

## DISCLOSURE STATEMENT

Dated: February 27, 2020

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

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

Telephone Number: 336.759.1044

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

- **This Disclosure Statement may be delivered until revised, but not after July 26, 2021;**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to insure accuracy or completeness of the information set out.**

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**DISCLOSURE STATEMENT of**

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

**I. ORGANIZATION INTRODUCTION AND INFORMATION**

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

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

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

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

**Terms Expiring 2020**

- |                             |  |
|-----------------------------|--|
| A. Edward Beddingfield, Jr. | PO Box 485<br>Buies Creek, NC 27506<br>Occupation: Minister                      |
| Jeffrey L. Cobb             | 4400 Six Forks Road<br>Raleigh, NC 28609<br>Occupation: Banker                   |
| Beth T. Jones               | 555 Fayetteville Street, Suite 1100<br>Raleigh, NC 27601<br>Occupation: Attorney |
| Clarence R. Lambe, Jr.      | PO Box 1785<br>Kernersville, NC 27285<br>Occupation: Businessman                 |

Ralph S. Morgan

127 Club Point Drive  
Cape Carteret, NC 28584  
Occupation: Retired Businessman

**Terms Expiring 2020**

Nancy E. Fish

1537 Calvin Edney Road  
Mars Hill, NC 28754  
Occupation: Retired Educator

Jeffrey K. Hobart

3924 Bentley Bridge Road  
Raleigh, NC 27607  
Occupation: Banker

Michael R. Taylor

325 Cape Fear Loop  
Emerald Isle, NC 28594  
Occupation: Retired Educator

Bobby F. Watson

2127 Jack Wilson Road  
Shelby, NC 28150  
Occupation: Retired Businessman

**Terms Expiring 2021**

Perry H. Bailey

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

Betty Lynne Johnson  
Clayton, NC 27520

166 McLemore Road  
  
Occupation: PA Program Chair and Director

Mary Beth Johnston

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

Richard P. Murray

546 Trillium Place Drive  
Kernersville, NC 27284  
Occupation: Businessman

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

**Terms Expiring 2023**

Nathaniel P. Leonard 810 Bridges Street  
Morehead City, NC 28557  
Occupation: Senior Pastor

James L. McCoy, III 11325 N. Community House Road  
Suite 170  
Charlotte, NC 28211  
Occupation: Senior Vice-President

Wanda J. Rose Post Office Box 2243  
Morganton, NC 28680  
Occupation: VP, Agency Manager

**OFFICERS**

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

Jeffrey Hobart 3924 Bentley Bridge Road  
Vice Chair Raleigh, NC 27607

Beth Jones 555 Fayetteville Street, Suite 1100  
Corporate Secretary Raleigh, NC 27601

**MANAGEMENT STAFF**

Reed A. VanderSlik 1199 Hayes Forest Drive  
President and CEO Winston-Salem, NC 27106

Debra A. Meginnis 1199 Hayes Forest Drive  
Executive Vice President/  
Chief Operating Officer Winston-Salem, NC 27106

Jeannine M. Richman 1912 Bethabara Road  
Chief Financial Officer Winston-Salem, NC 27106

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

#### **TRUSTEES**

Perry H. Bailey has served as a Trustee since 2018.  
Edward Beddingfield, Jr. has served as a Trustee since 2010.  
Jeffrey L. Cobb has served as a Trustee since 2010.  
Nancy E. Fish has served as a Trustee since 2017.  
Jeffrey K. Hobart has served as a Trustee since 2007.  
Betty Lynne Johnson has served as a Trustee since 2019.  
Mary Beth Johnston has served as a Trustee since 2018.  
Beth T. Jones has served as a Trustee since 1998.  
Clarence R. Lambe, Jr. has served as a Trustee since 2006.  
Nathaniel P. Leonard began serving as a Trustee in 2020.  
James L. McCoy, III began serving as a Trustee in 2020.  
Ralph S. Morgan has served as a Trustee since 2000.  
Richard P. Murray has served as a Trustee since 2013.  
Wanda J. Rose began serving as a Trustee in 2020.  
Henry M. Skinner, Jr. has served as a Trustee since 2009.  
Michael R. Taylor has served as a Trustee since 2007.  
Bobby F. Watson has served as a Trustee since 2017.

#### **OFFICERS**

Mary Beth Johnston has been a member of the Board of Trustees for 2 years and is serving her first term as Chair of the Board.

Jeffrey K. Hobart has been a member of the Board of Trustees for 13 years and is serving his first term as Vice Chair of the Board.

Beth T. Jones has been a member of the Board of Trustees for 22 years and is serving her first term as Corporate Secretary.

#### **MANAGEMENT STAFF**

Reed VanderSlik joined the Baptist Retirement Homes of North Carolina, Incorporated in September of 2019, serving as the President and Chief Executive Officer. Prior to assuming this position, he worked for 28 years in business leadership roles; 15 years in long term care. Mr. VanderSlik’s credentials include a CMA and MBA.

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

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

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

Perry H. Bailey, Customer Solutions Advisor of First Citizens Bank, Jeffrey L. Cobb, Senior Vice President of First Citizens Bank and Jeffrey K. Hobart, First Vice President/Investment Officer of Wells Fargo Advisors, LLC are employed by financial institutions with which Baptist Retirement Homes transacts business. (The "banks" provide commercial banking and investment services to the organization). The three Trustees mentioned above are not involved in the provision of those services to the Baptist Retirement Homes organization. Due to the changing nature of the services provided by those institutions, it is not possible to estimate how much those services cost the organization on an annual basis. Mary Beth Johnston is a Partner with the K&L Gates LLP Law Firm, a firm which BRH also does business. On average, estimated payments to the firm are \$45,000 a year. Beth T. Jones is a Partner with the Womble Bond Dickinson Law Firm – a law firm with which BRH does business. In a typical year, estimated payments to the firm total approximately \$20,000. Wanda Rose is employed by McGriff Insurance Services, a company BRH utilizes to meet their insurance needs, payments to McGriff Insurance Services are passthroughs to the Insurance companies. None of the other individuals named as Trustees, Officers, or Management Staff above are currently providing nor in the foreseeable future shall provide goods, leases, or services to the organization, or the residents of the organization, of an aggregate value of five hundred dollars (\$500) or more except for services rendered in their respective capacity as a Trustee or Officer or Management Staff member of the corporation. None of the Trustees, Officers, or Management Staff named above has ownership in any professional service, association, trust, partnership, or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the facility, of an aggregate value of five hundred dollars (\$500) or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility, provider, or residents or a statement that the cost cannot presently be estimated.

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

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

**Brookridge Retirement Community, Winston-Salem, North Carolina**

Total Occupancy as of September 30, 2019 – 67%

Brookridge Retirement Community (Brookridge Health Care Center)

77-bed nursing care center

Occupancy as of September 30, 2019 – 73%

Brookridge Retirement Community (Adult Care Home Residence)

26 adult care home residences

10 memory-enhanced residences

Occupancy as of September 30, 2019 – 83%

Brookridge Retirement Community (Independent Living Apartments)

137 independent living apartments

Occupancy as of September 30, 2019 – 60%

CCRC Resident Contracts – 112

-Covering 89 Single Residents and 23 Double Occupancies for a total of 135 Residents

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

Total Occupancy as of September 30, 2019 – 73%

The Gardens of Taylor Glen Retirement Community (Gardens of Taylor Glen Health

Care Center)

24-bed nursing care center

Occupancy as of September 30, 2019 – 50%

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

12 adult care home residences / 12 memory-enhanced residences

Occupancy as of September 30, 2019 – 79%

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

125 independent living apartments

Occupancy as of September 30, 2019 – 76%



CCRC Resident Contracts – 126

-Covering 100 Single Residents and 26 Double Occupancies for a total of 152 Residents

**The Taylor House, Albemarle, North Carolina**

30 adult care home residences

Occupancy as of September 30, 2019 – 43%

**Western North Carolina Baptist Home, Asheville, North Carolina**

Total Occupancy as of September 30, 2019 – 47%

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

100-bed nursing care center

Occupancy as of September 30, 2019 – 45%

Western North Carolina Baptist Home (Adult Care Home Residences)

50 adult care home residences

Occupancy as of September 30, 2019 – 50%

**II. FACILITY INTRODUCTION AND INFORMATION**

The Brookridge Retirement Community is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in northwest Winston-Salem. It consists of 137 independent living apartments (46 detached residences, 91 congregative residences) and 113 health care beds (26 adult care residences, 10 memory-enhanced residences, and 77 intermediate and skilled nursing care beds). It also contains the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, a swimming pool and exercise area, dining rooms, a café, beauty/barber shops, a convenience store, a mail area, parlors, a kitchen, and service areas for environmental services, maintenance and laundry. Construction began in October 1987, and the project was completed in the summer of 1989. In 1997, construction began on five two-bedroom deluxe apartments, and this project was completed in the summer of 1998. Construction was completed in September 1999 on an indoor swimming pool and exercise area. A special residence for Older Adults with dementia was opened in October 2001. A café dining option was opened for operation in September 2006 for independent living residents. In 2010, the Prince Center main entry area was renovated. In 2014, major renovation of the Brookridge Community was completed.

The Gardens of Taylor Glen Retirement Community is a continuing care retirement community that is located on a 124 plus-acre tract of land located in southwest Concord. It includes 125 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. It also incorporates administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a lake and walking paths,

dining areas, beauty/barber shops, a mail area, a convenience store, parlors, a café, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance, and laundry. Construction began in September 2001, and the Community was opened for residency in November 2002.

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

The Western North Carolina Baptist Home is a combination facility with 50 adult care home residences and 100 nursing care beds located on a 22-acre tract of land on Richmond Hill in Asheville. It was opened for service to its first resident in April 1979. A 100-bed Medicare/Medicaid certified nursing care center opened in February 1993. A special residence for Older Adults with dementia was opened in August 2003. The Assisted Living area of the Community was renovated in 2012. A major renovation of the Western North Carolina Baptist Home Health Care Center began in May 2015 (45 nursing care beds were out of service during the renovation) and was completed in July 2016.

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

The Brookridge Retirement Community offers continuing care contracts for Older Adults living in independent living apartments, adult care home residences, and nursing care rooms. In addition to Brookridge, Baptist Retirement Homes owns and operates The Gardens of Taylor Glen Retirement Community in Concord, which is the only other Community in its system that offers continuing care contracts. Both Communities are operational divisions of the Baptist Retirement Homes of North Carolina, Incorporated, not separate legal entities and, therefore, have no officers or Trustees of their own. Of the four Communities owned and operated by Baptist Retirement Homes of North Carolina, Incorporated, only the Winston-Salem and Concord Communities, known as the Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community, offer continuing care contracts. The Brookridge Retirement Community and The Gardens of Taylor Glen Retirement Community are owned and operated by the Baptist Retirement Homes of North Carolina, Incorporated.

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

**III. POLICIES – ADMISSION**

**A. Independent Living**

1. In order for an individual to be accepted as a RESIDENT of the Brookridge Retirement Community, the individual must be a minimum of sixty-two (62) years of age and in reasonable health sufficient to be capable of maintaining an independent living arrangement as determined by Baptist Retirement Homes. After the acceptance of a RESIDENT, but prior to occupancy, if Baptist Retirement Homes should determine that the RESIDENT has become incapable of independent living, the Agreement shall be canceled. After occupancy, the RESIDENT'S right to occupy an independent living residence shall terminate upon Baptist Retirement Homes' determination that the RESIDENT is no longer capable of independent living. When it is determined by the Baptist Retirement Homes organization that a RESIDENT can no longer live safely in an independent living environment and his/her right to occupy an independent living apartment has been terminated, he/she can elect to leave the community and if his/her occupancy has lasted for less than twenty four (24) months, receive a partial refund of the "fee" paid by him/her to the organization at the time of admission. The RESIDENT can also, if he/she elects this option, enter the organization's health care center at the health care center's current rates if the Baptist Retirement Homes organization concludes that the health care center can provide the level of services the RESIDENT'S condition requires. If the RESIDENT elects the above mentioned option, he/she will not be required to pay an entrance fee for admission to the health care center nor will he/she receive a partial refund of the "fee" paid to the organization at the time of admission.
  
2. In general, the individual must pay the admission fees and be capable of paying the reasonable periodic fees as determined by Baptist Retirement Homes in order to be accepted as a RESIDENT. The RESIDENT agrees to prudently conserve and maintain current and future income and assets in order to provide for payment of services to be provided by Baptist Retirement Homes under this Agreement or otherwise. Upon verification satisfactory to Baptist Retirement Homes that RESIDENT has complied with this obligation and that RESIDENT'S income and assets are no longer sufficient to pay for services required, Baptist Retirement Homes will endeavor to provide assistance to RESIDENT by prudent use of finite funds available to it for such purposes. Baptist Retirement Homes has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to RESIDENT. In any event, such assistance as may be available will be provided only after

RESIDENT has applied for and taken all necessary steps to qualify for any public benefit program, or private funds or programs through which benefits may be available for payment of services required by RESIDENT.

Baptist Retirement Homes offers three (3) options for entrance fee payments to the residents. The RESIDENT may choose between a Traditional Payment Program, a Fifty-Percent Refund Program, and a Ninety-Percent Refund Program. The Traditional program provides for a twenty-four (24)-month amortization of the RESIDENT'S entrance fee (after twenty-four (24) months, there is no remaining equity). The Fifty-Percent Refund Program provides for a fifty-percent refund of the entrance fee paid at admission and the Ninety-Percent Refund Program provides for a ninety percent refund of the entrance fee paid at admission. The Fifty-Percent Refund Program is offered to RESIDENTS at the Brookridge Retirement Community at a cost of 1.47 times the Traditional Program entrance fees . . . the Ninety-Percent Refund Program is offered to garden home RESIDENTS at a cost of 2.33 times the Traditional Program entrance fees.

3. If a RESIDENT marries while at the Community, the RESIDENT must have the advance written permission of Baptist Retirement Homes for the non-resident spouse to live in an apartment unit with the RESIDENT. Such permission is conditioned upon the non-resident spouse's ability and willingness to pay an entrance fee equal to the difference between the "single" and "double" entrance fee rate, and he/she must also be capable of paying the difference between the "single" and "double" monthly fee. The non-resident spouse must also agree to prudently conserve and maintain his/her current and future financial assets in order to provide for payment of services to be provided by the Baptist Retirement Homes organization. The non-resident spouse must also be willing to submit medical information demonstrating his/her ability to live independently as determined by the Baptist Retirement Homes organization. Lastly, admission of a non-resident spouse is conditioned on the execution of a new Apartment Residency Agreement. Until such an Agreement is reached, the new spouse has no rights or privileges under the existing "Agreement" with the RESIDENT and cannot reside in his/her apartment. If a RESIDENT of the Baptist Retirement Homes marries a Baptist Retirement Homes RESIDENT (with the permission of the Baptist Retirement Homes organization), only one of the apartments used by the new couple can be occupied and the other must be relinquished. If the RESIDENT relinquishing his/her apartment has lived in that unit for less than 24 months, the Baptist Retirement Homes will refund to the RESIDENT an amount equal to the amortized remaining value of the entrance fee paid by the RESIDENT. The refund will be made upon the re-occupancy of the unit and receipt and unrestricted use of the entrance

fee from the successor resident. The new couple will be expected to pay the "couple" monthly rate.

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

The RESIDENT may rescind the contract by giving written notice to Baptist Retirement Homes within thirty (30) days following the later of the execution of the contract or the receipt of a disclosure statement that meets the requirements of this section. The RESIDENT is not required to move into the facility during the thirty (30) day automatic rescission period. If such action is taken, the RESIDENT shall receive a full refund of any entrance fees paid within sixty (60) days following the receipt of the written notice. The RESIDENT to whom the contract pertains is not required to move into the community before the expiration of the thirty (30) day period. After the initial (30) day period following the payment of the full entrance fee but prior to occupancy, the RESIDENT may cancel the Agreement by giving thirty (30) days written notice to the Homes and receive a refund of the entrance fees paid less five percent (5%). The refund will be paid within sixty (60) days following receipt of the written notice. Should a RESIDENT die before occupying an independent living unit in the facility, or if, on account of illness, injury, or incapacity, a RESIDENT would be precluded from occupying an independent living unit in the facility under the terms of the contract for continuing care, the contract is automatically cancelled and the RESIDENT is entitled to a full refund of the Entrance fee paid. During the first 24 months of occupancy, the RESIDENT may cancel his/her "Agreement" with the organization by giving thirty (30) days written notice to the Baptist Retirement Homes organization. The Baptist Retirement Homes will refund to the RESIDENT all amounts paid to the organization as an entrance fee less four percent (4%) of the "fee" for each month of occupancy, or part thereof, which will be retained by the organization. The RESIDENT will receive his/her entrance fee "refund" when RESIDENT'S unit has been occupied by another RESIDENT or within two (2) years of his/her termination of their Agreement, whichever event occurs sooner. If the RESIDENT who purchased the Traditional Payment Program cancels the

Agreement after twenty-four (24) months of occupancy, there shall be no refund of the entrance fee. The RESIDENT who purchased the Fifty-Percent Refund Program has a fifty percent refund option for life and the Resident who purchased the Ninety-Percent Refund Program has a ninety percent refund option for life. Baptist Retirement Homes may cancel the Apartment Residence Agreement prior to or following occupancy by the RESIDENT, upon determining that the RESIDENT has either become incapable of independent living or has failed to comply with the obligations assumed pursuant to the Agreement. In the event of such cancellation, the RESIDENT shall receive a full refund if cancellation occurs prior to occupancy; a partial refund if cancellation occurs during the first twenty-four (24) months of occupancy; and, no refund if cancellation occurs thereafter.

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

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

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

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

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

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

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

**B. Adult Care Home**

1. In order for an individual to be accepted as a RESIDENT, the individual must be a minimum of sixty-two (62) years of age and in the mental and physical condition to be able to adequately function at the Adult Care Home level of care, which is determined by the Homes’ Admissions Committee. After the acceptance of a RESIDENT, if Baptist Retirement Homes should determine that the RESIDENT has become incapable of functioning at an Adult Care Home level of care, the Agreement shall be canceled pursuant to Sections 7 and 8 of the Resident Care Agreement.
2. Also, in general, the individual must be capable of paying the reasonable periodic fees as determined by Baptist Retirement Homes in order to be accepted as a RESIDENT. The RESIDENT agrees to prudently conserve and maintain current and future income and assets in order to provide for payment of services to be provided by the Homes under this Agreement or otherwise. Upon verification satisfactory to the Homes that the RESIDENT has complied with this obligation, and that the RESIDENT’S income and assets are no longer sufficient to pay for services required, the Homes will endeavor to provide financial assistance to the RESIDENT, by prudent use of finite funds available to it for such purposes. The Homes has no legal obligation to provide such assistance, and is unable to represent or guarantee with certainty that such assistance will be available to the RESIDENT. In any event, such assistance as may be available will be provided only after the RESIDENT has applied for and taken all necessary steps to qualify for any available public benefit program, or private funds or programs through which benefits may be available for payment of services required by the RESIDENT.

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

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

A RESIDENT contract with Baptist Retirement Homes of North Carolina, Incorporated can be terminated if the RESIDENT being provided services requires a higher level of care than can be provided in the RESIDENT'S current setting. In such a case, every effort would be made to place the RESIDENT at an appropriate level of care within the Baptist Retirement Homes' system.

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



#### IV. SERVICES

##### A. **Independent Living**

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

1. UTILITIES: Including heat, electricity, air conditioning, telephone and television outlets, water and sewer services, and trash disposal.
2. FURNISHINGS:
  - a. Independent Living Apartments located in the Main Building are furnished with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher, and disposal.
  - b. Independent Living Apartments designated as Garden Homes are furnished as indicated above with the addition of a washer/dryer.
3. INSURANCE: Baptist Retirement Homes provides fire and casualty insurance. The insurance provided by Baptist Retirement Homes does not cover personal contents of the Apartments.
4. MEAL SERVICE: Baptist Retirement Homes in its standard contract provides at no additional charge to RESIDENT, one meal each day to be served in its dining room. Garden Home residents have three options for dining services:  
The Platinum Plan- 30 meals a month

The Gold Plan- 20 meals a month  
The Silver Plan- 0 meals a month

5. HEALTH SERVICE: If required by RESIDENT'S health status, Baptist Retirement Homes will provide without additional charge a cumulative total of thirty (30) days residential care in its Health Care Center while the Residency Agreement is in force. Such care, as appropriate, will be at either the adult care home level, or at the nursing care level. If for any reason such care is temporarily unavailable when required by the RESIDENT, it will be provided at the expense of Baptist Retirement Homes at other comparable facilities. During provision of such care, the RESIDENT will be charged for medicines, physician's services, and for supplies not normally included in the base fee for such services. The RESIDENT will pay for health care services in excess of the thirty (30) day cumulative total provided by this Agreement at the rate established for such care by Baptist Retirement Homes at the time such care is required. All other medical care, services and supplies provided to the RESIDENT by Baptist Retirement Homes or others, will be at the RESIDENT'S expense.
6. MAINTENANCE of all common areas and grounds, and furnishings and equipment owned by Baptist Retirement Homes.
7. PARKING: More than adequate parking located in three parking areas adjacent to the main building on the Brookridge campus is provided for residents living in independent living apartments. Every resident is guaranteed a parking place for his/her vehicle, and no parking fee is charged to the resident for that service. Every resident living in a garden home located on the Brookridge campus has access to covered parking adjacent to his/her garden home. No parking fee is charged to the resident for that service.
8. RECREATIONAL, SOCIAL, AND RELIGIOUS ACTIVITIES and other life enrichment programs are provided. Space and equipment to facilitate various hobbies and crafts are furnished. An indoor swimming pool and exercise area, the West Water Therapy Center, is also available on site.
9. HOUSEKEEPING:
  - a. Congregate Building apartments are provided by-weekly housekeeping (general vacuuming, dusting, and cleaning of bath) and weekly changes of white sheets and pillowcases.

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

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

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

**B. Adult Care Home**

Baptist Retirement Homes of North Carolina, Incorporated provides the following "continuing care" services at the Adult Care Home level of care at the Brookridge Retirement Community, pursuant to the Resident Care Agreement based upon the admission fee and monthly service fee specified therein:

- 1. UTILITIES: Including heat, electricity, air conditioning, telephone outlets and television outlets, water and sewer services, and trash disposal.
- 2. FURNISHINGS: Each Adult Care Home room at the Brookridge Retirement Community will be furnished with carpeting and window covering.

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

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

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

V. **FEES**

A. **Independent Living**

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

**ENTRANCE FEES**

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

**Independent Living**

**Garden Homes**

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

**Apartments**

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

**MONTHLY FEES**

The monthly service fee is that amount paid by the RESIDENT on a monthly basis to underwrite the cost of the services provided to him/her via the RESIDENT'S contract with the Baptist Retirement Homes.



Regular – entrance fee paid	\$4,572.05
Regular – no entrance fee	\$5,418.74
Memory-Enhanced residence	\$6,754.70

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

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

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/15	\$121.55	1 time per year
10/1/16	\$126.59	1 time per year
10/1/17	\$153.25	1 time per year
10/1/18	\$157.84	1 time per year
10/1/19	\$162.58	1 time per year

**C. Skilled Nursing**

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

<b>Nursing Care</b>	<u>Daily Rate</u>
Private room	\$288.58
Semi-private room	\$270.26

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

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

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/15	Daily Rate \$ 6.09	1 time per year
10/1/16	Daily Rate \$ 6.23	1 time per year
10/1/17	Daily Rate \$ 7.67	1 time per year
10/1/18	Daily Rate \$ 7.90	1 time per year
10/1/19	Daily Rate \$ 8.14	1 time per year

VI. **FINANCIAL INFORMATION**

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

- A. The Brookridge Retirement Community has a fully funded Statutory Operating Reserve Fund of \$5.172 million, in addition to resident entrance fees in funding the Brookridge Retirement Community. If unforeseen financial need is ever experienced in connection with the operation of the Brookridge Retirement Community, Baptist Retirement Homes will, in the same manner utilize any funds that may be available to it from gifts or contributions to enable it to perform its obligations fully under contracts to provide continuing care at the Community.
- B. Baptist Retirement Homes of North Carolina, Incorporated operates on a fiscal year of October 1 through September 30. From 1986 to 1990, D.E. Gatewood and Company, Certified Public Accountants, audited the financial records of the organization. From 1991 to 1993, Coopers and Lybrand, Certified Public Accountants audited the financial statements of the organization. From 1994 through 2000, Ernst and Young, LLP audited the financial statements of the organization. From 2001 to 2006, the financial statements of the organization were audited by McGladrey & Pullen, LLP. From 2007 to 2009, LarsonAllen LLP audited the financial statements of the organization. From 2010-2015, RSM/McGladrey, LLP audited the financial statements of the organization. For 2016 to 2019, Clifton Larson Allen, LLP audited the financial statements of the organization. Certified consolidated financial statements covering all facilities are attached hereto as follows:
- |                                    |                 |
|------------------------------------|-----------------|
| Interim Financial Statements as of |                 |
| January 2020 (unaudited)           | Attachment VIII |
| 2019 Audit Report                  | Attachment I    |
- C. Pro-forma financial statements are attached hereto as Attachment III.

VII. **RESERVES, ESCROW, AND TRUSTS**

- A. Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of various trusts administered by the North Carolina Baptist Foundation. These trusts have a market value of approximately \$4,801,625. Income received from these trusts is approximately \$135,337 per year.

Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of a trust under the Will of John Alonzo Bolich, Jr. The trust, being administered by Wells Fargo Bank, has a market value of approximately \$2,097,226. Annual income from the trust is approximately \$50,350.



Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of a trust under the Will of Clyde Little. The trust is being held in an account at Wells Fargo Charitable Funds Department, and has a market value of \$598,414. Annual income from the trust is approximately \$24,419.

In 1994, Baptist Retirement Homes of North Carolina, Incorporated established a memorial fund for the benefit of supplementing the cost of care for residents who do not have the financial resources to pay for their care. The funds have a balance of \$2,975,564. Annual income from the fund is approximately \$66,288.

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

<u>Fund</u>	<u>Manager</u>	<u>Years of Experience</u>
Dodge & Cox Income Fund	Mgmt Team	Avg 23.6 for group
Western Asset Core Bond Fund	Mgmt Team	Avg 27.6 for Group
Federated Treasury Obligation	Susan Hill Deborah Cunningham	Avg 3 1 for Group
Vanguard Short Term Bond ETF	Passive Strategy – No Mgr.	N/A
Principal High Yield R-6 Fund	Mgmt Team	Avg 22.3 for Group
Fidelity Advisors New Mkts. Income Z Fund	Mgmt Team	Avg 14 Years
TCW Emerging Markets Fund	Mgmt Team	Avg 32 for Group
Federated Strategic Value Dividend Fund	Mgmt Team	Avg 17.3 for Group
T Rowe Price Blue Chip Growth Fund	Larry J. Puglia	31 Years
Vanguard 500 Index Fund	Mgmt Team	Avg 13 for Group
JPMorgan Mid Cap Value Fund	Mgmt Team	Avg 29 for Group
Artisan Mid Cap Fund	Mgmt Team	Avg 23.5 for Group

American Century Small Cap Growth Fund	Mgmt Team	Avg 15 for Group
Sterling Capital Stratton Small Cap Value Fund	Mgmt Team	Avg 16.3 for Group
Artisan International Fund	Mgmt Team	Avg 28.3 for Group
Dodge & Cox International Stock Fund	Mgmt Team	Avg 20.3 for Group
Oppenheimer Dev. Markets Fund	Justin M, Leverenz	27 Years
T. Rowe Price Real Estate Fund	Nina P Jones	12 Years
Wells Fargo Specialized Fixed Income Strategies Team	Mgmt Team	Avg 25 for Group
iShares Russell 2000 Growth ETF	Passive Strategy – No Mgr.	N/A
iShares Russell 2000 ETF	Passive Strategy – No Mgr.	N/A
iShares Russell Midcap Growth ETF	Passive Strategy – No Mgr.	N/A
iShares Russell Midcap ETF	Passive Strategy – No Mgr.	N/A
SPDR Dow Jones International REIT ETF	Passive Strategy – No Mgr.	N/A
Vanguard Real Estate ETF	Passive Strategy – No Mgr.	N/A
Vanguard FTSE Developed Markets ETF	Passive Strategy – No Mgr.	N/A
Blackrock Global Long/Short Credit Fund	Mgmt Team	Avg 6 for Group
Abbey Capital Futures Strategy	Mgmt Team	Avg 18.5 for Group
Eaton Vance Global Macro Absolute Return Advantage Fund	Mgmt Team	Avg 16 for Group
Natixis ASG Global Alternatives Fund	Mgmt Team	Avg 14 for Group
Neuberger Berman Long Short Fund	Mgmt Team	Avg 9 for Group

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

<u>Fund</u>	<u>Manager</u>	<u>Years of Experience</u>
Equities/Fixed Income/Asset Allocation (CIO)	Brent Ciliano	28
Asset Allocation/Manager Due Diligence	Brian Storey	18
Equities	Steve Eubanks	36
Fixed Income	Joe Mirsky	30

#### VIII. FACILITY DEVELOPMENT/EXPANSION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2014, the Brookridge Independent Living Lobby was renovated.

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

**IX. OTHER MATERIAL INFORMATION**

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

**X. RESIDENT AGREEMENT/CONTRACT**

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

**XI. ATTACHMENTS TO DISCLOSURE STATEMENT**

Attachment I	9/30/19 Audit Report
Attachment II	Financial Data – Actual Compared to Forecasted
Attachment III	Pro-Forma Financial Statements
Attachment IV	Apartment Resident Agreement – Independent Living Apartments
Attachment V	Resident Care Agreement – Adult Care Home Residence
Attachment VI	Nursing Care Agreement
Attachment VI-A	Nursing Care Agreement - Medicare A
Attachment VII	Life Expectancy Table
Attachment VIII	October 2019 – January 2020 Interim Financial Statements (unaudited)

# **ATTACHMENT I**

## **9/30/19 Audit Report**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**



**CLAconnect.com**

**WEALTH ADVISORY**

**OUTSOURCING**

**AUDIT, TAX, AND  
CONSULTING**

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
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YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate (collectively, the Organization), which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

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

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

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



Board of Trustees  
Baptist Retirement Homes of North Carolina, Incorporated

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
December 17, 2019

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 7,728,106	\$ 7,999,704
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$142,231 and \$51,660 in 2019 and 2018, Respectively	1,404,373	1,214,077
Investments	45,135,706	46,178,203
Contributions Receivable	137,018	130,422
Prepaid Expenses and Other Assets	398,997	371,358
Total Current Assets	54,804,200	55,893,764
<b>ASSETS LIMITED AS TO USE</b>		
Internally Designated for Capital Development	1,433,538	854,100
Internally Designated for Statutory Operating Reserve	7,579,542	7,579,542
Restricted under Debt Agreements	3,401,927	3,245,074
Total Assets Limited as to Use	12,415,007	11,678,716
<b>INVESTMENTS AND OTHER ASSETS</b>		
Assets in Split-Interest Agreements:		
Charitable Remainder Trusts	1,473,146	1,052,203
Beneficial Interest in Perpetual Trusts	6,898,851	7,084,538
Other Assets	15,000	72,716
Total Investments and Other Assets	8,386,997	8,209,457
<b>PROPERTY AND EQUIPMENT, NET</b>	46,659,800	49,092,697
Total Assets	\$ 122,266,004	\$ 124,874,634

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATED BALANCE SHEETS (CONTINUED)  
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 2,962,049	\$ 2,842,851
Accounts Payable	485,709	403,598
Accrued Expenses	341,210	344,146
Accrued Employee Compensation	1,706,347	1,341,519
Other Current Liabilities	43,312	37,547
Current Portion of Refundable Advance Fees	127,566	155,120
Total Current Liabilities	5,666,193	5,124,781
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	30,160,314	33,028,369
<b>DEFERRED REVENUE AND OTHER LIABILITIES</b>		
Deferred Revenue from Advance Fees	10,785,697	10,516,656
Refundable Advance Fees on Occupied Units, Net of Current Portion	2,190,886	2,326,786
Total Deferred Revenue and Other Liabilities	12,976,583	12,843,442
Total Liabilities	48,803,090	50,996,592
<b>NET ASSETS</b>		
Without Donor Restrictions	47,722,101	48,370,640
With Donor Restrictions	25,740,813	25,507,402
Total Net Assets	73,462,914	73,878,042
Total Liabilities and Net Assets	\$ 122,266,004	\$ 124,874,634

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Net Resident Service Revenue, including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$2,060,787 in 2019 and \$1,966,295 in 2018	\$ 24,539,033	\$ 24,886,724
Gifts, including Gifts from Churches and Special Offerings	386,476	350,186
Income from Grants	284,584	277,218
Income from Estates and Trusts	277,675	429,440
Investment Income and Realized Gains	2,709,758	2,929,697
Net Assets Released from Restrictions	296,221	877,359
Other	444,859	442,987
Total Revenues, Gains, and Other Support	28,938,606	30,193,611
<b>OPERATING EXPENSES</b>		
Resident Care	11,368,400	11,040,166
Dietary	2,801,281	2,806,509
Maintenance and Housekeeping	4,326,013	4,391,653
General and Administrative	4,623,360	4,113,246
Depreciation	3,511,610	3,473,883
Interest	1,481,511	1,601,190
Total Operating Expenses	28,112,175	27,426,647
<b>OPERATING INCOME</b>	826,431	2,766,964
<b>NON-OPERATING INCOME (LOSS)</b>		
Unrealized Gains (Losses) on Investments	(1,474,970)	198,086
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(648,539)	2,965,050
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	345	173,638
Investment Income	474,584	556,623
Change in Value of Charitable Remainder Trusts	418,401	(21,831)
Unrealized Gains (Losses) on Investments	(178,011)	157,489
Change in Value of Beneficial Interest in Perpetual Trusts	(185,687)	142,328
Net Assets Released from Restrictions	(296,221)	(877,359)
Increase in Net Assets With Donor Restrictions	233,411	130,888
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(415,128)	3,095,938
Net Assets - Beginning	73,878,042	70,782,104
<b>NET ASSETS - ENDING</b>	\$ 73,462,914	\$ 73,878,042

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ (415,128)	\$ 3,095,938
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,511,610	3,473,883
Unrealized (Gains) Losses on Investments	1,652,981	(355,575)
Change in Value of Charitable Remainder Trusts	(418,401)	21,831
Change in Value of Beneficial Interest in Perpetual Trusts	185,687	(142,328)
Amortization of Deferred Revenue from Advance Fees	(2,060,787)	(1,966,295)
Amortization of Deferred Costs	74,359	74,358
Advance Fees Received	2,653,891	1,892,656
Advance Fees Refunded	(487,517)	(334,786)
Realized Gains on Investments	(1,518,599)	(2,226,080)
Loss on Disposal of Asset	8,715	2,977
Contributions Restricted for Long-Term Purposes	-	(130,348)
(Increase) Decrease in Assets:		
Accounts Receivable	(190,296)	(295,209)
Contributions Receivable	(6,596)	7,657
Prepaid Expenses and Other Current Assets	30,077	247,441
Increase (Decrease) in Liabilities:		
Accounts Payable, Accrued Expenses, Accrued Compensation, and Other Current Liabilities	449,768	(62,108)
Net Cash Provided by Operating Activities	3,469,764	3,304,012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	19,286,807	23,909,727
Purchases of Investments	(18,381,234)	(23,476,032)
Net Purchases of Assets Limited as to Use	(736,291)	(617,871)
Purchases of Property and Equipment	(1,171,028)	(1,275,970)
Proceeds from Sale of Property and Equipment	83,600	-
Net Cash Used by Investing Activities	(918,146)	(1,460,146)

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Long-Term Debt	\$ (2,823,216)	\$ (2,706,795)
Proceeds from Contributions Restricted for:		
New Residential Development	-	130,348
Net Cash Used by Financing Activities	<u>(2,823,216)</u>	<u>(2,576,447)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(271,598)	(732,581)
Cash and Cash Equivalents - Beginning of Year	<u>7,999,704</u>	<u>8,732,285</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 7,728,106</u>	<u>\$ 7,999,704</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Payments for Interest	<u>\$ 1,482,741</u>	<u>\$ 1,602,680</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Purchases of Equipment included in Accounts Payable	<u>\$ 31,863</u>	<u>\$ 10,481</u>

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

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

**Organization**

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

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

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

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

**Principles of Consolidation**

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

**Adoption of New Accounting Principle**

The Organization adopted the provisions of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended September 30, 2019. The implementation of this standard resulted in certain changes to the consolidated financial statement presentation including the presentation of only two classes of net assets, rather than three classes historically presented, and additional disclosures surrounding net assets, liquidity, and availability.

**Basis of Presentation**

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

**Net Assets Without Donor Restrictions**

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

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

**Basis of Presentation (Continued)**

**Net Assets With Donor Restrictions**

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**Accounts Receivable**

The Organization records accounts receivable at the total unpaid balance, which approximates fair value as of September 30, 2019 and 2018. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. The Organization provides an allowance for uncollectible accounts using management's judgment. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be uncollectible are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. Contributions receivable was approximately \$137,000 and \$130,000 at September 30, 2019 and 2018, respectively.



**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

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

**Assets Limited as to Use**

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

**Investments**

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

The Organization's investments are classified as trading securities. The investments are managed by brokers who actively buy and sell investments within the Organization's Investment Policy Statement. As trading securities, the investments are not subject to other than temporary impairment as the unrealized gains and losses on the investments are shown above the performance indicator of increase (decrease) in net assets without donor restrictions on the consolidated statements of activities.

**Assets in Split-Interest Agreements**

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

**Deferred Financing Costs**

Deferred financing costs represent expenses incurred in connection with the permanent financing of the Homes and are deferred and amortized over the life of the related indebtedness using the straight-line method, which approximates the effective interest method. Deferred financing costs are net of accumulated amortization of approximately \$534,000 and \$460,000 at September 30, 2019 and 2018, respectively.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

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

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at market value at the date of contribution. Depreciation is computed over the estimated useful lives of the related assets, ranging from 3 to 31.5 years, using the straight-line method. All additions are depreciated beginning on the date of acquisition.

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

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

**Deferred Revenue from Advance Fees**

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

**Obligation to Provide Future Services**

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income (obligation to provide future services and use of facilities). There was no liability recognized at September 30, 2019 and 2018. The discount rate used in calculating the present value of the net cost of future services was 4.05% for 2019 and 2018, respectively, and was based on the expected long-term rate of return on governmental obligations.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Resident Service Revenue**

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

**Excess (Deficit) of Revenues Over (Under) Expenses**

The consolidated statements of activities include excess (deficit) of revenues over (under) expenses. Changes in net assets without donor restrictions, that are included in excess (deficit) of revenues over (under) expenses, consistent with industry practice, include unrealized gains and losses on investments in trading securities. Changes that are excluded include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

**Income Taxes**

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

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

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

**Functional Expenses**

The costs of program, management and general, and fundraising activities have been summarized on a functional basis in Note 12. Expenses not associated with a specific functional classification are allocated to program services, support services, and fundraising based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

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

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

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

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

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

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

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Risks and Uncertainties**

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

**Upcoming Accounting Standards**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers*, which was further codified under Accounting Standards Codification (ASC) 606-10. The standard attempts to create a global, consistent revenue recognition model to be applied to all industries, including health care. The amendments in the ASU are currently effective for the Organization for the year ending September 30, 2020. Management does not believe this standard will have a material impact on the financial statements.

**Reclassifications**

Certain reclassifications have been made to the 2018 consolidated financial statements to be consistent with the classifications adopted for the year ended September 30, 2019. These reclassifications had no effect on net assets or changes in net assets as previously reported.

**Subsequent Events**

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

The Organization has evaluated its subsequent events through December 17, 2019, the date the consolidated financial statements were available to be issued.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS**

Assets limited as to use at September 30, 2019 and 2018 are summarized in the following table. Investments are stated at fair value.

	<u>2019</u>	<u>2018</u>
Internally Designated for Capital Development:		
Cash and Cash Equivalents	\$ 1,433,538	\$ 854,100
Internally Designated for Statutory Operating Reserve:		
Cash and Cash Equivalents	445,863	238,363
Mutual Funds, Equities	4,320,138	4,534,654
Mutual Funds, Bonds	1,539,863	1,146,538
Equity Securities	1,269,530	1,525,656
Real Estate Investment Trusts	3,400	4,632
Other Various Investments	748	129,699
Total	<u>7,579,542</u>	<u>7,579,542</u>
Restricted Under Debt Agreements:		
Cash and Cash Equivalents	307,887	221,624
Mutual Funds, Equities	643,756	1,142,562
Mutual Funds, Bonds	2,450,284	1,880,888
Total	<u>3,401,927</u>	<u>3,245,074</u>
Total Assets Limited as to Use	<u>\$ 12,415,007</u>	<u>\$ 11,678,716</u>

Two of Homes' facilities are required by NC General Statute Chapter 58, Article 64 to fund an operating reserve account. The operating reserve must be an amount at least equal to 25% or 50% (depending on occupancy) of forecasted operating expenses (net of depreciation and amortization), plus annual debt service. The operating reserve requirement for Brookridge Retirement Community was \$5,124,068 as of September 30, 2019 and 2018. The operating reserve requirement for The Gardens of Taylor Glen was \$2,455,474 as of September 30, 2019 and 2018.

Other investments, stated at fair value, at September 30, 2019 and 2018, include:

	<u>2019</u>	<u>2018</u>
Other Investments:		
Cash and Cash Equivalents	\$ 487,835	\$ 224,632
Mutual Funds, Equities	26,025,900	29,784,414
Mutual Funds, Bonds	13,840,343	10,398,224
Equity Securities	4,713,412	5,509,653
Real Estate Investment Trusts	55,142	79,822
Other Various Investments	13,074	181,458
Total	<u>\$ 45,135,706</u>	<u>\$ 46,178,203</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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SEPTEMBER 30, 2019 AND 2018**

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

Investment income and unrealized and realized gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30, 2019 and 2018:

	2019	2018
Investment Income and Realized and Unrealized Gains:		
Interest and Dividend Income	\$ 1,665,743	\$ 1,260,240
Net Realized Gains on Sales of Securities	1,518,599	2,226,080
Total	3,184,342	3,486,320
Unrealized Gains (Losses) on Investments	\$ (1,652,981)	\$ 355,575

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

**NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS**

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

**Charitable Remainder Trusts**

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

Upon receipt of a beneficial interest in a charitable remainder trust, the present value of such interest is recorded as contribution revenue. The annual change in the present value of the beneficial interest is recorded as a change in value of charitable remainder trusts on the consolidated statements of activities. Such valuations are based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculations were 1.68% and 4.05% for the fiscal years 2019 and 2018, respectively.

**Beneficial Interest in Perpetual Trust**

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
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**NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS (CONTINUED)**

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

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land and Land Improvements	\$ 7,039,848	\$ 7,053,723
Buildings and Improvements	90,774,013	89,731,134
Furniture, Fixtures, and Equipment	5,427,549	5,330,205
Vehicles	748,691	728,827
Total	<u>103,990,101</u>	<u>102,843,889</u>
Less: Accumulated Depreciation	57,691,779	54,279,927
Total	<u>46,298,322</u>	<u>48,563,962</u>
Construction in Progress	361,478	528,735
Total Property and Equipment	<u>\$ 46,659,800</u>	<u>\$ 49,092,697</u>

Construction in progress as of September 30, 2019 and 2018 related mainly to renovations at the Taylor Glen and Brookridge locations.

**NOTE 5 LONG-TERM DEBT**

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

<u>Description</u>	<u>2019</u>	<u>2018</u>
Term Loan at 4.1%, Maturing in 2028	\$ 21,724,755	\$ 23,882,058
Permanent Loan at 4.28%, Maturing in 2027	11,978,896	12,644,809
Total	33,703,651	36,526,867
Less: Current Maturities	2,962,049	2,842,851
Less: Unamortized Deferred Financing Costs	581,288	655,647
Long-Term Debt, Net	<u>\$ 30,160,314</u>	<u>\$ 33,028,369</u>



**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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SEPTEMBER 30, 2019 AND 2018**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

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

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

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

The Term Loan Agreement and Construction and Permanent Loan Agreement contain certain payments and covenants, which include the maintenance of a long-term debt service coverage ratio, cash-to-debt ratio and restricts, among other things, incurrence of indebtedness, existence of liens on property, consolidations and mergers, disposition of assets and changes in members of the obligated group. At September 30, 2019 and 2018, management has determined the Organization is in compliance with these requirements.

Aggregate maturities required on long-term debt as of September 30, 2019 are due in future years as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 2,962,049
2021	3,088,988
2022	3,219,416
2023	3,355,353
2024	3,497,031
Thereafter	17,580,814
Total	<u>\$ 33,703,651</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 6 DEFERRED REVENUE FROM ADVANCE FEES AND REFUNDABLE ADVANCES**

Prior to the opening of The Gardens of Taylor Glen, the Organization offered an incentive for new entrants which entitled the initial residents to a refund equal to 90% of the full entrance fees regardless of when they leave the facility. Brookridge Retirement Community offers incentives to new Garden Home residents on a 90% and 50% refundable basis.

At September 30, 2019 and 2018, the portion of advance fees subject to refund provisions was approximately \$2,318,000 and \$2,482,000, respectively. The amount expected to be refunded to current residents within the next year, based on the Organization's experience, is approximately \$128,000.

**NOTE 7 NET RESIDENT SERVICE REVENUE**

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from established rates. Under the Medicare and Medicaid programs, the Organization is entitled to reimbursement for certain resident charges at rates determined by federal and state governments. Differences between established billing rates and reimbursements from these programs are recorded as contractual adjustments to reduce resident service revenue. Approximately 7% and 6% of the Homes' revenue for the years ended September 30, 2019 and 2018, respectively, was derived from Medicare. Approximately 7% and 8% of Homes' revenue for the years ended September 30, 2019 and 2018, respectively, was derived from Medicaid.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term; however, there were no adjustments to net patient service revenue in either 2019 or 2018 as a result of changes in the estimated reimbursement.

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

	2019	2018
Gross Resident Service Charges	\$ 25,684,562	\$ 26,251,918
Contractual Adjustments and Benevolent Care	<u>(3,206,316)</u>	<u>(3,331,489)</u>
Net Resident Service Charges	22,478,246	22,920,429
Amortization of Deferred Revenue	2,060,787	1,966,295
Total	<u>\$ 24,539,033</u>	<u>\$ 24,886,724</u>

The Organization maintains records, and the Board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. These include reduced rates for Medicare, Medicaid, and other governmental programs. The charges foregone, based on established rates, were approximately \$2,612,000 and \$2,821,000 during the years ended September 30, 2019 and 2018, respectively.

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

The Organization has estimated the costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculated a ratio by comparing the total operating costs to total operating revenue. This ratio is applied to the charges foregone to calculate the estimated costs of providing benevolent assistance. Using this methodology, the Organization has estimated the costs for services under the Organization's benevolent assistance policy to be approximately \$662,000 and \$542,000 for the years ended September 30, 2019 and 2018, respectively. In addition, the amount of direct benevolent assistance provided by Homes was approximately \$594,000 and \$510,000 during the years ended September 30, 2019 and 2018, respectively.

The total foregone charges and direct benevolent assistance totaled approximately \$3,206,000 and \$3,331,000 during the years ended September 30, 2019 and 2018, respectively.

**NOTE 8 RETIREMENT PLAN**

The Organization has a defined contribution annuity plan (the Plan) with Guidestone Financial Resources. The Plan has a contributory feature and participation in the Plan is optional at the election of the employees. To qualify for the employer matching contribution, employees must have been employed with the Organization for two years and must contribute 3% of their compensation to the Plan. Employer contributions to the Plan are made after each pay period at an amount equal to 100% match of the first 3% of employees' contributions and a 50% match of the next 2% contributed by employees. Employer contributions to the Plan were approximately \$145,000 and \$139,000 for the years ended September 30, 2019 and 2018, respectively.

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisting of contributions restricted as to purpose, the passage of time, or in perpetuity consist of the following at September 30:

	2019	2018
Restricted for Purpose:		
Charitable Remainder Trusts	\$ 1,473,146	\$ 1,052,203
Geneva Stroupe Support	175,557	177,242
Employee Benefit Account	12,656	12,656
New Residential Development	5,564,633	5,398,746
Taylor House Benevolence and Operating Support	4,922,613	5,088,660
Total Restricted for Purpose	12,148,605	11,729,507
Restricted in Perpetuity:		
Beneficial Interest in Perpetual Trusts	6,898,851	7,084,538
Endowments	6,693,357	6,693,357
Total Restricted in Perpetuity	13,592,208	13,777,895
Total Net Assets With Donor Restrictions	\$ 25,740,813	\$ 25,507,402

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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

	2019	2018
New Residential Development	\$ 81,376	\$ 268,794
Taylor House Benevolence and Operating Support	214,845	608,565
	\$ 296,221	\$ 877,359

**NOTE 10 ENDOWMENT FUNDS**

**Interpretation of Relevant Law**

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

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

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

**Funds with Deficiencies**

It is the Organization's policy to maintain the corpus amounts of each individual donor-restricted endowment fund received. If the fair value of assets associated with individual donor-restricted endowment funds were to fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration, in accordance with GAAP, then such deficiencies would be reported in net assets without donor restrictions.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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SEPTEMBER 30, 2019 AND 2018**

**NOTE 10 ENDOWMENT FUNDS (CONTINUED)**

**Return Objectives and Risk Parameters**

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

**Strategies Employed for Achieving Objectives**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

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

At September 30, 2019 and 2018, the Organization had approximately \$13,592,000 and \$13,778,000 in net assets with donor restrictions-restricted in perpetuity, respectively. Of these respective totals, approximately \$6,899,000 and \$7,085,000 relates to split-interest agreements that are administered and managed by third parties as trustees at September 30, 2019 and 2018, respectively. The remaining \$6,693,000 of net assets restricted in perpetuity at September 30, 2019 and 2018, respectively, are managed by two different investment brokers within the Organization's Investment Policy Statement. The Organization had no board-designated endowment funds as of September 30, 2019 or 2018.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 10 ENDOWMENT FUNDS (CONTINUED)**

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

The following is the change in endowment net assets for the years ended September 30, 2019 and 2018:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, September 30, 2017	\$ -	\$ 558,703	\$ 6,628,104	\$ 7,186,807
Unrealized Gains on Investments	-	151,690	-	151,690
Contributions	-	-	65,253	65,253
Net Assets Released from Restrictions	-	(462,575)	-	(462,575)
Endowment Net Assets, September 30, 2018	-	247,818	6,693,357	6,941,175
Unrealized Loss on Investments	-	(176,669)	-	(176,669)
Contributions	-	-	-	-
Net Assets Released from Restrictions	-	(71,149)	-	(71,149)
Endowment Net Assets, September 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,693,357</u>	<u>\$ 6,693,357</u>

**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

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

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

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

	2019	2018
Medicare	26 %	28 %
Medicaid	17	11
Other Third-Party Payers	52	53
Self-Pay	5	8
Total	<u>100 %</u>	<u>100 %</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 12 FUNCTIONAL EXPENSES**

The functional classification of expenses for the year ended September 30, 2019 consist of the following. The September 30, 2018 expenses are presented in summary for comparative purposes.

	2019			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 10,065,303	\$ 2,681,865	\$ 104,961	\$ 12,852,129
Benefits	1,510,572	456,687	15,744	1,983,003
Advertising	14,829	85,149	-	99,978
Insurance	-	358,070	-	358,070
Professional Services	2,211,918	102,270	-	2,314,188
Dues and Subscriptions	379	42,598	-	42,977
Occupancy	1,086,225	202,945	-	1,289,170
Meals and Entertainment	971,011	36,005	-	1,007,016
Interest	1,481,511	-	-	1,481,511
IT	-	234,694	-	234,694
Travel	498	330	-	828
Medical Supplies	268,650	-	-	268,650
Supplies	255,346	122,641	-	377,987
Pharmaceuticals	42,004	-	-	42,004
Equipment	33,957	3,162	-	37,119
Maintenance & Repair	685,719	100,819	-	786,538
Depreciation and Amortization	3,501,712	9,898	-	3,511,610
Development	40,551	18,642	95,103	154,296
Other	254,047	765,252	90,801	1,110,100
Bad Debt	160,307	-	-	160,307
Total	<u>\$ 22,584,539</u>	<u>\$ 5,221,027</u>	<u>\$ 306,609</u>	<u>\$ 28,112,175</u>

  

	2018			Total Expenses
	Program Services	Management and General	Fundraising	
Total	<u>\$ 22,442,240</u>	<u>\$ 4,684,202</u>	<u>\$ 300,205</u>	<u>\$ 27,426,647</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 13 FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Nature of Organization and Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the consolidated balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of September 30, 2019 and 2018:

	Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Mutual Funds, Equities:				
Stock Funds	\$ 317,028	\$ -	\$ -	\$ 317,028
Small Cap	1,995,548	-	-	1,995,548
Mid Cap	5,193,560	-	-	5,193,560
Large Cap	10,863,831	-	-	10,863,831
Alternatives	311,202	-	-	311,202
Emerging Markets	2,373,800	-	-	2,373,800
Growth Funds	2,359,776	-	-	2,359,776
International Stock Funds	5,582,196	-	-	5,582,196
Real Estate Funds	1,956,556	-	-	1,956,556
Specialty Funds	36,297	-	-	36,297
Mutual Funds, Bonds:				
Aggregate Bond Fixed				
Income Institutional	15,697,454	-	-	15,697,454
Corporate Bond Funds	1,391,942	-	-	1,391,942
High Yield Corporate Bond Funds	466,204	-	-	466,204
Foreign Bond Funds	274,890	-	-	274,890
Equity Securities:				
Industrial Goods	173,637	-	-	173,637
Health Care	343,497	-	-	343,497
Services	1,564,256	-	-	1,564,256
Financials	912,550	-	-	912,550
Technology	519,910	-	-	519,910
Consumer Goods and Services	463,511	-	-	463,511
Consumer Staples	171,797	-	-	171,797
Energy	154,455	-	-	154,455
Utilities	45,247	-	-	45,247
Materials	1,355,361	-	-	1,355,361
Real Estate	60,861	-	-	60,861
Communications	217,860	-	-	217,860
Real Estate Investment Trusts	-	58,542	-	58,542
Other Various Instruments	-	13,822	-	13,822
Total Investments	54,803,226	72,364	-	54,875,590
Charitable Remainder Trusts	-	1,456,040	-	1,456,040
Charitable Gift Annuities Fund	-	17,106	-	17,106
Beneficial Interest in Perpetual Trusts	-	-	6,898,851	6,898,851
Total	<u>\$ 54,803,226</u>	<u>\$ 1,545,510</u>	<u>\$ 6,898,851</u>	<u>\$ 63,247,587</u>



**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)**

	Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Mutual Funds, Equities:				
Stock Funds	\$ 842,853	\$ -	\$ -	\$ 842,853
Small Cap	1,650,450	-	-	1,650,450
Mid Cap	4,617,309	-	-	4,617,309
Large Cap	10,562,314	-	-	10,562,314
Alternatives	480,298	-	-	480,298
Emerging Markets	2,431,868	-	-	2,431,868
Growth Funds	3,663,672	-	-	3,663,672
International Stock Funds	4,333,972	-	-	4,333,972
Real Estate Funds	6,817,466	-	-	6,817,466
Specialty Funds	61,428	-	-	61,428
Mutual Funds, Bonds:				
Aggregate Bond Fixed				
Income Institutional	6,742,756	-	-	6,742,756
Corporate Bond Funds	4,420,334	-	-	4,420,334
Emerging Markets Bond Funds	604,197	-	-	604,197
International Bond Funds	384,728	-	-	384,728
High Yield Bond Funds	809,813	-	-	809,813
High Yield Corporate Bond Funds	65,230	-	-	65,230
Foreign Bond Funds	398,592	-	-	398,592
Equity Securities:				
Industrial Goods	226,224	-	-	226,224
Health Care	370,609	-	-	370,609
Services	1,606,065	-	-	1,606,065
Financials	1,008,132	-	-	1,008,132
Technology	1,097,604	-	-	1,097,604
Consumer Goods and Services	843,938	-	-	843,938
Consumer Staples	140,401	-	-	140,401
Energy	141,893	-	-	141,893
Utilities	22,201	-	-	22,201
Materials	1,499,855	-	-	1,499,855
Transportation	29,446	-	-	29,446
Communications	48,941	-	-	48,941
Real Estate Investment Trusts	-	84,454	-	84,454
Other Various Instruments	-	311,157	-	311,157
Total Investments	55,922,589	395,611	-	56,318,200
Charitable Remainder Trusts	-	1,035,895	-	1,035,895
Charitable Gift Annuities Fund	-	16,308	-	16,308
Beneficial Interest in Perpetual Trusts	-	-	7,084,538	7,084,538
Total	<u>\$ 55,922,589</u>	<u>\$ 1,447,814</u>	<u>\$ 7,084,538</u>	<u>\$ 64,454,941</u>

The Organization had \$2,675,123 and \$1,538,719 of cash and cash equivalents included with investments as of September 30, 2019 and 2018, respectively, which is not included in the fair value hierarchy.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the years ended September 30, 2019 and 2018:

	Beneficial Interest in Perpetual Trusts
Balance at October 1, 2017	\$ 6,942,210
Changes in Value of Beneficial Interest in Perpetual Trusts	142,328
Contributions	-
Balance at September 30, 2018	<u>7,084,538</u>
Changes in Value of Beneficial Interest in Perpetual Trusts	(185,687)
Contributions	-
Balance at September 30, 2019	<u><u>\$ 6,898,851</u></u>

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

**Mutual Funds and Equity Securities**

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

**Other Various Investments**

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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**NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Beneficial Interest in Perpetual Trusts**

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

**Beneficial Interest in Charitable Remainder Trusts**

Valued using the income approach based on estimated mortality and discount rates. The discount rates used in the valuation calculations were 1.68% and 4.05% for fiscal years 2019 and 2018, respectively.

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

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

**Self-Insured Health Insurance**

The Organization self-insures its employees' health plan. It has contracted with an administrative service company to supervise and administer the program and act as its representative. Provisions for expected future payments are accrued based on the Organization's experience and include amounts for claims filed and claims incurred but not reported. The Organization has stop loss insurance for excessive and unexpected health claims with an individual deductible of \$70,000 and an aggregate deductible of approximately \$951,000. The Organization reserved approximately \$80,000 and \$93,000 related to its self-insured health insurance at September 30, 2019 and 2018, respectively.

**NOTE 15 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating, capital, and benevolence needs. With a focus on maintaining adequate liquid funds to meet these needs, the Organization strives to maximize the return on the investment of its available funds, while adhering to the Investment Committee and Board Investment Policy Statement. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing care of its residents, campuses, and community outreach. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows, which identifies the sources and uses of The Home's cash, reflects positive cash generated by operations.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
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SEPTEMBER 30, 2019 AND 2018**

**NOTE 15 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The following table reflects the Organization's liquid financial assets as of September 30, 2019 and 2018, respectively:

	2019	2018
Cash and Cash Equivalents	\$ 7,728,106	\$ 7,999,704
Accounts Receivable, Net of Allowance for Doubtful Accounts	1,404,373	1,214,077
Investments	45,135,706	46,178,203
Contributions Receivable	137,018	130,422
Assets Limited as to Use:		
Internally Designated for Capital Development	1,433,538	854,100
Internally Designated for Statutory Operating Reserve	7,579,542	7,579,542
	<u>63,418,283</u>	<u>63,956,048</u>
Less: Net Assets with Donor Restrictions (not included in Charitable Remainder Trusts or Beneficial Interest in Perpetual Trusts)	<u>(17,368,816)</u>	<u>(17,370,661)</u>
Financial Assets Available to Meet Liquidity Needs	<u>\$ 46,049,467</u>	<u>\$ 46,585,387</u>



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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of and for the year ended September 30, 2019, and our report thereon dated December 17, 2019, which contains an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
December 17, 2019

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATING BALANCE SHEET  
SEPTEMBER 30, 2019**

<b>ASSETS</b>	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 6,559,399	\$ 1,168,707	\$ -	\$ 7,728,106
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$142,231	1,404,373	-	-	1,404,373
Investments	9,447,581	35,688,125	-	45,135,706
Contributions Receivable	137,018	-	-	137,018
Prepaid Expenses and Other Assets	393,997	5,000	-	398,997
Due from Foundation	2,304,756	-	(2,304,756)	-
Total Current Assets	<u>20,247,124</u>	<u>36,861,832</u>	<u>(2,304,756)</u>	<u>54,804,200</u>
<b>ASSETS LIMITED AS TO USE</b>				
Internally Designated for Capital Development	1,433,538	-	-	1,433,538
Internally Designated for Statutory Operating Reserve	7,579,542	-	-	7,579,542
Restricted under Debt Agreements	3,401,927	-	-	3,401,927
Total Assets Limited as to Use	<u>12,415,007</u>	<u>-</u>	<u>-</u>	<u>12,415,007</u>
<b>INVESTMENTS AND OTHER ASSETS</b>				
Assets in Split-Interest Agreements:				
Charitable Remainder Trusts	1,454,295	18,851	-	1,473,146
Beneficial Interest in Perpetual Trust	4,801,625	2,097,226	-	6,898,851
Other Assets	15,000	-	-	15,000
Total Investments, Deferred Costs, and Other Assets	<u>6,270,920</u>	<u>2,116,077</u>	<u>-</u>	<u>8,386,997</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>45,522,516</u>	<u>1,137,284</u>	<u>-</u>	<u>46,659,800</u>
Total Assets	<u>\$ 84,455,567</u>	<u>\$ 40,115,193</u>	<u>\$ (2,304,756)</u>	<u>\$ 122,266,004</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2019**

LIABILITIES AND NET ASSETS	Homes	Foundation	Eliminations	Consolidated
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 2,962,049	\$ -	\$ -	\$ 2,962,049
Accounts Payable	485,709	-	-	485,709
Accrued Expenses	341,210	-	-	341,210
Accrued Employee Compensation	1,706,347	-	-	1,706,347
Due to Obligated Group	-	2,304,756	(2,304,756)	-
Other Current Liabilities	43,312	-	-	43,312
Current Portion of Refundable Advance Fees	127,566	-	-	127,566
Total Current Liabilities	<u>5,666,193</u>	<u>2,304,756</u>	<u>(2,304,756)</u>	<u>5,666,193</u>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	30,160,314	-	-	30,160,314
<b>DEFERRED REVENUE AND OTHER LIABILITIES</b>				
Deferred Revenue from Advance Fees	10,785,697	-	-	10,785,697
Refundable Advance Fees on Occupied Units, Net of Current Portion	<u>2,190,886</u>	<u>-</u>	<u>-</u>	<u>2,190,886</u>
Total Deferred Revenue and Other Liabilities	<u>12,976,583</u>	<u>-</u>	<u>-</u>	<u>12,976,583</u>
 Total Liabilities	48,803,090	2,304,756	(2,304,756)	48,803,090
<b>NET ASSETS</b>				
Without Donor Restrictions	26,904,454	20,817,647	-	47,722,101
With Donor Restrictions	<u>8,748,023</u>	<u>16,992,790</u>	<u>-</u>	<u>25,740,813</u>
Total Net Assets	<u>35,652,477</u>	<u>37,810,437</u>	<u>-</u>	<u>73,462,914</u>
 Total Liabilities and Net Assets	<u>\$ 84,455,567</u>	<u>\$ 40,115,193</u>	<u>\$ (2,304,756)</u>	<u>\$ 122,266,004</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Net Resident Service Revenue, including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$2,060,787	\$ 24,539,033	\$ -	\$ -	\$ 24,539,033
Gifts, including Gifts from Churches and Special Offerings	382,018	4,458	-	386,476
Income from Grants	284,584	-	-	284,584
Income from Estates and Trusts	277,675	-	-	277,675
Investment Income and Realized Gains	2,610,164	99,594	-	2,709,758
Net Assets Released from Restrictions	158,503	137,718	-	296,221
Other	444,859	-	-	444,859
Total Unrestricted Revenues and Gains	<u>28,696,836</u>	<u>241,770</u>	<u>-</u>	<u>28,938,606</u>
<b>OPERATING EXPENSES</b>				
Resident Care	11,368,400	-	-	11,368,400
Dietary	2,801,281	-	-	2,801,281
Maintenance and Housekeeping	4,326,013	-	-	4,326,013
General and Administrative	4,358,507	264,853	-	4,623,360
Depreciation	3,501,712	9,898	-	3,511,610
Interest	1,481,511	-	-	1,481,511
Total Expenses	<u>27,837,424</u>	<u>274,751</u>	<u>-</u>	<u>28,112,175</u>
<b>OPERATING INCOME (LOSS)</b>	859,412	(32,981)	-	826,431
<b>NON-OPERATING LOSS</b>				
Unrealized Losses on Investments	<u>(6,011)</u>	<u>(1,468,959)</u>	<u>-</u>	<u>(1,474,970)</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	853,401	(1,501,940)	-	(648,539)



**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,  
INCORPORATED AND AFFILIATE  
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2019**

	Homes	Foundation	Eliminations	Consolidated
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	\$ 345	\$ -	\$ -	\$ 345
Investment income	-	474,584	-	474,584
Change in Value of Charitable Remainder Trusts	418,401	-	-	418,401
Change in Unrealized Losses on Investments	(176,669)	(1,342)	-	(178,011)
Change in Value of Beneficial Interest in Perpetual Trusts	(135,337)	(50,350)	-	(185,687)
Net Assets Released from Restrictions	(158,503)	(137,718)	-	(296,221)
Increase (Decrease) in Temporarily Restricted Net Assets	(51,763)	285,174	-	233,411
<b>INCREASE (DECREASE) IN NET ASSETS</b>	801,638	(1,216,766)	-	(415,128)
Net Assets - Beginning	34,850,839	39,027,203	-	73,878,042
<b>NET ASSETS - ENDING</b>	<u>\$ 35,652,477</u>	<u>\$ 37,810,437</u>	<u>\$ -</u>	<u>\$ 73,462,914</u>

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



# **ATTACHMENT II**

## **Financial Data – Actual Compared to Forecasted**

**Baptist Retirement Homes Of North Carolina, Incorporated**  
**Comparison of Actual Net Income Results to Forecasted Projected**  
**Statements of Operations and Changes in Net Assets**  
**FYE 9/30/2019 (In Thousands of Dollars)**

2019 Actual (Audited)	2019 Forecasted	Variance Positive = favorable
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All variances have been reviewed, however, anything less than 1% of Revenues (\$289) would be considered immaterial

Revenues, gains and other support:

Net resident service revenue, including amortization of deferred revenue from nonrefundable advance fees of \$2,061 in 2019

\$ 24,539	\$ 25,452	\$ (913)	A
386	307	79	C
285	300	(15)	C
278	483	(205)	C
2,710	3,000	(290)	D
296	800	(504)	C
445	28	417	A
<b>28,938</b>	<b>30,370</b>	<b>(1,432)</b>	

**Total revenues, gains and other support**

Operating expenses:

11,368	11,391	23	B
2,801	2,946	145	B
4,326	3,970	(356)	B
4,623	4,603	(20)	B
3,512	3,447	(65)	B
1,482	1,541	59	B

**Total operating expenses**

<b>28,112</b>	<b>27,898</b>	<b>(214)</b>	B
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**Operating Income**

<b>826</b>	<b>2,472</b>	<b>(1,646)</b>	Subtotal
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**Baptist Retirement Homes Of North Carolina, Incorporated**  
**Comparison of Actual Net Income Results to Forecasted Projected**  
**Statements of Operations and Changes in Net Assets**  
**FYE 9/30/2019 (In Thousands of Dollars)**

	2019 Actual (Audited)	2019 Forecasted	Variance Positive = favorable	
				All variances have been reviewed, however, anything less than 1% of Revenues (\$289) would be considered immaterial
<b>Non-Operating Income</b>				
Unrealized Gains (Losses) on Investments	(1,475)	-	(1,475)	D
<b>Excess (Deficit) of Revenues Over Expenses and Increase (Decrease) in Unrestricted Net Assets</b>	(649)	2,472	(3,121)	Subtotal
<b>Changes in Net Assets with Donor Restrictions</b>				
Contributions	0	600	(600)	C
Investment Income	475	-	475	D
Change in Value of Charitable Remainder Trusts	418	-	418	D
Change in Unrealized Gains(Losses) on Investments	(178)	-	(178)	D
Transfer to Permanently Restricted Net Assets	(186)	-	(186)	C
Net Assets Released from Restrictions	(296)	(800)	504	C
<b>Change in temporarily restricted net assets</b>	233	(200)	433	Subtotal
<b>Change in net assets</b>	(416)	2,272	(2,688)	Total

**Baptist Retirement Homes Of North Carolina, Incorporated**  
**Comparison of Actual Net Income Results to Forecasted Projected**  
**Statements of Operations and Changes in Net Assets**  
**FYE 9/30/2019 (In Thousands of Dollars)**

2019 Actual (Audited)	2019 Forecasted	Variance Positive = favorable
--------------------------	--------------------	-------------------------------------

All variances have been reviewed, however, anything less than 1% of Revenues (\$289) would be considered immaterial

Legend:

<p><b>A</b> Net Resident Revenue was less than forecasted mainly driven by lower census figures than forecasted, primary driver was Skilled Nursing occupancy and secondary being Assisted Living.</p>	(496)
<p><b>B</b> Expenses were unfavorable to the forecast driven by higher health insurance, maintenance and utility costs.</p>	(214)
<p><b>C</b> Combined Gifts from Estates, Trusts and Donors had unfavorable contributions.</p>	(927)
<p><b>D</b> Investments and Trusts variances are mainly driven by Market volatility and Investment long-term rate of return objectives.</p>	
<p>-Change in Value of Charitable Remainder Trusts</p>	418
<p>-Change in Unrealized Gains/(Losses)</p>	(1,653)
<p>-Realized Gains and Investment Income</p>	184
<p style="padding-left: 20px;">Total Investment Gains/(Losses)</p>	(1,050)

<b>Total</b>	<b><u><u>(2,688)</u></u></b>	-
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**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED**

**STATEMENT OF CASH FLOWS**

**FYE 09/30/2019 (In Thousands of Dollars)**

	<b>2019 Actual (Audited)</b>	<b>2019 Forecasted</b>	<b>Variance</b>	
				All variances have been reviewed, however, anything less than 1% of Revenues (\$289) would be considered immaterial
<b>Cash Flows From Operating Activities</b>				
Increase (decrease) in net assets	\$ (415)	\$ 2,272	\$ (2,687)	See variance analysis of Statement of Operations for drivers of this variance.
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
Depreciation	3,512	3,447	65	
Unrealized gains on investments	1,653		1,653	Investments and Trusts variances are mainly driven by Market volatility and Investment long-term rate of return objectives.
Change in value of charitable remainder trusts	(418)		(418)	The decrease in the value in the charitable remainder trust is driven by the decrease in the 10 year Treasury Bond rate.
Change in value of beneficial interest in perpetual trusts	186		186	
Amortization of deferred revenue from advance fees	(2,061)	(1,900)	(161)	
Amortization of deferred costs and bond discount	74	74	-	
Advance fees received	2,654	1,892	762	Entrance Fees vary related to size of unit
Advance fees refunded	(488)	(335)	(153)	Immaterial
Realized Gains on Investments	(1,519)		(1,519)	Investments and Trusts variances are mainly driven by Market volatility and Investment long-term rate of return objectives.
(Gain) Loss on Disposal of Assets	9		9	
Contributions restricted for long-term purposes	-		-	
Change in assets and liabilities:				
(Increase) decrease in Assets:				
Accounts receivable	(190)	167	(357)	The Increase in receivables were primarily driven by slow Commercial Insurance payments.
Contributions receivable	(7)	(10)	3	
Prepaid expenses and other current assets	30	(257)	287	
Accounts payable, accrued expenses, accrued compensation, and other current liabilities	450	134	316	Additional liabilities were accrued at year end related to leadership transition expenses.
<b>Net cash provided by operating activities</b>	<b>3,469</b>	<b>5,484</b>	<b>(2,015)</b>	

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FYE 09/30/2019 (In Thousands of Dollars)**

	<b>2019 Actual (Audited)</b>	<b>2019 Forecasted</b>	<b>Variance</b>	
<b>Cash Flows From Investing Activities</b>				
Proceeds from sale of investments	19,287	(1,148)	20,435	Investments and Trusts variances are mainly driven by Market volatility and Investment long-term rate of return objectives.
Purchase of investments	(18,381)		(18,381)	
Net purchases of assets whose use is limited	(736)	(35)	(701)	
Purchase of property and equipment	(1,087)	(1,236)	149	
<b>Net cash provided in investing activities</b>	<u>(918)</u>	<u>(2,419)</u>	<u>1,501</u>	
<b>Cash Flows From Financing Activities</b>				
Payments of long-term debt	(2,823)	(2,843)	20	
Proceeds from contributions restricted for: New Residential development	-	-	-	
<b>Net cash used in financing activities</b>	<u>(2,823)</u>	<u>(2,843)</u>	<u>20</u>	
<b>Net incr (decr) in cash and cash equivalents</b>	<u>(272)</u>	<u>222</u>	<u>(494)</u>	
<b>Cash and cash equivalents:</b>				
Beginning	8,000	8,000	(0)	
Ending	<u>\$ 7,728</u>	<u>\$ 8,222</u>	<u>\$ (494)</u>	

All variances have been reviewed, however, anything less than 1% of Revenues (\$289) would be considered immaterial

Legend:



**Baptist Retirement Homes Of North Carolina, Incorporated**  
**Comparison of Actual Net Income Results to Forecasted Projected**  
**Balance Sheet**  
**FYE 9/30/2019 (In Thousands of Dollars)**

2019 Actual (Audited)	2019 Forecasted	Variance Positive = favorable
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All variances have been reviewed, however, anything less than 1% of Total Assets (\$1,223) would be considered immaterial

**Assets**

**Current Assets**

Cash and Cash Equivalents	7,728	8,222	(494)
Accounts receivable, net	1,404	1,047	357
Investments	45,136	47,326	(2,190)
Contributions receivable	137	140	(3)
Prepaid expenses and other current assets	399	628	(229)
<b>Total Current Assets</b>	<b>54,804</b>	<b>57,363</b>	<b>(2,559)</b>

Investments and Trusts variances are mainly driven by Market volatility and Investment long-term rate of return objectives.

**Assets whose Use is Limited, Net**

Internally designated for capital development	1,434	854	580
Internally designated for statutory operating reserve	7,580	7,752	(172)
Restricted under debt agreements	3,402	3,108	294
<b>Total assets limited to use</b>	<b>12,415</b>	<b>11,714</b>	<b>701</b>

**Investments, Deferred Costs and Other Assets**

Assets in split-interest agreements:

Charitable remainder trusts	1,473	1,052	421
Beneficial interest in perpetual trust	6,899	7,085	(186)
Other assets	15	73	(58)
	<b>8,387</b>	<b>8,210</b>	<b>177</b>

Property and equipment, Net

46,660	46,882	(222)
<b>122,266</b>	<b>124,169</b>	<b>(1,903)</b>

**Total assets**

**Baptist Retirement Homes Of North Carolina, Incorporated**  
**Comparison of Actual Net Income Results to Forecasted Projected**  
**Balance Sheet**  
**FYE 9/30/2019 (In Thousands of Dollars)**

	<b>2019 Actual (Audited)</b>	<b>2019 Forecasted</b>	<b>Variance Positive = favorable</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Current maturities of long-term debt	2,962	2,963	(1)
Accounts payable	486	439	47
Accrued expenses	341	377	(36)
Accrued employee compensation	1,706	1,381	325
Other current liabilities	43	63	(20)
Current portion of refundable advance fees	128	155	(27)
<b>Total current liabilities</b>	<b>5,666</b>	<b>5,378</b>	<b>288</b>
<b>Long-Term Debt, Less Current Maturities</b>	<b>30,160</b>	<b>30,139</b>	<b>21</b>
<b>Deferred Revenue and Other Liabilities</b>			
Deferred revenue from advance fees	10,786	9,965	821
Refundable advance fees on occupied units, net of current portion	2,191	2,536	(345)
<b>Total Deferred Revenue and Other Liabilities</b>	<b>12,977</b>	<b>12,501</b>	<b>476</b>
<b>Total liabilities</b>	<b>48,803</b>	<b>48,018</b>	<b>785</b>
<b>Net Assets</b>			
Unrestricted	47,722	50,843	(3,121)
With Donor Restrictions	25,741	25,308	433
<b>Total net assets</b>	<b>73,463</b>	<b>76,151</b>	<b>(2,688)</b>
<b>Total liabilities and net assets</b>	<b>122,266</b>	<b>124,169</b>	<b>(1,903)</b>

All variances have been reviewed, however, anything less than 1% of Total Assets (\$1,223) would be considered immaterial

See variance analysis of Statement of Operations for drivers of this variance.

# **ATTACHMENT III**

## **Pro-forma Financial Statements**

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

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

**FOR THE YEARS ENDING  
SEPTEMBER 30, 2020 THROUGH SEPTEMBER 30, 2024**

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED  
AND ITS CONSOLIDATED AFFILIATE  
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FOR THE YEARS ENDING  
SEPTEMBER 30, 2020 THROUGH SEPTEMBER 30, 2024**

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying forecasted consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and its consolidated affiliate (the Organization), which comprise the forecasted consolidated balance sheets as of September 30, 2020, 2021, 2022, 2023 and 2024, and the related forecasted consolidated statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasted consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted consolidated financial statements or the assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
February 11, 2020

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

	2020	2021	2022	2023	2024
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>					
Net Resident Service Revenue	\$ 25,539	\$ 28,460	\$ 30,196	\$ 31,862	\$ 33,318
Amortization of Deferred Revenue from Nonrefundable Advance Fees	1,725	1,751	1,777	1,804	1,831
Gifts, Including Gifts from Churches and Special Day Offerings	314	317	320	324	327
Income from Grants	275	278	281	283	286
Income from Estates and Trusts	426	430	435	439	443
Investment Income	1,939	2,457	2,612	2,837	3,139
Net Assets Released from Restrictions	400	404	408	412	416
Other	26	27	28	28	29
<b>Total Revenues, Gains, and Other Support</b>	<b>30,644</b>	<b>34,124</b>	<b>36,057</b>	<b>37,989</b>	<b>39,789</b>
<b>OPERATING EXPENSES</b>					
Health Care	11,628	12,409	13,005	13,575	14,090
Dietary	3,016	3,215	3,360	3,497	3,617
Maintenance and Housekeeping	3,826	4,079	4,274	4,460	4,628
Laundry	277	286	294	303	312
General and Administrative	4,872	4,938	5,126	5,256	5,389
Depreciation	3,634	3,941	4,236	4,458	4,672
Interest Expense	1,421	1,295	1,165	1,029	888
<b>Total Expenses</b>	<b>28,674</b>	<b>30,163</b>	<b>31,460</b>	<b>32,578</b>	<b>33,596</b>
<b>OPERATING INCOME</b>	<b>1,970</b>	<b>3,961</b>	<b>4,597</b>	<b>5,411</b>	<b>6,193</b>
<b>EXCESS OF REVENUES OVER EXPENSES AND INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>1,970</b>	<b>3,961</b>	<b>4,597</b>	<b>5,411</b>	<b>6,193</b>
Donor Restricted Contributions	200	202	204	206	208
Net Assets Released from Restrictions	(400)	(404)	(408)	(412)	(416)
<b>Change in Net Assets with Donor Restrictions</b>	<b>(200)</b>	<b>(202)</b>	<b>(204)</b>	<b>(206)</b>	<b>(208)</b>
<b>Increase in Net Assets</b>	<b>1,770</b>	<b>3,759</b>	<b>4,393</b>	<b>5,205</b>	<b>5,985</b>
Net Assets - Beginning of Year	73,463	75,233	78,992	83,385	88,590
Net Assets - End of Year	\$ 75,233	\$ 78,992	\$ 83,385	\$ 88,590	\$ 94,575

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

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

	2020	2021	2022	2023	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Increase in Net Assets	\$ 1,770	\$ 3,759	\$ 4,393	\$ 5,205	\$ 5,985
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	3,634	3,941	4,236	4,458	4,672
Amortization of Deferred Revenues from Advance Fees	(1,725)	(1,751)	(1,777)	(1,804)	(1,831)
Amortization of Deferred Issuance Costs	74	74	74	74	74
Advance Fees Received	2,973	3,003	3,033	3,063	3,094
Advance Fees Refunded	(558)	(564)	(569)	(575)	(581)
(Increase) Decrease in Current Assets					
Accounts Receivable	108	(140)	(84)	(80)	(71)
Contributions Receivable	(13)	(16)	(9)	(10)	(8)
Prepaid Expenses and Other Current Assets	(76)	(26)	(23)	(20)	(19)
Increase (Decrease) in Current Liabilities					
Accounts Payable	10	28	23	22	20
Accrued Expenses	26	20	18	16	14
Accrued Employee Compensation	(153)	86	74	68	62
Other Current Liabilities	22	3	3	3	3
Net Cash Provided by Operating Activities	6,092	8,417	9,392	10,420	11,414
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase in Investments	(22)	(2,139)	(3,918)	(4,956)	(7,302)
Increase in Assets Limited as to Use	139	(214)	(220)	(227)	1,209
Acquisition of Property and Equipment	(2,303)	(2,496)	(1,619)	(1,504)	(1,478)
Net Cash Used in Investing Activities	(2,186)	(4,849)	(5,757)	(6,687)	(7,571)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Principal Payments on Long-Term Debt	(2,963)	(3,088)	(3,219)	(3,354)	(3,496)
Net Cash Used in Financing Activities	(2,963)	(3,088)	(3,219)	(3,354)	(3,496)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>943</b>	<b>480</b>	<b>416</b>	<b>379</b>	<b>347</b>
Cash and Cash Equivalents - Beginning of Year	7,728	8,671	9,151	9,567	9,946
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 8,671</b>	<b>\$ 9,151</b>	<b>\$ 9,567</b>	<b>\$ 9,946</b>	<b>\$ 10,293</b>
Supplementary Disclosure: Interest Paid During the Year	\$ 1,367	\$ 1,241	\$ 1,111	\$ 975	\$ 834

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



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

	2020	2021	2022	2023	2024
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 8,671	\$ 9,151	\$ 9,567	\$ 9,946	\$ 10,293
Accounts Receivable, Net	1,296	1,436	1,520	1,600	1,671
Investments	45,158	47,297	51,215	56,171	63,473
Contributions Receivable	150	166	175	185	193
Prepaid Expenses and Other Assets	475	501	524	544	563
<b>Total Current Assets</b>	<b>55,750</b>	<b>58,551</b>	<b>63,001</b>	<b>68,446</b>	<b>76,193</b>
<b>ASSETS LIMITED AS TO USE</b>					
Internally Designated for Capital Development	1,434	1,434	1,434	1,434	1,434
Internally Designated for Statutory Operating Reserve	7,735	7,949	8,169	8,396	7,187
Externally Restricted Under Debt Agreements	3,108	3,108	3,108	3,108	3,108
<b>Total Assets Limited as to Use</b>	<b>12,277</b>	<b>12,491</b>	<b>12,711</b>	<b>12,938</b>	<b>11,729</b>
<b>INVESTMENTS AND OTHER ASSETS</b>					
Investments Under Split-Interest Agreements:					
Charitable Remainder Trusts	1,473	1,473	1,473	1,473	1,473
Beneficial Interest in Perpetual Trust	6,899	6,899	6,899	6,899	6,899
Other Assets	15	15	15	15	15
<b>Total Investments and Other Assets</b>	<b>8,387</b>	<b>8,387</b>	<b>8,387</b>	<b>8,387</b>	<b>8,387</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>45,329</b>	<b>43,884</b>	<b>41,267</b>	<b>38,313</b>	<b>35,119</b>
<b>Total Assets</b>	<b>\$ 121,743</b>	<b>\$ 123,313</b>	<b>\$ 125,366</b>	<b>\$ 128,084</b>	<b>\$ 131,428</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$ 3,088	\$ 3,219	\$ 3,354	\$ 3,496	\$ 3,644
Accounts Payable	497	525	548	570	590
Accrued Expenses	367	387	405	421	435
Accrued Employee Compensation	1,553	1,639	1,713	1,781	1,843
Other Current Liabilities	65	68	71	74	77
Current Portion of Refundable Advance Fees	128	128	128	128	128
<b>Total Current Liabilities</b>	<b>5,698</b>	<b>5,966</b>	<b>6,219</b>	<b>6,470</b>	<b>6,717</b>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES, NET OF ISSUANCE COSTS</b>	<b>27,145</b>	<b>24,000</b>	<b>20,720</b>	<b>17,298</b>	<b>13,728</b>
<b>DEFERRED REVENUE AND OTHER LIABILITIES</b>					
Deferred Revenue from Advance Fees	10,966	11,518	12,069	12,618	13,165
Refundable Advance Fees On Occupied Units, Net of Current Portion	2,701	2,837	2,973	3,108	3,243
<b>Total Deferred Revenue and Other Liabilities</b>	<b>13,667</b>	<b>14,355</b>	<b>15,042</b>	<b>15,726</b>	<b>16,408</b>
<b>Total Liabilities</b>	<b>46,510</b>	<b>44,321</b>	<b>41,981</b>	<b>39,494</b>	<b>36,853</b>
<b>NET ASSETS</b>					
Net Assets Without Donor Restrictions	49,692	53,653	58,250	63,661	69,854
Net Assets With Donor Restrictions	25,541	25,339	25,135	24,929	24,721
<b>Total Net Assets</b>	<b>75,233</b>	<b>78,992</b>	<b>83,385</b>	<b>88,590</b>	<b>94,575</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 121,743</b>	<b>\$ 123,313</b>	<b>\$ 125,366</b>	<b>\$ 128,084</b>	<b>\$ 131,428</b>

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

## ***Summary of Significant Forecast Assumptions and Accounting Policies***

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### **BACKGROUND AND INFORMATION**

#### **Basis of Presentation**

This financial forecast presents, to the best of management's knowledge and belief, the Baptist Retirement Homes of North Carolina, Incorporated (the "Homes") and its consolidated affiliate, Baptist Retirement Homes Foundation (the "Foundation") (collectively, the "Organization"), expected consolidated balance sheets, statements of operations and changes in net assets and cash flows as of September 30, 2020, 2021, 2022, 2023, and 2024 and for each of the years then ending. As used herein, management of the Organization is referred to as "Management."

Accordingly, the forecast reflects Management's judgment as of February 11, 2020, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. The financial forecast is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the forecast or are key factors upon which the financial results of the Organization depend.

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

#### **Background of the Organization**

Homes is a church-related, not-for-profit corporation organized under the laws of the state of North Carolina. Baptist Retirement Homes of North Carolina, Incorporated is governed by a Board of Trustees. The Board of Trustees nominates and elects its own members, each serving a four-year term. All Trustees must be members of North Carolina Baptist churches.

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

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

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

#### **Principles of Consolidation**

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

## Summary of Significant Forecast Assumptions and Accounting Policies

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### BACKGROUND AND INFORMATION (CONTINUED)

#### The Homes' Facilities

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

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

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

**Western North Carolina Baptist Home:** The Western North Carolina Baptist Home (Western) is a combination facility with 50 adult care home residences and 100 nursing care beds located on a 22-acre tract of land on Richmond Hill in Asheville, North Carolina. It was opened for services to its first residents in April 1979. A 100-bed Medicare/Medicaid certified nursing care center (the Rickman Center) opened in February 1993.

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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### **BACKGROUND AND INFORMATION (CONTINUED)**

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

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**Table 1**  
**Homes**  
**Unit Configuration**

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

Source: Management

## ***Summary of Significant Forecast Assumptions and Accounting Policies***

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

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

##### **Net Assets without Donor Restrictions**

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

##### **Net Assets with Donor Restrictions**

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

#### **Cash and Cash Equivalents**

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

#### **Accounts Receivable**

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

#### **Contributions Receivable**

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

#### **Assets Limited as to Use**

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

#### **Investments**

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

## ***Summary of Significant Forecast Assumptions and Accounting Policies***

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

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

#### **Assets in Split-Interest Agreements**

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

#### **Property and Equipment**

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

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

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

#### **Deferred Costs**

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

#### **Deferred Revenue from Advance Fees**

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

#### **Obligation to Provide Future Services**

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

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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

#### **Increase in Net Assets Without Donor Restrictions from Operations**

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

#### **Net Resident and Health Care Service Revenue**

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

#### **Income Taxes**

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

## ***Summary of Significant Forecast Assumptions and Accounting Policies***

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### **MANAGEMENT'S BASIS FOR FORECAST OF REVENUE**

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

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

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

### **Health Center Free Days**

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

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

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

### **Forecasted Occupancy Levels**

Forecasted occupancy for the Organization's independent living units is based upon the historical experience of Management. In addition, in 2020, Management has contracted with a national senior living marketing company to assist in its marketing efforts in order to achieve its forecasted occupancy levels. The focus of their engagement is to help Management improve occupancy through a build-up of brand awareness of the Organization and upgrade product standards within the Organization.

Occupancy of the assisted living units and nursing beds are forecasted to be from transfers from independent living units, when available at the particular community, as well as direct admissions from the local market areas. Nursing bed occupancy for Gardens is based solely on internal transfers primarily from both independent living units and assisted living units. Forecasted resident transfers from independent living to assisted living or nursing have been provided by Management, and are based on the Organization's historical experience.



## *Summary of Significant Forecast Assumptions and Accounting Policies*

---

### **MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)**

The following table shows forecasted occupancy for each of the Homes' facilities for the forecast period, as forecasted by Management based in part on the Organization's historical experience and adjusted to give effect to a revamped marketing program, including additional market staff additions and the hiring of an external marketing firm, that are expected to positively impact marketing and sales activities.

---

**Table 2**  
**Homes**  
**Forecasted Occupancy**

---

	2020	2021	2022	2023	2024
Brookridge					
Independent Living Units	61.6%	68.6%	75.2%	81.7%	88.3%
Assisted Living Units	85.6%	90.0%	90.0%	90.0%	90.0%
Nursing Units	85.7%	86.3%	87.5%	88.1%	88.1%
Gardens:					
Independent Living Units	78.5%	85.0%	87.4%	89.8%	90.9%
Assisted Living Units	84.9%	90.1%	90.1%	90.1%	90.1%
Nursing Units	58.4%	72.4%	79.8%	85.0%	85.0%
Taylor:					
Assisted Living Units	50.9%	60.0%	62.6%	65.0%	65.2%
Western:					
Assisted Living Units	56.6%	64.5%	69.6%	74.7%	79.7%
Nursing Units	45.8%	51.4%	54.4%	57.1%	60.2%

---

Source: Management

The forecasted double occupancy percentages in the independent living units of Gardens and Brookridge are approximately 27 percent and 30 percent, respectively, based upon assumptions provided by Management.

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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### **MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)**

#### **Forecasted Entrance and Monthly Service Fees**

The following tables summarize the entrance fees, monthly service fees and daily rates for the Organization's facilities. Note that these fees became effective for the fiscal year 2020.

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

---

**Table 3**  
**Homes**  
**Monthly Fees / Daily Fees - 2020**

---

	Brookridge	Gardens	Taylor	Western
Independent Living Units (Monthly Rates):				
Single Rates:				
Studio	\$ 1,435	\$ -	\$ -	\$ -
One Bedroom	1,861	1,994	-	-
One Bedroom, Deluxe	-	2,304	-	-
Two Bedrooms	2,297	3,338	-	-
Two Bedrooms, Deluxe	2,890	3,690	-	-
Two Bedrooms, Classic	2,526	3,849	-	-
Garden Homes, Single Unit	2,760	-	-	-
Garden Homes, Duplex	2,497	-	-	-
Second Person Fees	761 - 868	757	-	-
Assisted Living Units (Monthly Rates):				
Large Room	\$ -	\$ -	\$ 2,827	\$ -
Regular Room	5,419	4,870	2,731	4,197
Regular Room, Entrance Fee	4,572	-	-	-
Suites	7,544	-	4,370	6,715
Memory-Enhanced Residence	6,575	6,270	-	6,212
Nursing Beds (Daily Rates):				
Semi-Private	\$ 270	\$ -	\$ -	\$ 269
Private	289	277	-	280

---

Source: Management

*Summary of Significant Forecast Assumptions and Accounting Policies*

**MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)**

**Table 4  
Homes  
Entrance Fees – 2020**

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

Source: Management

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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### **MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)**

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

---

**Table 5  
Homes  
Forecasted Rate Increases\***

---

	2020	2021	2022	2023	2024
Independent Living Monthly					
Fee Increases	**	3%	3%	3%	3%
Entrance Fee Increases	**	1%	1%	1%	1%
Assisted Living Rate					
Increases	**	3%	3%	3%	3%
Nursing Rate Increases					
Private	**	3%	3%	3%	3%
Medicare	**	1%	1%	1%	1%
Medicaid	**	0%	0%	0%	0%

---

Source: Management

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

\*\* The 2020 pricing is noted in the two preceding tables.

### **Entrance Fee Receipts**

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

---

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

---

	2020	2021	2022	2023	2024
Advance Fees from Turnover	\$ 2,973	\$ 3,003	\$ 3,033	\$ 3,063	\$ 3,094
Advance Fees Refunded	(558)	(564)	(569)	(575)	(581)
<b>Total Advance Fees, Net</b>	<b>\$ 2,415</b>	<b>\$ 2,439</b>	<b>\$ 2,464</b>	<b>\$ 2,488</b>	<b>\$ 2,513</b>

---

Source: Management

### **Investment Income**

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

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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### **MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)**

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

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**Table 7**  
**Forecasted Investment Earning Rates**

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	2020	2021	2022	2023	2024
Cash and Cash Equivalents	1.00%	0.25%	0.25%	0.25%	0.25%
Investments	5.00%	5.00%	5.00%	5.00%	5.00%
Assets Limited as to Use	4.00%	1.00%	1.00%	1.00%	1.00%

---

Source: Management

### **Other Revenue Items**

Management forecasts income from gifts, grants, estates, and trusts based upon past experience. For fiscal year 2020, Management forecasts that income from gifts will be approximately \$1,015,000 and Management has assumed a 1.0 percent increase throughout the forecast period.

Management forecasts net assets released from restrictions based upon past experience. For fiscal year 2020, Management forecasts that \$400,000 of net assets with donor restrictions will be released for operations and Management has assumed a 1.0 percent increase throughout the forecast period.

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

## ***Summary of Significant Forecast Assumptions and Accounting Policies***

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### **MANAGEMENT'S BASIS FOR FORECAST OF OPERATING EXPENSES**

#### **Operating Expenses**

Operating expenses are forecasted to increase at an approximate 2.85 percent blended annual rate throughout the forecast period. Management has forecasted operating expenses based upon Management's operating plans, as well as historical operations, and has increased expenses in part based on inflationary increases as well as increases from increased occupancy levels.

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

#### **Salaries and Related Benefits**

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

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

#### **Resident and Health Care**

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

#### **Dietary**

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

#### **Maintenance, Housekeeping and Laundry**

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

#### **General and Administrative**

Nonsalary related costs of general and administrative include costs for supplies, professional fees, insurance, and other miscellaneous costs. Management forecasts that these costs would vary with changes in occupancy levels as well as annual inflation of 2.5 percent for these costs, based on historical operating experience.

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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### **MANAGEMENT'S BASIS FOR FORECAST OF OTHER ITEMS**

#### **Assets Limited as to Use**

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

#### **Internally Designated for Capital Development**

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

#### **Internally Designated for Statutory Operating Reserve**

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

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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

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

**Table 8**  
**Forecasted Operating Reserve Requirements**

<b>Brookridge</b>	2020	2021	2022	2023	2024	2025
Total Operating Expenses <sup>(1)</sup>	\$ 11,349	\$ 11,708	\$ 12,067	\$ 12,402	\$ 12,740	\$ 13,084
Include:						
Bond Principal Payments	1,064	1,110	1,158	1,208	1,260	1,314
Exclude:						
Depreciation and Amortization	(1,573)	(1,703)	(1,827)	(1,921)	(2,011)	(2,101)
Debt Service Portion, if provided for by way of a separate reserve account	(497)	(497)	(497)	(497)	(497)	(497)
Total Operating Costs	<u>\$ 10,343</u>	<u>\$ 10,618</u>	<u>\$ 10,901</u>	<u>\$ 11,192</u>	<u>\$ 11,492</u>	<u>\$ 11,800</u>
Operating Reserve Percentage	50%	50%	50%	50%	50%	50%
Operating Reserve at 9/30	<u>\$ 5,172</u>	<u>\$ 5,309</u>	<u>\$ 5,450</u>	<u>\$ 5,595</u>	<u>\$ 5,745</u>	<u>\$ 5,900</u>
Forecasted Occupancy Level <sup>(2)</sup>	<u>66.6%</u>	<u>73.0%</u>	<u>78.3%</u>	<u>83.5%</u>	<u>88.7%</u>	<u>88.7%</u>
<b>Gardens</b>	2020	2021	2022	2023	2024	2025
Total Operating Expenses <sup>(1)</sup>	\$ 7,263	\$ 7,459	\$ 7,651	\$ 7,816	\$ 7,980	\$ 8,145
Include:						
Bond Principal Payments	1,854	1,931	2,012	2,096	2,183	2,275
Exclude:						
Depreciation and Amortization	(1,442)	(1,561)	(1,676)	(1,762)	(1,845)	(1,928)
Debt Service Portion, if provided for by way of a separate reserve account	(2,549)	(2,549)	(2,549)	(2,549)	(2,549)	(2,549)
Total Operating Costs	<u>\$ 5,126</u>	<u>\$ 5,280</u>	<u>\$ 5,438</u>	<u>\$ 5,601</u>	<u>\$ 5,769</u>	<u>\$ 5,942</u>
Operating Reserve Percentage	50%	50%	50%	50%	25%	25%
Operating Reserve at 9/30	<u>\$ 2,563</u>	<u>\$ 2,640</u>	<u>\$ 2,719</u>	<u>\$ 2,801</u>	<u>\$ 1,442</u>	<u>\$ 1,486</u>
Forecasted Occupancy Level <sup>(2)</sup>	<u>79.5%</u>	<u>85.8%</u>	<u>87.8%</u>	<u>89.8%</u>	<u>90.8%</u>	<u>90.8%</u>

Source: Management

Notes:

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

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

#### **Externally Restricted Under Debt Agreements**

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



## Summary of Significant Forecast Assumptions and Accounting Policies

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

#### Property and Equipment

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

Management has forecasted the following major property and equipment categories:

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

	2020	2021	2022	2023	2024
Land and Land Improvements	\$ 7,040	\$ 7,040	\$ 7,040	\$ 7,040	\$ 7,040
Buildings and Improvements	91,695	92,694	93,341	93,943	94,534
Furniture, Fixtures, and Equipment	6,810	8,307	9,279	10,181	11,068
Vehicles	749	749	749	749	749
Total	106,294	108,790	110,409	111,913	113,391
Less: Accumulated Depreciation	(61,326)	(65,267)	(69,503)	(73,961)	(78,633)
Add: Construction in Process	361	361	361	361	361
Net Property and Equipment	\$ 45,329	\$ 43,884	\$ 41,267	\$ 38,313	\$ 35,119

Source: Management

#### Assets in Split-Interest Agreements

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

#### Long-Term Debt and Interest Expense

Forecasted interest expense and long-term debt for 2020 and subsequent years were based on the construction loan and the commercial loan associated with the improvements at Brookridge.

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

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

## *Summary of Significant Forecast Assumptions and Accounting Policies*

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

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

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

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Year Ending September 30,	Construction Loan	Term Loan	Total Debt
2020	\$ 703	\$ 2,260	\$ 2,963
2021	733	2,355	3,088
2022	765	2,454	3,219
2023	799	2,555	3,354
2024	833	2,663	3,496
2025	870	2,774	3,644
2026	908	2,890	3,798
2027	6,368	3,010	9,378
Thereafter	-	764	764
<b>Total Forecasted Long-Term Debt</b>	<b>\$ 11,979</b>	<b>\$ 21,725</b>	<b>\$ 33,704</b>

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Source: Management

#### **Current Assets and Current Liabilities**

##### Cash and Cash Equivalents

Cash and cash equivalents balances for the forecast period are forecasted to approximate 134 days of cash on hand during the forecast period.

##### Net Accounts Receivable

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

##### Contributions Receivable

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

##### Prepaid Expenses and Other Current Assets

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

##### Accounts Payable

Accounts payable has been forecasted based on historical levels.

##### Accrued Expenses

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

*Summary of Significant Forecast Assumptions and Accounting Policies*

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

Accrued Employee Compensation

Accrued employee compensation has been forecasted based on historical levels.

Other Current Liabilities

Other current liabilities have been forecasted based on historical levels.

# **ATTACHMENT IV**

## **Apartment Resident Agreement – Independent Living Apartments**

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

**APARTMENT RESIDENT AGREEMENT  
BROOKRIDGE RETIREMENT COMMUNITY**

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

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

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

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

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

1. Resident shall pay to Baptist Homes the sum of \$ \_\_\_\_\_ as an admission fee for \_\_\_\_\_, Winston-Salem, NC 27106 in the following manner:
  - a. The percent upon execution of this Agreement by Resident, including \$ \_\_\_\_\_ credit for reservation fee previously paid and \$ \_\_\_\_\_ paid herewith
  - b. Balance of \$ \_\_\_\_\_ to be paid in full not less than 30 days prior to the "date of occupancy" as described in Paragraph 2.
  
2. In addition to the admission fee, Resident agrees to pay a service fee of \$ \_\_\_\_\_ per month, or such amount as may be established from time to time by Baptist Homes. Payment of the monthly service fee shall begin on the Resident's "date of occupancy." The "date of occupancy" is either the date on which the Resident actually occupies the

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

A. Baptist Homes agrees to:

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

B. Resident and Responsible Party agree:

- (1) To provide complete information regarding Resident as requested and to authorize release of necessary information to appropriate agencies if requested.
- (2) To pay all fees and charges described in this Agreement with Resident's income, assets, or other resources.
- (3) To provide or be responsible for personal items of clothing, toiletries, and other personal property.
- (4) To accept full responsibility for and absolve Baptist Homes, its personnel and attending physician of responsibility for any event, accident, or deterioration of medical condition while the Resident is away from and not under the direct care and supervision of the Health Care Center facility.
- (5) To authorize Baptist Homes to effect Resident's move from room to room for reasons involving nursing, compatibility and the convenience of Baptist Homes.
- (6) To abide by Baptist Homes' policies and regulations regarding visiting hours, the welfare of Resident and conduct of Health Center operations.
- (7) With Resident's income, assets, or other resources, to pay all costs, expenses, and reasonable attorney's fees, whether or not suit be brought, in the event same must be expended in the collection of any sums due and owing by Resident to Baptist Homes.

18. If Resident, within the first twenty-four (24) months of occupancy, transfers to the Health Care Unit of Baptist Homes to receive residential care in an Assisted Living or Nursing Care Bed (excluding 30 days of free care for temporary illness as provided by Paragraph 3(e)), and without regard to whether such care is at the Resident's election or as a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living, Resident shall receive no refund of any admission fee paid according to this Agreement at that time, and Baptist Homes shall continue to retain four percent (4%) of the admission fee for each month of occupancy or part thereof in the Health Care Unit.

19. If Resident, after the first twenty-four (24) months of occupancy, transfers to the Health Care Unit of Baptist Homes to receive care in an Assisted Living or Nursing Care Bed, and without regard to whether such care is at the Resident's election or as a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living, Resident shall receive no refund of any admission fee paid according to this Agreement.

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

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



This the \_\_\_\_ day of \_\_\_\_, 201\_\_.

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

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

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

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

BAPTIST RETIREMENT HOMES  
OF NORTH CAROLINA, INCORPORATED

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

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

ATTACHMENTS

**Apartment Residence Agreement  
Brookridge Retirement Community**

Exhibit A      Application(s) for Residency

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

OR

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

Exhibit C      Disclosure

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

EXHIBIT D

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

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

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

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

Telephone (919)807-6140

By:

\_\_\_\_\_  
President  
Baptist Retirement Homes  
Of North Carolina, Incorporated

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Responsible Party

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

# **ATTACHMENT V**

## **Residency Agreement -**

### **Adult Care Home Residence**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

5. Resident and Responsible Party agree:

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

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

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

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

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

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

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

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

A studio with private bath/shower.

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

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

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

This the \_\_\_\_ day of \_\_\_\_\_, 201.

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

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

BAPTIST RETIREMENT HOMES  
OF NORTH CAROLINA, INCORPORATED

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

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*



County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

## ATTACHMENTS

### **Resident Care / Assisted Living Agreement Brookridge Retirement Community**

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

EXHIBIT B

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

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

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

and

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

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

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

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

By: \_\_\_\_\_  
President  
Baptist Retirement Homes  
of North Carolina, Incorporated

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Responsible Party

County of \_\_\_\_\_

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

# **ATTACHMENT VI**

## **Nursing Care Agreement**

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

**NURSING CARE AGREEMENT  
BROOKRIDGE RETIREMENT COMMUNITY**

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

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

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

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

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

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

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

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

Allowance for spending money .....	_____
Laundry Service .....	<u>\$15.00</u>
_____ .....	_____
_____ .....	_____
_____ .....	_____

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

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

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

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

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

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

5. Resident and the Responsible Party agree:

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This the \_\_\_\_\_ day of \_\_\_\_\_.

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

\_\_\_\_\_  
Witness Attorney-in-fact for Resident (SEAL)

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

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

BAPTIST RETIREMENT HOMES  
OF NORTH CAROLINA, INCORPORATED

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

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of \_\_\_\_\_

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

## **ATTACHMENTS**

### **Nursing Care Agreement Brookridge Retirement Community**

Exhibit A      Application for Residency

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



EXHIBIT B

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

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

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

and

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

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

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

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

By:

\_\_\_\_\_  
President  
Baptist Retirement Homes  
of North Carolina, Incorporated

\_\_\_\_\_  
Resident

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

County of Forsyth

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \*

County of \_\_\_\_\_

State of North Carolina

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

# **ATTACHMENT VI-A**

## **Nursing Care Agreement – Medicare A**

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

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

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

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

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

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



supersedes all prior negotiations, understandings and agreements between them.

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

(The remainder of this page intentionally left blank.)

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

BY:

\_\_\_\_\_  
President  
Baptist Retirement Homes of North Carolina, Incorporated

\_\_\_\_\_  
Date

\_\_\_\_\_  
PATIENT

\_\_\_\_\_  
Date

\_\_\_\_\_  
Attorney-in-Fact

\_\_\_\_\_  
Date

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

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \* \*

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

**EXHIBIT A**

Initial Plan of Care:

Base Rate Services:

Itemization of Additional Services and Charges:

**EXHIBIT B**

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

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

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

and

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

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

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

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

\_\_\_\_\_  
PATIENT

\_\_\_\_\_  
Date

\_\_\_\_\_  
Attorney-in-Fact for PATIENT

\_\_\_\_\_  
Date

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

\* \* \* \* \*

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

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

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

\_\_\_\_\_  
(Official Signature of Notary)

(Official Seal)

\_\_\_\_\_, Notary Public  
(Print/Type Name)

My commission expires: \_\_\_\_\_.

# **ATTACHMENT VII**

## **Life Expectancy Table**



## LIFE EXPECTANCY IN YEARS

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

# **ATTACHMENT VIII**

**October 2019 –**

**January 2020**

**Interim Financial**

**Statements**

**(Unaudited)**

**Baptist Retirement Homes of North Carolina, Incorporated**  
**Statement of Operations**  
**Consolidated**  
**For the Four Months Ending January 31, 2020**  
**Page 1 of 2**

Un-Audited

<b>Resident Services Revenue</b>	
Medicare	\$ 253,022
Medicaid	1,153,967
Special Assistance	107,702
Commercial Insurance	346,097
Private Pay	6,052,778
Ancillary Operating Revenue	1,057,245
Other Revenue	0
<b>Total Resident Services Revenue</b>	<b>8,970,810</b>
 <b>Less: Contractual Adjustments</b>	
Medicare Contractual Adjustment	-22,834
Medicaid Contractual Adjustment	-604,980
Commercial Insurance Contractual Adjustment	-363,468
Private Pay Contractual Adjustment	-375
Benevolent Care	-141,321
<b>Total Contractual Adjustments</b>	<b>-1,132,979</b>
<b>Net Resident Services Revenue</b>	<b>7,837,832</b>
 <b>Non Operating Revenue</b>	
Deferred Revenue Earned - Entrance Fees	657,525
Grants - Trust - Estates	257,834
Church Gifts	82,519
Interest Income	800
Investment Income	896,753
Realized Gains and Losses on Investment	662,997
Unrealized Gains and Losses	1,679,196
Other Income	59,437
<b>Total Non-Operating Revenue</b>	<b>4,297,059</b>
<b>Total Revenue</b>	<b>12,134,890</b>

**Baptist Retirement Homes of North Carolina, Incorporated**  
**Statement of Operations**  
**Consolidated**  
**For the Four Months Ending January 31, 2020**  
**Page 2 of 2**

**Un-Audited**

**Operating Expenses**

**Salary, Wages, & Benefits**

Salary, Wages, & Benefits-Resident Care	2,556,429
Salary, Wages, & Benefits-Dietary	600,856
Salary, Wages, & Benefits-Facility Service	753,057
Salary, Wages, & Benefits-Administration	1,017,686

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**Subtotal Salary, Wages, & Benefits** **4,928,028**

Contract Services	743,680
Food	308,310
Medical Supplies and Other Ancillary Services	240,354
Insurance	116,071
Leases & Minor Equipment	39,621
Auto & Travel	20,185
Repairs & Maintenance	274,251
Telephone	67,277
Utilities	370,021
Professional Fees	91,258
Office & Other Supplies	36,406
Paper Products	33,755
Chemicals	19,541
Advertising	188,439
Other Expenses	171,366
Provision for Bad Debt	24,000

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**Subtotal Other Operating Expenses** **2,744,535**

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**Total Operating Expenses** **7,672,563**

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**Net Income from Operations** **4,462,327**

Interest Expense	498,183
Depreciation & Amortization	1,205,191

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**Net Income/(Loss)** **\$ 2,758,954**

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# Baptist Retirement Homes of North Carolina, Inc.

## Consolidated Statement of Cash Flows

For the Four Months Ended January 31, 2020

Un-Audited

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$ 2,758,954
Depreciation	1,205,191
Net Unrealized (Gains)/Losses	(1,679,196)
Net Realized (Gains)/Losses	(662,997)
Change in Unrealized (Gains) / Losses on Beneficial Interest in Perpetual Trusts	(289,970)
Amortization of Deferred Revenue from Advance Fees	(657,525)
Amortization of Deferred Costs	24,786
Advanced Fees Received (Net of Refunds)	389,862
Accounts Receivable	(218,508)
Contributions Receivable	131,847
Prepaid Expenses and Other Current Assets	(161,086)
Charitable Remainder Trust	(2,305)
Decrease in Accounts Payable, Accrued Expenses, Accrued Compensation & Other Current Liabilities	(742,156)
<b>Net cash provided by Operating Activities</b>	<u>96,898</u>
Cash Flows from Investing Activities	
Purchases of Property and Equipment	(459,298)
(Increase) Decrease in Investments	217,839
(Increase) Decrease in Cash Restricted under Debt Agreements	(89,737)
<b>Net cash used by Investing Activities</b>	<u>(331,197)</u>
Cash Flows from Financing Activities	
Payments of Long-Term Debt	(966,420)
<b>Net cash used by Financing Activities</b>	<u>(966,420)</u>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(1,200,719)
Cash and Cash Equivalents:	
Beginning, October 1, 2019	7,728,104
Ending, January 31, 2020	<u>\$ 6,527,386</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED**  
**Consolidated Balance Sheet**  
**31-Jan-10**

	<u>Unaudited</u> <u>1/31/20</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 6,527,386
Resident Accounts Receivable, Net of All	1,616,396
Investments	47,446,934
Contributions Receivable	5,172
Prepaid Expenses & Other Current Assets	561,567
<b>Total Current Assets</b>	<b>56,157,455</b>
<b>Assets Whose Use is Limited</b>	
Internally Designated for Capital Development	1,246,663
Internally Designated for Statutory Operating Reserve	7,579,542
Restricted Under Debt Agreements	3,491,664
<b>Total Assets Whose Use is Limited</b>	<b>12,317,870</b>
<b>Investments, Deferred Costs and Other Assets</b>	
Charitable Remainder Trusts	1,473,706
Beneficial Interest in Perpetual Trusts	7,188,821
Other Assets	20,000
<b>Total Investments, Deferred Cost and Other Assets</b>	<b>8,682,528</b>
<b>Property and Equipment, Net</b>	<b>45,916,458</b>
<b>Total Assets</b>	<b>\$ 123,074,310</b>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Current Maturities of Long Term Debt	\$ 3,003,189
Accounts Payable	521,067
Accrued Expenses	71,366
Accrued Employee Compensation	1,193,352
Other Current Liabilities	45,129
Current Portion of Refundable Fees	127,566
<b>Total Current Liabilities</b>	<b>4,961,669</b>
<b>Long-Term Debt, Less Current Maturities</b>	<b>29,177,542</b>
<b>Deferred Revenue and Other Liabilities</b>	
Deferred Revenue	10,659,006
Refundable Advance Fees on Occupied Units	2,055,973
<b>Total Deferred Revenue and Other Liabilities</b>	<b>12,714,979</b>
<b>Total Liabilities</b>	<b>46,854,190</b>
<b>Net Assets</b>	
Unrestricted	49,759,205
Temporarily Restricted	12,583,737
Permanently Restricted	13,877,178
<b>Total Net Assets</b>	<b>76,220,120</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 123,074,310</b>