges, and level of care fees, if applicable. In the event of a temporary or permanent transfer, the Member will be responsible for all costs of relocation.

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

### a. **Nursing Services.**

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

### b. **Residential Clinic Services:**

- 1) The Community will provide access to routine clinic services.
- 2) Additional periodic medical services may be coordinated through

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

**II. FINANCIAL ARRANGEMENTS**

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

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

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

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

0% Refundable	\$	Subject to the provisions set forth in Section VI of this Agreement, 10% of this Entrance Fee becomes non-refundable immediately upon occupancy and an additional 2% per month for months six through 50 becomes non-refundable until 100% of the Entrance Fee is no longer refundable.
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The Member must notify the Community in writing of the selection of the Entrance Fee Option on or before the date that the balance of the Entrance Fee is paid as provided in Section II. C. 3. below. The Member may not change the option selected after the date the balance of the Entrance Fee is paid.

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

1. **Reservation Deposit.** An amount equal to ten percent (10%) of the selected Entrance Fee, totaling \$\_\_\_\_\_, is due and payable within ten (10) days after the Member receives written notice of approval and upon execution of this Agreement.
2. **Balance of the Entrance Fee.** The balance of the total Entrance Fee for the Entrance Fee Option selected by the Member is due and payable no later than 60 calendar days from the date of receipt of 10% Deposit unless otherwise agreed to in writing by the Community.

D. **Fees.** In addition to the Entrance Fee, the Member agrees to pay a Monthly Service Fee that will be initially \$\_\_\_\_\_ per month for one person and an additional \$\_\_\_\_\_ per month for the second person. The Monthly Service Fee shall be billable upon occupancy or beginning no later than 60 calendar days from the date of receipt of 10% Deposit, unless otherwise agreed to in writing by the Community, and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. The Community may increase the Monthly Service Fee upon thirty (30) days' written notice to the Member. It is our intention to make any adjustments to the Monthly Service Fee only once per year. The Monthly Service Fee shall be billed in advance to the Resident on or before the third (3<sup>rd</sup>) business day of each month and shall be paid on or before the tenth (10<sup>th</sup>) day of the month.

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

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

- E. **Changes in Fees.** Fees are intended to meet the costs associated with the operation and management of the Community's facilities, programs, and services described in this Agreement. The Community shall have the authority to change Fees from time to time during the term of this Agreement as the Community in its discretion deems necessary in order to reflect changes in costs of providing the Community's facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. A thirty (30) day notice will be given to the Member before any adjustment in fees, charges, or scope of services to be provided becomes effective.
- F. **Monthly Statements.** The Community will furnish the Member with monthly statements showing the total amount of fees and other charges which shall be payable by the tenth (10<sup>th</sup>) of each month. The Community may charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance.

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

A prospective Member will become qualified for admission to the Community upon satisfaction of the following provisions:

- A. **Age.** The entrance requirements for residence at the Community are non-discriminatory except as to age, and the Community is open to both married and single men and women of all races and religions and without regard to place of former residence. The applicant must be at least 62 years of age; for couples, one applicant must be at least 62 years of age.
- B. **Personal Interview.** The Member shall have an interview with a representative from the Community prior to taking residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by the Community.
- C. **Reservation Agreements.** The Member shall have entered into a Reservation Agreement prior to entering this Agreement.
- D. **Application Forms.** Prior to entering into this Agreement, the Member shall have submitted for approval a General Information form, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by the Community.
- E. **Residence and Services Agreement.** Upon acceptance by the Community, the Member shall enter into this Agreement.

- F. **Notification.** The Community will notify the Member as early as possible of the Occupancy Date.
- G. **Health Requirements.** Prior to entrance to the Community, the Member shall submit a report of a physical examination made by a physician selected by the Member within thirty (30) days prior to occupancy. Cost of the examination will be borne by the Member. The report will become an integral part of the Member's record. It will serve as a baseline of information for the Community's staff and the Member's physician as they begin to assist the Member in maintaining optimum health and enjoyment of the Aldersgate community experience.
- H. **Financial Requirements.** The Member must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Member under this Agreement and to meet ordinary living expenses of the Member. The Community, at its discretion, may require the Member to annually furnish updated financial information.
- I. **Representations.** The Member affirms that the representations made in the General Information form, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by the Community as a basis for entering into this Agreement. The Member hereby represents and warrants that he/she is capable of independent living and has assets and income which are sufficient to meet ordinary and customary living expenses after assuming occupancy.

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

- A. **Rights of Member.** The Member has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of the Community unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community and conveys only the rights of use and enjoyment as described in this Agreement.
- B. **Policies and Procedures.** The Member will abide by the provisions of the Community's Resident Handbook and such amendments, modifications, and changes to the Resident Handbook as may hereafter be adopted by the Community.
- C. **Changes in the Residence.** The Community has the right to modify the Member's Residence to meet the requirements of any applicable local, state or federal statute, regulation, or ordinance (*e.g.*, applicable fire or building codes). The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.

- D. **Visitors.** Guests may stay in a Member’s accommodation for a maximum of thirty (30) consecutive nights with at least sixty (60) consecutive nights away before their next overnight visit with the Member. No person other than the Member may reside in the Residence without the approval of the Community.
- E. **Occupancy by Two Members.** In the event that two Members occupy a Residence under the terms of this Agreement, upon the permanent transfer to Assisted Living or Health Care Facility or the death of one Member, or in the event of the termination of this Agreement with respect to one of the Members, the Agreement shall continue in effect as to the remaining or surviving Member who shall have the option to retain the same Residence and pay the Monthly Fee applicable to single occupancy. Should the remaining or surviving Member wish to move to another Residence, the policies of the Community governing said Residence change of accommodation will prevail. The Member moving to Assisted Living or the Health Care Facility will pay the published rates for the applicable level of care as described in Section I. E. 11 of this Agreement.
- F. **Cohabitation Policy.** If a Member cohabitates with another Member while residing at Aldersgate, the Member who vacates his/her unit to move will be treated as a “related” non-married second occupant. The Member who is moving will be subject to his / her own entrance fee, the second person monthly fee with all rights and duties attendant to a “related” second person occupant. The Member who is moving will receive any applicable refundable entrance fee from the unit he / she is vacating. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
- G. **Marriage During Occupancy.** If a Member while occupying a Residence marries a person who is also a Member, the two Members may occupy the Residence of either Member if it is a residence designed for occupancy of two persons. Such married Members will be required to enter into the then current Residence and Services Agreement which will terminate any and all previous contracts or agreements with the Community. Such married Members will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Member shall marry a person who is not a Member of the Community, the spouse may become a Member if such spouse meets all the then current requirements to reside in the Community and both Members of the couple enter into a then current version of the Residence and Services Agreement with the Community. The Member and spouse shall then pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Member's spouse shall not meet the requirements of the Community for admission as a Member, the Member may terminate this Agreement in the same manner as provided in Section VI hereof with respect to a voluntary termination.



- H. Added Member.** Should Member desire to invite an individual to join the Member in sharing a Residence for which the Member paid the entire Entrance Fee and in which the Member is living alone, such person shall make application for entrance, and, if approved at the sole discretion of the Community, shall be admitted. The approved Members will occupy a unit no smaller than a two-bedroom apartment. Each applicant shall pay the separate full Entrance Fee applicable to the Residence in which they reside. One of the Members shall pay the Monthly Fee applicable to single occupancy and the second Member will pay the Monthly Fee applicable to double occupancy. At such time as one of the Members vacates the Residence, for whatever reason, the remaining Member shall pay the single occupancy Monthly Fee.
- I. Loss or Damage of Property.** The Community will obtain property and casualty insurance coverage on the buildings and grounds. Such coverage will not insure against loss or damage to personal property nor damage nor injury to others caused by the Member. The Community shall not be responsible for the loss or damage of any property belonging to the Member due to theft, mysterious disappearance, fire or any other cause. The Community encourages Members to purchase appropriate renter's and comprehensive insurance.
- J. Health Insurance.** The Member agrees that he or she will enroll for Basic and Supplementary coverage under the federal Medicare program, if not so enrolled at the time of admission. If so enrolled, Member agrees to continue participation in these programs.

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

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

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

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

for those services to the extent permitted under applicable State and Federal laws and regulations governing Medicare reimbursement.

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

- K. **Right of Entry.** It is agreed that employees or agents of the Community may need to enter the accommodation on occasion, and permission is hereby given by Member. The Community will make reasonable efforts to give notice of any entry whenever possible but is not bound to do so.
- L. **Residents' Council.** Members of the Community may participate in the Residents' Council and Residents' Committees which will be open to all Members through an election process.
- M. **Change of Accommodations.** The Member may request a change in the type of accommodation from time to time, subject to permission of the Community and the availability of the type requested. If such change is made, the following rules apply:
  - 1. If the Entrance Fee for the new accommodation is higher than the Entrance Fee paid for the accommodation to be vacated, the Member will pay the difference between the Entrance Fee for the new accommodation and the Entrance Fee paid for the prior accommodation. In the event of termination, the amount of the refund, if any, will be based on the total Entrance Fee paid.
  - 2. Member will be responsible for any costs associated with the change of accommodation, including moving expenses.
  - 3. Member will be responsible for a \$15,000 transfer fee.

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

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

authorized representative and the Community. A Member transferring to a higher level of care does not constitute a change of accommodation for the purpose of calculating an Entrance Fee refund.

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

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

- B. **Transfer to Hospital or Other Facility.** Should the Member need care beyond that which can be provided by the Community, the Member may be transferred to a hospital, center, or institution equipped to give such care, the cost of which will be the responsibility of the Member. Such transfer of the Member will be made only after consultation to the extent possible with the Member, or the Member's legally-authorized representative determined in accordance with N.C. Gen. Stat. § 90-21.13(c), and the Member's attending physician.
  
- C. **Vacating Residence.** If a Member's attending physician determines that any transfer described in Section V. A. and B. is likely to be permanent in nature, the Member agrees to vacate the Residence occupied by the Member prior to such transfer. If the interdisciplinary team, including the Member, to the extent practical, or the Member's legally-authorized representative, in conjunction with appropriate staff members and in consultation with the Member's attending physician, subsequently determines that the Member can resume occupancy in a Residence or accommodation comparable to that occupied by the Member prior to such transfer, the Member shall have priority to such residence as soon as it becomes available.

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

- A. **Right to Rescind Agreement.** The Member shall have the right to rescind this Agreement within thirty (30) days after executing this Agreement or receipt of the Disclosure Statement as required by law, if later. The Member shall not be required to occupy the chosen residence at the Community before expiration of the thirty (30) day period. Upon rescission, the Community shall refund to the Member, or the Member's legally-authorized representative, any portion of the Entrance Fee the Member paid to the Community less (i) per diem or monthly charges specified in this Agreement for the Member's Residence applicable to the

period the Residence was actually occupied by the Member; (ii) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (iii) the greater of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

- B. Termination by Member Prior to Occupancy Based on Death or Disability.** If the Member dies before occupying his or her residence or becomes incapable of meeting the physical, mental or financial requirements for admission before such occupancy, this Agreement shall be automatically canceled. In such case, the Community shall refund to the resident, the resident's estate, or the resident's legally-authorized representative, any portion of Entrance Fee the Member paid to the Community less (i) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (ii) the greater of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.
- C. Termination by Member Prior to Occupancy for Other Reasons.** Once the thirty (30) day rescission period described in Section VI. A, above, has expired, but before the Member takes occupancy, the Member may terminate this Agreement for any reason not covered by Section VI. B, by giving written notice to the Community. For rescinded or canceled contracts under this section, the resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; (ii) nonrefundable fees, if set out in the contract; and (iii) a reasonable service charge, if set out in the contract, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee. Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.
- D. Termination by Member After Occupancy.** Once the thirty (30) day rescission period described in Section VI. A, above, has expired, and after the Member takes occupancy, the Member may, at any time upon ninety (90) days' notice in writing to the Community, terminate his or her membership. Upon termination, a portion of the Entrance Fee may be refunded to the withdrawing Member, as described in Section VI. G.
- E. The Community's Right to Terminate Agreement.** The Community shall have the right at any time, upon thirty (30) days' notice in writing to the Member, to terminate his or her membership because the Member has failed to meet his or her obligations under this Agreement, including but not limited to:

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

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

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

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

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

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

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

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

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

amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

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

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

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

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

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

Care Facility at the Community, either or both Member(s) may then draw against the 90% or 50% Refundable Entrance Fee to supplement payment of their health care costs at the Community but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The 90% and 50% Refundable Entrance Fee option can be accessed exclusively for healthcare services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

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

- d. Utilization of the 90% or 50% Refundable Entrance Fee option may be

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

## VII. **FINANCIAL ASSISTANCE**

The Community reserves the right to terminate Member's membership in the event the Member does not, or cannot, make the monthly payments required under Section II, and in the further event arrangements for payment of those fees cannot be made with Member, Member's family and/or other responsible party. It is the goal of the Community, however, to provide for services for the Member for the balance of his or her lifetime without regard to the Member's ability to pay the monthly fee which may be established from time to time. However, the Community has relied upon outside sources of financial support available to it for care of Members who have insufficient funds, upon financial information provided by the Member, and upon the good-faith assurances of the Member that he or she will utilize any assets now owned or hereafter acquired to the best of his or her ability to meet the financial obligations imposed on the Member under this Agreement. In the event the financial sources relied upon by the Community for the care of Members with insufficient funds cease or prove inadequate, or in the event the Member makes a material misstatement with regard to the nature or extent of his or her assets, or in the event the Member, after the date of this Agreement, takes action which depletes his or her assets, and the result of such misstatement or such action is to impair the Member's ability to pay the monthly fee contemplated by this Agreement, the Community may exercise its right to terminate the Member's membership. Should the Member apply for and receive assistance under the Medicaid program, or any successor program of a similar nature, the Member's membership will be terminated.

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

## VIII. **GENERAL**

- A. **Assignment.** The rights and privileges of the Member under this Agreement to the Residence, common areas, amenities, services, and programs of the Community are personal to the Member and may not be transferred or assigned by the Member or otherwise.
- B. **Management of the Community.** The absolute rights of management of the Community are reserved by the Community, its Board of Directors, and its administration/management as designated by said Board of Directors. The



decision to accept or decline an application for Membership will be based upon criteria for admission developed by the Community. Members do not have the right to determine acceptance or terms of acceptance of any other Member.

- C. **Entire Agreement.** This Agreement and the Mediation and Binding Arbitration Agreement constitute the entire agreement between the Community and the Member. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement and/or the Mediation and Binding Arbitration Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, administrators, and assigns of the Member.
- E. **Power of Attorney, Will, and Medical Directive.** Member is encouraged to execute a durable power of attorney designating some competent person as attorney-in-fact. Member is encouraged to execute a will. Member is further encouraged to consider execution of a Living Will and Health Care Power of Attorney. The Member is asked to provide the Community with copies of the Member's Durable Power of Attorney, Living Will, Health Care Power of Attorney and any other advance directive executed by the Member.
- F. **Transfer of Property.** The Member agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Member's obligations under this Agreement or if such gift or transfer would render such Member unable to meet such obligations.
- G. **Property Disposition Upon Permanent Transfer or Death:**
1. In the event of Member's permanent transfer from his/her Residence to some other living accommodation or upon his/her death, all Member's property shall be removed within the following timeframes after notification by Community to Member or his/her legally-authorized representative:
    - Fourteen (14) days from independent living accommodation;
    - Ten (10) days from assisted living (other than memory support); Seventy-two (72) hours from memory support centers;
    - Twenty-four (24) hours from the Health Care Facility.

Accommodation charges will remain in effect until all of the Member's property is removed from the accommodation.
  2. If such property is not removed within said periods of time by Member's legally authorized representative, the Community shall have the right to remove and store such property. The costs attributed to such removal and storage shall be charged to the Member or the Member's estate, as

applicable, and may be deducted from any refund otherwise due the Member. Thereafter, if such property is not claimed within thirty (30) days, then title to such property shall be vested in the Community and it shall be disposed of as the Community, in its sole discretion, deems proper, without any liability of the Community to the Member, his/her/their estate, or heirs.

- H. **Relationship to Church.** The Community is affiliated with the Western North Carolina Conference of the United Methodist Church. However, Member acknowledges that the Community is an independent corporation which is solely responsible for carrying out its obligations hereunder and that neither the United Methodist Church, the Western North Carolina Conference of the United Methodist Church, nor any agency of them has any financial or contractual obligation to the Member on account of this Agreement.
  
- I. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
  
- J. **Notice Provisions.** Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:

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

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

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Member

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Member

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

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

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

ALDERSGATE UNITED METHODIST RETIREMENT  
COMMUNITY, INC.,

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

\_\_\_\_\_  
By: \_\_\_\_\_ Date  
Director of Sales

**EXHIBIT A**

**FEES IN ASSISTED LIVING AND HEALTH CARE**

Effective January 1, 2020, the following rates are in effect:

<b>Monthly Service Fee Schedule <u>Existing and New Health Care Beds</u>– Effective January 1, 2020</b>			
<b>Residence Type</b>	<b>Direct Admit</b>	<b>Member - with Health Care Benefit</b>	<b>Member - without Health Care Benefit</b>
<b>Parker Terrace (Assisted Living)</b>			
<b>Studio</b>			
- Tier 1	\$5,330/month		\$5,117/month
- Tier 2	\$6,396/month		\$5,820/month
- Life Care Rate		\$4,886/month	
<b>One Bedroom Apartment</b>			
- Tier 1	\$5,537/month		\$5,315/month
- Tier 2	\$6,606/month		\$6,010/month
- Life Care Rate		\$4,886/month	
<b>Cuthbertson Village Memory Support (Assisted Living)</b>			
<b>One Bedroom Apartment</b>			
- Tier 1	\$6,581/month		\$5,988/month
- Tier 2	\$7,601/month		\$6,917/month
- Life Care Rate		\$4,886/month	
<b>Asbury Health and Rehabilitation (Health Care Facility)</b>			
- Tier 1	\$328/day		\$9,153/month
- Tier 2	\$371/day		\$10,348/month
- Life Care Rate		\$4,886/month	
<b>Asbury Health and Rehabilitation (Health Care Facility)</b>			
- Home for the Aged - Tier 1	\$250/day		\$6,968/month
- Home for the Aged - Tier 2	\$283/day		\$7,901/month
- Life Care Rate		\$4,886/month	

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

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

Qualification for Health Care Benefits is determined after a medical evaluation is completed by a Representative from the Community and prior to moving to the Community. If Member(s) does not qualify for Health Care Benefits, said Member(s) will complete and sign Exhibit B – Addendum to Residence and Services Agreement to Replace the Health Care Benefit. This Addendum will be executed only after Health Care Benefit determination is made by the Community but prior to moving to Community.

## EXHIBIT B

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

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

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

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

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

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

- b. **Permanent Transfers.** A transfer is considered permanent when the condition that requires the Member to transfer will not allow them to return to their Residence and the Residence has been vacated.
  - i. Single Occupancy. Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Resident will be required to release their Residence as provided in Section V. The Monthly Service Fee will be adjusted to the then-current monthly rate applicable to Members without Healthcare Benefits at Assisted Living or the then-current daily rate applicable to Members without Healthcare Benefits at the Health Care Facility.
  - ii. Double Occupancy. Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for their Residence for one person plus the then-current monthly rate applicable to Members without Healthcare Benefits at Assisted Living or the then-current daily rate applicable to Members without Healthcare Benefits at the Health Care Facility. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Residents will be required to release the Residence as provided under Section V. The Resident qualifying for the Health Care Benefit will pay the then-current Health Care Benefit Rate and the undersigned, non-qualifying Resident, will pay the then-current monthly

rate applicable to Members without Healthcare Benefits at Assisted Living or the then-current daily rate applicable to Members without Healthcare Benefits at the Health Care Facility.

**EXHIBIT B**

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

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

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

\_\_\_\_\_  
Member Printed Name(s)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member Signature(s)

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

## EXHIBIT C

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

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

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

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

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

\_\_\_\_\_  
Member Printed Name(s)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member Signature(s)

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date



## EXHIBIT D

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

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

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

1. **Reservation Deposit.** An amount equal to ten percent (10%) of the Entrance Fee totaling \$\_\_\_\_\_, paid within five (5) days after the Member receives written notice of approval and upon execution of this Agreement; and,
2. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features; less the paid Reservation Deposit, or \$\_\_\_\_\_ paid at the time that the executive home site begins to be cleared; and,
3. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features, ; less the paid Reservation Deposit, or \$\_\_\_\_\_ paid when the Community determines and notifies Member that construction of the Wesley Glen Executive Home has reached 50% of substantial completion; and,
4. **Balance of the Entrance Fee.** The balance of the total Entrance Fee, the amount which will be considered for refundable amount if applicable, including any outstanding balance for Options/Custom Features selected by the Member, or \$\_\_\_\_\_, is to be paid at the Occupancy Date, unless otherwise agreed to in writing by the Community. If a change order occurs after selections have been submitted to the builder, they will be evaluated on a case by case basis and the amount for the upgrades will be due in full at the time of the acceptance of the change order.
  - **Contract Type:**       0%                       50%                       90%
  - **Entrance Fee Total:**                                      \$\_\_\_\_\_
  - **Upgrades Total:**    \$\_\_\_\_\_
  - **EF + Upgrades Total:**                                      \$\_\_\_\_\_
5. **Cancellation Policy.** If cancellation is made at any point after signature of this document & receipt of 10% deposit, the depositor will be required to continue to make the scheduled payments in line with all options and selections made through completion and they will only be refunded at the time the residence is re-sold at the same price.

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

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Member Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Member Printed Name

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
President Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
President Printed Name

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## MEDIATION AND BINDING ARBITRATION AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

Aldersgate United Methodist Retirement Community, Inc.

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

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

ATTACHMENT A

Carolina Dispute Settlement Services

Expedited Arbitration Rules and Procedures

**Rule 1. Scope of Rules**

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

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

**Rule 2. Party – Agreed Procedures**

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

**Rule 3. Amendment of Rules**

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

**Rule 4. Conflict of Law**

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

**Rule 5. Commencing an Arbitration**

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



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

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

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

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

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

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

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

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

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

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

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

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

## **Rule 8. Representation**

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

## **9. Ex Parte Communications**

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

## **10. Exchange of Information**

- A) The Parties will cooperate in good faith in the voluntary, prompt and informal exchange of all non-privileged documents and information relevant to the dispute or claim, including copies of all documents in their possession or control on which they rely in support of their positions or which they intend to introduce as exhibits at the arbitration hearing, the names of all individuals with knowledge about the claim or dispute and the names of all experts who may be called to testify or whose report may be introduced at the arbitration hearing.

The Parties and the Arbitrator will make every effort to conclude the document and the information exchange process within ten business days before the arbitration Hearing.

- B) The Parties will promptly notify the Arbitrator through the Case Manager when there is an unresolved dispute regarding discovery issues. The Case Manager may attempt to informally resolve the dispute or may schedule a conference with the Arbitrator, either in person or by telephone and the Arbitrator will resolve the dispute. The Parties will promptly comply with any directive from the Arbitrator by the date specified.

## **11. Scheduling and Location of Hearing**

Unless previously agreed upon or scheduled by the Case Manager the Arbitrator after consulting with the parties, will determine the location, date and time of the Arbitration Hearing. Absent unusual circumstances the Hearing should begin within thirty (30) business days of the commencement of the Arbitration. All Parties will attempt to schedule consecutive Hearing days if more than one day is necessary.

## **12. Pre- Hearing Submissions**

For complex cases or in unusual circumstances, the Arbitrator may require a Pre- Hearing Conference for the purpose of narrowing the focus of the Arbitration Hearing by stipulation of facts, or joint statements of Issues. The Arbitrator may also require Pre- Hearing briefs or statements of positions.

## **13. Securing Witnesses/ Documents**

At the request of any Party, all Parties will produce for the Hearing all witnesses in their employ, or under their control without need of subpoena. The Arbitrator may issue subpoenas for the attendance of witnesses or the production of documents.

## **14. The Arbitration Hearing**

- A) The Arbitrator shall conduct the Hearing with dignity and decorum.
- B) The Arbitrator will require witnesses to testify under oath.
- C) The Arbitrator is not bound by the rules of evidence that they find to be relevant and material to the claim, including evidence presented in the form of affidavits, giving evidence such weight as he or she determines to be appropriate.
- D) The Parties may not offer as evidence and the Arbitrator will not admit into record nor consider, prior statement offers by the Parties or statements made by a Mediator in connection with efforts to resolve the dispute being arbitrated.
- E) Any Party may request the Hearing be recorded and the requesting Party will bear the cost of said recording.
- F) The Arbitrator may proceed with the Hearing in the absence of a Party who after having executed the Arbitration Agreement or who is otherwise bound to arbitrate, and after having received reasonable notice of the Hearing fails to appear. The Arbitrator may not render an Award solely on the basis of the default or absence of the Party, but will require testimony and evidence as the Arbitrator may require to render an Award.
- G) When the Arbitrator determines that all relevant and material evidence and arguments have been presented, the Arbitrator will declare the Hearing closed. Post- Hearing briefs shall not be allowed unless the Parties and the Arbitrator agree they are necessary. If the Arbitrator agrees they are necessary the Hearing will be closed upon the receipt of the briefs.

## 15. The Award

- A) Absent good cause or extension the Arbitrator shall render the Award within seven (7) to ten (10) business days of the close of the Arbitration Hearing.
- B) The Award shall be reduced to writing and provided to the CDSS Case Manager for issuance to the Parties.
- C) Unless the Parties specify a different standard, in determining the Award the Arbitrator shall apply the principles of applicable law.
- D) The Arbitrator is authorized to award any remedy allowed by applicable law.
- E) The Award will consist of a written statement signed by the Arbitrator regarding the disposition of each claim and the relief, if any, awarded.
- F) After the Award has been rendered and provided the parties have paid their Arbitration costs in full CDSS will issue the Award by serving copies on the Parties. Service will be deemed effective five (5) business days after deposit in the US Mail.
- G) Within seven (7) business days after the issuance of the Award, any Party, with written notice to all Parties, may request that the Arbitrator correct any computational, typographical or similar error in the Award, or the Arbitrator may correct such errors on his or her own initiative. All corrections will be made within seven (7) business days of receiving the request, provided the Party is in agreement and has had reasonable opportunity to respond.
- H) Proceedings to enforce, confirm, modify or vacate an Award will be controlled by and conducted in conformity with the Federal Arbitration Act or applicable law.

## 16. Confidential and Private

The Parties and the Case Manager and the Arbitrator will maintain the confidential nature of the Arbitration proceeding and the Award, including the Hearing.

## 17. Sanctions

The Arbitrator may Award appropriate sanctions for failure of a Party to comply with its obligations under any of these rules. Sanctions can include, but are not limited to: assessment of costs, prohibition of certain evidence.

**18. Fees**

- A) Each party will pay pro-rata share of the Arbitration costs and expenses, unless the Parties agree on a different allocation of the costs.
- B) CDSS requires that all Parties are jointly and severally liable for the payment of fees and expenses of CDSS.
- C) All fees for services must be paid in full prior to the release of the rendered Award.

**19. Mediation**

The Parties may agree, at any stage of the Arbitration process, to submit the case to CDSS for Mediation. The assigned Mediator to the case shall not be the Arbitrator unless the case was originally submitted as a Med-Arb.

To commence an Arbitration claim please contact:

Carolina Dispute Settlement Services,  
3737 Glenwood Avenue, Suite 370,  
Raleigh, NC 27612

Phone: (919) 755-4646

NOTICE OF RIGHT TO RESCIND  
BINDING ARBITRATION CLAUSE

Date rescission period begins \_\_\_\_\_ (insert date Arbitration Agreement is signed by all parties).

You may rescind and terminate Sections (a-h) of the Mediation and Binding Arbitration Agreement (hereinafter called (“Agreement”)) without penalty or forfeiture within thirty (30) days of the above date. No other agreement or statement you sign shall constitute a waiver of your right to rescind Sections (a-h) of the Agreement within this thirty (30) day period.

To rescind Sections (a-h) of the Agreement, send via certified mail or hand deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Suzanne Pugh  
President  
Aldersgate United Methodist Retirement Community, Inc.  
3800 Shamrock Drive  
Charlotte, North Carolina 28215

Not later than midnight of \_\_\_\_\_ (last day for rescission). If you are rescinding Sections (a-h) of the Agreement via certified mail, the notice must be post marked within thirty (30) days of the date the rescission period begins.

Pursuant to this notice, I hereby rescind Sections (a-h) of the Agreement regarding binding arbitration.

Date: \_\_\_\_\_

MEMBER’S SIGNATURE

\_\_\_\_\_

RESPONSIBLE PERSON’S SIGNATURE  
(if applicable)

\_\_\_\_\_

# Aldersgate



THOUGHTFULLY GROWING. NATURALLY INVITING.

## RESERVATION AGREEMENT FOR RESIDENCES OF ALDERSGATE CHARLOTTE, NORTH CAROLINA

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Aldersgate United Methodist Retirement Community (“the Community” or “Aldersgate”), a non-profit corporation, and \_\_\_\_\_ (individually and/or collectively “You” or “Resident” or “Member”).

WHEREAS, You desire to reserve residence number \_\_\_\_\_, a \_\_\_\_\_ style residence of \_\_\_\_\_ (the “Residence”).

NOW, THEREFORE, You and Aldersgate agree as follows:

1. Preliminary Agreement: This Reservation Agreement is preliminary to the Residence and Services Agreement which will be entered into by You upon completion of the application process and approval by Aldersgate.
2. Residence and Services Agreement and Disclosure Statement: Aldersgate will provide You a copy of the Residence and Services Agreement and its most recent Disclosure Statement upon entering into this Reservation Agreement.

3. Entrance Fee(s): You agree to pay the Entrance Fee(s) shown below for the Residence selected:

Contract Type:       0%                       50%                       90%

Entrance Fee First Person:      \$ \_\_\_\_\_

Entrance Fee Second Person:      \$ \_\_\_\_\_

Total Entrance Fee Amount:      \$ \_\_\_\_\_

4. Terms of Payment of the Entrance Fee: You agree to pay the Entrance Fee(s) for the Residence according to the following terms:
  - a. Initial \$1,000 Reservation Deposit: Upon entering into this Reservation Agreement and prior to entering into the Residence and Services Agreement, You agree to pay \$1,000.00 as an Initial Reservation Deposit. Such deposit is fully refundable

should You choose not to proceed with the reservation process and not enter into the Residence and Services Agreement for any reason, including the denial of your Application for admission by Aldersgate. The deposit fully applies toward the Entrance Fee should You proceed with the reservation process and enter into the Residence and Services Agreement and your Residence and Services Agreement is approved by Aldersgate.

- b. Initial 10% Reservation Deposit: An amount equal to ten percent (10%) of the total Entrance Fee, less the \$1,000.00 Reservation Deposit and less the \$1,000 Future Residency Club deposit if applicable, totaling \$\_\_\_\_\_, is paid within five (5) calendar days after You receive written notice of approval of admission by Aldersgate and upon execution of the Residence and Services Agreement.
- c. Amounts for Options and Custom Features: The full amount invoiced by Aldersgate for any Options or Custom Features, if any, is due upon receipt of the invoice and before any work will begin for any upgraded options.
- d. Balance of the Entrance Fee: An amount equal to 90% of the total Entrance Fee, or \$\_\_\_\_\_ is paid at the Occupancy Date, unless otherwise agreed to in writing by the Community. Occupancy Date is considered the day that keys to the Residence are turned over from Aldersgate to Resident and Move-In Sheet is signed by Resident, which may or may not be the same day Resident physically moves in to Residence.

5. Monthly Fee(s): In addition to the Entrance Fee, and upon taking occupancy of the Residence, You agree to pay the Monthly Fee(s) shown below. The Monthly Fee(s) are estimated and are shown for the year given. The Monthly Fee(s) will be adjusted at least annually, and You will be given notice of such increases by Aldersgate. Monthly Fees will be billed starting the date that keys are turned over and Move-In Sheet is signed by Resident.

Monthly Fee First Person:        \$\_\_\_\_\_ in 20\_\_

Monthly Fee Second Person:    \$\_\_\_\_\_ in 20\_\_

Total Monthly Fee:                \$\_\_\_\_\_ in 20\_\_

6. Application Forms Completed by You: You agree to complete the following application forms and return them to Aldersgate within ten (10) calendar days of signing this Reservation Agreement:

- General Information
- Personal Health History
- Confidential Financial Statement

7. Application Forms Completed by Others.

- Physician's Health History. You will give this to your physician to complete and return to Aldersgate no more than 30 days prior to Occupancy.



- Independent Living Evaluation. Prior to move in, this will be conducted by a professional chosen by Aldersgate and must be conducted within 30 days of Occupancy. The Independent Living Evaluation determines Member Health Care Rate and Benefits.

8. Final Forms at Move-in: Prior to move-in, the final physician health history forms and updated financial statement forms are required.

ALDERSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.

\_\_\_\_\_  
Member, First Person Printed

\_\_\_\_\_  
Member, First Person Signature

\_\_\_\_\_  
Member, Second Person Printed

\_\_\_\_\_  
Member, Second Person Signature

\_\_\_\_\_  
Current Address

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

Home Telephone \_\_\_\_\_

Cell Phone First Person \_\_\_\_\_

Email First Person \_\_\_\_\_

Cell Phone Second Person \_\_\_\_\_

Email Second Person \_\_\_\_\_

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

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Title

# Aldersgate



THOUGHTFULLY GROWING. NATURALLY INVITING.

## RESERVATION AGREEMENT FOR NEW WESLEY GLEN RESIDENCES OF ALDERSGATE CHARLOTTE, NORTH CAROLINA

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Aldersgate United Methodist Retirement Community (“the Community” or “Aldersgate”), a non-profit corporation, and \_\_\_\_\_ (individually and/or collectively “You” or “Resident” or “Member”).

WHEREAS, You desire to reserve residence number \_\_\_\_\_, a \_\_\_\_\_ style residence of \_\_\_\_\_ (the “Residence”).

NOW, THEREFORE, You and Aldersgate agree as follows:

1. Preliminary Agreement: This Reservation Agreement is preliminary to the Residence and Services Agreement which will be entered into by You upon completion of the application process and approval by Aldersgate.
2. Residence and Services Agreement and Disclosure Statement: Aldersgate will provide You a copy of the Residence and Services Agreement and its most recent Disclosure Statement upon entering into this Reservation Agreement.
3. Entrance Fee(s): You agree to pay the Entrance Fee(s) shown below for the Residence selected:

Contract Type:       0%               50%               90%

Entrance Fee First Person:      \$ \_\_\_\_\_

Entrance Fee Second Person:      \$ \_\_\_\_\_

Total Entrance Fee Amount:      \$ \_\_\_\_\_

4. Terms of Payment of the Entrance Fee: You agree to pay the Entrance Fee(s) for the Residence according to the following terms:
  - a. Initial \$1,000 Reservation Deposit: Upon entering into this Reservation Agreement and prior to entering into the Residence and Services Agreement, You agree to pay \$1,000.00 as an Initial Reservation Deposit. Such deposit is fully refundable

should You choose not to proceed with the reservation process and not enter into the Residence and Services Agreement for any reason, including the denial of your Application for admission by Aldersgate. The deposit fully applies toward the Entrance Fee should You proceed with the reservation process and enter into the Residence and Services Agreement and your Residence and Services Agreement is approved by Aldersgate.

- b. Initial 10% Reservation Deposit: An amount equal to ten percent (10%) of the total Entrance Fee, less the \$1,000.00 Reservation Deposit and less the \$1,000 Future Residency Club deposit if applicable, totaling \$\_\_\_\_\_, is paid within five (5) calendar days after You receive written notice of approval of admission by Aldersgate and upon execution of the Residence and Services Agreement.
  
  - c. Amounts for Options and Custom Features:
    - a. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features; less the paid Reservation Deposit paid at the time that the executive home site begins to be cleared; and,
    - b. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features, ; less the paid Reservation Deposit paid when the Community determines and notifies Member that construction of the Wesley Glen Executive Home has reached 50% of substantial completion; and,
    - c. **Balance of the Entrance Fee.** The balance of the total Entrance Fee, the amount which will be considered for refundable amount if applicable, including any outstanding balance for Options/Custom Features selected by the Member is to be paid at the Occupancy Date, unless otherwise agreed to in writing by the Community. If a change order occurs after selections have been submitted to the builder, they will be evaluated on a case by case basis and the amount for the upgrades will be due in full at the time of the acceptance of the change order.
  
  - d. Balance of the Entrance Fee: An amount equal to 90% of the total Entrance Fee, or \$\_\_\_\_\_ is paid at the Occupancy Date, unless otherwise agreed to in writing by the Community. Occupancy Date is considered the day that keys to the Residence are turned over from Aldersgate to Resident and Move-In Sheet is signed by Resident, which may or may not be the same day Resident physically moves in to Residence.
5. Monthly Fee(s): In addition to the Entrance Fee, and upon taking occupancy of the Residence, You agree to pay the Monthly Fee(s) shown below. The Monthly Fee(s) are estimated and are shown for the year given. The Monthly Fee(s) will be adjusted at least annually, and You will be

given notice of such increases by Aldersgate. Monthly Fees will be billed starting the date that keys are turned over and Move-In Sheet is signed by Resident.

Monthly Fee First Person:        \$\_\_\_\_\_ in 20\_\_

Monthly Fee Second Person:    \$\_\_\_\_\_ in 20\_\_

Total Monthly Fee:                \$\_\_\_\_\_ in 20\_\_

6. Cancellation Policy: If cancellation is made at any point after signature of this document & receipt of 10% deposit, the depositor will be required to continue to make the scheduled payments in line with all options and selections made through completion and they will only be refunded at the time the residence is re-sold at the same price.
  
7. Application Forms Completed by You: You agree to complete the following application forms and return them to Aldersgate within ten (10) calendar days of signing this Reservation Agreement:
  - General Information
  - Personal Health History
  - Confidential Financial Statement
  
8. Application Forms Completed by Others:
  - Physician's Health History. You will give this to your physician to complete and return to Aldersgate no more than 30 days prior to Occupancy.
  - Independent Living Evaluation. Prior to move in, this will be conducted by a professional chosen by Aldersgate and must be conducted within 30 days of Occupancy. The Independent Living Evaluation determines Member Health Care Rate and Benefits.
  
9. Final Forms at Move-in: Prior to move-in, the final physician health history forms and updated financial statement forms are required.

ALDERSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.

\_\_\_\_\_  
Member, First Person Printed

\_\_\_\_\_  
Member, First Person Signature

\_\_\_\_\_  
Member, Second Person Printed

\_\_\_\_\_  
Member, Second Person Signature

\_\_\_\_\_  
Current Address

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

Home Telephone \_\_\_\_\_

Cell Phone First Person \_\_\_\_\_

Email First Person \_\_\_\_\_

Cell Phone Second Person \_\_\_\_\_

Email Second Person \_\_\_\_\_

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

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Title

**LEASE AGREEMENT**  
**of**  
**Aldersgate United Methodist Retirement Community, Inc.**  
  
**Charlotte, North Carolina**

*Our Mission: We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.*

This contract is entered into by Aldersgate United Methodist Retirement Community, Inc. of Charlotte, North Carolina, hereinafter called "Aldersgate", and \_\_\_\_\_, hereinafter called "the Resident".

The Resident desires to enter into residence at Aldersgate, and Aldersgate is willing to accept the Resident and to provide services to the Resident, all to be accomplished in accordance with the terms and conditions set forth in this contract. Therefore, Aldersgate and the Resident have agreed as follows:

**I. TERM**

Aldersgate leases to the Resident, and the Resident leases from Aldersgate, the accommodation known as \_\_\_\_\_, a private residence on the property of Aldersgate for the term commencing on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_ and ending on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_ or a term of thirteen (13) months (the "Term"). The total monthly fee shall be \$\_\_\_\_\_ per month, of which \$\_\_\_\_\_ is the accommodation fee and \$\_\_\_\_\_ is the services/amenities fee. If Resident desires to terminate the lease at the end of the Term, then Resident shall give Aldersgate not less than ninety (90) days' notice of said termination prior to the expiration of the Term. In the event Resident fails to give such termination notice, this contract shall be automatically renewed for an additional thirteen (13) month term with a total monthly fee equal to the then prevailing rate for similar accommodations and service/amenities, as determined by Aldersgate in its discretion.

Aldersgate shall not discriminate against the Resident in the provision of services or in any other manner on the grounds of race, color, creed, religion, sex or national origin.

**II. FEES TO BE PAID TO ALDERSGATE**

In consideration of admission to Aldersgate, the Resident agrees as follows:

- A. To furnish to Aldersgate complete and accurate information with regard to the nature and extent of his or her assets (now owned or hereafter acquired);
- B. To manage those assets to the best of his or her ability in such a way as to permit the payment of the fees set forth herein;
- C. In the event the accommodation is occupied by two related persons as Residents, and one of said persons for any reason vacates the accommodation, the single occupancy fee will become the new monthly fee on the earlier of the date of such vacation or on the first day of the month following written notice by Resident of such change in occupancy. In the

event a person is added to the Agreement as a resident, upon qualification and approval by Aldersgate, a second person fee will be charged for the new resident in addition to the single occupancy fee charged to the first person;

- D. Upon request, to submit, at the discretion of Aldersgate, annually updated financial information;
- E. To abide by all other terms and provisions of this contract.

### **III. TERMINATION OF RESIDENCE**

- A. If Resident has not occupied his or her residence, at any time within (30) days following the date of this contract, the Resident may terminate this contract. The Resident shall not be required to occupy his or her unit at Aldersgate until such thirty (30) day period is past. In addition, if the Resident dies before occupying his or her unit or, in the judgment of Aldersgate, becomes incapable of meeting the physical or mental requirements for admission before such occupancy, this contract shall be canceled.
- B. Aldersgate shall have the right at any time, upon thirty (30) days' notice in writing to the Resident, to terminate his or her contract because the Resident has failed to meet his or her obligations under this contract. Such notice shall specify the obligation which the Resident has failed to perform. Aldersgate may terminate a resident's lease if:
  - Resident has not paid monthly fees and other charges on a timely basis;
  - Resident engages in behavior that unreasonably interferes with the quiet enjoyment of other Community Members; or
  - Resident has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of lease contract and discharge:

- Resident engages in behavior that negatively impacts or threatens the health, safety or welfare of other Community Members, staff or visitors.
- C. If the Resident does not vacate the premises on the effective date of the termination of this contract, or after notice of default with a failure to cure such default within ten days after receipt of notice, Aldersgate may pursue all judicial remedies under North Carolina Law for the eviction of the Resident.
  - D. If the Resident vacates or is evicted from the residence without removing their personal property from the subject unit, Aldersgate may, without liability for trespass or conversion or any other claim, remove any personal property from the Resident's unit and store such property at Resident's expense. The personal property so removed shall be deemed abandoned if Resident has not made a written demand for the same within thirty days of Resident's vacation or eviction and Aldersgate thereafter has the right to dispose of the property as it deems appropriate without any liability whatsoever. If Resident makes such a demand, the property shall be released to Resident upon payment in full of all costs of removal and storage.

#### **IV. CHANGE OF ACCOMMODATIONS**

The Resident may request a change in the type of accommodation from time to time, subject to permission of Aldersgate and the availability of the type requested. If such change is made, the Resident agrees to pay the accommodation and services/amenities fees associated with the new accommodation at the then prevailing rate. Resident will be responsible for any fees associated with the change of accommodation, including moving expenses.

#### **V. CONVERSION TO MEMBERSHIP**

Resident may choose to convert this contract to full membership status within the Aldersgate Continuing Care Retirement Community, defined as having access to services associated with levels of care higher than independent living, at a member rate and member priority status, upon satisfaction of all requirements then applicable to membership in Aldersgate's Continuing Care Retirement Community. With conversion, Resident is eligible to receive credit for the time occupied in any lease period (such credit not to exceed 13 months in total) for the accommodation portion of their monthly fee as indicated in this contract. This credit may be applied toward the entrance fee of the accommodation chosen for full membership. At such time of conversion, this contract becomes void and the Resident shall sign an Aldersgate Resident and Services Agreement for Membership.

#### **VI. PAYMENTS TO ALDERSGATE FOR MONTHLY SERVICES**

The Resident agrees to pay for his or her residential services on a monthly basis, the fee to be paid in advance by the tenth (10) day of the month. For example, the payment of the fee for June is due by June 10th, the payment for July is due by July 10th, etc. The amount due for each month shall be the amount established by Aldersgate from time to time upon thirty (30) days notice to the Resident. Temporary absence of the Resident from Aldersgate for vacation, travel, business, medical care or otherwise does not change the Resident's obligation to pay the full monthly fee. Aldersgate may charge interest at a rate of one and one-half percent (1&1/2%) per month on any unpaid balance.

#### **VII. SCOPE OF MONTHLY SERVICES**

For the monthly fee paid by the Resident, Aldersgate shall provide to the Resident the use of the accommodation selected, board, and housekeeping service in accord with the practices of Aldersgate as they may be in effect from time to time, and the religious, social and creative life of Aldersgate. The services may be changed, added to or deleted from time to time in the sole discretion of Aldersgate. Residents have the option of choosing a meal plan and will be billed accordingly.

NOTE: Monthly fee does not include physicians' fees, outside hospitalization, drugs, phone, internet, cable TV services, medical supplies, dry cleaning, or funeral and burial expenses, all of which remain the sole responsibility of the Resident. Under this contract, Aldersgate is not obligated to provide healthcare services at Parker Terrace, Cuthbertson Village, Asbury Care Center or the Wellness Clinic.

#### **VIII. HEALTHCARE SERVICES**

Should the Resident require healthcare services as provided at Aldersgate, there are no guarantees, implied or otherwise, of accommodation availability. Should the Resident be admitted into a healthcare accommodation as identified in Section VII, the Resident agrees to



pay for the services provided at a Direct Admit/Private Pay fee-for-service basis.

**IX. ASSIGNMENT AND SUBLETTING**

Resident shall not sublease or encumber the accommodation or assign this contract in any way. Occupation of the accommodation by other than permitted occupants may result in termination of this contract.

**X. RIGHT OF ENTRY**

It is agreed that employees or agents of Aldersgate may need to enter the unit on occasion, and permission is hereby given by Resident. Aldersgate will make reasonable efforts to give notice of any entry whenever possible but is not bound to do so.

**XI. PROPERTY MAINTENANCE**

By execution of this contract, the Resident agrees that the unit described herein has been inspected by him/her and meets with his/her approval. He/she has found it to be in good and tenable condition, and agrees that at the end of the occupancy hereunder to deliver up and surrender said accommodation to Aldersgate in as good condition as when received, reasonable wear and tear excepted. No alteration, addition or improvements shall be made in or to the accommodation without prior written consent by Aldersgate and then only using materials and contractors approved by Aldersgate. All such work shall be done at Resident's expense and in such manner as Aldersgate may approve. All alterations, additions and improvements to the accommodation shall become part of the accommodation and the property of Aldersgate.

Resident shall use and maintain the accommodation during his/her residency in safe, clean, and sanitary manner and shall, upon termination of the residency, deliver all keys to Aldersgate, remove all personal property and leave the unit.

**XII. INSURANCE, RELEASE, AND INDEMNITY**

Resident shall insure his/her personal property located or stored within the accommodation or other storage areas that may be provided to the extent of its full insurable value against the risks of damage, destruction or loss resulting from theft and all hazards and casualties. Regardless of whether Resident secures such insurance, all personal property belonging to Resident or to any other persons within the accommodation shall be at the sole risk of the Resident or other such person and neither Aldersgate nor its employees or agents shall be liable for any theft or loss or for any actual damage, destruction or injury from any cause whatsoever to such property. Neither Aldersgate nor its employees or agents shall be responsible for any damage or injury to resident, his/her family or other person.

Resident agrees to indemnify and hold Aldersgate harmless against all claims, actions, or causes of actions, costs or damages sustained by reason of any act, omission, or other occurrence causing damage or injury to any person or property arising out of or connected with the use, occupancy, or control of the accommodation by Resident, his family, agents or guests, unless the damage or injury is proximately caused by the negligence of Aldersgate, its employees or agents.

In the event that any amount shall become due to Aldersgate under this contract and as a result thereof, Aldersgate is required to retain the services of an attorney, Resident agrees to pay such reasonable attorney's fees up to fifteen percent of the total amount owing along with any interest

and costs incurred by Aldersgate in obtaining or attempting to obtain payment of any such amount owing by Resident.

**XIII. RULES AND REGULATIONS**

In order to operate Aldersgate in the best interests of the entire Aldersgate community, it is understood that Aldersgate will from time to time adopt policies, practices, rules and regulations governing the operation of Aldersgate and the occupancy by its Residents. Resident agrees to comply with such policies, practices, rules and regulations now in effect or hereafter adopted. Non-compliance with policies, practices, rules and regulations may be cause for termination of this agreement.

**XIV. DEATH OF A RESIDENT**

Death of a Resident shall be treated as a termination of Contract on the date of death for the purposes of Section III. Any refund of accommodation and service/amenities fees that may be due, (however reduced by amounts otherwise due and payable as enumerated under the provisions of this contract) shall be paid to the estate of the Resident.

**XV. RELATIONSHIP TO CHURCH**

Aldersgate is affiliated with the Western North Carolina Conference of the United Methodist Church. However, Resident acknowledges that Aldersgate is an independent corporation which is solely responsible for carrying out its obligations hereunder and that neither the United Methodist Church, the Western North Carolina Conference of the United Methodist Church, nor any agency of them has any financial or contractual obligation to the Resident because of this contract.

**XVI. PROPERTY RIGHTS**

This contract does not create in the Resident any rights in or to the property of Aldersgate in general, nor specifically, in the accommodation which may be occupied from time to time by the Resident.

Date: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
(Lessee)

\_\_\_\_\_  
(Lessee)

\_\_\_\_\_  
President

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# Aldersgate



NATURALLY INVESTED IN COMMUNITY

**ACKNOWLEDGMENT OF RECEIPT OF  
THE DISCLOSURE STATEMENT  
OF  
ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

*Our Mission: We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.*

I, \_\_\_\_\_, with this statement, acknowledge receipt of the Disclosure Statement of Aldersgate United Methodist Retirement Community, Inc., dated June 1, 2020. This Disclosure Statement was made available to me prior to the signing of the Residence & Services Agreement.

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Printed Name

Date

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Signature

Date

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Printed Name

Date

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Signature

Date

## Attachment IV

Unaudited Financial Statement



# Managerial Financial Reporting Package

April 30, 2020

Statement of Operations		Aldersgate								
		YTD April						2019		
		2020		Variance				2019		Variance
Description	Actual	Plan	Fav/(Unfav)	% Var	Actual	Fav/(Unfav)	% Var			
Resident Service Revenue - IL	\$ 4,444,094	\$ 4,561,008	\$ (116,914)	-2.6%	\$ 3,776,245	\$ 667,848	17.7%			
Resident Service Revenue - AL	1,031,714	976,051	55,663	5.7%	936,333	95,382	10.2%			
Resident Service Revenue - MS	1,433,923	1,465,817	(31,894)	-2.2%	1,380,683	53,240	3.9%			
Resident Service Revenue - SNF	5,050,788	4,812,455	238,332	5.0%	4,955,487	95,300	1.9%			
Other Resident Revenue	640,784	121,740	519,044	426.4%	293,249	347,535	118.5%			
<b>Total Resident Revenue</b>	<b>12,601,302</b>	<b>11,937,071</b>	<b>664,230</b>	<b>5.6%</b>	<b>11,341,997</b>	<b>1,259,305</b>	<b>11.1%</b>			
Amort. - Deferred Entrance Fee Income	\$ 954,690	\$ 956,706	\$ (2,016)	-0.2%	\$ 539,390	\$ 415,300	77.0%			
Total Investment Income	-	183,333	(183,333)	-100.0%	158,370	(158,370)	-100.0%			
Realized Investment Gains/Losses	(21,252)	35,616	(56,868)	-159.7%	(5,853)	(15,398)	263.1%			
Unrestricted Contribution Income	20,539	100,000	(79,461)	-79.5%	45,427	(24,888)	-54.8%			
Rental Income	45,746	102,514	(56,768)	-55.4%	128,365	(82,619)	-64.4%			
<b>Total Revenue and Support</b>	<b>\$ 13,601,024</b>	<b>\$ 13,315,240</b>	<b>\$ 277,739</b>	<b>2.1%</b>	<b>\$ 12,207,694</b>	<b>\$ 1,373,700</b>	<b>11.3%</b>			
<b>Total Resident Service Costs</b>	<b>10,478,424</b>	<b>10,263,059</b>	<b>(215,365)</b>	<b>-2.1%</b>	<b>11,829,397</b>	<b>1,350,973</b>	<b>11.4%</b>			
Management Fee Expense	\$ 626,004	\$ 603,746	\$ (22,258)	-3.7%	563,470	-	0.0%			
Interest Expense	1,932,068	1,920,682	(11,386)	-0.6%	2,087,816	155,748	7.5%			
Depreciation	2,206,306	2,160,000	(46,306)	-2.1%	1,844,391	(361,915)	-19.6%			
Amortization Exp - OID	103,978	60,297	(43,681)	-72.4%	103,581	(398)	-0.4%			
<b>Non-Resident Service Costs</b>	<b>4,868,356</b>	<b>4,744,725</b>	<b>(123,631)</b>	<b>-2.6%</b>	<b>4,599,258</b>	<b>(269,098)</b>	<b>-5.9%</b>			
<b>Total Operating Expenses</b>	<b>\$ 15,346,780</b>	<b>\$ 15,007,784</b>	<b>\$ (338,995)</b>	<b>-2.3%</b>	<b>\$ 16,428,654</b>	<b>\$ 1,081,875</b>	<b>6.6%</b>			
<b>Operating Income/(Loss)</b>	<b>\$ (1,745,755)</b>	<b>\$ (1,692,544)</b>	<b>\$ (53,211)</b>	<b>-3.1%</b>	<b>\$ (4,220,960)</b>	<b>\$ 2,475,205</b>	<b>58.6%</b>			
<b>Net Operating Margin</b>	<b>11.81%</b>	<b>8.97%</b>			<b>-9.16%</b>					

Statement of Operations		Aldersgate								
		April						2019		
		2020		Variance				2019		Variance
Description	Actual	Plan	Fav/(Unfav)	% Var	Actual	Fav/(Unfav)	% Var			
Resident Service Revenue - IL	\$ 1,084,100	\$ 1,146,906	\$ (62,806)	-5.5%	\$ 996,070	\$ 88,030	8.8%			
Resident Service Revenue - AL	249,272	238,922	10,350	4.3%	238,949	10,323	4.3%			
Resident Service Revenue - MS	347,110	373,428	(26,318)	-7.0%	352,808	(5,697)	-1.6%			
Resident Service Revenue - SNF	1,088,122	1,188,765	(100,643)	-8.5%	1,211,471	(123,349)	-10.2%			
Other Resident Revenue	331,645	24,310	307,335	1264.2%	60,200	271,445	450.9%			
<b>Total Resident Revenue</b>	<b>3,100,250</b>	<b>2,972,331</b>	<b>127,920</b>	<b>4.3%</b>	<b>2,859,498</b>	<b>240,752</b>	<b>8.4%</b>			
Amort. - Deferred Entrance Fee Income	\$ 236,764	\$ 239,176	\$ (2,412)	-1.0%	\$ 308,528	\$ (71,764)	-23.3%			
Total Investment Income	-	183,333	(183,333)	-100.0%	(2,053)	2,053	-100.0%			
Realized Investment Gains/Losses	(5,305)	8,904	(14,209)	-159.6%	92	(5,397)	-5855.7%			
Unrestricted Contribution Income	4,747	25,000	(20,253)	-81.0%	6,281	(1,534)	-24.4%			
Rental Income	22,873	25,628	(2,756)	-10.8%	28,752	(5,879)	-20.4%			
<b>Total Revenue and Support</b>	<b>\$ 3,359,329</b>	<b>\$ 3,454,373</b>	<b>\$ (95,043)</b>	<b>-2.8%</b>	<b>\$ 3,201,097</b>	<b>\$ 167,455</b>	<b>5.2%</b>			
<b>Total Resident Service Costs</b>	<b>2,626,711</b>	<b>2,555,604</b>	<b>(71,107)</b>	<b>-2.8%</b>	<b>3,850,055</b>	<b>1,223,345</b>	<b>31.8%</b>			
Management Fee Expense	\$ 154,116	\$ 150,937	\$ (3,179)	-2.1%	\$ 144,255	\$ -	0.0%			
Interest Expense	530,038	475,677	(54,361)	-11.4%	946,358	416,320	44.0%			
Depreciation	549,948	540,000	(9,948)	-1.8%	463,745	(86,203)	-18.6%			
Amortization Exp - OID	25,995	13,667	(12,328)	-90.2%	25,995	-	0.0%			
<b>Non-Resident Service Costs</b>	<b>1,260,096</b>	<b>1,180,280</b>	<b>(79,816)</b>	<b>-6.8%</b>	<b>1,580,352</b>	<b>320,256</b>	<b>20.3%</b>			
<b>Total Operating Expenses</b>	<b>\$ 3,886,807</b>	<b>\$ 3,735,884</b>	<b>\$ (150,923)</b>	<b>-4.0%</b>	<b>\$ 5,430,407</b>	<b>\$ 1,543,600</b>	<b>28.4%</b>			
<b>Operating Income/(Loss)</b>	<b>\$ (527,478)</b>	<b>\$ (281,511)</b>	<b>\$ (245,967)</b>	<b>-87.4%</b>	<b>\$ (2,229,310)</b>	<b>\$ 1,701,832</b>	<b>76.3%</b>			
<b>Net Operating Margin</b>	<b>10.30%</b>	<b>8.94%</b>			<b>-40.01%</b>					



Balance SheetAldersgate  


<u>Category</u>	<u>April</u> <u>2020</u>	<u>December</u> <u>2019</u>
Cash and Cash Equivalents	\$ 2,953,733	\$ 3,845,365
Investments	14,809,645	14,749,973
Accounts Receivable-Net	742,480	2,721,563
<u>Prepaid Expenses &amp; Other Current Assets</u>	<u>5,279,801</u>	<u>7,848,360</u>
<b>Total Current Assets</b>	<b>23,785,659</b>	<b>29,165,261</b>
<b>Plant Property &amp; Equipment - Net</b>	<b>127,170,422</b>	<b>126,557,507</b>
<b>Statutory Operating Reserve</b>	<b>9,241,181</b>	<b>8,781,448</b>
<b>Board-Designated Fund</b>	<b>1,038,418</b>	<b>1,111,709</b>
<b>Donor Restricted</b>	<b>-</b>	<b>844,816</b>
<b>Held Under Bond Agreement</b>	<b>11,355,926</b>	<b>10,985,799</b>
<b><u>Other Assets</u></b>	<b><u>39,828</u></b>	<b><u>572,633</u></b>
<b>Total Assets</b>	<b><u>172,631,435</u></b>	<b><u>178,019,173</u></b>
Accounts Payable & Accrued Expenses	\$ 7,391,300	\$ 5,251,862
Entry Fee Deposits	5,606,816	2,931,474
Due to Related Party	626,057	1,602,596
Other Current Liabilities	92,001	103,680
<u>Current Portion of Long-term Debt</u>	<u>7,623,054</u>	<u>7,605,334</u>
<b>Total Current Liabilities</b>	<b>21,339,228</b>	<b>17,494,946</b>
<b>Long Term Debt Net of Current Portion</b>	<b>105,818,864</b>	<b>108,934,378</b>
<b>Deferred Income - Entrance Fees</b>	<b>22,069,435</b>	<b>22,851,976</b>
<b>Liability Under Interest Rate Swap Agreeer</b>	<b>91,995</b>	<b>91,995</b>
<b><u>Refundable Entrance Fees</u></b>	<b><u>42,698,536</u></b>	<b><u>44,218,206</u></b>
<b>Total Liabilities</b>	<b><u>192,018,059</u></b>	<b><u>193,591,501</u></b>
<b>Total Unrestricted=====</b>	<b>\$ (20,288,826)</b>	<b>\$ (17,528,853)</b>
<b>Total Temporarily Restricted=====</b>	<b>257,587</b>	<b>1,111,709</b>
<b>Total Permanently Restricted=====</b>	<b>644,616</b>	<b>844,816</b>
<b>Total Net Assets</b>	<b><u>(19,386,623)</u></b>	<b><u>(15,572,328)</u></b>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>\$ 172,631,435</u></b>	<b><u>\$ 178,019,173</u></b>

# Statement of Cash Flows



Unaudited

**FYTD April  
2020**

## **CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase (decrease) in Net Assets	\$	(1,745,755)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		2,206,306
Amortization		103,978
Provision for Uncollectibles		(8,046)
Amort. - Deferred Entrance Fee Income		(954,690)
Realized Investment Gains/Losses		21,252
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable		1,948,785
Prepaid Expenses and Other Assets		(1,287,486)
Deferred Income		(25,312)
Total Accounts Payable & Accrued Expenses		(121,944)
<b>Net cash provided by (used in) operating activities</b>		<b>137,088</b>

## **CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Property and Equipment Net of Dispositions	\$	172,016
(Increase)/Decrease in Assets Held Under Bond Agreement		(370,127)
(Increase)/Decrease in Gateway Entrance Fee Deposits		587,960
Transfers to (from) Restricted Funds		57,387
<b>Net cash provided by (used in) investing activities</b>		<b>447,236</b>

## **CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from Construction Loan net of Payments	\$	(3,196,281)
Gateway Entrance Fees		508,312
Change in Entrance Fees Received but not Moved In		(2,256,059)
Entry fee deposits		2,087,382
Entrance Fees Received		2,055,138
Entrance Fees Refunded		(674,448)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,475,955)</b>

<b>Net Increase/(Decrease) In Cash &amp; Equivalents</b>		<b>(891,632)</b>
<b>Cash &amp; Equivalents—Beginning of Fiscal Year</b>		<b>3,845,365</b>
<b>Cash &amp; Equivalents—End of Month</b>	<b>\$</b>	<b>2,953,733</b>