



**2600 Croasdaile Farm Parkway  
Durham, North Carolina 27705  
(919) 384-2000  
[www.croasdailevillage.org](http://www.croasdailevillage.org)**

## **DISCLOSURE STATEMENT**

**Croasdaile Village must deliver a Disclosure Statement to a prospective resident prior to or at the time a prospective resident executes a Residency Agreement to provide continuing care, or prior to or at the time a prospective resident transfers any money or other property to Croasdaile Village, whichever occurs first.**

**Croasdaile Village, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

**July 13, 2020**

**Unless earlier revised, Croasdaile Village intends for this Disclosure Statement to remain effective until July 28, 2021**



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**Attachments:**

- **Attachment 1 – Audited Financial Statements of The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 2 – Forecasted Financial Statements of The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 3 – Interim Unaudited Financial Statements of The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 4 - Explanations of Material Differences**
- **Attachment 5 – Residency Agreements**
- **Attachment 6 – Communities Managed by Life Care Services LLC**
- **Attachment 7 – List of Extra Charges**
- **Attachment 8- Expansion Sources & Uses**

## INTRODUCTION

Croasdaile Village brings to residents of the central North Carolina area, who are age 62 and over, a way of retirement living known as "continuing care." This concept offers retirees a life style designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities, such as Croasdaile Village, encompass these important components: a private residence, a wide array of personal services, assisted living services, and the security of long-term care in the on-site health center.

Croasdaile Village is owned and operated by The United Methodist Retirement Homes, Incorporated ("UMRH"), a North Carolina not-for-profit corporation, which is committed to providing a quality adult community that is fiscally sound and genuinely responsive to resident needs. UMRH also owns Wesley Pines, a continuing care retirement community located in Lumberton, North Carolina and Cypress Glen Retirement Community, a continuing care retirement community located in Greenville, North Carolina. The financial information attached to this Disclosure Statement includes financial information for UMRH and the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines. (See further explanation under the "Financial Information" section of this Disclosure Statement.)

One of the purposes of this Disclosure Statement is to explain to prospective residents, their families, and their advisors who and what is involved in the operation of Croasdaile Village. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions, which were believed to be realistic as of that date. Such information and assumptions are, of course, subject to change and, in particular, are significantly affected by changes in inflation and interest rates.

Since non-technical language has been used in this Disclosure Statement, the text of this booklet and the language of the Residency Agreement signed by a resident may not be the same. Although this Disclosure Statement details the provisions of the Residency Agreement, the Residency Agreement serves as the sole binding contract between the resident and UMRH.

**We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, or national origin.**

## **THE UNITED METHODIST RETIREMENT HOMES, INCORPORATED**

The United Methodist Retirement Homes, Incorporated ("UMRH") is a not-for-profit corporation originally chartered by the State of North Carolina on January 24, 1946. A Restated Charter was filed with the Department of the Secretary of State for the State of North Carolina on October 26, 1992. The principal business address of UMRH is 2600 Croasdaile Farm Parkway, Suite A-500; Durham, North Carolina 27705.

UMRH is operated as a community service organization and is tax exempt under the provisions of Section 501(c)(3) of Internal Revenue Code.

UMRH is the sole shareholder of UMRH Affordable Housing, Inc. UMRH-Affordable Housing, Inc. is located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. It was organized in 2002 in the State of North Carolina in conjunction with the Wesley Ridge project (see more information below). UMRH Affordable Housing, Inc. is not responsible for the contractual or financial obligations of UMRH.

UMRH is the sole member of UMRH Affordable Housing Development, LLC, located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. UMRH Affordable Housing Development, LLC was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing Wesley Ridge, a 24-unit affordable rental housing complex located adjacent to Wesley Pines. UMRH Affordable Housing Development, LLC is not responsible for the contractual or financial obligations of UMRH.

UMRH is also affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs. The Foundation is located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. The Board of Trustees of UMRH are the same Board of Trustees for the Foundation. UMRH and the Foundation are jointly obligated under the terms of the various bond agreements entered into for the financing of Croasdaile Village, Cypress Glen and Wesley Pines.

UMRH is related by faith to the North Carolina Annual Conference, Southeastern Jurisdiction, of The United Methodist Church. UMRH is governed by a corporate Board of Trustees. The North Carolina Annual Conference of The United Methodist Church elects forty percent (40%) of the Board of Trustees of UMRH. The North Carolina Annual Conference of The United Methodist Church is not responsible for the financial and contractual obligations of UMRH.

UMRH and Croasdaile Village are also affiliated by membership with LeadingAge North Carolina; the United Methodist Association of Health and Welfare Ministries; and LeadingAge (National).

Other than disclosed above, UMRH is not affiliated with any other religious, charitable or nonprofit organization.

## BOARD OF TRUSTEES

The names and addresses of the members of the Board of Trustees of UMRH are listed below:

*Mr. Artie Rogers*  
*Chair and Trustee*  
502 Teversham Court  
Winterville, NC 28590

*Mr. Jerry Gambill*  
*Secretary and Trustee*  
105 Welchdale Court  
Cary, NC 27513

*Ms. Deborah Montague*  
*Vice Chair and Trustee*  
501 Quinn Court  
Chapel Hills, NC 27516

*Mr. Jonathan P. Erickson (ex-officio Trustee)*  
*Corporate Executive Director*  
2600 Croasdaile Farm Parkway, Suite A-500  
Durham, NC 27705

*Mr. Tom Steele*  
*Treasurer and Trustee*  
1698 Westbrook Avenue  
Burlington, NC 27216

### *Trustees:*

Ms. Kathryn Bradley, 120 Briarcliff Road, Durham, NC 27707  
Mr. Michael Hardin, 416 Barker Ten Mile Road, Lumberton, NC 28358  
Mr. Carl Hardy, 6615 Sweetgum Court, Sims, NC 27880  
Mr. Lee Harris, 205 Shady Circle Dr., Rocky Mount, NC 27893  
Mr. Bruce Jobe, 303 Highland Avenue, Lumberton, NC 28358  
Rev. Paul Lee, 507 Ringleaf Court, Cary, NC 27705  
Mr. John Link, 4720 Rapids Lane, Durham, NC 27705  
Ms. Nancy Van Antwerp, 649 Lipford Dr., Cary, NC 27519

### *Ex-Officio Members of the Board of Trustees:*

Ms. Jo Brown, 205 John Wesley Rd., Greenville, NC 27858  
Ms. Ruth Read, 1000 Wesley Pines Road, Cottage 303, Lumberton, NC 28358

Dr. Dick Evans, 449 Forrest Park, Greenville, NC 27858  
Mr. Earl Powell, 2600 Croasdaile Farm Pkwy #A158, Durham, NC 27705

There is not any professional service firm, association, trust, partnership or corporation, in which the Executive Director, management staff or any member of the Board of Trustees has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to the Community or to residents of the Community, of an aggregate value of \$500 or more within any year. Further, there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases or services of an aggregate value of \$500 or more within any year to the Community or to the residents of the Community that has a 10% or greater interest in any officer, trustee or management

staff (including the Executive Director).

No Trustee or management staff of UMRH (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) 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, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state. UMRH is not aware of any actions (as defined) against any person (as defined) requiring disclosure.

### **CORPORATE EXECUTIVE DIRECTOR**

Jonathan P. Erickson has been the corporate executive director over all of the UMRH retirement communities since July 2007. Mr. Erickson holds a bachelor of arts in psychology from North Park College in Chicago, Illinois, a master of science in community health from Northern Illinois University in DeKalb, Illinois, and a certification in long-term care management from the University of Connecticut. He is currently licensed as a nursing home administrator in the State of Connecticut. Mr. Erickson has been an employee of Life Care Services LLC for over 20 years and has over 30 years of experience in the senior housing industry.

### **EXECUTIVE DIRECTOR**

Howard DeWitt has been the executive director of Croasdaile Village since May 2000. He previously served as health services administrator and has over 30 years' experience in the health care field. Mr. DeWitt is a licensed nursing home administrator in the State of North Carolina and is an employee of UMRH.

### **RESIDENT COUNCIL**

Administration assisted residents in establishing the Resident Council and its bylaws. The residents annually elect a council of representatives, which, in turn, forms committees in various areas of concern to advise administration. Monthly meetings are held to facilitate communication among residents, administration, and the Board of Trustees.

### **LIFE CARE SERVICES LLC**

UMRH has retained Life Care Services LLC ("Life Care Services") to manage Croasdaile Village. Life Care Services is a wholly-owned subsidiary of Life Care Companies LLC ("LCS"), an Iowa limited liability company.

LCS is a nationally recognized leader in the development, marketing and management of senior living communities throughout the United States. Since 1971, LCS has been instrumental in the planning, developing, marketing and managing of senior living communities throughout the United States. Management services are provided through Life Care Services, and it currently manages more than approximately 135 communities serving over 33,000 residents in 31 states (see Attachment 6 attached to this Disclosure Statement).

Principal officers of LCS include Mr. Ed Kenny, Mr. Joel Nelson, Mrs. Diane Bridgewater, Mr. Rick Exline, Ms. Jill Sorenson, and Mr. Jason Victor.

Mr. Nelson is President and Chief Executive Officer of LCS, the 3<sup>rd</sup> largest senior living operator, which includes not-for-profit and for-profit assets across the continuum of senior living. He is an experienced leader in governance within the industry, including all phases of real estate acquisition, development, operations, marketing and sales. Joel is responsible for executing the business strategy across the six business lines in the LCS Family of Companies. He thrives on driving business growth, achieving service excellence, and enhancing the company's stability and value among financial partners, property owners, and other stakeholders in the senior living field. Currently, Joel serves on the board of managers for Life Care Companies, LCS Holdings, is past-chair and a current member of the Investment Committee. Outside of LCS, Joel is a member of the National Investment Center (NIC) operator advisory board, the Central Iowa Alzheimer's Association board. He is also past chair and current board member of ChildServe, Inc., one of Des Moines largest not-for-profit organizations serving children and families with complex health care needs. Joel earned a Bachelor of Science degree in health service administration from Simpson College.

Mrs. Bridgewater is Executive Vice President/Chief Financial and Administrative Officer of LCS. Diane joined the organization in 2006 after filling several executive level positions with Pioneer Hi-Bred International, a DuPont Company. In her years with Pioneer, she held a number of operational and financial roles including: Chief Financial Officer, Vice President and Business Director for North America, Director of Customer and Sales Services for Seed and Crop Protection, Worldwide Finance Director, and other roles. Diane started her career with KPMG. Diane earned her undergraduate degrees in Accounting and French from the University of Northern Iowa and received her CPA certification in 1986. Diane currently serves on the boards of LCS Holdings, Inc., Life Care Companies LLC, Casey's General Stores, and Bankers Trust.

Mr. Exline joined the company in 1978 and is responsible for the oversight of the company's life plan communities including third party and investment senior living management services. Rick oversees the communities' senior living management teams, health care group, national sales, new business development and life plan community development teams. Rick serves on the board of managers for Life Care Companies LLC, the board of directors for LCS Holdings, Inc., executive leadership and senior living management teams. Rick is also a trustee for the company's 401(k) benefits program as well as serving on the board of trustees for Simpson College. He holds dual bachelor's degrees: one in business administration from Simpson College

and one in health care administration from Oklahoma Baptist University. He is a graduate of the Executive Institute at The University of North Carolina at Chapel Hill.

Ms. Jill Sorenson is the Senior VP/Senior Director of Life Plan Communities for Life Care Services LLC and provides oversight over a portfolio of communities from her Florida location. Jill has been with Life Care Services since 1982. After spending 15 years at the LCS corporate office working in the areas of accounting, IT liaison, and corporate resource manager, Jill was promoted to Administrator and eventually Executive Director of a continuing care community in San Diego, California. She was promoted to Director of Operations Management in 2007, to Vice President in 2010, and to Senior Vice President/Senior Director of Life Plan Communities in 2012. Jill holds an MBA from the University of Phoenix and a Bachelor's Degree in Business Administration from Simpson College. She also served as a CARF/CCAC site evaluator from 2000-2007. She has presented at various industry conferences on a state and national level on a variety of topics affecting the senior living industry.

Mr. Jason Victor is Vice President/Controller, Treasurer and a Manager of Life Care Services. Jason joined the organization in 2007 and currently has responsibility for the organization's Corporate Accounting, Treasury and Tax functions. He oversees all aspects of general accounting, cash management, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax, and financial management systems. Jason started his career with Ernst & Young and later spent 9 years in various finance positions with Praxair, a Fortune 500 organization. He earned his undergraduate degree in Accounting from the University of Northern Iowa and currently holds an active CPA license in the state of Iowa. Jason also serves on the board of directors of Hexagon Insurance Company, Ltd.

Management of Croasdaile Village is performed by Life Care Services under contract with UMRH. Life Care Services' responsibilities include: recruiting and employing the corporate executive director; supervising the licensing, equipping, and staffing of Croasdaile Village; preparing annual budgets; establishing and operating a system of financial controls for Croasdaile Village, including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by Croasdaile Village.

No managing member of Life Care Services (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) 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, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

Life Care Services is not financially responsible for the contractual obligations or other obligations of UMRH. The Board of Trustees of UMRH retains the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of Croasdaile Village.



## **CROASDAILE VILLAGE**

Croasdaile Village is located on Croasdaile Farm Parkway in Durham, North Carolina on 110 acres of land. It is a continuing care retirement community designed to accommodate persons 62 years of age or older in a dignified manner. Currently, Croasdaile Village has 325 apartments, 135 cottages, 30 licensed assisted living units , and 110 licensed skilled nursing beds in The Pavilion. As of September 30, 2019, there were 721 residents residing at Croasdaile Village.

Presently, the types of residences available include: studio/alcove apartments, one and two-bedroom apartments, duplex cottages, and free-standing homes. All of the residences are equipped with safety features such as grab rails in the bathtub and a personal emergency transmitter system.

Assisted living services are offered in the licensed assisted living portion of Croasdaile Village for an assisted living fee. Services include assistance with the activities of daily living, such as ambulation, bathing, dressing, eating, personal hygiene, toileting, and the supervision or administration of medications.

The Croasdaile Village health center, known as The Pavilion, offers intermediate care and skilled nursing care and is licensed by the North Carolina Division of Health Services Regulation. The Pavilion is also Medicare and Medicaid certified.

Each continuing care resident at Croasdaile Village is entitled to receive a total of six (6) days of assisted living or nursing care at The Pavilion at no additional charge, except for the charges for physician services and ancillary health services and supplies. Such six (6) days renews on an annual basis and does not accumulate. After the six (6) days of care each year, the services in assisted living and in The Pavilion are available for the assisted living fee or the per diem charge.

In addition to the primary intent of Croasdaile Village, which is to assure the residents of continuing care throughout their retirement years, Croasdaile Village is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons building provides areas for dining and meetings without detracting from the homelike environment of Croasdaile Village. Some of the amenities that residents can enjoy include: a central dining room, a private dining room, a casual dining area, a multi-purpose room, an exercise room, a health clinic, a physical and occupational therapy area, card rooms, a library, a bank, a mail area, an arts and crafts studio, a gift shop, a living room, and a swimming pool.

## **SMOKE-FREE CAMPUS**

Croasdaile Village is a "smoke-free" campus. Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Croasdaile Village campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the residences, Assisted Living, The Pavilion, hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other

common areas. Smoking is only permitted at the designated area. Violation of the Smoke-Free Campus Policy can result in cancellation of the Residency Agreement for just cause.

## **FACILITY DEVELOPMENT/EXPANSION**

The UMRH Board of Trustees authorized a new expansion of the Croasdaile Village campus, which includes adding 58 new residential units which are complete and occupied, 36 assisted living units from a mix of new and renovation of existing which is projected to start to occupy in April 2020, and various common area improvements. The common area improvements include new dining options, natatorium, auditorium, wellness suite, and open space improvements. The final component of the project is scheduled to complete in the summer of 2020.

Croasdaile Village obtained an actuarial report from Milliman, an independent actuarial and consulting firm. The report was issued on April 8, 2016, and a copy was provided to the North Carolina Department of Insurance as part of Croasdaile Village's application for a start-up certificate. Milliman states "our population projections indicate that there is sufficient capacity in the SNF for Croasdaile Village to meet its contractual obligation to provide necessary nursing care to its residents." Croasdaile Village obtained an updated population projection from Milliman on September 14, 2018. The updated population projection reflects the same conclusion as the prior actuarial report; a confirmation of capacity to meet the contractual obligations.

UMRH has received Certificate of Need (CON) approval from the North Carolina Department of Health and Human Services for the 38 proposed additional assisted living beds. Following the renovation of the existing Assisted Living building, the total assisted living beds on the campus will be 64. Further, a Notice of Intent to Expand the CCRC campus was submitted to the North Carolina Department of Insurance (the "Department") in August 2015, and was acknowledged by the Department on September 15, 2015, allowing UMRH to enter into non-binding reservation agreements for the new residential units. UMRH submitted the Step 2 application and received the start-up certificate approval dated September 22, 2016. UMRH submitted the Step 3 application and received approval on November 6, 2017 allowing vertical construction of all facilities. UMRH submitted the Step 4 application and received approval on August 29, 2018 allowing the expansion to open to residents. There have been twenty-two (22) move-ins as of January 2019 into the expansion project.

The financing for the expansion was completed through a combination of tax exempt bonds including publically offered fixed rate bonds and privately placed bank debt. The loans closed on December 6, 2017. The expansion Sources and Uses are enclosed as Attachment 8.

The UMRH Board of Trustees is contemplating a demolition of Heritage Hall with construction of IL units in its place. The decision will be made after determining the demand for the units which will be reflected by the number of sales.

## **THE PROPOSAL**

1. Criteria for Resident Acceptance and Continued Acceptance. Residency Agreements are subject to acceptance by UMRH. At the time of the execution of a Residency Agreement, the

resident must be 62 years of age or older, capable of living in a residence (with or without reasonable accommodation or reasonable modification), and have sufficient financial resources to pay the Entrance Fee, Monthly Fee, and any extra charges incurred as defined in the Residency Agreement.

UMRH uses the FINAID system to financially evaluate a prospective resident's net worth and monthly income. FINAID projects income for prospective residents based on their financial assets and income sources, and compares this revenue to projected expenses such as monthly fees, personal expenses, and income taxes. Generally, a prospective resident should have a minimum net worth equal to three (3) times the amount of the Entrance Fee (prior to payment of the Entrance Fee). Generally, a prospective resident should have a minimum monthly income range of two times the Monthly Fee (including second person fees when applicable) in effect at the time of residency. Although the asset and income tests listed above are appropriate tests for financial wherewithal, the FINAID software program will be used for all applicants to measure financial qualification.

An inquiry will be made of all prospective residents regarding the prospective resident's ability to live in a residence, with or without reasonable accommodation or reasonable modification. To determine whether a prospective resident meets the health guidelines, the following information will be gathered: (1) insurance and health information will be obtained on a Confidential Data Application and Resident Health Information Form – to be completed by the prospective resident; (2) a Memory Health Assessment will be administered by the Community; and (3) a Health Information Form will be completed by the prospective resident's physician.

After executing a Residency Agreement but prior to occupancy, UMRH can cancel the Residency Agreement if the resident does not pay his or her Entrance Fee; for non-acceptance based on the residency criteria listed above; or if the resident is unable to occupy the residence because of illness, injury or incapacity.

If the resident encounters financial difficulties after residency at Croasdaile Village and is unable to pay the total Monthly Fee or the fees for care in Assisted Living or The Pavilion, these charges may be deferred as long as the resident has met all "spend-down" provisions of eligibility for the Medicaid program (if applicable) and any public assistance funds. Financial assistance is not available to a resident if he/she impaired his/her ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. A resident will be permitted to remain at Croasdaile Village for reduced fees based on his/her ability to pay for as long as the resident establishes facts to justify the deferment. Financial assistance is only available if it does not impair UMRH's ability to operate Croasdaile Village on a sound financial basis for the benefit of all residents.

UMRH has the right to cancel the resident's residency (i) if the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants, rules, regulations or policies; or (ii) if the resident misrepresented himself/herself during the residency process; or (iii) for nonpayment of fees or charges; or (iv) if it is determined the resident's health status or behavior constitutes a substantial threat to the health or safety of the resident or others, including refusal to consent to relocation, or behavior that would result in physical damage to the property of others or Croasdaile Village; or (v) if the resident's physical or mental condition cannot be cared for in Assisted Living or The Pavilion within the limits of their licenses.

2. Residency Agreement. At the time the resident makes application for residency at Croasdaile Village, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to UMRH. The balance of the Entrance Fee is due upon the earlier of the date the resident occupies Croasdaile Village or within 90 days after the resident executes the Residency Agreement. The resident will also pay a non-refundable Application Fee. The Application Fee will be used by UMRH to process resident's application for residency.

Croasdaile Village offers various types of Residency Agreements for the residential living portion of Croasdaile Village: a 90 Percent Return of Capital Plan; a 50 Percent Return of Capital Plan; and a Standard Plan. The difference between these types of Plans is the amount of the Entrance Fee paid and the amount of the refund a resident (or resident's estate) is entitled to after a resident assumes occupancy at Croasdaile Village as described in Paragraph 3.5 below.

3. Reimbursement of the Entrance Fee.

3.1 Nonacceptance. If the resident is not accepted for residency at Croasdaile Village, the full amount of the Entrance Fee paid by the resident will be promptly refunded, without interest. If the resident's spouse or second person does not meet the requirements for residency, said person may be admitted directly into Assisted Living or The Pavilion as long as accommodations are available and such person qualifies for the care available in those facilities. He/she will pay the full assisted living fee, and Pavilion per diem charge for such care.

3.2 Right of Rescission. In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within thirty (30) days following the later of (i) his/her execution of the Residency Agreement; or (ii) the receipt of a Disclosure Statement. The resident is not required to move into Croasdaile Village before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the full amount of the Entrance Fee paid by the resident will be refunded, without interest, within sixty (60) days of receipt of the written notice of rescission.

3.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity or a Substantial Change in Physical, Mental or Financial Condition. If the resident dies before occupying the residence at Croasdaile Village or if, on account of illness, injury or incapacity, a resident is unable to occupy the residence at Croasdaile Village, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in resident's physical, mental or financial condition. In all of these events of cancellation prior to occupancy, the resident or resident's estate will receive a refund of the Entrance Fee paid, without interest, less any costs specifically incurred by Croasdaile Village at the resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.

3.4 Cancellation Prior to Occupancy for Other Reasons. If the resident cancels the Residency Agreement prior to occupancy, but after the right of rescission period, for reasons other than those state in Paragraph 3.3 above, the resident will receive a refund of the

Entrance Fee paid, without interest, less a non-refundable portion of the Entrance Fee equal to \$2,000 and less any costs specifically incurred by Croasdaile Village at resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.

3.5 Cancellation After Occupancy. In the event the Residency Agreement is canceled after occupancy or in the event of resident's death after occupancy, refund of the Entrance Fee will be as follows:

3.5.1 90 Percent Return of Capital Residency Agreement: Under the 90 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to five (5) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than ninety percent (90%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.2 50 Percent Return of Capital Residency Agreement: Under the 50 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to twenty-five (25) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than fifty percent (50%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.3 Standard Residency Agreement: Under the Standard Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.4 Residential Living with Personal Services Residency Agreement: Under the Residential Living with Personal Services Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

to \$2,000 and less any costs specifically incurred by Croasdaile Village at resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.

3.5 Cancellation After Occupancy. In the event the Residency Agreement is canceled after occupancy or in the event of resident's death after occupancy, refund of the Entrance Fee will be as follows:

3.5.1 90 Percent Return of Capital Residency Agreement: Under the 90 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to five (5) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than ninety percent (90%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.2 50 Percent Return of Capital Residency Agreement: Under the 50 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to twenty-five (25) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than fifty percent (50%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.3 Standard Residency Agreement: Under the Standard Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.4 Residential Living with Personal Services Residency Agreement: Under the Residential Living with Personal Services Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.6 Cancellation Upon Death. In the event of death of the resident at any time after occupancy, the Residency Agreement shall cancel and the refund of the Entrance Fee paid by the resident will be as outlined in Paragraph 3.5 above.

3.7 Cancellation by UMRH. Upon thirty (30) days written notice to the resident and/or his or her legal representative, UMRH may cancel the Residency Agreement at any time on the following grounds, which shall be determined by UMRH in its sole discretion:

- Resident does not comply with the terms of the Residency Agreement or Croasdaile Village's procedures, covenants, rules or policies; or
- Resident misrepresents himself or fails to disclose information during the residency process; or
- Resident fails to make payment to UMRH of any fees or charges due UMRH within sixty (60) days of the date when due; or
- Resident's health status or behavior constitutes a substantial threat to the health or safety of resident, other residents, or others, including Resident's refusal to consent to relocation, or would result in physical damage to the property of Croasdaile Village or others; or
- Resident's physical or mental condition cannot be cared for in the Croasdaile Village Health Center within the limits of Croasdaile Village's license.

Cancellation by UMRH occurs only as a last resort, after it becomes clear to UMRH that cancellation is necessary, and after the resident and/or the resident's legal representative/responsible party has an opportunity to be heard. Any refund of the Entrance Fee would be computed on the same basis as stated in Paragraph 3.5 above.

4. Payment of a Monthly Fee. The resident is required to pay a Monthly Fee to Croasdaile Village upon receipt of a statement and by no later than the fifteenth (15<sup>th</sup>) day of each month. If there are two residents, a second person Monthly Fee will also be paid. The Monthly Fees are paid to provide the services and amenities described in the Residency Agreement and to meet the expenses associated with the operation of Croasdaile Village. UMRH may increase the Monthly Fee upon thirty (30) days written notice to the residents if UMRH deems it necessary in order to meet the financial needs of Croasdaile Village and to provide the services to the residents.

5. Health Care Services. Each resident is eligible to receive a total of six (6) days each year of either assisted living care or nursing care in The Pavilion while a resident of his/her residence. If there are two residents under a Residency agreement, each resident will receive six (6) days, but the days cannot be combined and used by only one resident. Such six (6) days renews on an annual basis and does not accumulate. While utilizing the six (6) days, the resident will be required to continue to pay the Monthly Fee for his/her residence, as well as any charges for physician services and ancillary health services and supplies. Once a resident is permanently relocated to Assisted Living or to The Pavilion, he/she no longer qualifies for the six (6) free days of assisted living or nursing care and will be required to pay the assisted living fee or the per diem charge for such care. [NOTE: The six (6) days of care is a combined total for assisted living care and nursing care at Croasdaile Village.]

6. Relocation/Moves. UMRH reserves the right to relocate a resident to a different residence or a higher level of care after consultation with the resident, resident's family and attending

physician if it is determined that such a move should be made for the benefit of the resident or for the proper operation of Croasdaile Village or to meet the requirements of law.

7. Provisions for New Second Resident. No person other than the resident may occupy the residence without UMRH's prior written approval. If a second person, who is not a party to the Residency Agreement, wishes to become a resident of Croasdaile Village, that person's acceptance will be in accordance with the current residency policy. An Entrance Fee as determined by Croasdaile Village will be paid upon residency. In addition, each month the then-current Monthly Fee for second persons will be paid. If the second person does not meet the requirements for residency, he or she will not be permitted to occupy the residence for more than thirty (30) days, except with UMRH's written approval.

8. Provisions for Resident Marrying Resident. Should the resident marry a person who is also a resident of Croasdaile Village and should they decide to occupy one residence, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence will be as described in Paragraph 3.5 above. Each month, the then-current Monthly Fee for second persons shall be paid.

9. Insurance. The Residency Agreement requires that the resident maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage acceptable to UMRH. It is also recommended that residents carry personal property insurance and liability insurance.

10. Financial Assistance. Financial assistance may be available to existing continuing care residents who live at Croasdaile Village under a continuing care residency agreement. The resident cannot impair his/her ability to meet his/her financial obligations by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance as outlined in the Residency Agreement. A resident must have met all "spend-down" provisions established in UMRH's Benevolence Policy. The Pavilion at Croasdaile Village is Medicaid certified. The resident must agree to apply for public assistance funds (if available) and/or Medicaid, depending on the level of care required by the resident. Financial assistance funds are available as long as providing financial assistance does not impair UMRH's ability to operate Croasdaile Village on a sound financial basis for the benefit of all residents.

UMRH does not offer financial assistance to those residents who are admitted directly to Assisted Living or The Pavilion (skilled nursing) as private pay residents. Private pay residents are individuals who did not execute a continuing care residency agreement for residential living.

11. Tax Deductions. In accordance with the Internal Revenue Code of 1954, Section 213 and Revenue Rulings (67-185, 68-625, 76-481, 75-302, 75-303, and 93-72) and a Private Letter Ruling (8213102), residents of Croasdaile Village may be entitled to an itemized deduction for medical expenses for that portion of the Monthly Fees and Entrance Fees, which represents medical care in the year paid. The tax regulations do not specifically provide a formal method for computing what this portion is; however, IRS Letter Ruling 8213102 indicates a method of calculating a medical expense percentage by using the ratio of medical expenses to all expenses of the Community. Currently, this methodology is in use, but may be subject to change. Each year,



the Community distributes a letter to residents describing the recommended medical expense percentages for tax purposes.

All deductions are, of course, subject to limitations imposed by the Internal Revenue Code. Residents are encouraged to consult with a qualified tax advisor before taking any tax deductions.

## **THE SERVICES**

1. The following services are provided for the Monthly Fee to the residents of the residential living apartments, cottages and homes of Croasdaile Village:

- One meal per day;
- Flexible Meal Program that new residents will automatically be enrolled in and is optional for current residents;
- Studio apartment residents receive three meals per day;
- Limited tray service to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Basic cable television package;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Availability of laundry facilities so that resident can wash and dry personal laundry;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities, except some studio apartments only contain a refrigerator and a microwave;
- Local transportation as scheduled by us and as posted;
- Limited additional storage space;
- Personal emergency transmitter system;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days of assisted living or nursing care in the Village Health Center.

2. The following services are available for an extra charge to the residents of the residential living apartments, cottages and homes of Croasdaile Village:

- The dining room is available for three (3) meals per day with the second and third meals at additional charge;
- Extended tray service as approved by authorized staff;

- Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by resident's attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Guest meals;
- Private catered functions;
- Personal transportation and transportation for special events and group trips;
- Expanded cable television package;
- Services of the Clinic – a copy of the charges for Clinic services can be obtained from the Clinic;
- Home care services through the Croasdaile Village Home Care Program;
- Assisted living services or nursing care services through the Village Health Center; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies).

3. Assisted living services are available in the Assisted Living building and skilled nursing services are available in The Pavilion, which is staffed by licensed nursing personnel 24 hours a day. If the resident occupies Assisted Living or The Pavilion, the resident will be required to enter into a separate admission agreement for the applicable level of care. These separate admission agreements will outline in detail the services available in those levels of care. The resident's continuing care Residency Agreement will continue to stay in effect unless it is canceled by the Resident or by UMRH as outlined in the Residency Agreement. Services provided in Assisted Living and The Pavilion are governed by the North Carolina Division of Health Service Regulation.

4. The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an extra charge to the resident.

## **FEES**

1. The fee requirements for residential living in an apartment, cottage or home at Croasdaile Village are as follows:

A. Application Fee. Non-refundable application fee of \$200 for an individual or \$300 for a couple is required to be paid at the time of application.

B. Entrance Fee. Payment of an Entrance Fee assures a resident a place in the Community for life as long as the resident complies with the Residency Agreement. At the time the resident makes application for residency at the Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid upon the earlier of (i)

occupancy or (ii) 90 days after the Residency Agreement is executed. For residents who enter Residency Agreements for a villa or cottage to be constructed, the balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 30 days from the date the resident is notified that the residence is ready for occupancy. The amount of the Entrance Fee is determined by single or double occupancy and the size and type of the residence reserved. A schedule of Entrance Fees can be found later in this Disclosure Statement and includes proposed Entrance Fees for the expansion. Additional information regarding payment terms and Entrance Fee refunds can be found in Sections 2 and 3 of The Proposal section of this Disclosure Statement.

C. Monthly Fee. A Monthly Fee for services is required to be paid each month per person. Monthly Fees are determined by single or double occupancy and the size and type of residence reserved. A schedule of current Monthly Fees can be found later in this Disclosure Statement.

Monthly Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
\$115.80	\$141.78	\$162.00	\$116.69	\$108.26

D. Extra Charges. A list of items available for an extra charge, including the fees for such items, is included in this Disclosure Statement as Attachment 7. The list can also be obtained from the Village's Business Office and the Village's Marketing Office.

2. Assisted Living Fees. The Entrance Fee requirements for direct admission to Assisted Living at Croasdaile Village have been established at \$24,003. There is a non-refundable application fee of \$200 per individual. The per diem charge for assisted living care is \$279 for medical assisted living and \$279 for cognitive impairment.

Assisted Living Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
\$9.00	\$10.00	\$10.00	\$9.00	\$9.00

3. Health Care Fees. The per diem charges for nursing care in The Pavilion at Croasdaile Village are:

Skilled Nursing Care	
Semi-Private Room	\$345
Private Room	\$385

Health Care Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
\$12.50	\$13.00	\$13.50	\$11.50	\$12.00

4. Adjustment of Fees. UMRH may adjust the Monthly Fee as determined by the Board of Trustees in order to maintain the desired quality of service and to operate Croasdaile Village on a fiscally sound basis. UMRH shall provide the resident with thirty (30) days' written notice in advance of any change in the Monthly Fees.

5. Discount to Former MRC Residents. In order to honor existing contracts with residents from Methodist Retirement Community ("MRC"), UMRH charges a discounted monthly fee to a group of MRC residents who moved from MRC to Croasdaile Village. For the year ended September 30, 2019, approximately \$20,436 of discounted services were provided to former MRC residents. It is expected the amount of discounted monthly fees will decline in future years due to attrition of members of this group. UMRH applied the proceeds from the sale of MRC towards the redemption of a portion of the Series A Bonds on March 1, 2001, thus reducing UMRH's long-term debt and interest expenses related to Croasdaile Village.

**STANDARD ENTRANCE FEES  
FOR  
APARTMENTS, COTTAGES, HOMES**

	<b>10/14 through 09/15</b>	<b>10/15 through 09/16</b>	<b>10/16 through 09/17</b>	<b>10/17 through 09/18</b>	<b>10/18 through 09/19</b>	<b>10/19 through 09/20</b>
<b>Apartments</b>						
Studio	\$52,673	\$53,725	\$54,800	\$55,896	\$57,014	\$58,154
Alcove	64,906	66,204	67,528	68,879	70,257	71,662
1 Bdrm Standard	113,506	115,772	118,087	120,449	122,858	125,315
1 Bdrm Traditional	120,824	123,240	125,705	128,219	130,783	133,399
1 Bdrm Deluxe	141,698	144,528	147,419	150,367	153,374	156,441
1 Bdrm w/ Den	155,565	158,672	161,846	165,083	168,385	171,753
1 Bdrm Grande	151,501	154,527	157,618	160,770	163,985	167,265
2 Bdrm Traditional	172,941	176,398	179,926	183,525	187,196	190,940
2 Bdrm Standard	164,189	167,471	170,820	174,236	177,721	181,275
2 Bdrm Conventional	179,658	183,251	186,916	190,654	194,467	198,356
2 Bdrm Deluxe	186,456	190,184	193,988	197,868	201,825	205,862
2 Bdrm w/ Den	218,918	223,291	227,757	232,312	236,958	241,697
2 Bdrm Grande	207,305	211,451	215,680	219,994	224,394	228,882
2 Bdrm Grande II	223,049	227,508	232,058	236,699	241,433	246,262
2 Bdrm Executive	245,881	250,799	255,815	260,931	266,150	271,473
2 Bdrm Terrace Gr. A	260,656	265,867	271,184**	276,608	282,140	287,783
2 Bdrm Terrace Gr. B	268,138	273,498	278,968**	284,547	290,238	296,043
<b>Duplex Cottages</b>						
Appletree*	197,314	201,259	205,284	209,390	213,578	217,850
Beechwood*	221,529	225,956	230,475	235,085	239,787	244,583
Cottonwood*	243,199	248,063	253,024	258,084	263,246	268,511
Dogwood*	260,666	265,877	271,195	276,619	282,151	287,794
Elmwood*	293,082	298,943	304,922	311,020	317,240	323,585
Fernwood*	232,504	237,153	241,896	270,083	251,669	256,702
Greenwood*	263,502	268,771	274,146	305,016	285,222	290,926
Heartwood*	314,752	321,045	327,466	364,455	340,695	347,509
<b>Free-Standing Homes</b>						
Beechwood*	236,462	241,187	246,011	250,931	255,950	261,069
Cottonwood*	266,266	271,589	277,021	282,561	288,212	293,976
Dogwood*	286,691	292,421	298,269	304,234	310,319	316,525
Elmwood*	314,752	321,045	327,466	334,015	340,695	347,509
<b>Expansion Cottages</b>						
Fernwood	--	--	--	--	270,083	275,485

Greenwood				--	305,016	311,116
Heartwood					364,455	371,744
<b>Expansion Villas</b>						
Aspen					258,132	263,295
Birch					267,509	272,859
Maple					304,437	310,526
Oak					335,236	341,941
<b>Second Person</b>	\$7,481	\$7,631	7,784	\$7,940	\$8,099	\$8,261

\*Entrance Fee is base price. Premiums add additional charges.

\*\*Currently not available.

The Standard Entrance Fee amortizes by two percent (2%) each month for fifty (50) months.

For a fifty percent (50%) refundable fee, multiply the Standard Entrance Fee times 1.4. The Fifty Percent (50%) Refundable Plan amortizes by two percent (2%) each month for the first twenty-five (25) months and does not reduce thereafter.

For a ninety percent (90%) refundable fee, multiply the Standard Entrance Fee times 1.8. The Ninety Percent (90%) Refundable Plan amortizes by two percent (2%) each month for the first five (5) months and does not reduce thereafter.

**MONTHLY FEES  
FOR  
APARTMENTS, COTTAGES, HOMES**

	<b>10/14 through 09/15</b>	<b>10/15 through 09/16</b>	<b>10/16 through 09/17</b>	<b>10/17 through 09/18</b>	<b>10/18 through 09/19</b>	<b>10/19 through 09/20</b>
<b>Apartments</b>						
Studio	\$1,670	\$1,732	1,801	\$1,873	\$1,936	\$2,004
Alcove	2,051	2,128	2,213	2,302	2,379	2,462
1 Bdrm Standard	2,496	2,591	2,695	2,803	2,897	2,998
1 Bdrm Traditional	2,552	2,649	2,755	2,865	2,961	3,065
1 Bdrm Deluxe	2,603	2,702	2,810	2,922	3,020	3,126
1 Bdrm w/ Den	2,699	2,801	2,914	3,031	3,133	3,243
1 Bdrm Grande	2,741	2,845	2,959	3,077	3,180	3,291
2 Bdrm Traditional	2,845	2,953	3,071	3,194	3,301	3,417
2 Bdrm Standard	2,886	2,995	3,116	3,241	3,350	3,467
2 Bdrm Conventional	3,102	3,219	3,349	3,483	3,600	3,726
2 Bdrm Deluxe	3,145	3,265	3,396	3,532	3,650	3,778
2 Bdrm w/ Den	3,407	3,536	3,677	3,824	3,952	4,090
2 Bdrm Grande	3,404	3,532	3,673	3,820	3,948	4,086
2 Bdrm Grande II	3,664	3,802	3,955	4,113	4,251	4,440
2 Bdrm Executive	3,697	3,836	3,990	4,150	4,289	4,439
2 Bdrm Terrace Gr. A	3,773	3,915	4,073	4,236	4,378	4,531
2 Bdrm Terrace Gr. B	3,773	3,915	4,073	4,236	4,378	4,531
<b>Duplex Cottages</b>						
Appletree	3,260	3,383	3,519	3,660	3,783	3,915
Beechwood	3,321	3,446	3,585	3,728	3,853	3,988
Cottonwood	3,404	3,532	3,674	3,821	3,949	4,087
Dogwood	3,503	3,635	3,781	3,932	4,064	4,206
Elmwood	3,716	3,856	4,011	4,171	4,311	4,462
Fernwood	3,561	3,695	3,844	3,998	4,132	4,277
Greenwood	3,577	3,713	3,862	4,016	4,151	4,296
Heartwood	3,791	3,935	4,092	4,256	4,399	4,553
<b>Free-Standing Homes</b>						
Beechwood	3,532	3,665	3,813	3,966	4,099	4,242
Cottonwood	3,609	3,745	3,896	4,052	4,188	4,335
Dogwood	3,713	3,854	4,008	4,168	4,308	4,459
Elmwood	3,816	3,961	4,119	4,284	4,428	4,583
<b>Expansion Cottages</b>						
Fernwood	--	--	--	--	3,916	4,053

Greenwood	--	--	--	--	4,062	4,204
Heartwood	--	--	--	--	4,198	4,345
<b>Expansion Villas</b>						
Aspen	--	--	--	--	3,647	3,775
Birch	--	--	--	--	3,822	3,956
Maple	--	--	--	--	3,934	4,072
Oak	--	--	--	--	4,030	4,171
<b>Second Person</b>	1,055	1,095	1,139	1,185	1,225	1,268

## FINANCIAL INFORMATION

1. Financial Statements. UMRH operates on a fiscal year ending September 30. The financial position of UMRH is represented by the independent auditors' report prepared by Dixon Hughes Goodman LLP. The audited financial statements for UMRH present the consolidated operations for Croasdaile Village, Cypress Glen and Wesley Pines. The independent auditors' report for the fiscal year ending September 30, 2019 for UMRH is reproduced in its entirety and is attached to this Disclosure Statement as Attachment 1.

2. Forecasted Financial Statements. Forecasted financial statements for the next five years are included as part of this Disclosure Statement as Attachment 2. These forecasted financial statements present the consolidated operations for Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Croasdaile Village.

3. Interim Unaudited Financial Statements. Interim unaudited financial statements are included as part of this Disclosure Statement as Attachment 3. These statements present the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Croasdaile Village.

4. Explanations of Material Differences. Explanations of the material differences for the Balance Sheet, Statement of Operations, and Statement of Cash Flows for the fiscal year 2019 and the actual results for the fiscal year 2019 are included as part of this Disclosure Statement as Attachment 4.

5. Reserves. In accordance with Section 58-64-33 of the North Carolina General Statutes, UMRH is required to maintain an operating reserve for Croasdaile Village equal to 25 percent of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. Based on the operating reserve calculation submitted to the Department of Insurance, UMRH meets the operating reserve requirement for Croasdaile Village.

6. Financing. See Notes 7 and 8 of the UMRH audited financial statements for information on long-term debt and financing.



## RESERVES AND INVESTMENTS

1. Reserve Requirement. In accordance with Section 58-64-33, North Carolina General Statutes, UMRH is required to maintain \$8,150,017 in an operating reserve for Croasdaile Village. UMRH meets the operating reserve requirement for Croasdaile Village, and management believes that UMRH will continue to possess sufficient reserves to satisfy the operating reserve requirement based on the financial forecasts.

2. Financial Assistance Funds. UMRH attempts to provide benevolent care funds to those individuals who have exhausted their resources. The funds are in the amounts necessary to make up the difference between the financial resources of the individual and the Monthly Fees for the occupancy of a unit. Some of the benevolence is covered through apportionments from the North Carolina Annual Conference of The United Methodist Church, Southeastern Jurisdiction; benevolent care endowments; The United Methodist Retirement Homes Foundation; special offerings conducted by local churches; and individual gifts. Persons receiving benevolent care funds must be residents who have entered the Community under a continuing care residency agreement for residential living and must have met all "spend-down" provisions established in the UMRH Benevolence Policy. UMRH does not offer benevolent care funds to those residents who are admitted directly to Assisted Living or The Pavilion (skilled nursing) as private pay residents. Private pay residents are individuals who did not execute continuing care residency agreement for residential living. The resident must agree to apply for public assistance funds and/or Medicaid, depending on the level of care required by the resident. Benevolent care funds are available as long as providing such funds does not impair UMRH's ability to operate the Community on a sound financial basis for the benefit of all residents.

The Marketing, Occupancy, and Benevolence Committee of the Board of Trustees reviews each benevolence application, provides a recommendation to the Board of Trustees, monitors the availability of benevolent funds, and projects potential future demands on benevolent funds.

3. Investments. Investment decisions are made by the Finance Committee of the Board of Trustees of UMRH. Committee members include: Lee Harris, Michael Hardin, John Link, Paul Lee, Artie Rogers, and Tom Steele. Funds are invested in accordance with UMRH's Investment Policy in the following investment portfolios:

(a) *United Methodist Retirement Homes Trust Fund #1. Investment Goal –* Maintain principal values with adequate liquidity for debt/cash ratio.

(b) *United Methodist Retirement Home Reserve Fund. Investment Goal –* This Fund includes assets that may be managed for long-term capital growth with a moderate level of income.

A copy of the Investment Policy is available to residents upon request.

## OTHER MATERIAL INFORMATION

As of the date of this Disclosure Statement, there is no material litigation pending against Croasdaile Village.

The Community is proposing replacement of the Heritage Hall building based on sales. The UMRH Board of Trustees will not move forward with building demolition until sales confirm a substantial demand for the construction of new IL units.

### **AGREEMENTS WITH RESIDENTS**

Copies of the current Residency Agreements (listed below) for Croasdaile Village are attached to this Disclosure Statement as Attachment 5:

- Standard Residency Agreement (for existing residences);
- Standard Residency Agreement (for cottages and villas to be constructed)

These agreements are in compliance with the pertinent specifications of Section 58-64-25 of the North Carolina General Statutes. UMRH reserves the right to offer to new prospective residents alternative forms of Residency Agreements from time to time.

**ATTACHMENT 1**

**Audited Financial Statements**  
**of**  
**The United Methodist**  
**Retirement Homes, Incorporated**  
**(Includes Consolidated Operations of**  
**Croasdaile Village, Cypress Glen**  
**and Wesley Pines)**

# **The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**

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**Consolidated Financial Statements and  
Supplemental Schedules**

**Years Ended September 30, 2019 and 2018**

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## **Independent Auditors' Report**

Board of Trustees of  
The United Methodist Retirement Homes, Incorporated,  
its Affiliate, and Subsidiary

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

We have audited the accompanying consolidated financial statements of The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of operations, and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making 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.

### ***Opinion***

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

***Emphasis of Matter – New Accounting Pronouncements***

As discussed in Note 1 to the consolidated financial statements, during the year ended September 30, 2019, the Company implemented the provisions of Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified in respect to these matters.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 27 - 28 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 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.

*Dixon Hughes Goodman LLP*

**Raleigh, North Carolina**  
**January 27, 2020**

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Consolidated Balance Sheets**  
**September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 9,216,568	\$ 1,974,056
Contributions receivable, current portion	158,853	144,314
Investments	66,918,383	64,417,206
Assets limited as to use, current portion	1,768,520	1,930,588
Accounts receivable, net of allowance for uncollectible accounts of approximately \$312,000 and \$405,000 in 2019 and 2018, respectively	3,101,260	2,521,774
Other receivables	1,954,138	2,580,952
Inventories	149,874	120,403
Prepaid expenses and other current assets	<u>905,082</u>	<u>1,009,988</u>
 Total current assets	 <u>84,172,678</u>	 <u>74,699,281</u>
Non-current assets:		
Assets limited as to use, net of current portion	57,058,895	83,173,596
Investments - restricted	6,224,533	5,661,990
Assets held for resale	214,547	213,802
Property and equipment, net	186,332,270	164,137,763
Trusts receivable	142,210	191,354
Contributions receivable, net of current portion	116,213	153,637
Deferred marketing costs, net	135,636	-
Interest rate swap agreement	<u>-</u>	<u>243,412</u>
 Total non-current assets	 <u>250,224,304</u>	 <u>253,775,554</u>
 Total assets	 <u><u>\$ 334,396,982</u></u>	 <u><u>\$ 328,474,835</u></u>

See accompanying notes to the consolidated financial statements.



**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Consolidated Balance Sheets**  
**September 30, 2019 and 2018**

**(Continued)**

	<u>2019</u>	<u>2018</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Annuity payable, current portion	\$ 104,501	\$ 83,783
Bonds payable, current portion	4,095,000	3,075,000
Accounts payable	4,993,139	5,569,331
Accrued salaries and related expenses	2,474,367	2,228,387
Accrued interest payable	2,824,797	2,848,189
Total current liabilities	<u>14,491,804</u>	<u>13,804,690</u>
Long-term liabilities:		
Annuity payable, less current portion	626,010	303,475
Bonds payable, less current portion	149,358,876	169,506,514
Liability to other foundations	7,610	8,843
Liability for refundable advance fees	13,593,336	10,650,267
Deferred revenue from non-refundable advance fees	71,157,955	56,298,961
Due to related parties	-	67,748
Funds held for others	93,754	234,068
Interest rate swap agreement	218,782	-
Total long-term liabilities	<u>235,056,323</u>	<u>237,069,876</u>
Total liabilities	<u>249,548,127</u>	<u>250,874,566</u>
Net assets:		
Without donor restrictions	74,998,978	68,660,681
With donor restrictions	9,849,877	8,939,588
Total net assets	<u>84,848,855</u>	<u>77,600,269</u>
Total liabilities and net assets	<u>\$ 334,396,982</u>	<u>\$ 328,474,835</u>

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Unrestricted revenues, gains and other support:		
Net resident and patient service revenue	\$ 61,162,341	\$ 56,541,413
Amortization of advance fees	7,810,813	7,477,741
Net assets released from restrictions	108,202	359,162
Other	35,149	32,928
Interest and dividend income	3,589,216	2,234,654
	<b>72,705,721</b>	<b>66,645,898</b>
Expenses:		
Nursing services	16,187,701	15,446,066
Dietary and food services	9,308,570	8,763,960
Administration	10,038,058	9,407,364
Plant operations, maintenance and security	6,175,302	5,794,000
Laundry and housekeeping	3,402,533	3,046,703
Resident services - activities	2,632,632	2,421,014
Home care	3,462,735	3,107,542
Interest	3,423,362	3,447,263
Depreciation and amortization	10,776,582	9,582,399
Bad debt expense	220,150	272,863
	<b>65,627,625</b>	<b>61,289,174</b>
Operating income	<b>7,078,096</b>	<b>5,356,724</b>
Non-operating gains (losses):		
Interest and dividend income	-	18,422
Net investment gains, realized	668,855	379
Net investment gains, unrealized	97,720	488,431
Loss on disposal of property and equipment	(243,047)	(337,915)
Contributions	86,837	29,134
Loss on extinguishment of debt	-	(1,356,603)
Construction related marketing costs	(790,718)	-
Change in fair value of interest rate swap agreement	(462,194)	468,599
Other	(114,128)	(104,865)
	<b>(756,675)</b>	<b>(794,418)</b>
Excess of revenues, gains and other support over expenses	<b>6,321,421</b>	<b>4,562,306</b>
Net assets released from restrictions for purchase of property and equipment	<b>16,876</b>	<b>178,343</b>
Change in net assets without donor restrictions	<b>\$ 6,338,297</b>	<b>\$ 4,740,649</b>

See accompanying notes to the consolidated financial statements.

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2019 and 2018**

**(Continued)**

	<b>2019</b>	<b>2018</b>
Change in net assets with donor restrictions:		
Contributions	\$ 1,281,174	\$ 893,558
Interest and dividend income	266,998	164,239
Net investment gains (losses), realized	(29,624)	13,130
Net investment gains (losses), unrealized	(23,930)	327,059
Change in split interest agreement	(436,367)	143,622
Change in value of pledges	(26,239)	208,179
Recovery of bad debt (bad debt expense)	3,355	(22,800)
Net assets released from restrictions	(125,078)	(537,505)
	<b>910,289</b>	<b>1,189,482</b>
Change in net assets	<b>7,248,586</b>	<b>5,930,131</b>
Net assets, beginning of year	<b>77,600,269</b>	<b>71,670,138</b>
Net assets, end of year	<b>\$ 84,848,855</b>	<b>\$ 77,600,269</b>

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,248,586	\$ 5,930,131
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,775,442	9,582,399
Amortization of deferred financing costs	79,015	77,522
Amortization of bond premium	(276,679)	(271,335)
Amortization of deferred marketing costs	1,140	-
Amortization of deferred revenue from advance fees	(7,810,813)	(7,477,741)
Non-refundable entrance fees received	23,418,965	11,511,031
Bad debt expense	220,150	272,863
Loss on disposal of property and equipment	243,047	337,915
Loss on extinguishment of debt	-	1,356,603
Unrealized gains on assets limited as to use	(73,790)	(815,490)
Realized gains on assets limited as to use	(639,231)	(13,509)
Change in fair value of swap agreement	462,194	(468,599)
Net change in:		
Accounts receivable - residents and patients	(799,636)	(32,546)
Accounts receivable - other	1,208,956	(1,830,455)
Trusts receivable	49,144	(6,072)
Contributions receivable	22,885	(185,379)
Due from/to related parties	(67,748)	3,895
Inventories	(29,471)	6,281
Prepaid expenses and other current assets	104,906	(319,794)
Deferred marketing costs	(136,776)	-
Accounts payable	188,189	449,906
Accrued salaries and related expenses	245,980	29,627
Liability to other foundations	(1,233)	356
Accrued interest payable	(23,392)	1,783,036
Funds held for others	(140,314)	127,684
	<u>34,269,516</u>	<u>20,048,329</u>
Net cash provided by operating activities		

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

**(Continued)**

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:		
Purchase of property and equipment	\$ (33,977,377)	\$ (34,851,890)
Net change in investments and assets limited as to use	23,926,070	(63,333,889)
Change in assets held for resale	(745)	(4,318)
Net cash used by investing activities	<u>(10,052,052)</u>	<u>(98,190,097)</u>
Cash flows from financing activities:		
Refunds of deposits and refundable fees	(1,728,952)	(2,360,336)
Refundable entrance fees received	3,340,721	1,544,896
Payments on bonds and note payable	(18,815,000)	(33,133,488)
Deferred costs, net	(114,974)	(1,666,294)
Proceeds from issuance of bonds	-	112,430,907
Net change in annuity obligations	343,253	(109,069)
Net cash provided (used) by financing activities	<u>(16,974,952)</u>	<u>76,706,616</u>
Change in cash	7,242,512	(1,435,152)
Cash, beginning of year	<u>1,974,056</u>	<u>3,409,208</u>
Cash, end of year	<u>\$ 9,216,568</u>	<u>\$ 1,974,056</u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 4,633,273</u>	<u>\$ 3,113,772</u>
Additions of property and equipment included in accounts payable	<u>\$ 2,682,339</u>	<u>\$ 3,446,720</u>

## **Notes to Consolidated Financial Statements**

### **1. Summary of Significant Accounting Policies**

#### ***Organization***

The United Methodist Retirement Homes, Incorporated (“UMRH”) is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Company in Lumberton, North Carolina, Cypress Glen Retirement Community (“Cypress Glen”) in Greenville, North Carolina, and Croasdaile Village in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH’s corporate office is located in Durham, North Carolina.

The United Methodist Retirement Homes Foundation, Inc. (the “Foundation”), an affiliate of UMRH, is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. The Foundation was incorporated under the laws of the State of North Carolina in 1994.

UMRH Affordable Housing Development, LLC (“UMRH-AHD”), a subsidiary of UMRH, is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD.

The consolidated financial statements include the financial statements of UMRH, the Foundation, and UMRH-AHD. All significant intercompany accounts and transactions have been eliminated. UMRH, the Foundation, and UMRH-AHD are collectively referred to as the “Company”.

#### ***Basis of Accounting and Presentation***

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

#### ***Cash***

Short-term investments presented as investments in the consolidated balance sheets are not considered cash equivalents since the Company considers them part of their investing activities. Throughout the year the Company has bank balances which exceed federal depository limits.

#### ***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

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

Assets limited as to use consist of funds held for debt service in accordance with the Company’s bond issues, funds reserved by insurance regulation, construction funds, entrance fee escrow funds and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the

## **The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Notes to Consolidated Financial Statements**

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requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents and other short-term investments.

### ***Fair Value of Financial Instruments***

The carrying amount of cash and cash equivalents approximates its fair value. The fair value of the Company's investments is presented in Note 3 and is based on quoted market prices. The carrying values of accounts receivable, other receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's interest rate swaps is presented in Note 8. The Company's long-term debt approximates the fair values of those obligations.

### ***Accounts Receivable, net***

Accounts receivable is reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to the Company are reported net of allowances for uncollectible accounts. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. In this regard, the Company has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience is an integral part of the estimation process related to determining allowance for uncollectible accounts. In addition, the Company assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment. Revisions in reserve estimates are recorded as an adjustment to accounts receivable. Management believes that its collection and reserve processes, along with the monitoring of its billing processes, help to reduce the risk associated with material revisions to reserve estimates resulting from adverse changes in collection, reimbursement experience and billing functions.

### ***Trusts Receivable***

Trusts receivable represent the present value of irrevocable charitable remainder unitrusts ("CRUTs") and charitable gift annuities ("CGAs"). The assets related to these CRUTs and CGAs will become the property of the designated beneficiaries upon the donor's death. An amount equal to the receivable was recorded as net assets with donor restrictions. Adjustments to the asset to reflect changes in present value are recognized as activity through net assets with donor restrictions.

### ***Assets Held for Resale***

Assets held for resale consist of two gifted properties. One of which is stated at net book value, which approximates fair value.

### ***Property and Equipment***

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Interest is capitalized on facilities during the construction period. Depreciation is provided using the straight-line method over the estimated useful lives of the assets shown below:

Land improvements	15 to 30 years
Buildings and improvements	5 to 40 years
Equipment and fixtures	2 to 25 years

### ***Annuity Payable***

The Foundation acts as trustee for irrevocable charitable remainder unitrusts (CRUTs), charitable gift annuities (CGAs), and charitable remainder annuity trusts ("CRATs"). The assets in these trusts will remain in trust, paying distributions to the donors during their lifetimes, and the remainder assets will become the property of the designated beneficiaries upon the donors' deaths. Such amounts received are recorded as "investments – restricted" on the consolidated balance sheets. These trusts require specified distributions to be made to the trusts' designated beneficiaries over the trusts' terms. The present value of the expected distributions is recorded

## The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Notes to Consolidated Financial Statements

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as annuity obligations. Adjustments to the annuity obligations to reflect amortization of discounts, revaluations of the present value of the estimated future payments and changes in actuarial assumptions are recorded as a change in the value of split-interest agreements.

### ***Funds Held for Others***

This liability represents agency funds held in trust for UMRH residents. The related asset is included in assets limited as to use.

### ***Interest Rate Swaps***

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved. A change in the fair value of the interest rate swap agreements is reported in non-operating gains (losses) in the consolidated statements of operations and changes in net assets.

### ***Liability for Refundable Advance Fees***

Optional entrance fee plans available to residents include a standard rate plan, a 50% refundable plan, 80% refundable plan, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first. The total amount of contractual refund obligations under existing contracts (that is, if all residents with a refundable balance were to have withdrawn) totaled approximately \$44,422,000 and \$29,307,000 at September 30, 2019 and 2018, respectively.

### ***Deferred Revenue from Non-refundable Advance Fees***

Deferred revenue from non-refundable advance fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life of each resident, beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

### ***Net Assets***

Net assets of the Company and changes therein are classified and reported as follows:

***Net Assets without Donor Restrictions*** - Net assets that are not subject to donor-imposed stipulations.

***Net Assets with Donor Restrictions*** - include those net assets subject to donor-imposed stipulations that may or will be met either by action of the Company and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by the Company. Generally, the donors of these assets permit the Company to use all or part of the income earned on related investments for general or specific purposes.

***Net Assets Released from Restrictions*** - The Company reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.



## **The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Notes to Consolidated Financial Statements**

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### ***Net Resident and Patient Service Revenues***

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes 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 years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for the Company have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

### ***Excess of Revenues, Gains and Other Support Over Expenses***

The consolidated statements of operations and changes in net assets includes excess of revenues, gains and other support over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues, gains and other support over expenses, consistent with industry practice, would include unrealized gains and losses on investments other than trading securities, net assets released from restriction for purchase of property and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

### ***Benevolent Assistance and Community Benefits***

The Company currently maintains a benevolent assistance program and policy for residents holding continuing-care residency agreements in the event the resident(s) should become unable to pay for services. The Company reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, the Company may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. The Company may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the Company's ability to operate on a sound financial basis. Since the Company does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in net patient service revenue.

The Company also contributes certain dollars, volunteer hours, healthcare, and housing services to benefit the surrounding community. Total community benefits and charity care were \$7,152,365 for the year ended September 30, 2019 which was made up of \$6,515,173 in unreimbursed healthcare, housing and services and \$637,192 in community benefits.

### ***Continuing-Care Contracts***

The Company enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Company specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Company has the ability to increase fees as deemed necessary. At the end of each fiscal year, the Company calculates the present value of the net cost of future services to be provided to current residents and compares the amount with the deferred revenue from advance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability (obligation for future costs) is recorded. No liability has been recorded as of September 30, 2019 or 2018, because the present value of the estimated net costs of future services and use of facilities is less than

## **The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Notes to Consolidated Financial Statements**

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deferred revenues from advances fees. The present value of the net cost of future services and use of facilities was discounted at 1.71% and 3.12% in 2019 and 2018, respectively.

### ***Concentration of Credit Risk***

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. The Company has significant accounts receivable (approximately 49% and 29% in 2019 and 2018, respectively) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

### ***Use of Estimates***

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

### ***Income Taxes***

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2019.

### ***New Accounting Pronouncements***

#### **Revenue from Contracts with Customers (Topic 606)**

During 2019, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606") under the full retrospective approach applied to certain contracts using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, as we determined that the effect of applying the guidance to our portfolios of contracts within the scope of ASC Topic 606 on our consolidated financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or our performance obligations within that portfolio. The five-step model defined by ASC Topic 606 requires us to: (1) identify our contracts with customers, (2) identify our performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction prices to our performance obligations in those contracts and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. Our adoption of ASC Topic 606 did not result in an adjustment to our net assets.

The promised good or service in the resident agreement is that the Company is standing ready each month to provide a service such that the resident can continue to live in the facility and access the appropriate level of care based on his or her needs. As such, the Company recognizes the non-refundable advanced fees in an equal amount allocated to each month, given the nature of the Company's performance is that of having the various residential, social or health care services available to the resident on a when-and-if needed basis each month for as long as the resident resides in the facility.

## **The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Notes to Consolidated Financial Statements**

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Upon adoption of ASC Topic 606, the Company evaluated costs associated with acquiring life care contracts to determine if they meet the requirements for capitalization under FASB ASC 340-40-25. Under FASB ASC 340-40-25-2, the incremental costs of obtaining a contract are those that a Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

### Presentation of Financial Statements of Not-for-Profit Entities

During 2019, the Company adopted Accounting Standard Update (“ASU”) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU No. 2016-14”). The ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The 2018 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These disclosures have been presented for 2019 as allowed by ASU No. 2016-14. The retrospective application resulted in permanently restricted net assets of \$3,879,304 and temporarily restricted net assets of \$5,060,284 being reported as net assets with donor restrictions and unrestricted net assets of \$68,660,681 being reported as net assets without donor restrictions as of September 30, 2018 in the consolidated balance sheets.

### ***Reclassifications***

Certain reclassifications have been made to the prior periods consolidated financial statement presentation to correspond to the current year’s format. Total net assets and change in net assets are unchanged due to these reclassifications.

### ***Subsequent Events***

The Company evaluated the effect subsequent events would have on the consolidated financial statements through January 27, 2020, which is the date the consolidated financial statements were issued.

## **2. Revenue Recognition**

The Company generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

### Monthly fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
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Advanced fees:

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Health care services:

In the facility, the Company provides assisted and nursing care to residents who are covered by government and commercial payers. The Company is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3<sup>rd</sup> party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

The Company disaggregates its revenue from contracts with customers by payor source, as the Company believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

	<b>September 30, 2019</b>			
	<b>Independent Living</b>	<b>Assisted Living &amp; Memory Care</b>	<b>Skilled Nursing</b>	<b>Total</b>
Private pay	\$ 32,527,218	\$ 8,347,363	\$ 10,196,646	\$ 51,071,227
Government reimbursement	-	72,151	8,189,657	8,261,808
Other third-party payor programs	-	-	1,829,306	1,829,306
Total	<u>\$ 32,527,218</u>	<u>\$ 8,419,514</u>	<u>\$ 20,215,609</u>	<u>\$ 61,162,341</u>

	<b>September 30, 2018</b>			
	<b>Independent Living</b>	<b>Assisted Living &amp; Memory Care</b>	<b>Skilled Nursing</b>	<b>Total</b>
Private pay	\$ 29,295,830	\$ 7,870,911	\$ 9,362,647	\$ 46,529,388
Government reimbursement	-	86,019	8,347,499	8,433,518
Other third-party payor programs	-	-	1,578,507	1,578,507
Total	<u>\$ 29,295,830</u>	<u>\$ 7,956,930</u>	<u>\$ 19,288,653</u>	<u>\$ 56,541,413</u>

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
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**3. Investments**

Aggregate fair values of investments at September 30 are summarized below:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	\$ 1,464,009	\$ 1,704,081
Equity	30,969,577	32,343,415
Fixed income	<u>40,709,330</u>	<u>36,031,700</u>
Total investments	73,142,916	70,079,196
Short-term investments	<u>66,918,383</u>	<u>64,417,206</u>
Investments - restricted	<u>\$ 6,224,533</u>	<u>\$ 5,661,990</u>

A summary of net investment income for the years ended September 30 follows:

	<u>2019</u>	<u>2018</u>
Net realized gains	\$ 639,231	\$ 13,509
Net unrealized gains	<u>73,790</u>	<u>815,490</u>
Net investment income	<u>\$ 713,021</u>	<u>\$ 828,999</u>

**4. Assets Limited as to Use**

The composition of assets limited as to use at September 30 is set forth in the following table:

	<u>2019</u>	<u>2018</u>
Cash funds and money market funds	\$ 39,798,772	\$ 66,135,101
Equity	6,966,915	6,921,251
Fixed income	<u>12,061,728</u>	<u>12,047,832</u>
Total assets limited as to use	<u>\$ 58,827,415</u>	<u>\$ 85,104,184</u>
Construction funds	\$ 27,978,786	\$ 48,396,762
Debt service held by trustees	13,242,075	16,262,481
Insurance regulation	13,169,468	13,169,468
Held for others	93,754	234,068
Entrance Fee Escrow	237,062	3,701,361
Net assets with donor restrictions	<u>4,106,270</u>	<u>3,340,044</u>
Total assets limited as to use	58,827,415	85,104,184
Less current portion required to meet current obligations	<u>(1,768,520)</u>	<u>(1,930,588)</u>
Assets limited as to use, net of current portion	<u>\$ 57,058,895</u>	<u>\$ 83,173,596</u>

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Notes to Consolidated Financial Statements**

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**5. Fair Value of Assets and Liabilities**

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds, exchange-traded funds, and money market funds which are valued based on prices readily available in active markets in which those securities are traded. Level 2 investments include interest rate swap agreements which are valued on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets.

The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2019. There were no changes during 2019 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of September 30, 2019 and 2018.

	<b>September 30, 2019</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Assets:</b>				
Mutual funds	<b>\$ 66,732,025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,732,025</b>
Exchange-traded funds	<b>19,575,949</b>	<b>-</b>	<b>-</b>	<b>19,575,949</b>
Money market funds	<b>42,964,911</b>	<b>-</b>	<b>-</b>	<b>42,964,911</b>
Total assets at fair value	<b><u>\$129,272,885</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$129,272,885</u></b>
<b>Liabilities:</b>				
Interest rate swaps	<b><u>\$ -</u></b>	<b><u>\$ 218,782</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 218,782</u></b>

The Company has \$2,697,446 of cash balances included in investments and assets limited as to use as of September 30, 2019, which are not included in the fair value hierarchy.

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Notes to Consolidated Financial Statements**

	<b>September 30, 2018</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ 65,756,023	\$ -	\$ -	\$ 65,756,023
Exchange-traded funds	16,958,983	-	-	16,958,983
Money market funds	66,867,676	-	-	66,867,676
Interest rate swaps	-	243,412	-	243,412
	<u>-</u>	<u>243,412</u>	<u>-</u>	<u>243,412</u>
Total assets at fair value	<u>\$149,582,682</u>	<u>\$ 243,412</u>	<u>\$ -</u>	<u>\$149,826,094</u>

The Company has \$5,600,698 of cash balances included in investments and assets limited as to use as of September 30, 2018, which are not included in the fair value hierarchy.

## 6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 6,563,698	\$ 6,528,046
Land improvements	18,198,208	12,794,127
Buildings and improvements	222,708,265	189,050,474
Equipment and fixtures	17,252,612	16,249,639
Construction in progress	<u>35,555,281</u>	<u>43,493,213</u>
Total property and equipment	<b>300,278,064</b>	268,115,499
Less accumulated depreciation	<u>(113,945,794)</u>	<u>(103,977,736)</u>
Property and equipment, net	<u>\$ 186,332,270</u>	<u>\$ 164,137,763</u>

Construction in progress includes various projects, the largest of which are two campus expansion projects. The estimated cost to complete the campus expansion projects is approximately \$13,607,000 at September 30, 2019. The Company had depreciation expense of approximately \$10,775,000 and \$9,570,000 for the years ended September 30, 2019 and 2018, respectively.

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**7. Bonds Payable**

Bonds payable consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
First Mortgage Revenue Refunding Bonds, Series 2013A:		
Serial bonds due through October 1, 2022		
yielding between 3.05% and 3.68%	\$ 120,000	\$ 145,000
Term bonds:		
Due October 1, 2033 yielding 4.60%	1,730,000	1,730,000
Due October 1, 2033 yielding 4.56%	6,370,000	6,370,000
First Mortgage Revenue Bonds, Series 2014A:		
Variable rate of 3.35% due October 1, 2024		
See related swap disclosure in Note 8	4,845,000	6,120,000
First Mortgage Revenue Bonds, Series 2014B:		
Variable rate of 3.35% due October 1, 2024		
See related swap disclosure in Note 8	10,040,000	11,815,000
First Mortgage Revenue Bonds, Series 2016A:		
Serial bonds due through October 1, 2026		
yielding between 2.500% to 2.625%	4,845,000	4,845,000
Term bonds:		
Due October 1, 2030 yielding 2.880%	8,250,000	8,250,000
Due October 1, 2030 yielding 3.250%	2,500,000	2,500,000
Due October 1, 2031 yielding 2.950%	3,000,000	3,000,000
Due October 1, 2035 yielding 3.600%	13,390,000	13,390,000
Due October 1, 2035 yielding 3.180%	2,500,000	2,500,000
First Mortgage Revenue and Revenue Refunding Bonds,		
Series 2017A:		
Serial bonds due through October 1, 2047		
yielding between 1.84% and 3.28%	24,760,000	25,415,000
Term Bonds:		
Due October 1, 2037 yielding 3.460%	12,670,000	12,670,000
Due October 1, 2038 yielding 3.830%	2,690,000	2,690,000
Due October 1, 2042 yielding 3.530%	12,155,000	12,155,000
Due October 1, 2047 yielding 3.600%	19,040,000	19,040,000
First Mortgage Revenue Bonds, Series 2017B:		
Term Bonds:		
Due October 1, 2041 yielding 2.65%	16,150,000	16,150,000
Qualified Intermediate Term Debt:		
Paid in 2019, yielding 2.65%	-	15,085,000
Total bonds payable	<u>145,055,000</u>	<u>163,870,000</u>
Less current portion of bonds payable	(4,095,000)	(3,075,000)
Less deferred financing costs, net	(2,615,595)	(2,579,636)
Add unamortized premium	<u>11,014,471</u>	<u>11,291,150</u>
Bonds payable, net of current portion	<u>\$ 149,358,876</u>	<u>\$ 169,506,514</u>



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In April 2013, the Company issued \$8,370,000 of tax-exempt, fixed rate First Mortgage Revenue Refunding Bonds (“2013A Bonds”) through the North Carolina Medical Care Commission. The proceeds of the 2013A Bonds, net of issuance expense and fund amounts deposited into a debt service reserve fund, along with cash reserves held by the Company, were used to refund the Series 2004C Bonds total outstanding debt.

In September 2014, the Company issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds (“2014A Bonds”) through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. The Company entered into an interest rate swap agreement on the Series 2014A Bonds, which is described in Note 8.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B (“2014B Bonds”) in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. The Company entered into an interest rate swap agreement on the Series 2014B Bonds, which is described in Note 8.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A (“2016A Bonds”) in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

In December 2017, the Company issued \$71,970,000 of rated tax-exempt fixed rate Series 2017A Bonds (“2017A Bonds”), consisting of serial and term maturities from October 1, 2018 to October 1, 2047 and \$31,235,000 of tax-exempt direct purchase bank revenue Series 2017B Bonds (“2017 Bonds”) issued by the North Carolina Medical Care Commission and to be purchased by BB&T Community Holdings Co. The 2017B Bonds consist of \$16,150,000 of Series 2017B-1 Bonds to be redeemed by October 1, 2041 and \$15,085,000 of Series 2017B-2 Bonds, to be redeemed in full by October 1, 2020 with initial entrance fee proceeds received from the Project’s new independent living units. The interest rate on the 2017B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 0.988%.

Principal repayments on bonds payable, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows:

2020	\$ 4,095,000
2021	4,345,000
2022	4,540,000
2023	4,720,000
2024	4,910,000
Thereafter	<u>122,445,000</u>
	<u>\$ 145,055,000</u>

All series of bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the bonds that are outlined in the Master Trust indentures. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20.

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The Company incurred deferred financing costs in the amount of approximately \$2,904,000 and \$2,789,000 in association with the issuance of the above Series Bonds. Amortization expense of approximately \$79,000 and \$78,000 was recognized during 2019 and 2018, respectively, to the interest expense line item on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$289,000 and \$210,000 for the years ended September 30, 2019 and 2018, respectively. In conjunction with refunding various Bond Series, approximately \$1,092,000 of deferred financing costs were written off and recognized as loss on extinguishment of debt on the consolidated statements of operations and changes in net assets as of September 30, 2018.

**8. Interest Rate Swap**

Variable rate long-term debt exposes the Company to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

In August 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. The Company pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability in 2019 and a non-current asset in 2018.

In December 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. The Company pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month Libor plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability in 2019 and a non-current asset in 2018.

The following schedule outlines the terms and fair values of the interest rate swap agreement.

	<u>2014A Bond Bank Swap</u>	<u>2014B Bond Bank Swap</u>
Notional amount	\$ 8,955,000	\$ 15,200,000
Trade date	8/25/2014	12/22/2014
Effective date	10/1/2014	10/1/2015
Termination date	10/1/2024	10/1/2024
Fixed rate	2.970%	3.195%
Fair value at September 30, 2017	\$ (42,909)	\$ (182,278)
Unrealized gains	<u>134,084</u>	<u>334,515</u>
Fair value at September 30, 2018	91,175	152,237
Unrealized losses	<u>(130,788)</u>	<u>(331,406)</u>
Fair value at September 30, 2019	<u>\$ (39,613)</u>	<u>\$ (179,169)</u>

By using an interest rate swap to hedge exposure to change in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates.

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The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

### 9. Benevolent Assistance and Other Contractual Adjustments

UMRH maintains records to identify and monitor the level of benevolent assistance it provides. These records include the amount of charges forgone for services and supplies furnished under its benevolent assistance policy. Amounts of benevolent assistance provided based on the cost to provide was approximately \$753,000 and \$572,000 for the years ended September 30, 2019 and 2018, respectively. The benevolent care amount includes approximately \$20,000 for the years ended September 30, 2019 and 2018, of services discounted for former Methodist Retirement Community (“MRC”) residents who were moved to Croasdaile Village upon the closure of MRC.

Additionally, residents in the health center and assisted living levels of care may be eligible to participate in the North Carolina Medicaid or federal Medicare programs. Contractual adjustments represent the difference between UMRH’s standard rates and the rates paid by net third party payors. For the years ended September 30, 2019 and 2018, net patient service revenue was reduced by net third party payor contractual adjustments (primarily Medicaid and Medicare) of approximately \$5,290,000 and \$5,287,000, respectively.

### 10. Retirement Plans

Effective July 1, 2002, UMRH formed a 403(b) defined-contribution pension plan covering substantially all its employees. UMRH matches 50% of eligible employee contributions up to eight percent on employees’ annual compensation. Matching contributions begin on the first payroll of the first calendar quarter after the employee’s hire date. The employees are immediately vested in their contributions. UMRH matching contributions are vested after the twelfth consecutive month period beginning with the first day of the plan year and ending with the last day of the plan year in which the employee is credited with at least 1,000 hours of service. At the end of the plan year, UMRH’s matching contributions are vested on a sliding scale from zero to 100% based on years of vesting service where employees are 100% vested after 5 years. Retirement plan expense amounted to approximately \$368,000 and \$326,000 for the years ended September 30, 2019 and 2018, respectively.

### 11. Net Assets with Donor Restrictions

Net assets at September 30 were available for the following purposes:

	<u>2019</u>	<u>2018</u>
Benevolent care	\$ 1,932,265	\$ 1,718,697
Split interest agreements	317,911	273,760
Use and maintenance of the Cypress Glen facility	1,177,120	1,117,475
Other	2,404,724	1,841,718
Facility operations and maintenance	101,302	95,523
Capital campaign	<u>13,114</u>	<u>13,111</u>
	<u>\$ 5,946,436</u>	<u>\$ 5,060,284</u>

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Net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2019</u>	<u>2018</u>
Benevolent endowment fund	\$ 2,205,551	\$ 2,114,928
Split interest agreements	616,472	675,607
Use and maintenance of the Cypress Glen facility	649,525	649,525
Other	331,202	338,553
Facility operations and maintenance	<u>100,691</u>	<u>100,691</u>
	<u>\$ 3,903,441</u>	<u>\$ 3,879,304</u>
Total net assets with donor restrictions	<u>\$ 9,849,877</u>	<u>\$ 8,939,588</u>

## **12. Commitments and Contingencies**

The Company is involved in litigation in the ordinary course of business related to professional liability claims. Management believes these claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis, with insurance limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

Should the policies not be renewed or replaced with equivalent insurance, claims based on occurrences during their terms but reported subsequently would be uninsured. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

## **13. Contingent Liabilities**

The Company is self-insured for its employee health insurance and records an estimate for claims incurred but unpaid at year end. The estimated liability for these claims approximated \$205,000 and \$181,000 for the years ended September 30, 2019 and 2018, respectively. The liability is included in current liabilities. The total self-insurance expenses were approximately \$3,210,000 and \$2,520,000. The self-insured plan has a stop loss coverage of \$80,000 per individual per plan year (with a \$125,000 cumulative specific stop loss deductible) and has an \$1,000,000 annual aggregate.

## **14. Management Fees**

The Company pays management fees to Life Care Services LLC ("LCS") pursuant to a Client Services Agreement dated January 1, 2018. Under this Agreement, LCS is to: (i) provide a qualified Corporate Executive Director, who is an employee of LCS; (ii) perform general, financial, personnel, facility and other management services necessary for operation of UMRH's corporate office and the operation and marketing of the communities. The term of the Client Services Agreement is five years terminable by UMRH, with six months' notice, at the conclusion of the third anniversary without cause or penalty. The Company recognized management fee expenses of approximately \$2,112,000 and \$1,956,000 for the years ended September 30, 2019 and 2018, respectively which are included in administrative expenses on the consolidated statement of operations and changes in net assets.

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**15. Endowment Funds**

The Company's endowments consist of individual funds established for a variety of purposes including support for residents in financial need, plant operations and maintenance and other general obligations. The endowments consist of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Trustees of the Company has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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 Company classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Company 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 Company 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 Company
- The investment policies of the Company

**Endowment Net Asset Composition by Type of Fund as of September 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ <u>          -</u>	\$ <u>8,915,494</u>	\$ <u>8,915,494</u>

**Changes in Endowment Net Assets for the Year Ended September 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 7,990,221	\$ 7,990,221
Investment gains	-	213,444	213,444
Contributions to principal and transfers, net	-	859,791	859,791
Change in value of pledges	-	(26,239)	(26,239)
Bad debt expense, net	-	3,355	3,355
Releases from restriction	<u>-</u>	<u>(125,078)</u>	<u>(125,078)</u>
Endowment net assets, end of year	\$ <u>          -</u>	\$ <u>8,915,494</u>	\$ <u>8,915,494</u>

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Notes to Consolidated Financial Statements**

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**Endowment Net Asset Composition by Type of Fund as of September 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 7,990,221	\$ 7,990,221

**Changes in Endowment Net Assets for the Year Ended September 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 6,954,361	\$ 6,954,361
Investment gains	-	504,428	504,428
Contributions to principal	-	883,558	8893,558
Change in value of pledges	-	208,179	208,179
Bad debt expense, net	-	(22,800)	(22,800)
Releases from restriction	-	(537,505)	(537,505)
Endowment net assets, end of year	\$ -	\$ 7,990,221	\$ 7,990,221

**Return Objectives and Risk Parameters**

The Company has adopted investment and spending policies for endowment assets that attempt to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. Endowment assets include those assets of donor-restricted funds that the Company must hold in perpetuity.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Company relies on a combination strategy of capital preservation and modest capital growth. The Company targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

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

The Company has a policy of utilizing the interest and dividends earned on these endowments for their restricted purposes. The Company believes the investment policy established will facilitate the growth of these endowed funds and allow for earnings on these endowed funds to be used consistent with the intent of the donors.

**16. Liquidity and Availability**

As part of its liquidity management, the Company has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, the Company invests cash in excess of daily operating funds in short-term investments such as mutual funds, exchange-traded funds, and, money market funds.

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary**  
**Notes to Consolidated Financial Statements**

The following schedule reflects the Company's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months. The Company seeks to maintain sufficient liquid assets to cover 120 days' operating and capital expenses.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

<u>Asset Categories</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,216,568
Contributions receivable, current portion	158,853
Accounts receivable	3,101,260
Other receivables	1,954,138
Investments	<u>66,918,383</u>
	<u>\$ 81,349,202</u>

**17. Schedule of Expenses by Natural Classification and Function**

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2019:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 24,516,264	\$ 4,674,535	\$ 184,531	\$ 29,375,329
Fees for services	5,344,671	1,694,454	44,296	7,083,421
Supplies	4,604,598	153,030	850	4,758,477
Medical and personal care	3,279,884	-	-	3,279,884
Occupancy	2,186,721	17,378	-	2,204,099
Insurance	630,016	55,479	-	685,495
Interest	3,418,789	4,573	-	3,423,362
Depreciation and amortization	10,343,324	433,257	-	10,776,582
Other	<u>2,139,200</u>	<u>1,871,915</u>	<u>29,860</u>	<u>4,040,976</u>
Total expense	<u>\$ 56,463,467</u>	<u>\$ 8,904,621</u>	<u>\$ 259,537</u>	<u>\$ 65,627,625</u>

***Supplementary Information***



**The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary**  
**Consolidating Balance Sheet Information**  
**September 30, 2019**

	Corporate	Wesley Pines	Cypress Glen	Croasdalle Village	Eliminating entries	Total UMRH	UMRH Foundation	Eliminating entries	Obligated Group	UMRH AHD	Consolidated
<b>ASSETS</b>											
<b>Current assets:</b>											
Cash	\$ 9,038,170	\$ 400	\$ 2,175	\$ 551	\$ -	\$ 9,041,296	\$ 88,597	\$ -	\$ 9,129,893	\$ 86,675	\$ 9,216,568
Contributions receivable, current portion	-	36,540	504,743	1,438,350	-	1,979,633	158,853	(1,979,633)	158,853	-	158,853
Investments	79,987,851	-	-	-	(13,069,468)	66,918,383	-	-	66,918,383	-	66,918,383
Assets limited as to use - debt service, current portion	-	-	200,715	1,346,843	-	1,547,558	-	-	1,547,558	-	1,547,558
Assets limited as to use, current portion	91	5,718	209,530	5,323	-	220,662	-	-	220,662	300	220,962
Accounts receivable, net of allowance for uncollectible accounts	-	672,424	240,180	2,188,656	-	3,101,260	-	-	3,101,260	-	3,101,260
Other receivables	76,310	101,034	843,838	932,956	-	1,954,138	-	-	1,954,138	-	1,954,138
Due from related parties	2,175,266	-	28,040,627	62,705,388	(92,775,519)	145,762	-	(145,762)	-	-	-
Inventories	400	25,132	33,538	90,804	-	149,874	-	-	149,874	-	149,874
Prepaid expenses and other current assets	10,636	197,541	216,560	479,875	-	904,612	470	-	905,082	-	905,082
<b>Total current assets</b>	<b>91,288,724</b>	<b>1,038,789</b>	<b>30,291,906</b>	<b>69,188,746</b>	<b>(105,844,987)</b>	<b>85,963,178</b>	<b>247,920</b>	<b>(2,125,395)</b>	<b>84,085,703</b>	<b>86,975</b>	<b>84,172,678</b>
<b>Non-current assets:</b>											
Assets limited as to use - statutory operating reserve	-	2,242,977	3,266,279	7,560,212	-	13,069,468	100,000	-	13,169,468	-	13,169,468
Assets limited as to use - debt service, net of current portion	-	-	1,521,401	38,151,902	-	39,673,303	-	-	39,673,303	-	39,673,303
Assets limited as to use, net of current portion	674,525	-	1,177,120	237,063	-	2,088,708	2,127,416	-	4,216,124	-	4,216,124
Investments - restricted	-	-	-	-	-	-	6,224,533	-	6,224,533	-	6,224,533
Assets held for resale	182,218	32,329	-	-	-	214,547	-	-	214,547	-	214,547
Property and equipment, net	414,261	12,607,539	35,069,441	138,241,029	-	186,332,270	-	-	186,332,270	-	186,332,270
Trusts receivable	-	-	-	-	-	-	142,210	-	142,210	-	142,210
Contributions receivable, net of current portion	-	541,959	1,551,035	2,744,844	-	4,835,838	116,214	(4,835,839)	116,213	-	116,213
Deferred costs, net	-	-	-	135,636	-	135,636	-	-	135,636	-	135,636
<b>Total non-current assets</b>	<b>1,271,004</b>	<b>15,424,804</b>	<b>42,585,276</b>	<b>187,068,686</b>	<b>-</b>	<b>246,349,770</b>	<b>8,710,373</b>	<b>(4,835,839)</b>	<b>250,224,304</b>	<b>-</b>	<b>250,224,304</b>
<b>Total assets</b>	<b>\$ 92,559,728</b>	<b>\$ 16,463,593</b>	<b>\$ 72,877,182</b>	<b>\$ 256,257,432</b>	<b>\$ (105,844,987)</b>	<b>\$ 332,312,948</b>	<b>\$ 8,958,293</b>	<b>\$ (6,961,234)</b>	<b>\$ 334,310,007</b>	<b>\$ 86,975</b>	<b>\$ 334,396,982</b>
<b>LIABILITIES AND NET ASSETS</b>											
<b>Current liabilities:</b>											
Annuity payable, current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,501	\$ -	\$ 104,501	\$ -	\$ 104,501
Bonds payable, current portion	-	79,000	955,000	3,061,000	-	4,095,000	-	-	4,095,000	-	4,095,000
Accounts payable	728,264	287,111	823,562	3,142,199	-	4,981,136	12,003	-	4,993,139	-	4,993,139
Accrued salaries and related expenses	391,739	363,948	688,264	1,030,416	-	2,474,367	-	-	2,474,367	-	2,474,367
Accrued interest payable	-	184,074	330,769	2,309,954	-	2,824,797	-	-	2,824,797	-	2,824,797
Insurance regulation - statutory operating reserve	-	2,242,977	3,266,279	7,560,212	(13,069,468)	-	-	-	-	-	-
Due to related parties	90,746,015	2,029,504	-	-	(92,775,519)	-	-	-	-	-	-
Contributions payable, current portion	-	-	-	-	-	-	1,979,633	(1,979,633)	-	-	-
<b>Total current liabilities</b>	<b>91,866,018</b>	<b>5,186,614</b>	<b>6,063,874</b>	<b>17,103,781</b>	<b>(105,844,987)</b>	<b>14,375,300</b>	<b>2,096,137</b>	<b>(1,979,633)</b>	<b>14,491,804</b>	<b>-</b>	<b>14,491,804</b>
<b>Long-term liabilities:</b>											
Annuity payable, less current portion	-	-	-	-	-	-	626,010	-	626,010	-	626,010
Bonds payable, less current portion	-	8,597,426	15,966,531	124,794,919	-	149,358,876	-	-	149,358,876	-	149,358,876
Liability to other foundations	-	-	-	-	-	-	7,610	-	7,610	-	7,610
Liability for refundable advance fees	-	48,223	5,023,180	8,521,933	-	13,593,336	-	-	13,593,336	-	13,593,336
Deferred revenue from non-refundable advance fees	-	1,874,630	14,924,019	54,359,306	-	71,157,955	-	-	71,157,955	-	71,157,955
Contributions payable, less current portion	-	-	-	-	-	-	4,835,839	(4,835,839)	-	-	-
Due to related parties	-	-	-	-	-	-	145,762	(145,762)	-	-	-
Funds held for others	-	4,403	86,243	3,108	-	93,754	-	-	93,754	-	93,754
Interest rate swap agreement	-	-	26,616	192,166	-	218,782	-	-	218,782	-	218,782
<b>Total long-term liabilities</b>	<b>-</b>	<b>10,524,682</b>	<b>36,026,589</b>	<b>187,871,432</b>	<b>-</b>	<b>234,422,703</b>	<b>5,615,221</b>	<b>(4,981,601)</b>	<b>235,056,323</b>	<b>-</b>	<b>235,056,323</b>
<b>Total liabilities</b>	<b>91,866,018</b>	<b>15,711,296</b>	<b>42,090,463</b>	<b>204,975,213</b>	<b>(105,844,987)</b>	<b>248,798,003</b>	<b>7,711,358</b>	<b>(6,961,234)</b>	<b>249,548,127</b>	<b>-</b>	<b>249,548,127</b>
<b>Net assets:</b>											
Without donor restrictions	19,094	172,482	27,433,178	47,098,808	-	74,723,562	188,741	-	74,912,303	86,675	74,998,978
With donor restrictions	674,616	579,815	3,353,541	4,183,411	-	8,791,383	1,058,194	-	9,849,577	300	9,849,877
<b>Total net assets</b>	<b>693,710</b>	<b>752,297</b>	<b>30,786,719</b>	<b>51,282,219</b>	<b>-</b>	<b>83,514,945</b>	<b>1,246,935</b>	<b>-</b>	<b>84,761,880</b>	<b>86,975</b>	<b>84,848,855</b>
<b>Total liabilities and net assets</b>	<b>\$ 92,559,728</b>	<b>\$ 16,463,593</b>	<b>\$ 72,877,182</b>	<b>\$ 256,257,432</b>	<b>\$ (105,844,987)</b>	<b>\$ 332,312,948</b>	<b>\$ 8,958,293</b>	<b>\$ (6,961,234)</b>	<b>\$ 334,310,007</b>	<b>\$ 86,975</b>	<b>\$ 334,396,982</b>

**The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary**  
**Consolidating Statement of Operations and Changes in Net Assets Information**  
**September 30, 2019**

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Total UMRH	UMRH Foundation	Eliminating entries	Obligated Group	UMRH AHD	Consolidated
Unrestricted revenues, gains and other support:										
Net resident and patient service revenue	\$ -	\$ 7,687,922	\$ 15,628,191	\$ 37,846,228	\$ 61,162,341	\$ -	\$ -	\$ 61,162,341	\$ -	\$ 61,162,341
Amortization of advance fees	-	254,561	2,079,479	5,476,773	7,810,813	-	-	7,810,813	-	7,810,813
Net assets released from restriction	615	17,671	36,488	46,732	101,506	6,696	-	108,202	-	108,202
Other	20,290	311	2,875	11,673	35,149	-	-	35,149	-	35,149
Interest and dividend income	3,269,952	-	34,517	283,073	3,587,542	1,239	-	3,588,781	435	3,589,216
Total unrestricted revenues, gains and other support	3,290,857	7,960,465	17,781,550	43,664,479	72,697,351	7,935	-	72,705,286	435	72,705,721
Expenses:										
Nursing services	-	3,930,772	3,995,894	8,261,035	16,187,701	-	-	16,187,701	-	16,187,701
Dietary and food services	-	1,279,734	2,725,563	5,303,273	9,308,570	-	-	9,308,570	-	9,308,570
Administration	4,604,170	837,563	1,512,629	3,073,930	10,028,292	9,565	-	10,037,857	201	10,038,058
Plant operations, maintenance and security	-	619,550	2,160,050	3,395,702	6,175,302	-	-	6,175,302	-	6,175,302
Laundry and housekeeping	-	454,172	805,485	2,142,876	3,402,533	-	-	3,402,533	-	3,402,533
Resident services - activities	-	121,185	592,236	1,919,211	2,632,632	-	-	2,632,632	-	2,632,632
Home care	-	-	-	3,462,735	3,462,735	-	-	3,462,735	-	3,462,735
Interest	-	362,969	794,865	2,265,528	3,423,362	-	-	3,423,362	-	3,423,362
Depreciation and amortization	242,691	615,601	2,754,831	7,163,459	10,776,582	-	-	10,776,582	-	10,776,582
Bad debt expense	-	104,493	7,939	107,718	220,150	-	-	220,150	-	220,150
Total expenses	4,846,861	8,326,039	15,349,492	37,095,467	65,617,859	9,565	-	65,627,424	201	65,627,625
Operating income (loss)	(1,556,004)	(365,574)	2,432,058	6,569,012	7,079,492	(1,630)	-	7,077,862	234	7,078,096
Non-operating gains (losses):										
Interest and dividend income	-	-	-	-	-	-	-	-	-	-
Net investment gains, realized	668,855	-	-	-	668,855	-	-	668,855	-	668,855
Net investment gains, unrealized	11,400	-	27,512	58,808	97,720	-	-	97,720	-	97,720
Gain (loss) on disposal of property and equipment	4,120	(7,599)	(61,876)	(177,692)	(243,047)	-	-	(243,047)	-	(243,047)
Contributions	13,809	819	275	70,094	84,997	1,840	-	86,837	-	86,837
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Construction related marketing costs	-	-	(47,974)	(742,744)	(790,718)	-	-	(790,718)	-	(790,718)
Change in fair value of interest rate swap agreement	-	-	(87,876)	(374,318)	(462,194)	-	-	(462,194)	-	(462,194)
Other	-	877	(104,939)	(10,066)	(114,128)	-	-	(114,128)	-	(114,128)
Net non-operating gains (losses)	698,184	(5,903)	(274,878)	(1,175,918)	(758,515)	1,840	-	(756,675)	-	(756,675)
Excess of revenues, gains and other support over expenses	(857,820)	(371,477)	2,157,180	5,393,094	6,320,977	210	-	6,321,187	234	6,321,421
Net assets released from restrictions for purchase of property and equipment	-	4,525	2,645	9,706	16,876	-	-	16,876	-	16,876
Change in net assets without donor restrictions	(857,820)	(366,952)	2,159,825	5,402,800	6,337,853	210	-	6,338,063	234	6,338,297
Change in net assets with donor restrictions:										
Contributions	700	23,801	387,120	772,108	1,183,729	97,445	-	1,281,174	-	1,281,174
Interest and dividend income	-	19,893	126,315	84,302	230,510	36,488	-	266,998	-	266,998
Investment income (loss)	-	(4,101)	(26,145)	(15,776)	(46,022)	(7,532)	-	(53,554)	-	(53,554)
Change in split interest agreement	-	(2,574)	(105,057)	(327,027)	(434,658)	(1,709)	-	(436,367)	-	(436,367)
Change in value of pledges	-	-	(5,770)	(20,469)	(26,239)	-	-	(26,239)	-	(26,239)
Recovery of bad debt (bad debt expense)	-	-	600	2,755	3,355	-	-	3,355	-	3,355
Net assets released from donor restriction	(615)	(22,196)	(39,133)	(56,438)	(118,382)	(6,696)	-	(125,078)	-	(125,078)
Change in net assets with donor restrictions	85	14,823	337,930	439,455	792,293	117,996	-	910,289	-	910,289
Change in net assets	(857,735)	(352,129)	2,497,755	5,842,255	7,130,146	118,206	-	7,248,352	234	7,248,586
Net assets, beginning of year	1,551,445	1,104,426	28,288,964	45,439,964	76,384,799	1,128,729	-	77,513,528	86,741	77,600,269
Net assets, end of year	\$ 693,710	\$ 752,297	\$ 30,786,719	\$ 51,282,219	\$ 83,514,945	\$ 1,246,935	\$ -	\$ 84,761,880	\$ 86,975	\$ 84,848,855

## **ATTACHMENT 2**

**Forecasted Financial Statements  
of  
The United Methodist  
Retirement Homes, Incorporated  
Includes**

- **Consolidated Operations of Croasdaile Village, Cypress Glen and Wesley Pines**
- **Individual Operations of Croasdaile Village**

# **The United Methodist Retirement Homes, Incorporated**

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**Projected Financial Statements**

**Years Ending September 30, 2020 through 2024**

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## Independent Accountants' Compilation Report

Board of Trustees of  
The United Methodist Retirement Homes, Incorporated  
Durham, North Carolina

Management is responsible for the accompanying projection of The United Methodist Retirement Homes, Incorporated ("UMRH"), which comprises the projected balance sheets as of September 30, 2020 through 2024, and the projected statements of operations and changes in net assets, and cash flows for the years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a projection established by the American Institute of Certified Public Accountants ("AICPA"). We have performed the 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 projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this projection.

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

The accompanying projections and this report are intended solely for the information and use of UMRH and to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64, they are not intended to be and should not be used by anyone other than these specified parties.

As disclosed in Note 1 to the audited consolidated financial statements for UMRH and Affiliates, accounting principles generally accepted in the United States of America require that the financial statements for affiliates meeting certain criteria be consolidated with the parent organization's financial statements. For purposes of this projection, the financial statements of two affiliates, which should be consolidated with UMRH's financial statements under accounting principles generally accepted in the United States of America, have been excluded from the projected financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the projected financial position, results of operations and cash flows have not been determined.

The accompanying supplementary information on pages 21 - 29 is presented for purposes of additional analysis and is not a required part of the projection. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*Dixon Hughes Goodman LLP*

**Raleigh, North Carolina**  
**February 25, 2020**

**The United Methodist Retirement Homes, Incorporated**  
**Projected Consolidated Balance Sheets**  
**September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 9,875	\$ 24,177	\$ 29,917	\$ 34,811	\$ 41,489
Contributions receivable from UMRH Foundation, current portion	1,980	1,980	760	760	760
Investments	68,289	68,438	70,034	71,569	73,200
Assets limited as to use - debt service, current portion	996	987	978	969	963
Assets limited as to use - future construction, current portion	4,366	4,366	4,366	4,366	4,366
Assets limited as to use - all other, current portion	221	221	221	221	221
Accounts receivable, net	3,249	3,594	3,715	3,841	3,970
Other receivables	2,357	4,866	4,469	4,555	4,653
Due from related parties	146	146	146	146	145
Inventories	149	153	158	163	168
Prepaid expenses and other current assets	957	995	1,024	1,054	1,083
Total current assets	<u>92,585</u>	<u>109,923</u>	<u>115,788</u>	<u>122,455</u>	<u>131,018</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	13,656	15,521	15,989	16,568	17,103
Assets limited as to use - debt service, net of current portion	18,914	4,994	5,001	4,931	4,928
Assets limited as to use - all other, net of current portion	2,116	2,146	1,943	1,974	2,007
	<u>34,686</u>	<u>22,661</u>	<u>22,933</u>	<u>23,473</u>	<u>24,038</u>
Property and equipment, net	199,905	197,922	195,949	194,572	193,890
Other assets:					
Assets held for resale	216	215	216	217	218
Contributions receivable from UMRH Foundation, net of current portion	4,836	4,836	4,836	4,836	4,836
Deferred marketing costs, net	136	136	136	136	136
	<u>5,188</u>	<u>5,187</u>	<u>5,188</u>	<u>5,189</u>	<u>5,190</u>
Total assets	<u>\$ 332,364</u>	<u>\$ 335,693</u>	<u>\$ 339,858</u>	<u>\$ 345,689</u>	<u>\$ 354,136</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities:					
Bonds payable, current portion	\$ 4,345	\$ 4,540	\$ 4,720	\$ 4,910	\$ 5,140
Accounts payable	3,459	3,211	3,324	3,413	3,526
Accrued salaries and related expenses	3,601	4,490	5,262	6,070	7,588
Accrued interest payable	1,343	1,311	1,296	1,283	1,266
Total current liabilities	<u>12,748</u>	<u>13,552</u>	<u>14,602</u>	<u>15,676</u>	<u>17,520</u>
Long-term liabilities:					
Bonds payable, less current portion	144,816	140,070	135,061	129,846	124,200
Liability for refundable advanced fees	14,248	14,584	14,971	15,538	16,243
Deferred revenue for non-refundable advanced fees	70,328	69,252	67,806	66,838	66,492
Fund held for others	93	93	93	93	93
Interest rate swap agreement	219	219	219	219	219
Total long-term liabilities	<u>229,704</u>	<u>224,218</u>	<u>218,150</u>	<u>212,534</u>	<u>207,247</u>
Total liabilities	<u>242,452</u>	<u>237,770</u>	<u>232,752</u>	<u>228,210</u>	<u>224,767</u>
Net assets:					
Net assets without donor restrictions	81,122	89,133	99,536	109,909	121,799
Net assets with donor restrictions	8,790	8,790	7,570	7,570	7,570
Total net assets	<u>89,912</u>	<u>97,923</u>	<u>107,106</u>	<u>117,479</u>	<u>129,369</u>
Total liabilities and net assets	<u>\$ 332,364</u>	<u>\$ 335,693</u>	<u>\$ 339,858</u>	<u>\$ 345,689</u>	<u>\$ 354,136</u>

**The United Methodist Retirement Homes, Incorporated**  
**Projected Consolidated Statements of Operations and Changes in Net Assets**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenue:					
Net resident services, apartments	\$ 31,562	\$ 33,321	\$ 34,591	\$ 35,909	\$ 37,278
Net resident services, health care center	20,540	21,055	21,584	22,132	22,696
Net resident services, assisted living	7,653	11,483	11,905	12,343	12,799
Net resident services, memory care	1,173	1,209	1,245	1,282	1,321
Net resident services, home care	2,918	3,035	3,157	3,283	3,414
Amortization of advanced fees	11,321	10,691	10,884	10,948	11,090
Net assets released from restriction	63	26	26	26	26
Other	35	35	35	35	35
Interest and dividend income	2,002	2,061	2,112	2,163	2,216
Total revenue	<u>77,267</u>	<u>82,916</u>	<u>85,539</u>	<u>88,121</u>	<u>90,875</u>
Expenses:					
Health care center	14,649	15,094	15,551	16,022	16,508
Assisted living	2,272	3,070	3,332	3,458	3,563
Memory care	470	484	498	514	529
Home care	2,671	2,751	2,834	2,919	3,006
Resident services	2,613	2,702	2,784	2,867	2,953
Dietary and food service	10,117	10,638	10,957	11,296	11,646
Housekeeping	3,566	3,813	3,926	4,043	4,164
Laundry	178	183	189	195	200
Plant	6,831	7,344	7,565	7,794	8,027
General and administration	10,933	11,652	12,018	12,306	12,697
Depreciation	11,975	11,186	10,969	10,793	10,538
Interest	4,595	5,988	5,733	5,541	5,154
Total expenses	<u>70,870</u>	<u>74,905</u>	<u>76,356</u>	<u>77,748</u>	<u>78,985</u>
Excess of revenue over expenses	6,397	8,011	9,183	10,373	11,890
Net assets released from donor restrictions for purchase of property and equipment	<u>-</u>	<u>-</u>	<u>1,220</u>	<u>-</u>	<u>-</u>
Change in net assets without donor restrictions	<u>\$ 6,397</u>	<u>\$ 8,011</u>	<u>\$ 10,403</u>	<u>\$ 10,373</u>	<u>\$ 11,890</u>
Change in net assets with donor restrictions Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>(1,220)</u>	<u>-</u>	<u>-</u>
Change in net assets	6,397	8,011	9,183	10,373	11,890
Net assets beginning of year	<u>83,515</u>	<u>89,912</u>	<u>97,923</u>	<u>107,106</u>	<u>117,479</u>
Net assets end of year	<u>\$ 89,912</u>	<u>\$ 97,923</u>	<u>\$ 107,106</u>	<u>\$ 117,479</u>	<u>\$ 129,369</u>



**The United Methodist Retirement Homes, Incorporated**  
**Projected Consolidated Statements of Cash Flows**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating activities:					
Change in net assets	\$ 6,397	\$ 8,011	\$ 9,183	\$ 10,373	\$ 11,890
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	11,975	11,186	10,969	10,793	10,538
Amortization of deferred financing costs	82	85	106	110	160
Amortization of bond premium	(280)	(291)	(395)	(415)	(666)
Amortization of advanced fees	(11,321)	(10,691)	(10,884)	(10,948)	(11,090)
Non-refundable entrance fees received	11,822	16,632	15,940	16,289	16,671
Bad debt expense	148	247	255	264	271
Net change in:					
Accounts receivable - residents and patients	(295)	(592)	(376)	(390)	(400)
Accounts receivable - other	(403)	(2,509)	397	(86)	(98)
Investments	(1,957)	(2,014)	(2,064)	(2,114)	(2,167)
Contributions receivable/(payable)	-	-	1,220	-	-
Due to/from related parties	-	-	1	(1)	-
Inventories	1	(4)	(5)	(5)	(5)
Prepaid expenses and other current assets	(51)	(38)	(29)	(30)	(29)
Accounts payable	(1,522)	(247)	111	91	115
Accrued salaries and related expenses	1,125	889	772	808	1,518
Accrued interest payable	(1,482)	(32)	(15)	(13)	(17)
Net cash provided by operating activities	<u>14,239</u>	<u>20,632</u>	<u>25,186</u>	<u>24,726</u>	<u>26,691</u>
Investing activities:					
Purchase of property and equipment	(25,547)	(9,203)	(8,996)	(9,416)	(9,856)
Assets limited as to use	16,918	13,898	206	47	(24)
Change in assets held for resale	(2)	1	(1)	(1)	(1)
Net cash provided by (used in) investing activities	<u>(8,631)</u>	<u>4,696</u>	<u>(8,791)</u>	<u>(9,370)</u>	<u>(9,881)</u>
Financing activities:					
Refunds of deposits and refundable fees	(1,824)	(8,631)	(7,830)	(7,486)	(7,005)
Refundable entrance fees received	1,145	1,950	1,715	1,744	1,783
Payments on bonds and note payable	(4,095)	(4,345)	(4,540)	(4,720)	(4,910)
Net cash used in financing activities	<u>(4,774)</u>	<u>(11,026)</u>	<u>(10,655)</u>	<u>(10,462)</u>	<u>(10,132)</u>
Change in cash	834	14,302	5,740	4,894	6,678
Cash, beginning of year	<u>9,041</u>	<u>9,875</u>	<u>24,177</u>	<u>29,917</u>	<u>34,811</u>
Cash, end of year	<u>\$ 9,875</u>	<u>\$ 24,177</u>	<u>\$ 29,917</u>	<u>\$ 34,811</u>	<u>\$ 41,489</u>

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

### **1. Nature of Business**

The United Methodist Retirement Homes, Incorporated (“UMRH”) is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community in Lumberton, North Carolina, Croasdaile Village Retirement Community in Durham, North Carolina, and Cypress Glen Retirement Community in Greenville, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH’s corporate office is located in Durham, North Carolina.

The financial projection presents, to the best of management’s knowledge and belief, the expected financial position, results of operations, and cash flows for the projection period of UMRH, excluding its two affiliates UMRH Affordable Housing Development, LLC (“UMRH-AHD”) and The United Methodist Retirement Homes Foundation, Inc. (the “Foundation”). UMRH-AHD is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD. The Foundation is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. Accordingly, this projection reflects management’s judgment as of February 25, 2020, the date of completion of this projection, of the expected conditions and its course of action.

The assumptions disclosed herein are those that management believes are significant to the projected statements. UMRH recognizes that there will be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

### ***Hypothetical Assumptions***

Even if the hypothetical assumptions stated below were to occur, there will usually be differences between the projection and actual results, because, events and circumstances frequently do not occur as expected, and those differences may be material. Management has prepared its financial projection assuming the following hypothetical assumptions which have been in place from the start of the project and are anticipated to be in place until the conclusion of the project:

Croasdaile Village Retirement Community:

- Addition of 58 independent living and 34 assisted living units of Croasdaile Village in Durham, North Carolina in two phases occurring in the estimated time as reflected in this projection;
- Construction, development, marketing and other related costs for the Projects occur in the estimated time and at estimated costs of approximately \$75,000,000 to be completed over a period from 2017 to 2020 as reflected in this projection;
- Obtained a combination of tax-exempt public market fixed rate debt with interest rates ranging from 3.0% - 5.0% and bank placed variable rate debt at an overall assumed interest rate of 3.0% of approximately \$103,205,000 consisting of: \$15,085,000 short term bank debt to be retired by initial entrance fees from the expansion project; \$16,150,000 long term bank debt; \$49,485,000 long term tax-exempt bonds; and \$22,485,000 refunding of existing debt. Loan covenants will be established at a time commensurate with the issuance of the offering memorandum for the bonds;
- The 58 independent living and 34 assisted living units will be successfully marketed and occupied starting in the year ending 2019 and 2021, respectively;

**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

- Adequate demand for services will exist to support the assumed occupancy of the 58 independent living and 34 assisted living units;
- All revenues and expenses will be recognized in accordance with accounting principles generally accepted in the United States of America.

Cypress Glen Retirement Community:

- Addition of 18 independent living units at Cypress Glen in Greenville, North Carolina occurring in the estimated time as reflected in this projection.
- Construction, development, marketing and other related costs for the Project occurs in the estimated time and at estimated costs of approximately \$7,400,000 to be completed over a period from 2017 to 2021 as reflected in this projection.
- Funding will be provided by UMRH. There will be no debt added to the community.
- The 18 independent living units will be successfully marketed and occupied starting in the year 2019 to 2020.
- Adequate demand for services exists to support the assumed occupancy of the 18 independent living units.
- All revenues and expenses will be recognized in accordance with accounting principles generally accepted in the United States of America.

The following table summarizes the type, number, approximate square footages, entrance fees and monthly fees for the New Cypress Glen independent living units effective as of October 1, 2019.

<b>Cypress Glen Independent Living Configuration</b>							
Independent Living Unit Type	Unit Count	Square Footage	Entrance Fees				Monthly Fee <sup>(1)(2)</sup>
			Standard Plan <sup>(1)(2)</sup>	50% Refund Plan <sup>(1)(2)</sup>	80% Refund Plan <sup>(1)(2)</sup>	90% Refund Plan <sup>(1)(2)</sup>	
<i>Villas:</i>							
Hawthorn Villa	4	1,530	\$221,850	\$310,590	\$377,145	\$427,061	\$3,856
Magnolia Villa	5	1,708	\$247,660	\$346,724	\$421,022	\$476,746	\$4,236
Oak Villa	2	1,865	\$270,425	\$378,595	\$459,723	\$520,568	\$4,569
<b>Total Villas</b>	<b>11</b>	<b>1,672</b>	<b>\$242,414</b>	<b>\$339,379</b>	<b>\$412,103</b>	<b>\$466,646</b>	<b>\$4,158</b>
<i>Cottages:</i>							
Hawthorn Cottage	4	1,530	\$237,150	\$332,010	\$403,155	\$456,514	\$3,856
Oak Cottage	3	1,890	\$292,950	\$410,130	\$498,015	\$563,929	\$4,631
<b>Total Cottages</b>	<b>7</b>	<b>1,684</b>	<b>\$261,064</b>	<b>\$365,490</b>	<b>\$443,809</b>	<b>\$502,549</b>	<b>\$4,188</b>
<b>Total/Wtd Averages</b>	<b>18</b>	<b>1,677</b>	<b>\$249,667</b>	<b>\$349,533</b>	<b>\$424,433</b>	<b>\$480,609</b>	<b>\$4,170</b>

Source: Management

(1) Fees are effective October 1, 2019.

(2) The second person Monthly Fee for all Entrance Fee plans is \$1,129. The second person Entrance Fee for the New Cypress Glen Independent Living Units is \$9,099 for the Standard Plan, \$12,739 for the 50% Refund Plan, \$15,468 for the 80% Refund Plan, and \$17,516 for the 90% Refund Plan.

A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur but is consistent with the purpose of the presentation.

## **The United Methodist Retirement Homes, Incorporated**

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

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

## **2. Description of the Croasdaile Village Retirement Community**

UMRH owns and operates Croasdaile Village, a North Carolina licensed continuing care retirement community that includes 402 independent living units, 30 assisted living units, and 110 nursing beds located in Durham, North Carolina (the "Community"). The Community offers a fee-for-service or "Type C" contract in which residents transferring through the continuum of care receive priority access into the health care services on campus. Entrance fees for the independent living units are offered under a non-refundable or "Standard Plan," a 50 percent refundable ("50% Return of Capital Plan") or a 90 percent refundable ("90% Return of Capital Plan").

The refundability of entrance fees under the plans are as follows:

- Standard Plan entrance fees decreases at 2% per month for 50 months;
- 50% Return of Capital Plan entrance fees decrease at 2% per month for 25 months; and
- 90% Return of Capital Plan entrance fees decrease at 2% per month for 5 months.

**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

The following table summarizes the type, number, approximate square footages, entrance fees (“Entrance Fees”) and monthly fees (“Monthly Fees”) of the Community’s Independent Living Units effective as of October 1, 2019.

<b>The Community – Independent Living Units</b>						
Independent Living Unit Type	Unit Count	Square Footage	Entrance Fees			Monthly Fee <sup>(1)(2)</sup>
			Standard Plan <sup>(1)(2)</sup>	50% Refund Plan <sup>(1)(2)</sup>	90% Refund Plan <sup>(1)(2)</sup>	
<i>Apartments:</i>						
Studio	18	400	\$58,154	\$81,416	\$104,678	\$2,004
Alcove	9	490	\$71,662	\$100,327	\$128,992	\$2,462
1 Bedroom Standard	27	770-840	\$125,315	\$175,441	\$225,567	\$2,998
1 Bedroom Traditional	6	850	\$133,399	\$186,758	\$240,118	\$3,065
1 Bedroom Deluxe	27	920	\$156,441	\$219,018	\$281,595	\$3,126
1 Bedroom w. Den	9	950	\$171,753	\$240,454	\$309,155	\$3,243
1 Bedroom Grande	9	965	\$167,265	\$234,171	\$301,076	\$3,291
2 Bedroom Traditional	6	1060	\$190,940	\$267,316	\$343,692	\$3,417
2 Bedroom Standard	45	1110-1190	\$181,275	\$253,786	\$326,296	\$3,467
2 Bedroom Conventional	15	1175	\$198,356	\$277,699	\$357,041	\$3,726
2 Bedroom Deluxe	40	1285	\$205,862	\$288,206	\$370,551	\$3,778
2 Bedroom w. Den	12	1350	\$241,697	\$338,376	\$435,055	\$4,090
2 Bedroom Grande	9	1350	\$228,882	\$320,435	\$411,987	\$4,086
2 Bedroom Grande II	6	1450	\$246,262	\$344,766	\$443,271	\$4,400
2 Bedroom Executive	5	1600	\$271,473	\$380,062	\$488,651	\$4,439
2 Bedroom Terrace A	1	1800	\$287,783	\$402,896	\$518,009	\$4,531
2 Bedroom Terrace N	1	1865	\$296,043	\$414,460	\$532,887	\$4,531
<b>Total Apartments</b>	<b>245</b>	<b>1,037</b>	<b>\$171,603</b>	<b>\$240,244</b>	<b>\$308,855</b>	<b>\$3,379</b>
<i>Heritage Hall<sup>(3)(4)</sup></i>						
Alcoves	48	485 – 565	\$24,003 – 28,884	–	–	\$4,842
1 Bedroom	8	650	\$28,884	–	–	\$4,842
<b>Total Apartments</b>	<b>56</b>	<b>545</b>	<b>\$26,792</b>	<b>–</b>	<b>–</b>	<b>\$4,842</b>
<i>Duplexes:</i>						
Appletree/Duplex	9	1310	\$217,850	\$304,989	\$392,129	\$3,915
Beechwood/Duplex	20	1510	\$244,583	\$342,416	\$440,249	\$3,988
Cottonwood/Duplex	9	1640	\$268,511	\$375,915	\$483,320	\$4,087
Dogwood/Duplex	5	1810	\$287,794	\$402,912	\$518,029	\$4,206
Elmwood/Duplex	1	1940	\$323,585	\$453,019	\$582,453	\$4,462
Fernwood/Duplex	12	1500	\$256,702	\$359,383	\$462,064	\$4,277
Greenwood/Duplex	10	1700	\$290,926	\$407,297	\$523,668	\$4,296
Heartwood/Duplex	8	1900	\$347,509	\$486,512	\$625,516	\$4,553
<b>Total Duplex Cottages</b>	<b>74</b>	<b>1,594</b>	<b>\$267,584</b>	<b>\$374,618</b>	<b>\$481,651</b>	<b>\$4,162</b>
<i>Free-Standing Homes:</i>						
Beechwood/Home	9	1,510	\$261,069	\$365,497	\$469,924	\$4,242
Cottonwood/Home	3	1,640	\$293,976	\$411,567	\$529,157	\$4,335
Dogwood/Home	8	1,810	\$316,525	\$443,136	\$569,746	\$4,459
Elmwood/Home	7	1,940	\$347,509	\$486,512	\$625,516	\$4,583
<b>Total Homes</b>	<b>27</b>	<b>1,725</b>	<b>\$303,567</b>	<b>\$424,994</b>	<b>\$546,421</b>	<b>\$4,405</b>
<b>Total/Wtd Averages<sup>(5)</sup></b>	<b>402</b>	<b>1,207</b>	<b>\$218,009</b>	<b>\$305,212</b>	<b>\$392,416</b>	<b>\$3,698</b>

**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

Source: Management

- (1) Fees are effective October 1, 2019.
- (2) The second person Entrance Fee for the Homestead ILUs, the Croasdaile Duplexes and the Croasdaile Homes is \$8,261, \$11,565 and \$15,283 for the standard, 50% Refund and 90% Refund plans, respectively. The second person Monthly Fee is \$1,268 for all plans.
- (3) The second person Entrance Fee is \$7,824 and the second person Monthly Fee is \$1,710 for the Heritage ILUs.
- (4) The Monthly Fee for the Heritage ILUs includes utilities – electricity, water, heat, air conditioning, cable hook-up, wireless internet; three meals per day; weekly housekeeping; maintenance of the building, grounds and common areas and amenities; participation in programs, activities and religious services of choice; transportation to all medical appointments as well as scheduled transportation; emergency call system; access to continuing levels of care for long-term health care.
- (5) The weighted averages exclude the pricing for the Heritage ILUs.

The following table summarizes the unit types, approximate square footage and the daily fees (“Daily Fees”) for the Memory Support Units and Nursing Beds at the Community.

<b>The Community – Assisted Living</b>				
	<b>Number of Units</b>	<b>Square Footage</b>	<b>Entrance Fee<sup>(1)</sup></b>	<b>Daily Fees<sup>(1)</sup></b>
<i>Assisted Living:</i>				
Assisted Living	30	168	\$24,483	\$279
<b>Total Assisted Living Units</b>	<b>30</b>	<b>168</b>	<b>\$24,483</b>	<b>\$279</b>
<i>Nursing Beds:</i>				
Private	72	156 – 187	N/A	\$386
Semi-Private	38	220 – 264	N/A	\$345
<b>Total Nursing Beds</b>	<b>110</b>	<b>196</b>		<b>\$372</b>

Source: Management

- (1) Fees are effective October 1, 2019.

### **3. Description of the Project**

UMRH is currently completing a multi-phased expansion and repositioning project (the “Project”) at Croasdaile Village to include the following:

*Independent Living Unit Expansion:* Management is to construct 24 new independent living duplex units and 34 new independent living cottage units (collectively defined as the “New Croasdaile ILUs”).

*Assisted Living Repositioning:* Through replacement construction and renovation of existing spaces, Management is to remove from service the 30 Existing Croasdaile Assisted Living Units and create 64 replacement assisted living units (the “Repositioned Croasdaile ALUs”).

*Common Area Expansion and Renovation:* Management is to complete renovations and expansions to the common areas of the Community. Renovated common areas include the kitchen, dining space and clinic. The new common and administrative areas include: auditorium, wellness and aquatic

**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

center, spa and salon, physical and occupational therapy suite, maintenance building and outdoor recreation space. In addition, the main entrance to the Community is to be redesigned.

The Existing Croasdaile ILUs and the New Croasdaile ILUs are collectively referred to as the “Croasdaile ILUs”.

The following table summarizes the type, number, approximate square footages, Entrance Fees Monthly Fees for the New Croasdaile ILUs effective as of October 1, 2019.

<b>Croasdaile New Independent Living Configuration</b>						
<b>Independent Living Unit Type</b>	<b>Unit Count</b>	<b>Square Footage</b>	<b>Entrance Fees</b>			<b>Monthly Fee<sup>(1)(2)</sup></b>
			<b>Standard Plan<sup>(1)(2)</sup></b>	<b>50% Refund Plan<sup>(1)(2)</sup></b>	<b>90% Refund Plan<sup>(1)(2)</sup></b>	
<i>Park Homes:</i>						
Aspen	4	1,404	\$271,556	\$380,178	\$488,800	\$5,043
Birch	4	1,455	\$281,120	\$393,568	\$506,016	\$5,224
Maple	8	1,675	\$318,787	\$446,301	\$573,816	\$5,340
Oak	8	1,877	\$350,202	\$490,282	\$630,363	\$5,439
<b>Total Duplex Cottages</b>	<b>24</b>	<b>1,661</b>	<b>\$280,097</b>	<b>\$392,135</b>	<b>\$504,174</b>	<b>\$4,715</b>
<i>Duplexes:</i>						
Fernwood II Duplex	11	1,469	\$283,746	\$397,244	\$510,742	\$5,321
Greenwood II Duplex	15	1,659	\$319,377	\$447,128	\$57,879	\$5,472
Heartwood II Duplex	8	1,938	\$380,005	\$532,007	\$684,009	\$5,613
<b>Total Homes</b>	<b>34</b>	<b>1,663</b>	<b>\$405,626</b>	<b>\$567,876</b>	<b>\$730,127</b>	<b>\$6,871</b>
<b>Total/Wtd Averages</b>	<b>58</b>	<b>1,662</b>	<b>\$353,683</b>	<b>\$495,156</b>	<b>\$636,629</b>	<b>\$5,979</b>

Source: Management

(1) Fees are effective October 1, 2019.

(2) The second person Monthly Fee for all Entrance Fee plans is \$1,268. The second person Entrance Fee for the New Croasdaile ILUs is \$8,261 for the Standard Plan, \$11,565 for the 50% Refund Plan and \$15,283 for the 90% Refund Plan.

The following table summarizes the unit types, approximate square footages and Daily Rates for the Repositioned Croasdaile ALUs.

<b>Repositioned Croasdaile ALUs – Unit/Bed Configuration</b>		
	<b>Number of Units</b>	<b>Daily Fee<sup>(1)</sup></b>
<i>Converted Assisted Living Units:</i>		
Semi-Private Rooms	4	\$279
One Bedroom	60	\$279
<b>Total/Weighted Average</b>	<b>64</b>	<b>\$279</b>

Source: Management

(1) Fees are effective October 1, 2019.

**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

**4. Summary of Significant Assumptions**

The following table presents the assumed Entrance Fees received and Entrance Fees refunded.

<b>Entrance Fees Receipts and Refunds</b>					
<b>(In Thousands)</b>					
	<b>For the Year Ending September 30,</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Number of Entrance Fees Received (Attrition)					
<i>Croasdaile Village</i>	22.00	55.92	56.15	56.33	56.55
<i>Cypress Glen</i>	31.00	43.43	34.03	33.82	33.76
<i>Wesley Pines</i>	4.0	1.0	1.0	1.0	1.0
<i>Total number of Entrance Fees received</i>	57.00	100.35	91.18	91.15	91.31
Entrance Fees Received (Attrition)					
<i>Croasdaile Village</i>	\$4,775	\$12,116	\$12,408	\$12,693	\$12,996
<i>Cypress Glen</i>	\$3,418	\$6,221	\$4,975	\$5,043	\$5,136
<i>Wesley Pines</i>	\$411	\$113	\$115	\$118	\$120
<i>Entrance Fees received (Attrition)</i>	\$ 8,603	\$18,450	\$17,498	\$17,854	\$18,252
Total Entrance Fees Received (all)	\$12,967	\$18,582	\$17,655	\$18,033	\$18,454
Total Entrance Fees Refunded	\$(1,824)	\$(8,631)	\$(7,830)	\$(7,486)	\$(7,005)
<b>Entrance Fees Received, Net of Refunds</b>	<b>\$11,143</b>	<b>\$9,951</b>	<b>\$9,825</b>	<b>\$10,547</b>	<b>\$11,449</b>

Source: Management

Entrance fees for the Croasdaile and Cypress Glen ILUs and are assumed to increase 2.0 percent, and Wesley Pines ILUs are assumed to remain consistent during the forecast period.

The following table summarizes the historical and projected utilization of the Existing Croasdaile ILUs and the New Croasdaile ILUs.



**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

<b>Utilization of the Croasdaile Independent Living Units</b>							
<b>Fiscal Year</b>	<b>Existing Croasdaile ILUs</b>			<b>New Croasdaile ILUs</b>			<b>Total</b>
	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	
<b>Ending</b>	<b>Units</b>	<b>Units</b>	<b>Occupancy</b>	<b>Units</b>	<b>Units</b>	<b>Occupancy</b>	<b>Occupancy</b>
<b>September 30,</b>	<b>Occupied</b>	<b>Available</b>		<b>Occupied</b>	<b>Available</b>		
<i>Historical</i>							
2015	376.3	402.0	93.6%	–	–	–	93.6%
2016	379.1	402.0	94.1%	–	–	–	94.1%
2017	372.3	402.0	92.9%	–	–	–	92.9%
2018	367.4	399.6	91.9%	13.3	19.3	68.9%	90.9%
2019	373.9	402.0	93.0%	48.0	58.0	82.8%	93.1%
<i>Projected</i>							
2020	373.9	402.0	93.0%	54.0	58.0	93.1%	92.8%
2021	373.9	402.0	93.0%	54.0	58.0	93.1%	94.1%
2022	373.9	402.0	93.0%	54.0	58.0	93.1%	94.1%
2023	373.9	402.0	93.0%	54.0	58.0	93.1%	94.1%
2024	373.9	402.0	93.0%	54.0	58.0	93.1%	94.1%

Source: Management

## **5. Significant Accounting Policies**

### ***Basis of Presentation***

The financial statements included in the projection have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) with the exception of excluding its two Affiliates. Significant accounting policies are described in the appropriate assumptions and notes to the projected financial statements. The assumptions described are not all-inclusive, however.

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

### ***Cash***

Short-term investments presented as investments in the consolidated balance sheets are not considered cash equivalents since UMRH considers them part of their investing activities. Throughout the year UMRH has bank balances which exceed federal depository limits.

### ***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

## **The United Methodist Retirement Homes, Incorporated**

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

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

Assets limited as to use consist of funds held for debt service in accordance with UMRH's bond issues, funds reserved by insurance regulation, construction funds, entrance fee escrow funds and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents and other short-term investments.

#### ***Accounts Receivable, net***

Accounts receivable is reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to UMRH are reported net of allowances for uncollectible accounts. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. In this regard, UMRH has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience is an integral part of the estimation process related to determining allowance for uncollectible accounts. In addition, UMRH assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment. Revisions in reserve estimates are recorded as an adjustment to accounts receivable. Management believes that its collection and reserve processes, along with the monitoring of its billing processes, help to reduce the risk associated with material revisions to reserve estimates resulting from adverse changes in collection, reimbursement experience and billing functions.

#### ***Inventories***

Inventories are stated at average cost (approximately first-in first-out) not in excess of market.

#### ***Assets Held for Resale***

Assets held for resale consist of two gifted properties. One of which is stated at net book value, which approximates fair value.

#### ***Property and Equipment***

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. The cost of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition of equipment, the asset and related accumulated depreciation accounts are relieved and the related gain or loss is credited or charged to operating gains or losses. Expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	8 to 30 years
Buildings and improvements	5 to 40 years
Furniture and equipment	2 to 25 years

#### ***Funds Held for Others***

The liability balance represents agency funds held in trust for UMRH residents. The related asset is included in assets limited as to use. Activity related to these funds is not recorded in UMRH's statements of projected operations and changes in net assets.

## **The United Methodist Retirement Homes, Incorporated**

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

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#### ***Interest Rate Swaps***

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved. A change in the fair value of the interest rate swap agreements is reported in non-operating gains (losses) in the consolidated statements of operations and changes in net assets.

#### ***Liability for Refundable Advance Fees***

Optional Entrance Fee plans available to residents include a standard rate plan, a 50% refundable, 80% refundable, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue for non-refundable advanced fees. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

#### ***Deferred Revenue for Non-refundable Advance Fees***

Deferred revenue from non-refundable advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

#### ***Revenue Recognition***

During 2019, UMRH adopted Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606") under the full retrospective approach applied to certain contracts using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, as we determined that the effect of applying the guidance to our portfolios of contracts within the scope of ASC Topic 606 on our consolidated financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or our performance obligations within that portfolio. The five-step model defined by ASC Topic 606 requires us to: (1) identify our contracts with customers, (2) identify our performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction prices to our performance obligations in those contracts and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. Our adoption of ASC Topic 606 did not result in an adjustment to our net assets.

The promised good or service in the resident agreement is that UMRH is standing ready each month to provide a service such that the resident can continue to live in the facility and access the appropriate level of care based on his or her needs. As such, UMRH recognizes the non-refundable advanced fees in an equal amount allocated to each month, given the nature of UMRH's performance is that of having the various residential, social or health care services available to the resident on a when-and-if needed basis each month for as long as the resident resides in the facility.

## **The United Methodist Retirement Homes, Incorporated**

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

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UMRH generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

#### Monthly fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

#### Advanced fees:

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

#### Health care services:

In the facility, UMRH provides assisted and nursing care to residents who are covered by government and commercial payers. UMRH is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3<sup>rd</sup> party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Upon adoption of ASC Topic 606, UMRH evaluated costs associated with acquiring life care contracts to determine if they meet the requirements for capitalization under FASB ASC 340-40-25. Under FASB ASC 340-40-25-2, the incremental costs of obtaining a contract are those that UMRH incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

### ***Net Assets***

Net assets of UMRH and changes therein are classified and reported as follows:

***Net Assets without Donor Restrictions*** - Net assets that are not subject to donor-imposed stipulations.

***Net Assets with Donor Restrictions*** - include those net assets subject to donor-imposed stipulations that may or will be met either by action of UMRH and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by UMRH. Generally, the donors of these assets permit UMRH to use all or part of the income earned on related investments for general or specific purposes.

***Net Assets Released from Restrictions*** - UMRH reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

## **The United Methodist Retirement Homes, Incorporated**

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

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#### ***Net Resident and Patient Service Revenues***

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes 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 years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for UMRH have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

#### ***Benevolent Assistance***

UMRH currently maintains a benevolent assistance program and policy for residents holding continuing care residency agreements in the event the resident(s) should become unable to pay for services. UMRH reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, UMRH may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. UMRH may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the UMRH's ability to operate on a sound financial basis. Since UMRH does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in revenue.

#### ***Continuing-Care Contracts***

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

#### ***Concentration of Credit Risk***

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. UMRH has significant accounts receivable whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs. An allowance for uncollectible accounts is provided in an amount equal to the estimated losses to be incurred in collection of the receivables. The allowance is based on historical collection experience and a review of the current status of the existing receivables.

#### ***Income Taxes***

UMRH has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, no provision for income taxes is included in the accompanying projected financial statements.

**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

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**6. Summary of Significant Projected Balance Sheet Assumptions**

***Cash***

Projected cash is a result from the application of all other assumptions.

***Investments***

Projected short-term investments are a result of all other projected changes. The projected amounts do not include any estimate for a change in the fair value of the underlying securities.

***Accounts Receivable, net***

The 2020 projected accounts receivable is based on the 2020 budget. Projected accounts receivable are based on the percentage change in projected operating revenues and are projected to increase by an average of approximately 5.2% in 2021 through 2024. Other receivables are projected to increase by an average of approximately 15.4% in 2021 through 2024.

***Assets Limited as to Use***

Projected assets limited as to use is based on the projected change in restricted cash.

***Inventories***

The 2020 balances are based on the 2020 budget. Inventories are projected to increase by an average of approximately 3.0% in years 2021 through 2024.

***Prepaid Expenses and other current assets***

The 2020 balances are based on the 2020 budget. Prepaid expenses and other current assets are projected to increase by an average of approximately 3.1% in years 2021 through 2024.

***Property and Equipment***

The 2020 property and equipment additions are based on UMRH's budgeted additions. Additions are estimated to be as follows (dollars in thousands).

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning of year, property and equipment	\$ 300,278	\$ 325,825	\$ 335,028	\$ 344,024	\$ 353,440
Additions	<u>25,547</u>	<u>9,203</u>	<u>8,996</u>	<u>9,416</u>	<u>9,856</u>
End of year, property and equipment	325,825	335,028	344,024	353,440	363,296
Accumulated depreciation	<u>(125,920)</u>	<u>(137,106)</u>	<u>(148,075)</u>	<u>(158,868)</u>	<u>(169,406)</u>
Total property and equipment, net	<u>\$ 199,905</u>	<u>\$ 197,922</u>	<u>\$ 195,949</u>	<u>\$ 194,572</u>	<u>\$ 193,890</u>

Projected depreciation is computed on the straight-line method over the estimated lives of depreciable property and equipment. The projection assumes all disposals during the projection period will be fully depreciated with no resulting gain or loss.

***Contributions Receivable from UMRH Foundation***

Contributions receivable from UMRH Foundation are projected to decrease in 2022 at the completion of the Croasdaile Village expansion.

***Due from Related Party***

Due to related parties represents the net amount due to affiliates of UMRH. The 2020 balance is based on the 2020 budget and projected to decrease approximately 0.7% in years 2021 through 2024.

## **The United Methodist Retirement Homes, Incorporated**

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

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#### ***Accounts Payable and Accrued Salaries and Related Expenses***

The 2020 balances are based on the 2020 budget. Projected accounts payable and accrued expenses are based on the percentage change in projected operating expenses and capital expenditures less depreciation expense and are projected to increase by an average of approximately 4.3% in years 2021 through 2024.

#### ***Deferred Entrance Fee Revenue and Entrance Fees Earned***

Projected annual resident entry fees are based on estimated average unit prices times an actuarial projected number of units released coupled with a 1.4% per year increase in the average entry fee for the years 2021 through 2024. Projected refunds are based on actuarial estimates of the number of refunds times the estimated average refund potential. Amortization into revenue of these advance fees is computed using the straight-line method over the estimated remaining life expectancy of the resident.

#### ***Long-Term Debt***

In April 2013, UMRH issued \$8,370,000 of tax-exempt, fixed rate First Mortgage Revenue Refunding Bonds ("2013A Bonds") through the North Carolina Medical Care Commission. The proceeds of the 2013A Bonds, net of issuance expense and fund amounts deposited into a debt service reserve fund, along with cash reserves held by UMRH, were used to refund the Series 2004C Bonds total outstanding debt.

In September 2014, UMRH issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds ("2014A Bonds") through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. UMRH entered into an interest rate swap agreement on the Series 2014A Bonds, which is described below.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B ("2014B Bonds") in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. UMRH entered into an interest rate swap agreement on the Series 2014B Bonds, which is described below.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A ("2016A Bonds") in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

In December 2017, UMRH issued \$71,970,000 of rated tax-exempt fixed rate Series 2017A Bonds ("2017A Bonds"), consisting of serial and term maturities from October 1, 2018 to October 1, 2047 and \$31,235,000 of tax-exempt direct purchase bank revenue Series 2017B Bonds ("2017 Bonds") issued by the North Carolina Medical Care Commission and to be purchased by BB&T Community Holdings Co. The 2017B Bonds consist of \$16,150,000 of Series 2017B-1 Bonds to be redeemed by October 1, 2041 and \$15,085,000 of Series 2017B-2 Bonds, to be redeemed in full by October 1, 2020 with initial entrance fee proceeds received from the Project's new independent living units. The interest rate on the 2017B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 0.988%.

## The United Methodist Retirement Homes, Incorporated

### Summary of Significant Projected Assumptions and Accounting Policies

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Principal repayments, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows (in thousands):

2020	\$	4,095
2021		4,345
2022		4,540
2023		4,720
2024		4,910
Thereafter		<u>122,445</u>
	\$	<u>145,055</u>

#### ***Interest Rate Swaps***

Variable rate long-term debt exposes UMRH to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. The 2020 balance is based on the 2020 budget and is projected to remain consistent over the projected period.

In August 2014, UMRH entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. UMRH pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability.

In December 2014, UMRH entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. UMRH pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month Libor plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability.

By using an interest rate swap to hedge exposure to change in interest rates, UMRH exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

## **7. Summary of Significant Projected Assumptions for Revenues and Expenses**

### ***Resident Services***

Apartments, Health Care Center, Assisted Living, Memory Care and Home Care revenue is reported at the estimated net realizable amounts from residents. They are based on average daily fees and occupancy levels. Daily rates are projected based on 2020 budgeted rates for each type of unit. Apartment revenues are projected to increase on average approximately 4.3% in years 2021 through 2024. Health Care Center revenues are projected to increase on average approximately 2.5% in years 2021 through 2024. Assisted Living revenues are projected to increase approximately 50.0% in 2021 with an average increase of 3.7% in years 2022 through 2024. Memory Care revenues are projected to increase on average approximately 3.0% in years 2021 through 2024. Home Care revenues are projected to increase on average approximately 4.0% in years 2021 through 2024.



**The United Methodist Retirement Homes, Incorporated**  
**Summary of Significant Projected Assumptions and Accounting Policies**

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***Interest and Dividend Income***

Interest and dividend income is projected to increase on average approximately 2.5% in years 2021 through 2024.

***Other Revenue***

Other revenue is based on budgeted other revenue for 2020 and is projected to remain consistent throughout the projection period.

***Expenses***

2020 expenses, which include resident care, dietary, housekeeping, plant, and general and administrative expenses are projected based on the 2020 budget. Expenses are projected to increase approximately 2.8% in years 2021 through 2024.

**8. Debt Service Coverage Ratio**

Credit analysts and lenders generally consider the debt service coverage ratio to be an important factor in evaluating a continuing care retirement community's ability to fund annual debt service with cash flow from net cash revenues and net entrance fees. The debt service coverage ratio computation is not defined by GAAP and is described as a non-GAAP metric. The lack of standardization in calculating debt service coverage ratios makes it difficult to draw relevant comparisons among companies.

The debt service coverage ratio as calculated below comes from the 2014 Financial Ratios & Trends of CARF-CCAC Accredited Organizations, calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service. (dollars in thousands):

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Excess of revenue over expenses	\$ 6,397	\$ 8,011	\$ 9,183	\$ 10,373	\$ 11,890
Interest expense	4,595	5,988	5,733	5,541	5,154
Depreciation	11,975	11,186	10,969	10,793	10,538
Net proceeds from advance fees	11,143	9,951	9,825	10,547	11,449
Amortization of advanced fees	<u>(11,321)</u>	<u>(10,691)</u>	<u>(10,884)</u>	<u>(10,948)</u>	<u>(11,090)</u>
Cash available for debt service (1)	<u>\$ 22,789</u>	<u>\$ 24,445</u>	<u>\$ 24,826</u>	<u>\$ 26,306</u>	<u>\$ 27,941</u>
Interest (A)	\$ 4,595	\$ 5,988	\$ 5,733	\$ 5,541	\$ 5,154
Principal payments	<u>4,095</u>	<u>4,345</u>	<u>4,540</u>	<u>4,720</u>	<u>4,910</u>
Annual Debt Service (2)	<u>\$ 8,690</u>	<u>\$ 10,333</u>	<u>\$ 10,273</u>	<u>\$ 10,261</u>	<u>\$ 10,064</u>
Debt Service Coverage Ratio (1/2)	<u>2.62</u>	<u>2.37</u>	<u>2.42</u>	<u>2.56</u>	<u>2.78</u>

(A) Interest includes interest capitalized and interest expense as assumed by management.

***Supplementary Information***

**Wesley Pines Retirement Community**  
**Projected Balance Sheets**  
**September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>					
Current assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable from UMRH Foundation, current portion	37	37	37	37	37
Assets limited as to use - all other, current portion	6	6	6	6	6
Accounts receivable, net	686	702	719	737	755
Other receivables	13	13	14	14	14
Inventories	23	24	24	25	26
Prepaid expenses and other current assets	203	208	213	219	224
Total current assets	<u>968</u>	<u>990</u>	<u>1,013</u>	<u>1,038</u>	<u>1,062</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve current portion	<u>2,158</u>	<u>2,269</u>	<u>2,334</u>	<u>2,424</u>	<u>2,499</u>
Property and equipment, net	<u>12,249</u>	<u>12,013</u>	<u>11,817</u>	<u>11,655</u>	<u>11,516</u>
Other assets:					
Assets held for resale	33	33	33	33	33
Contributions receivable from UMRH Foundation, net of current portion	542	542	542	542	542
	<u>575</u>	<u>575</u>	<u>575</u>	<u>575</u>	<u>575</u>
Total assets	<u>\$ 15,950</u>	<u>\$ 15,847</u>	<u>\$ 15,739</u>	<u>\$ 15,692</u>	<u>\$ 15,652</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>					
Current liabilities:					
Bonds payable, current portion	\$ 86	\$ 98	\$ 213	\$ 238	\$ 516
Accounts payable	321	328	337	345	357
Accrued salaries and related expenses	529	639	745	857	1,067
Accrued interest payable	17	32	31	31	30
Insurance regulation - statutory operating reserve	2,158	2,269	2,334	2,424	2,499
Due to related parties	2,601	4,587	5,854	7,452	9,022
Other	-	-	-	-	-
Total current liabilities	<u>5,712</u>	<u>7,953</u>	<u>9,514</u>	<u>11,347</u>	<u>13,491</u>
Long-term liabilities:					
Bonds payable, less current portion	8,507	8,404	8,181	7,931	7,389
Liability for refundable advanced fees	48	45	45	43	43
Deferred revenue for non-refundable advanced fees	2,061	1,079	1,030	824	668
Fund held for others	4	4	4	4	4
Total long-term liabilities	<u>10,620</u>	<u>9,532</u>	<u>9,260</u>	<u>8,802</u>	<u>8,104</u>
Total liabilities	<u>16,332</u>	<u>17,485</u>	<u>18,774</u>	<u>20,149</u>	<u>21,595</u>
Net assets (deficit):					
Net deficit without donor restrictions	(962)	(2,218)	(3,615)	(5,037)	(6,523)
Net assets with donor restrictions	580	580	580	580	580
Total net assets (deficit)	<u>(382)</u>	<u>(1,638)</u>	<u>(3,035)</u>	<u>(4,457)</u>	<u>(5,943)</u>
Total liabilities and net assets (deficit)	<u>\$ 15,950</u>	<u>\$ 15,847</u>	<u>\$ 15,739</u>	<u>\$ 15,692</u>	<u>\$ 15,652</u>

**Wesley Pines Retirement Community**  
**Projected Statements of Operations and Changes in Net Assets (Deficit)**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenue:					
Net resident services, apartments	\$ 820	\$ 849	\$ 879	\$ 909	\$ 941
Net resident services, health care center	5,110	5,204	5,299	5,397	5,496
Net resident services, assisted living	1,911	1,978	2,047	2,118	2,193
Amortization of advanced fees	228	251	131	125	100
Net assets released from restriction	38	25	25	25	25
Other	(1)	(1)	(1)	(1)	(1)
<b>Total revenue</b>	<u>8,106</u>	<u>8,306</u>	<u>8,380</u>	<u>8,573</u>	<u>8,754</u>
Expenses:					
Health care center	3,731	3,843	3,958	4,077	4,199
Assisted living	450	464	478	492	507
Resident services	132	136	141	145	149
Dietary and food service	1,293	1,332	1,372	1,413	1,455
Housekeeping	489	504	519	535	551
Plant	661	681	701	723	744
General and administration	846	871	896	919	949
Depreciation	664	555	529	509	503
Interest	209	382	372	363	338
Corporate allocation - depreciation	25	18	10	5	4
Corporate allocation - all other	740	776	801	814	841
<b>Total expenses</b>	<u>9,240</u>	<u>9,562</u>	<u>9,777</u>	<u>9,995</u>	<u>10,240</u>
Deficiency of revenue over expenses and change in net assets	(1,134)	(1,256)	(1,397)	(1,422)	(1,486)
Net assets (deficit) beginning of year	<u>752</u>	<u>(382)</u>	<u>(1,638)</u>	<u>(3,035)</u>	<u>(4,457)</u>
<b>Net assets (deficit) end of year</b>	<u>\$ (382)</u>	<u>\$ (1,638)</u>	<u>\$ (3,035)</u>	<u>\$ (4,457)</u>	<u>\$ (5,943)</u>

**Wesley Pines Retirement Community**  
**Projected Statements of Cash Flows**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating activities:					
Change in net assets	\$ (1,134)	\$ (1,256)	\$ (1,397)	\$ (1,422)	\$ (1,486)
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	664	555	529	509	503
Amortization of deferred financing costs	2	2	5	4	10
Amortization of bond premium	(6)	(7)	(15)	(16)	(36)
Amortization of advanced fees	(228)	(251)	(131)	(125)	(100)
Non-refundable entrance fees received	411	113	115	118	120
Bad debt expense	36	109	112	115	117
Net change in:					
Accounts receivable - residents and patients	(49)	(125)	(129)	(133)	(135)
Accounts receivable - other	88	-	-	-	(1)
Due to/from related parties	572	1,986	1,267	1,598	1,570
Inventories	2	(1)	-	(1)	(1)
Prepaid expenses and other current assets	(5)	(5)	(5)	(6)	(5)
Accounts payable	32	7	8	8	13
Accrued salaries and related expenses	165	110	106	112	210
Accrued interest payable	(167)	15	(1)	-	(1)
Net cash provided by operating activities	<u>383</u>	<u>1,252</u>	<u>464</u>	<u>761</u>	<u>778</u>
Investing activities:					
Purchase of property and equipment	<u>(305)</u>	<u>(319)</u>	<u>(333)</u>	<u>(347)</u>	<u>(364)</u>
Financing activities:					
Refunds of deposits and refundable fees	1	(847)	(33)	(201)	(176)
Payments on bonds and note payable	<u>(79)</u>	<u>(86)</u>	<u>(98)</u>	<u>(213)</u>	<u>(238)</u>
Net cash used in financing activities	<u>(78)</u>	<u>(933)</u>	<u>(131)</u>	<u>(414)</u>	<u>(414)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Cypress Glen Retirement Community**  
**Projected Balance Sheets**  
**September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Contributions receivable from UMRH Foundation, current portion	505	505	505	505	505
Assets limited as to use - debt service, current portion	200	199	199	198	198
Assets limited as to use - future construction, current portion	4,363	4,363	4,363	4,363	4,363
Assets limited as to use - all other, current portion	210	210	210	210	210
Accounts receivable, net	245	284	293	302	311
Other receivables	1,304	2,343	1,883	1,909	1,945
Due from related parties	21,959	17,953	15,853	14,013	12,974
Inventories	34	35	36	38	39
Prepaid expenses and other current assets	222	228	234	240	246
Total current assets	<u>29,044</u>	<u>26,122</u>	<u>23,578</u>	<u>21,780</u>	<u>20,793</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	3,348	3,542	3,654	3,763	3,881
Assets limited as to use - debt service, net of current portion	1,521	1,521	1,521	1,521	1,521
Assets limited as to use - all other, net of current portion current portion	<u>1,207</u>	<u>1,237</u>	<u>1,268</u>	<u>1,299</u>	<u>1,332</u>
	6,076	6,300	6,443	6,583	6,734
Property and equipment, net	40,719	43,736	46,244	48,907	51,757
Other assets:					
Contributions receivable from UMRH Foundation, net of current portion	<u>1,551</u>	<u>1,551</u>	<u>1,551</u>	<u>1,551</u>	<u>1,551</u>
	1,551	1,551	1,551	1,551	1,551
Total assets	<u>\$ 77,390</u>	<u>\$ 77,709</u>	<u>\$ 77,816</u>	<u>\$ 78,821</u>	<u>\$ 80,835</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities:					
Bonds payable, current portion	\$ 994	\$ 1,022	\$ 483	\$ 403	\$ 397
Accounts payable	976	1,008	1,046	1,080	1,118
Accrued salaries and related expenses	976	1,199	1,393	1,599	1,984
Accrued interest payable	218	225	222	220	218
Insurance regulation - statutory operating reserve	3,348	3,542	3,654	3,763	3,881
Total current liabilities	<u>6,512</u>	<u>6,996</u>	<u>6,798</u>	<u>7,065</u>	<u>7,598</u>
Long-term liabilities:					
Bonds payable, less current portion	14,987	13,979	13,503	13,106	12,699
Liability for refundable advanced fees	5,408	5,916	6,294	6,732	7,219
Deferred revenue for non-refundable advanced fees	18,052	16,730	15,468	14,470	14,108
Fund held for others	86	86	86	86	86
Interest rate swap agreement	27	27	27	27	27
Total long-term liabilities	<u>38,560</u>	<u>36,738</u>	<u>35,378</u>	<u>34,421</u>	<u>34,139</u>
Total liabilities	<u>45,072</u>	<u>43,734</u>	<u>42,176</u>	<u>41,486</u>	<u>41,737</u>
Net assets:					
Net assets without donor restrictions	28,965	30,622	32,287	33,982	35,745
Net assets with donor restrictions	3,353	3,353	3,353	3,353	3,353
Total net assets	<u>32,318</u>	<u>33,975</u>	<u>35,640</u>	<u>37,335</u>	<u>39,098</u>
Total liabilities and net assets	<u>\$ 77,390</u>	<u>\$ 77,709</u>	<u>\$ 77,816</u>	<u>\$ 78,821</u>	<u>\$ 80,835</u>

**Cypress Glen Retirement Community**  
**Projected Statements of Operations and Changes in Net Assets**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenue:					
Net resident services, apartments	\$ 8,980	\$ 9,840	\$ 10,175	\$ 10,521	\$ 10,879
Net resident services, health care center	3,162	3,248	3,335	3,426	3,519
Net resident services, assisted living	2,608	2,687	2,767	2,850	2,936
Net resident services, memory care	1,173	1,209	1,245	1,282	1,321
Amortization of advanced fees	2,654	2,603	2,616	2,596	2,612
Net assets released from restriction	3	1	1	1	1
Other	1	1	1	1	1
	<u>18,581</u>	<u>19,589</u>	<u>20,140</u>	<u>20,677</u>	<u>21,269</u>
Total revenue					
Expenses:					
Health care center	2,487	2,567	2,649	2,733	2,820
Assisted living	1,028	1,058	1,090	1,123	1,157
Memory care	470	484	498	514	529
Resident services	587	610	628	647	667
Dietary and food service	2,717	2,888	2,978	3,071	3,168
Housekeeping	864	926	954	983	1,014
Plant	2,268	2,419	2,496	2,575	2,656
General and administration	1,752	1,973	2,033	2,097	2,162
Depreciation	2,850	3,006	3,155	3,259	3,342
Interest	801	728	691	663	631
Corporate allocation - depreciation	41	29	16	7	6
Corporate allocation - all other	1,185	1,244	1,287	1,310	1,354
	<u>17,050</u>	<u>17,932</u>	<u>18,475</u>	<u>18,982</u>	<u>19,506</u>
Total expenses					
Excess of revenue over expenses and change in net assets	1,531	1,657	1,665	1,695	1,763
Net assets beginning of year	<u>30,787</u>	<u>32,318</u>	<u>33,975</u>	<u>35,640</u>	<u>37,335</u>
Net assets end of year	<u>\$ 32,318</u>	<u>\$ 33,975</u>	<u>\$ 35,640</u>	<u>\$ 37,335</u>	<u>\$ 39,098</u>

**Cypress Glen Retirement Community**  
**Projected Statements of Cash Flows**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating activities:					
Change in net assets	\$ 1,531	\$ 1,657	\$ 1,665	\$ 1,695	\$ 1,763
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	2,850	3,006	3,155	3,259	3,342
Amortization of deferred financing costs	21	21	23	23	27
Amortization of bond premium	(7)	(7)	(16)	(17)	(37)
Amortization of advanced fees	(2,654)	(2,603)	(2,616)	(2,596)	(2,612)
Non-refundable entrance fees received	6,906	5,104	4,135	4,210	4,305
Bad debt expense	2	10	10	11	11
Net change in:					
Accounts receivable - residents and patients	(7)	(49)	(19)	(20)	(20)
Accounts receivable - other	(460)	(1,039)	460	(27)	(36)
Due to/from related parties	6,082	4,006	2,100	1,840	1,038
Inventories	-	(1)	(1)	(1)	(1)
Prepaid expenses and other current assets	(3)	(5)	(6)	(6)	(6)
Accounts payable	151	32	37	35	38
Accrued salaries and related expenses	287	223	194	206	385
Accrued interest payable	(113)	7	(3)	(2)	(2)
Net cash provided by operating activities	<u>14,586</u>	<u>10,362</u>	<u>9,118</u>	<u>8,610</u>	<u>8,195</u>
Investing activities:					
Purchase of property and equipment	(8,500)	(6,023)	(5,663)	(5,922)	(6,192)
Assets limited as to use	(4,392)	(30)	(30)	(31)	(32)
Net cash used in investing activities	<u>(12,892)</u>	<u>(6,053)</u>	<u>(5,693)</u>	<u>(5,953)</u>	<u>(6,224)</u>
Financing activities:					
Refunds of deposits and refundable fees	(1,614)	(4,564)	(3,400)	(3,186)	(2,601)
Refundable entrance fees received	875	1,249	997	1,012	1,033
Payments on bonds and note payable	(955)	(994)	(1,022)	(483)	(403)
Net cash used in financing activities	<u>(1,694)</u>	<u>(4,309)</u>	<u>(3,425)</u>	<u>(2,657)</u>	<u>(1,971)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Cash, end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>



**Croasdale Village Retirement Community**  
**Projected Balance Sheets**  
**September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Contributions receivable from UMRH Foundation, current portion	1,438	1,438	218	218	218
Assets limited as to use - debt service, current portion	796	788	779	771	765
Assets limited as to use - future construction, current portion	3	3	3	3	3
Assets limited as to use - all other, current portion	5	5	5	5	5
Accounts receivable, net	2,318	2,608	2,703	2,802	2,904
Other receivables	1,032	2,503	2,564	2,623	2,686
Due from related parties	69,843	89,915	98,871	107,095	116,233
Inventories	92	95	97	100	103
Prepaid expenses and other current assets	521	547	564	581	598
Total current assets	<u>76,049</u>	<u>97,903</u>	<u>105,805</u>	<u>114,199</u>	<u>123,516</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	8,150	9,710	10,001	10,381	10,723
Assets limited as to use - debt service, net of current portion	17,393	3,473	3,480	3,410	3,407
Assets limited as to use - all other, net of current portion current portion	234	234	-	-	-
	<u>25,777</u>	<u>13,417</u>	<u>13,481</u>	<u>13,791</u>	<u>14,130</u>
Property and equipment, net	146,637	141,942	137,672	133,774	130,357
Other assets:					
Contributions receivable from UMRH Foundation, net of current portion	2,743	2,743	2,743	2,743	2,743
Deferred Costs, net	136	136	136	136	136
	<u>2,879</u>	<u>2,879</u>	<u>2,879</u>	<u>2,879</u>	<u>2,879</u>
Total assets	<u>\$ 251,342</u>	<u>\$ 256,141</u>	<u>\$ 259,837</u>	<u>\$ 264,643</u>	<u>\$ 270,882</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities:					
Bonds payable, current portion	\$ 3,265	\$ 3,420	\$ 4,024	\$ 4,269	\$ 4,227
Accounts payable	1,390	1,063	1,099	1,130	1,167
Accrued salaries and related expenses	1,645	2,156	2,584	3,029	3,874
Accrued interest payable	1,108	1,054	1,043	1,032	1,018
Insurance regulation - statutory operating reserve	8,150	9,710	10,001	10,381	10,723
Total current liabilities	<u>15,558</u>	<u>17,403</u>	<u>18,751</u>	<u>19,841</u>	<u>21,009</u>
Long-term liabilities:					
Bonds payable, less current portion	121,322	117,687	113,377	108,809	104,112
Liability for refundable advanced fees	8,792	8,623	8,632	8,763	8,981
Deferred revenue for non-refundable advanced fees	50,215	51,443	51,308	51,544	51,716
Fund held for others	3	3	3	3	3
Interest rate swap agreement	192	192	192	192	192
Total long-term liabilities	<u>180,524</u>	<u>177,948</u>	<u>173,512</u>	<u>169,311</u>	<u>165,004</u>
Total liabilities	<u>196,082</u>	<u>195,351</u>	<u>192,263</u>	<u>189,152</u>	<u>186,013</u>
Net assets:					
Net assets without donor restrictions	51,077	56,607	64,611	72,528	81,906
Net assets with donor restrictions	4,183	4,183	2,963	2,963	2,963
Total net assets	<u>55,260</u>	<u>60,790</u>	<u>67,574</u>	<u>75,491</u>	<u>84,869</u>
Total liabilities and net assets	<u>\$ 251,342</u>	<u>\$ 256,141</u>	<u>\$ 259,837</u>	<u>\$ 264,643</u>	<u>\$ 270,882</u>

**Croasdaile Village Retirement Community**  
**Projected Statements of Operations and Changes in Net Assets**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenue:					
Net resident services, apartments	\$ 21,762	\$ 22,632	\$ 23,537	\$ 24,479	\$ 25,458
Net resident services, health care center	12,268	12,603	12,950	13,309	13,681
Net resident services, assisted living	3,134	6,818	7,091	7,375	7,670
Net resident services, home care	2,918	3,035	3,157	3,283	3,414
Amortization of advanced fees	8,439	7,837	8,137	8,227	8,378
Net assets released from restriction	22	-	-	-	-
Other	15	15	15	15	15
	<u>48,558</u>	<u>52,940</u>	<u>54,887</u>	<u>56,688</u>	<u>58,616</u>
Total revenue					
Expenses:					
Health care center	8,431	8,684	8,944	9,212	9,489
Assisted living	794	1,548	1,764	1,843	1,899
Home care	2,671	2,751	2,834	2,919	3,006
Resident services	1,894	1,956	2,015	2,075	2,137
Dietary and food service	6,107	6,418	6,607	6,812	7,023
Housekeeping	2,213	2,383	2,453	2,525	2,599
Laundry	178	183	189	195	200
Plant	3,902	4,244	4,368	4,496	4,627
General and administration	3,518	3,717	3,830	3,942	4,060
Depreciation	8,296	7,506	7,220	6,995	6,667
Interest	3,585	4,878	4,670	4,515	4,185
Corporate allocation - depreciation	99	72	39	18	16
Corporate allocation - all other	2,892	3,070	3,170	3,224	3,330
	<u>44,580</u>	<u>47,410</u>	<u>48,103</u>	<u>48,771</u>	<u>49,238</u>
Total expenses					
Excess of revenue over expenses and change in net assets	3,978	5,530	6,784	7,917	9,378
Net assets released from restrictions for purchase of PP&E	-	-	1,220	-	-
Change in net assets without donor restrictions	<u>\$ 3,978</u>	<u>\$ 5,530</u>	<u>\$ 8,004</u>	<u>\$ 7,917</u>	<u>\$ 9,378</u>
Change in net assets with donor restrictions					
Net assets released from restriction	-	-	(1,220)	-	-
Change in net assets	3,978	5,530	6,784	7,917	9,378
Net assets beginning of year	<u>51,282</u>	<u>55,260</u>	<u>60,790</u>	<u>67,574</u>	<u>75,491</u>
Net assets end of year	<u>\$ 55,260</u>	<u>\$ 60,790</u>	<u>\$ 67,574</u>	<u>\$ 75,491</u>	<u>\$ 84,869</u>

**Croasdaile Village Retirement Community**  
**Projected Statements of Cash Flows**  
**For the years ending September 30, 2020 through 2024**  
**(dollars in thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating activities:					
Change in net assets	\$ 3,978	\$ 5,530	\$ 6,784	\$ 7,917	\$ 9,378
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	8,296	7,506	7,220	6,995	6,667
Amortization of deferred financing costs	59	62	78	83	123
Amortization of bond premium	(267)	(277)	(364)	(382)	(593)
Amortization of advanced fees	(8,439)	(7,837)	(8,137)	(8,227)	(8,378)
Non-refundable entrance fees received	4,505	11,415	11,690	11,961	12,246
Bad debt expense	110	128	133	138	143
Net change in:					
Accounts receivable - residents and patients	(239)	(418)	(228)	(237)	(245)
Accounts receivable - other	(99)	(1,471)	(61)	(59)	(63)
Contributions receivable/(payable)	-	-	1,220	-	-
Due to/from related parties	(7,138)	(20,072)	(8,956)	(8,224)	(9,138)
Inventories	(1)	(3)	(2)	(3)	(3)
Prepaid expenses and other current assets	(42)	(26)	(17)	(17)	(17)
Accounts payable	(1,751)	(327)	36	31	37
Accrued salaries and related expenses	614	511	428	445	845
Accrued interest payable	(1,202)	(54)	(11)	(11)	(14)
Net cash provided by (used in) operating activities	<u>(1,616)</u>	<u>(5,333)</u>	<u>9,813</u>	<u>10,410</u>	<u>10,988</u>
Investing activities:					
Purchase of property and equipment	(16,692)	(2,811)	(2,950)	(3,097)	(3,250)
Assets limited as to use	21,310	13,928	236	78	9
Net cash provided by (used in) investing activities	<u>4,618</u>	<u>11,117</u>	<u>(2,714)</u>	<u>(3,019)</u>	<u>(3,241)</u>
Financing activities:					
Refunds of deposits and refundable fees	(211)	(3,220)	(4,397)	(4,099)	(4,228)
Refundable entrance fees received	270	701	718	732	750
Payments on bonds and note payable	(3,061)	(3,265)	(3,420)	(4,024)	(4,269)
Net cash used in financing activities	<u>(3,002)</u>	<u>(5,784)</u>	<u>(7,099)</u>	<u>(7,391)</u>	<u>(7,747)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Cash, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

## **ATTACHMENT 3**

**Interim Unaudited Financial Statements  
of  
The United Methodist  
Retirement Homes, Incorporated  
Includes**

- **Consolidated Operations of Croasdaile Village, Cypress Glen and Wesley Pines**
- **Individual Operations of Croasdaile Village**

**The United Methodist Retirement Homes, Inc., and Affiliate**  
**Consolidated Statements of Cash Flows**  
**January 31, 2020**

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	UMRH	UMRH Foundation	Obligated Group
Cash flow from operating activities:							
Change in net assets	1,741,642	(28,108)	2,004,182	3,428,874	7,146,589	78,003	7,224,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:							
Depreciation and amortization	58,325	209,505	915,683	2,632,530	3,816,042	-	3,816,042
Amortization of deferred financing costs	-	552	7,060	20,958	28,570	-	28,570
Amortization of deferred marketing costs	-	-	-	1,140	1,140	-	1,140
Amortization of bond premium	-	(2,987)	(2,228)	(89,100)	(94,315)	-	(94,315)
Amortization of deferred revenue from advance fees	-	(91,245)	(686,090)	(2,294,862)	(3,072,196)	-	(3,072,196)
Non-refundable entrance fees received	-	118,225	1,046,845	2,275,427	3,440,498	-	3,440,498
Bad debt expense	-	20,104	-	9,488	29,593	-	29,593
Loss on disposal of property and equipment	386	-	(3,907)	300	(3,221)	-	(3,221)
Loss on early extinguishment of debt	-	-	-	-	-	-	-
Change in fair value of swap agreement	-	-	-	-	-	-	-
Net change in:							
Accounts receivable - residents and patients	-	5,313	104,403	387,987	497,703	-	497,703
Accounts receivable - other	37,145	66,473	418,671	(393,846)	128,443	-	128,443
Investments/insurance regulation	(8,902,766)	(85,056)	82,043	589,805	(8,315,974)	(1,301,844)	(9,617,817)
Assets limited as to use	(359)	78,322	(244,159)	6,831,998	6,665,802	(53,119)	6,612,683
Trusts receivable	-	-	-	-	-	-	-
Contributions receivable	(3,207)	(37,099)	(977,789)	(234,395)	(1,252,490)	1,309,322	56,832
Due to/from related parties	1,563,776	110,015	(559,594)	(1,114,197)	-	-	-
Inventories	(595)	7,006	(100)	5,831	12,142	-	12,142
Prepaid expenses and other current assets	(193,735)	75,293	49,850	169,598	101,006	470	101,476
Deferred marketing costs	-	-	-	2,280	2,280	-	2,280
Accounts payable	(290,868)	(116,696)	(593,563)	(1,999,094)	(3,000,221)	(12,003)	(3,012,224)
Accrued salaries and related expenses	226,316	(62,344)	(83,472)	(175,736)	(95,235)	-	(95,235)
Liability to other foundations	-	-	-	-	-	-	-
Accrued interest payable	-	(65,426)	(109,741)	(1,353,114)	(1,528,281)	-	(1,528,281)
Funds held for others	-	6,734	135,888	1,677	144,300	-	144,300
Net cash provided by operating activities	(5,763,938)	208,581	1,503,982	8,703,550	4,652,175	20,830	4,673,005
Cash flow from investing activities:							
Purchase of property and equipment	(15,944)	(128,581)	(1,529,920)	(6,879,612)	(8,554,055)	-	(8,554,055)
Change in assets held for resale	(176)	-	-	-	(176)	-	(176)
Net cash used in investing activities	(16,120)	(128,581)	(1,529,920)	(6,879,612)	(8,554,231)	-	(8,554,231)
Cash flow from financing activities:							
Refunds of deposits and refundable fees	-	(1,000)	(316,156)	(451,938)	(769,095)	-	(769,095)
Refundable entrance fees received	-	-	711,094	-	711,094	-	711,094
Payments on bonds and note payable	-	(79,000)	(369,000)	(1,372,000)	(1,820,000)	-	(1,820,000)
Deferred financing costs, net	-	-	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-	-	-
Net change in annuity obligations	-	-	-	-	-	(20,063)	(20,063)
Net cash provided (used) by financing activities	-	(80,000)	25,937	(1,823,938)	(1,878,001)	(20,063)	(1,898,065)
Change in cash	(5,780,058)	-	-	-	(5,780,058)	767	(5,779,291)
Cash, beginning of year	9,038,170	400	2,175	550	9,041,295	88,597	9,129,892
Cash, end of year	3,258,112	400	2,175	550	3,261,237	89,364	3,350,601

**Croasdaile Village**  
**Balance Sheet**  
**As of January 31, 2020**

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**ASSETS**

	<b>Current Month</b>	<b>Prior Month</b>	<b>Variance</b>	<b>One year ago</b>	<b>Variance</b>
<b>Current assets</b>					
Cash & cash equivalents	550.00	550.00	-	450.00	100.00
Contributions receivable - UMRH Foundation	1,480,602.40	1,478,070.73	2,531.67	1,275,366.94	205,235.46
Assets limited as to use	1,650,975.55	1,280,042.81	370,932.74	10,547,845.27	(8,896,869.72)
Accounts receivable - members, net	1,795,790.09	2,060,474.69	(264,684.60)	1,731,680.33	64,109.76
Accounts receivable - others	417,765.29	347,738.32	70,026.97	773,816.48	(356,051.19)
Due from related parties	63,819,584.80	63,675,174.19	144,410.61	53,771,252.54	10,048,332.26
Inventories	84,972.92	82,096.25	2,876.67	47,188.82	37,784.10
Prepaid expenses	310,276.75	343,923.88	(33,647.13)	309,220.09	1,056.66
<b>Total current assets</b>	<b>69,560,517.80</b>	<b>69,268,070.87</b>	<b>292,446.93</b>	<b>68,456,820.47</b>	<b>1,103,697.33</b>
<b>Non-current assets</b>					
<b>Assets limited as to use</b>					
Debt service	32,077,341.21	33,144,708.82	(1,067,367.61)	52,929,914.12	(20,852,572.91)
Insurance regulation - statutory operating reserve	8,150,017.00	8,150,017.00	-	7,560,212.00	589,805.00
Residents' funds	4,784.99	4,318.47	466.52	9,091.99	(4,307.00)
Future construction	-	-	-	10,097,694.31	(10,097,694.31)
Future construction - LOC	234,120.00	234,120.00	-	234,120.00	-
Temporarily restricted net assets	3,081.81	3,081.81	-	5,271.87	(2,189.86)
	40,469,345.01	41,536,246.10	(1,066,901.09)	70,836,304.09	(30,366,959.08)
	1,650,975.55	1,280,042.81	370,932.74	10,547,845.27	(8,896,869.72)
<b>Non-current assets limited as to use</b>	<b>38,818,369.46</b>	<b>40,256,203.29</b>	<b>(1,437,833.83)</b>	<b>60,288,458.82</b>	<b>(21,470,089.36)</b>
<b>Property &amp; equipment, net</b>	<b>142,488,953.01</b>	<b>140,720,195.54</b>	<b>1,768,757.47</b>	<b>122,885,624.71</b>	<b>19,603,328.30</b>
<b>Contributions receivable - UMRH Foundation</b>	<b>2,934,987.60</b>	<b>2,945,178.98</b>	<b>(10,191.38)</b>	<b>2,872,820.24</b>	<b>62,167.36</b>
<b>Deferred costs, net</b>	<b>131,076.36</b>	<b>132,216.16</b>	<b>(1,139.80)</b>	<b>-</b>	<b>131,076.36</b>
<b>Total assets</b>	<b>253,933,904.23</b>	<b>253,321,864.84</b>	<b>612,039.39</b>	<b>254,503,724.24</b>	<b>(569,820.01)</b>

**LIABILITIES & NET ASSETS**

	<b>Current Month</b>	<b>Prior Month</b>	<b>Variance</b>	<b>One year ago</b>	<b>Variance</b>
<b>Current liabilities</b>					
Current portion of long-term debt	3,210,000.00	3,205,000.00	(5,000.00)	10,320,000.00	7,110,000.00
Accounts payable	1,143,096.00	1,066,965.11	(76,130.89)	717,903.64	(425,192.36)
Accrued payroll & benefits	854,688.70	765,324.10	(89,364.60)	775,910.71	(78,777.99)
Accrued interest payable	956,839.88	725,910.03	(230,929.85)	1,513,169.98	556,330.10
Insurance regulation - statutory operating reserve	8,150,017.00	8,150,017.00	-	7,560,212.00	(589,805.00)
<b>Total current liabilities</b>	<b>14,314,641.58</b>	<b>13,913,216.24</b>	<b>(401,425.34)</b>	<b>20,887,196.33</b>	<b>6,572,554.75</b>
<b>Long-term liabilities</b>					
Long-term debt, less current portion	123,205,777.81	123,436,813.19	231,035.38	134,312,987.54	11,107,209.73
Liability for refundable advance fees	7,700,727.38	7,758,588.60	57,861.22	9,249,567.90	1,548,840.52
Deferred revenue from non-refundable advance fees	53,804,710.05	54,129,447.49	324,737.44	42,466,365.88	(11,338,344.17)
Residents' funds	4,784.99	4,318.47	(466.52)	9,091.99	4,307.00
Interest rate swap agreement	192,165.62	192,165.62	-	(182,151.83)	(374,317.45)
<b>Total long-term liabilities</b>	<b>184,908,165.85</b>	<b>185,521,333.37</b>	<b>613,167.52</b>	<b>185,855,861.48</b>	<b>947,695.63</b>
<b>Total liabilities</b>	<b>199,222,807.43</b>	<b>199,434,549.61</b>	<b>211,742.18</b>	<b>206,743,057.81</b>	<b>7,520,250.38</b>
<b>Net assets</b>					
Unrestricted	50,292,424.99	49,460,983.71	(831,441.28)	43,607,207.58	(6,685,217.41)
Temporarily restricted	2,694,232.68	2,701,942.39	7,709.71	2,275,689.69	(418,542.99)
Permanently restricted	1,724,439.13	1,724,389.13	(50.00)	1,877,769.16	153,330.03
<b>Total net assets</b>	<b>54,711,096.80</b>	<b>53,887,315.23</b>	<b>(823,781.57)</b>	<b>47,760,666.43</b>	<b>(6,950,430.37)</b>
<b>Total liabilities &amp; net assets</b>	<b>253,933,904.23</b>	<b>253,321,864.84</b>	<b>(612,039.39)</b>	<b>254,503,724.24</b>	<b>569,820.01</b>

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**  
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CURRENT PERIOD			<a href="#">Jump to Summary Page</a>	YEAR TO DATE			Annual
Budget	Actual	Variance		Budget	Actual	Variance	Budget
<b>INDEPENDENT LIVING REVENUE</b>							
1,476,924.00	1,480,018.74	3,094.74	2593610001	5,923,052.00	5,916,550.31	(6,501.69)	17,341,759.00
186,908.00	191,198.00	4,290.00	2593610301	764,785.00	768,288.08	3,503.08	2,180,384.00
(1,650.00)	(2,865.00)	(1,215.00)	2593610601	(6,600.00)	(11,126.64)	(4,526.64)	(19,800.00)
(795.00)	(2,000.00)	(1,205.00)	2593610901	(3,180.00)	(3,431.29)	(251.29)	(9,540.00)
(16,705.00)	(6,589.12)	10,115.88	2593611201	(66,820.00)	(38,873.48)	27,946.52	(200,460.00)
835.00	400.00	(435.00)	2593612101	3,340.00	1,800.00	(1,540.00)	10,020.00
1,549.00	-	(1,549.00)	2593613001	6,196.00	3,737.00	(2,459.00)	18,588.00
(1,549.00)	(535.00)	1,014.00	2593613301	(6,196.00)	(3,579.00)	2,617.00	(18,588.00)
4,677.00	4,603.35	(73.65)	2593615101	18,708.00	19,892.68	1,184.68	56,124.00
-	-	-	2593616301	-	4,600.00	4,600.00	-
800.00	3,242.72	2,442.72	2593616601	3,200.00	8,499.57	5,299.57	9,600.00
12,000.00	7,344.72	(4,655.28)	2593616901	48,000.00	34,787.78	(13,212.22)	144,000.00
1,125.00	543.50	(581.50)	2593617201	4,500.00	7,018.10	2,518.10	13,500.00
600.00	-	(600.00)	2593617401	2,400.00	600.00	(1,800.00)	7,200.00
5,100.00	3,961.17	(1,138.83)	2593617501	20,400.00	16,055.86	(4,344.14)	61,200.00
1,050.00	410.00	(640.00)	2593617801	4,200.00	3,683.24	(516.76)	12,600.00
607.00	230.99	(376.01)	2593630401	2,428.00	1,026.26	(1,401.74)	7,284.00
<b>1,671,476.00</b>	<b>1,679,964.07</b>	<b>8,488.07</b>	<b>Total Independent Living Revenue</b>	<b>6,718,413.00</b>	<b>6,729,528.47</b>	<b>11,115.47</b>	<b>19,613,871.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE				Annual	
Budget	Actual	Variance	Budget	Actual	Variance	Budget		
<b>IL PERSONAL SERVICES REVENUE</b>								
182,590.00	185,739.15	3,149.15	2594610001	Monthly Fees - 1st Person	753,761.00	769,742.10	15,981.10	2,150,008.00
1,656.00	3,420.00	1,764.00	2594610301	Monthly Fees - 2nd Person	6,829.00	10,039.32	3,210.32	8,324.00
(1,760.00)	(1,703.00)	57.00	2594611501	Discount - MRC Transfer	(7,040.00)	(6,812.00)	228.00	(21,120.00)
594.00	-	(594.00)	2594613001	Beauty & Barber	2,380.00	1,467.00	(913.00)	7,132.00
-	(204.00)	(204.00)	2594626000	Contra - Beauty & Barber	-	(1,628.00)	(1,628.00)	-
293.00	633.61	340.61	2594630401	Other	1,173.00	1,710.29	537.29	3,517.00
<b>183,373.00</b>	<b>187,885.76</b>	<b>4,512.76</b>		<b>Total IL Personal Service Revenue</b>	<b>757,103.00</b>	<b>774,518.71</b>	<b>17,415.71</b>	<b>2,147,861.00</b>



Croasdale Village  
 Statement of Revenues and Expenses  
 For the Period Ending January 31, 2020

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>CLINIC REVENUE</b>								
33,628.00	35,016.42	1,388.42	2598632200	Physicians	134,512.00	140,019.82	5,507.82	403,538.00
(1,713.00)	(3,882.70)	(2,169.70)	2598630707	Contractual Discounts	(6,852.00)	(13,367.32)	(6,515.32)	(20,560.00)
<b>31,915.00</b>	<b>31,133.72</b>	<b>(781.28)</b>		<b>Total Clinic Revenue</b>	<b>127,660.00</b>	<b>126,652.50</b>	<b>(1,007.50)</b>	<b>382,978.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>HOME CARE REVENUE</b>								
6,241.00	4,991.80	(1,249.20)	2591610001	Nursing	24,964.00	26,623.80	1,659.80	74,892.00
225,830.00	245,991.79	20,161.79	2591610301	CNA	903,320.00	1,014,614.73	111,294.73	2,709,960.00
8,533.00	12,942.59	4,409.59	2591610501	Companion	34,132.00	37,111.89	2,979.89	102,396.00
3,250.00	3,700.00	450.00	2591610701	Assistance-In-Living	13,000.00	16,300.00	3,300.00	39,040.00
(650.00)	-	650.00	2591620901	Discount - Administration	(2,600.00)	-	2,600.00	(7,800.00)
<b>243,204.00</b>	<b>267,626.18</b>	<b>24,422.18</b>		<b>Total Home Care Revenue</b>	<b>972,816.00</b>	<b>1,094,650.42</b>	<b>121,834.42</b>	<b>2,918,488.00</b>

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>ASSISTED LIVING (FRIENDSHIP HOUSE) REVENUE</b>								
260,958.00	248,868.00	(12,090.00)	2595620001	Room & Board	993,489.00	984,870.00	(8,619.00)	3,165,504.00
(4,060.00)	(3,923.00)	137.00	2595622701	Discount - Benevolent	(16,240.00)	(15,692.00)	548.00	(48,720.00)
970.00	-	(970.00)	2595613001	Beauty & Barber	3,880.00	3,341.00	(539.00)	11,640.00
-	(155.00)	(155.00)	2595626000	Contra - Beauty & Barber	-	(2,590.00)	(2,590.00)	-
502.00	859.91	357.91	2595626501	Medical Supplies	2,008.00	2,673.11	665.11	6,024.00
<b>258,370.00</b>	<b>245,649.91</b>	<b>(12,720.09)</b>		<b>Total Assisted Living (Friendship House) Revenue</b>	<b>983,137.00</b>	<b>972,602.11</b>	<b>(10,534.89)</b>	<b>3,134,448.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE			
Budget	Actual	Variance	Budget	Actual	Variance	Annual Budget
<b>HEALTH CENTER (PAVILION) REVENUE</b>						
<b>HC - PRIVATE PAY REVENUE</b>						
553,505.00	592,252.00	38,747.00	2,196,165.00	2,317,311.00	121,146.00	6,517,075.00
(6,200.00)	(3,317.00)	2,883.00	(24,800.00)	(28,444.00)	(3,644.00)	(74,400.00)
(17,910.00)	(15,631.00)	2,279.00	(71,640.00)	(63,140.00)	8,500.00	(214,920.00)
(1,000.00)	-	1,000.00	(4,000.00)	-	4,000.00	(12,000.00)
(165.00)	-	165.00	(660.00)	-	660.00	(1,980.00)
<b>528,230.00</b>	<b>573,304.00</b>	<b>45,074.00</b>	<b>2,095,065.00</b>	<b>2,225,727.00</b>	<b>130,662.00</b>	<b>6,213,775.00</b>
<b>Net Room &amp; Board</b>						
38.00	90.73	52.73	151.00	205.57	54.57	449.00
4,479.00	2,324.67	(2,154.33)	17,772.00	8,874.88	(8,897.12)	52,739.00
57.00	90.00	33.00	226.00	570.33	344.33	671.00
5,687.00	4,904.16	(782.84)	22,565.00	19,344.90	(3,220.10)	66,962.00
19.00	-	(19.00)	75.00	-	(75.00)	222.00
7.00	-	(7.00)	28.00	-	(28.00)	83.00
46.00	-	(46.00)	183.00	48.76	(134.24)	544.00
58.00	-	(58.00)	231.00	-	(231.00)	687.00
163.00	-	(163.00)	652.00	-	(652.00)	1,956.00
4,177.00	980.00	(3,197.00)	16,708.00	4,650.02	(12,057.98)	50,124.00
863.00	593.00	(270.00)	3,424.00	2,152.00	(1,272.00)	10,160.00
811.00	2,132.56	1,321.56	3,218.00	7,605.66	4,387.66	9,549.00
1,874.00	1,666.00	(208.00)	7,436.00	7,348.00	(88.00)	22,067.00
(2,127.00)	-	2,127.00	(8,440.00)	(6,590.00)	1,850.00	(25,046.00)
-	(3,815.00)	(3,815.00)	-	(3,815.00)	(3,815.00)	-
(644.00)	313.03	957.03	(2,576.00)	440.98	3,016.98	(7,728.00)
<b>15,508.00</b>	<b>9,279.15</b>	<b>(6,228.85)</b>	<b>61,653.00</b>	<b>40,836.10</b>	<b>(20,816.90)</b>	<b>183,439.00</b>
<b>543,738.00</b>	<b>582,583.15</b>	<b>38,845.15</b>	<b>2,156,718.00</b>	<b>2,266,563.10</b>	<b>109,845.10</b>	<b>6,397,214.00</b>
<b>HC - MEDICAID REVENUE</b>						
312,227.00	196,525.50	(115,701.50)	1,238,837.00	784,033.50	(454,803.50)	3,676,225.00
(164,456.00)	(105,166.33)	59,289.67	(652,519.00)	(411,025.19)	241,493.81	(1,936,337.00)
<b>147,771.00</b>	<b>91,359.17</b>	<b>(56,411.83)</b>	<b>586,318.00</b>	<b>373,008.31</b>	<b>(213,309.69)</b>	<b>1,739,888.00</b>
<b>Net Medicaid Room &amp; Board</b>						
1,269.00	478.91	(790.09)	5,035.00	2,851.02	(2,183.98)	14,941.00
3,093.00	1,321.05	(1,771.95)	12,272.00	6,220.19	(6,051.81)	36,417.00
170.00	90.00	(80.00)	674.00	360.00	(314.00)	1,999.00
5,913.00	3,058.72	(2,854.28)	23,461.00	14,366.37	(9,094.63)	69,620.00
29.00	-	(29.00)	115.00	-	(115.00)	341.00
-	-	-	-	12.04	12.04	-
3.00	24.38	21.38	12.00	87.94	75.94	36.00
91.00	-	(91.00)	361.00	-	(361.00)	1,071.00
1,043.00	249.98	(793.02)	4,139.00	1,078.00	(3,061.00)	12,283.00
1,082.00	308.83	(773.17)	4,293.00	1,397.00	(2,896.00)	12,739.00
273.00	180.00	(93.00)	1,083.00	676.00	(407.00)	3,214.00
(12,966.00)	(5,711.87)	7,254.13	(51,445.00)	(27,048.56)	24,396.44	(152,661.00)
-	-	-	-	-	-	-
<b>147,771.00</b>	<b>91,359.17</b>	<b>(56,411.83)</b>	<b>586,318.00</b>	<b>373,008.31</b>	<b>(213,309.69)</b>	<b>1,739,888.00</b>
<b>Net Medicaid Ancillaries</b>						
<b>Total Medicaid Revenue</b>						

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE					
Budget	Actual	Variance	Budget	Actual	Variance	Annual Budget		
<b>HC - HOSPICE REVENUE</b>								
9,692.00	37,374.00	27,682.00	2597620004	Room & Board	38,456.00	154,414.00	115,958.00	114,118.00
(5,345.00)	(14,621.47)	(9,276.47)	2597623604	Contractual Discount - R & B	(21,207.00)	(72,154.52)	(50,947.52)	(62,930.00)
<b>4,347.00</b>	<b>22,752.53</b>	<b>18,405.53</b>		<b>Net Hospice Room &amp; Board</b>	<b>17,249.00</b>	<b>82,259.48</b>	<b>65,010.48</b>	<b>51,188.00</b>
34.00	2.47	(31.53)	2597626204	Drugs	135.00	391.40	256.40	401.00
128.00	32.84	(95.16)	2597626504	Medical Supplies	507.00	703.29	196.29	1,504.00
112.00	189.38	77.38	2597626704	Incontinent Supplies	445.00	1,208.31	763.31	1,321.00
-	-	-	2597627104	Supplements/Nutrition	-	48.76	48.76	-
18.00	-	(18.00)	2597629404	Medical Equipment	71.00	-	(71.00)	210.00
82.00	61.00	(21.00)	2597629504	Oxygen	326.00	239.80	(86.20)	969.00
6.00	27.00	21.00	2597630204	Beauty & Barber	24.00	299.00	275.00	72.00
(380.00)	(312.69)	67.31	2597630704	Contractual Discount - Ancillaries	(1,508.00)	(2,890.56)	(1,382.56)	(4,477.00)
-	-	-		<b>Total Hospice Ancillaries</b>	-	-	-	-
<b>4,347.00</b>	<b>22,752.53</b>	<b>18,405.53</b>		<b>Total Hospice Revenue</b>	<b>17,249.00</b>	<b>82,259.48</b>	<b>65,010.48</b>	<b>51,188.00</b>
<b>HC - HMO A</b>								
30,603.00	1,930.00	(28,673.00)	2597620005	Room & Board	121,425.00	129,398.00	7,973.00	360,327.00
2,063.00	(1,061.40)	(3,124.40)	2597623605	Contractual Discount - R & B	8,186.00	44,850.60	36,664.60	24,293.00
<b>32,666.00</b>	<b>868.60</b>	<b>(31,797.40)</b>		<b>Net HMO A Room &amp; Board</b>	<b>129,611.00</b>	<b>174,248.60</b>	<b>44,637.60</b>	<b>384,620.00</b>
3,141.00	321.81	(2,819.19)	2597626205	Drugs	12,463.00	15,087.22	2,624.22	36,985.00
428.00	189.24	(238.76)	2597626505	Medical Supplies	1,698.00	1,902.34	204.34	5,038.00
21.00	-	(21.00)	2597626605	Diabetic Supplies	84.00	240.00	156.00	250.00
411.00	23.83	(387.17)	2597626705	Incontinent Supplies	1,631.00	1,525.48	(105.52)	4,840.00
17.00	-	(17.00)	2597627105	Supplements/Nutrition	68.00	48.76	(19.24)	203.00
58.00	-	(58.00)	2597626905	IV Supplies	230.00	140.99	(89.01)	682.00
7,844.00	530.00	(7,314.00)	2597627405	Occupational Therapy	31,123.00	33,570.00	2,447.00	92,357.00
8,024.00	570.00	(7,454.00)	2597627705	Physical Therapy	31,837.00	33,810.00	1,973.00	94,476.00
1,960.00	-	(1,960.00)	2597628005	Speech Therapy	7,777.00	17,565.00	9,788.00	23,078.00
224.00	90.10	(133.90)	2597628905	Laboratory	888.00	1,261.20	373.20	2,634.00
19.00	56.00	37.00	2597629505	Oxygen	76.00	344.98	268.98	227.00
6.00	-	(6.00)	2597629505	Medical Equipment	24.00	177.00	153.00	72.00
65.00	-	(65.00)	2597630105	X-Ray	258.00	713.84	455.84	766.00
(22,218.00)	(1,780.98)	20,437.02	2597630705	Contractual Discount - Ancillaries	(88,157.00)	(106,386.81)	(18,229.81)	(261,608.00)
-	-	-		<b>Net HMO A Ancillaries</b>	-	-	-	-
<b>32,666.00</b>	<b>868.60</b>	<b>(31,797.40)</b>		<b>Total HMO A Revenue</b>	<b>129,611.00</b>	<b>174,248.60</b>	<b>44,637.60</b>	<b>384,620.00</b>
6,579.00	11,120.00	4,541.00	2597627403	Occupational Therapy	26,316.00	34,880.00	8,564.00	78,948.00
15,868.00	17,820.00	1,952.00	2597627703	Physical Therapy	63,472.00	54,519.98	(8,952.02)	190,416.00
1,266.00	4,290.00	3,024.00	2597628003	Speech Therapy	5,064.00	10,845.00	5,781.00	15,192.00
(6,988.00)	(10,539.05)	(3,551.05)	2597630703	Contractual Discount - Ancillaries	(27,952.00)	(29,273.18)	(1,321.18)	(83,856.00)
<b>16,725.00</b>	<b>22,690.95</b>	<b>5,965.95</b>		<b>Total HMO B Revenue</b>	<b>66,900.00</b>	<b>70,971.80</b>	<b>4,071.80</b>	<b>200,700.00</b>

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE					
Budget	Actual	Variance	Budget	Actual	Variance	Annual Budget		
<b>HC - MEDICARE PART A REVENUE</b>								
158,030.00	194,027.00	35,997.00	2597620006	Room & Board	627,023.00	745,185.00	118,162.00	1,860,679.00
58,504.00	80,499.14	21,995.14	2597623606	Contractual Discount - R & B	232,129.00	320,925.56	88,796.56	688,839.00
<b>216,534.00</b>	<b>274,526.14</b>	<b>57,992.14</b>		<b>Net Medicare Room &amp; Board</b>	<b>859,152.00</b>	<b>1,066,110.56</b>	<b>206,958.56</b>	<b>2,549,518.00</b>
22,178.00	15,983.81	(6,194.19)	2597626206	Drugs	88,712.00	78,856.08	(9,855.92)	266,136.00
2,801.00	5,185.36	2,384.36	2597626506	Medical Supplies	11,204.00	15,850.89	4,646.89	33,612.00
235.00	270.00	35.00	2597626606	Diabetic Supplies	940.00	1,050.66	110.66	2,820.00
2,056.00	2,529.63	473.63	2597626706	Incontinent Supplies	8,224.00	9,957.07	1,733.07	24,672.00
3.00	-	(3.00)	2597626806	Therapy Supplies	12.00	22.86	10.86	36.00
359.00	637.79	278.79	2597626906	IV Supplies	1,436.00	2,070.58	634.58	4,308.00
80.00	573.95	493.95	2597627106	Supplements/Nutrition	320.00	1,986.77	1,666.77	960.00
43,233.00	38,960.00	(4,273.00)	2597627406	Occupational Therapy	172,932.00	144,040.00	(28,892.00)	518,796.00
45,134.00	39,320.00	(5,814.00)	2597627706	Physical Therapy	180,536.00	152,360.00	(28,176.00)	541,608.00
12,452.00	22,170.00	9,718.00	2597628006	Speech Therapy	49,808.00	75,930.00	26,122.00	149,424.00
559.00	-	(559.00)	2597628606	Ambulance	2,236.00	-	(2,236.00)	6,708.00
957.00	2,498.82	1,541.82	2597628906	Laboratory	3,828.00	6,176.20	2,348.20	11,484.00
211.00	584.00	373.00	2597629206	Medical Equipment	844.00	1,163.00	319.00	2,532.00
722.00	1,206.90	484.90	2597629506	Oxygen	2,888.00	3,249.80	361.80	8,664.00
711.00	1,287.16	576.16	2597630106	X-Ray	2,844.00	4,273.57	1,429.57	8,532.00
(131,691.00)	(131,207.42)	483.58	2597630706	Contractual Discount - Ancillaries	(526,764.00)	(496,987.48)	29,776.52	(1,580,292.00)
-	-	-		<b>Net Medicare Part A Ancillaries</b>	-	-	<b>0.00</b>	-
<b>216,534.00</b>	<b>274,526.14</b>	<b>57,992.14</b>		<b>Total Medicare Part A Revenue</b>	<b>859,152.00</b>	<b>1,066,110.56</b>	<b>206,958.56</b>	<b>2,549,518.00</b>
<b>HC - MEDICARE PART B REVENUE</b>								
22,415.00	27,350.00	4,935.00	2597627407	Occupational Therapy	89,660.00	104,920.00	15,260.00	268,980.00
39,912.00	38,190.00	(1,722.00)	2597627707	Physical Therapy	159,648.00	170,690.00	11,042.00	478,944.00
5,201.00	6,630.00	1,429.00	2597628007	Speech Therapy	20,804.00	31,540.00	10,736.00	62,412.00
(20,664.00)	(21,898.33)	(1,234.33)	2597630707	Contractual Discount - Ancillaries	(82,656.00)	(96,961.36)	(14,305.36)	(247,968.00)
<b>46,864.00</b>	<b>50,271.67</b>	<b>3,407.67</b>		<b>Total Medicare Part B Revenue</b>	<b>187,456.00</b>	<b>210,188.64</b>	<b>22,732.64</b>	<b>562,368.00</b>
<b>1,008,645.00</b>	<b>1,045,052.21</b>	<b>36,407.21</b>		<b>Total Health Care Center (Pavilion) Revenue</b>	<b>4,003,404.00</b>	<b>4,243,350.49</b>	<b>239,946.49</b>	<b>11,885,496.00</b>

Croasdaile Village  
 Statement of Revenues and Expenses  
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CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>OTHER OPERATING REVENUE</b>								
1,046.00	500.00	(546.00)	2599691700	Rental Revenue	4,184.00	1,500.00	(2,684.00)	12,552.00
1,800.00	1,278.00	(522.00)	2599692600	Methodist Conference - General Giving	7,200.00	5,112.00	(2,088.00)	21,600.00
190.00	16.67	(173.33)	2599699000	Miscellaneous Operating Revenue	760.00	458.15	(301.85)	2,280.00
8,172.00	11,166.54	2,994.54	2599692200	Interest Income	32,688.00	55,894.68	23,206.68	98,064.00
51.00	259.73	208.73	2599699600	Net Assets Released From Restriction	204.00	259.73	55.73	612.00
<b>11,259.00</b>	<b>13,220.94</b>	<b>1,961.94</b>		<b>Total Other Operating Revenue</b>	<b>45,036.00</b>	<b>63,224.56</b>	<b>18,188.56</b>	<b>135,108.00</b>
<b>3,408,242.00</b>	<b>3,470,532.79</b>	<b>62,290.79</b>		<b>Total Operating Revenue</b>	<b>13,607,569.00</b>	<b>14,004,527.26</b>	<b>396,958.26</b>	<b>40,218,250.00</b>

**Croasdale Village  
Statement of Revenues and Expenses  
For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page		YEAR TO DATE			Annual
Budget	Actual	Variance			Budget	Actual	Variance	Budget
<b>GENERAL &amp; ADMINISTRATIVE EXPENSE</b>								
15,977.00	17,573.69	(1,596.69)	2501720000	Administrator	82,152.00	98,377.74	(16,225.74)	210,218.00
13,709.00	13,709.21	(0.21)	2501720100	Associate Director	70,491.00	76,464.09	(5,973.09)	180,380.00
3,259.00	3,588.13	(329.13)	2501720200	Accounting Assistant	12,931.00	12,869.17	61.83	38,478.00
7,631.00	7,631.62	(0.62)	2501722800	Department Managers & Assistants	30,278.00	30,280.31	(2.31)	91,227.00
6,803.00	7,543.63	(740.63)	2501721600	Clerical & Secretary	26,933.00	30,005.14	(3,072.14)	80,471.00
4,311.00	4,116.60	194.40	2501721700	Executive Assistant	16,734.00	16,335.51	398.49	50,527.00
40,261.00	24,770.61	15,490.39	2501724700	Marketing	160,456.00	122,542.76	37,913.24	483,286.00
3,011.00	3,064.10	(53.10)	2501720800	Resident Services Director	11,947.00	12,005.20	(58.20)	36,263.00
20,911.00	20,188.95	722.05	2501724000	Human Resources	82,825.00	78,376.46	4,448.54	248,390.00
4,259.00	4,710.19	(451.19)	2501724700	IT Staff	16,898.00	17,471.24	(573.24)	50,910.00
2,600.00	(7,165.39)	9,765.39	2501739900	Accrued PTO	10,400.00	(4,979.29)	15,379.29	31,190.00
<b>122,732.00</b>	<b>99,731.34</b>	<b>23,000.66</b>		<b>Total Salaries &amp; Wages</b>	<b>522,045.00</b>	<b>489,748.33</b>	<b>32,296.67</b>	<b>1,501,340.00</b>
10,770.00	8,352.56	2,417.44	2501730000	Payroll Taxes & Insurance	45,450.00	29,051.30	16,398.70	131,619.00
15,488.00	18,248.85	(2,760.85)	2501731000	Insurance	61,951.00	81,192.36	(19,241.36)	185,856.00
3,748.00	2,728.97	1,019.03	2501733000	Retirement	14,992.00	11,906.30	3,085.70	44,980.00
927.00	988.65	(61.65)	2501732000	Other	13,698.00	6,379.15	7,318.85	21,110.00
<b>30,933.00</b>	<b>30,319.03</b>	<b>613.97</b>		<b>Total Employee Benefits</b>	<b>136,091.00</b>	<b>128,529.11</b>	<b>7,561.89</b>	<b>383,565.00</b>
-	-	-	2501735000	Uniforms	-	138.54	(138.54)	-
1,598.00	897.00	701.00	2501735200	Recruiting & Relocation	6,392.00	6,805.00	(413.00)	19,170.00
2,404.00	610.09	1,793.91	2501735400	Training & Meetings	9,616.00	2,181.36	7,434.64	28,845.00
963.00	-	963.00	2501735600	Travel & Transportation	3,852.00	4,639.22	(787.22)	11,550.00
3,333.00	4,017.10	(684.10)	2501735700	Employee Retention	13,332.00	13,822.51	(490.51)	40,000.00
582.00	2,188.43	(1,606.43)	2501735800	Background Checks	2,328.00	5,165.03	(2,837.03)	6,980.00
7,500.00	7,955.76	(455.76)	2501740600	Bad Debts	30,000.00	9,488.22	20,511.78	90,000.00
47.00	(215.05)	262.05	2501740900	Bank Charges	188.00	(70.45)	258.45	565.00
13,200.00	12,339.00	861.00	2501741500	Computer Line Charges	52,800.00	49,393.00	3,407.00	158,400.00
808.00	691.00	117.00	2501741800	Consultants	3,232.00	1,401.00	1,831.00	9,700.00
-	-	-	2501742100	Contributions	-	100.00	(100.00)	-
-	221.51	(221.51)	2501743300	Waste Disposal	-	1,777.85	(1,777.85)	-
20,679.00	18,665.30	2,013.70	2501743900	Dues & Subscriptions	82,716.00	78,559.99	4,156.01	248,156.00
28,062.00	27,695.00	367.00	2501749300	Insurance General	112,248.00	116,727.44	(4,479.44)	336,745.00
12,566.00	5,450.39	7,115.61	2501749900	Labor - Outside Contract	50,264.00	26,297.20	23,966.80	150,770.00
2,441.00	650.00	1,791.00	2501750800	Legal & Professional	9,764.00	4,366.05	5,397.95	29,300.00
916.00	284.55	631.45	2501752000	Licenses & Fees	3,664.00	2,057.99	1,606.01	10,990.00
4,803.00	1,830.67	2,972.33	2501753200	Maintenance & Repair - Contract	19,212.00	8,330.97	10,881.03	57,630.00
4,075.00	6,037.23	(1,962.23)	2501754800	Managed Services - SaaS	16,300.00	18,851.90	(2,551.90)	48,890.00
167.00	-	167.00	2501755900	Marketing - AL	668.00	3,017.64	(2,349.64)	2,000.00
740.00	262.50	477.50	2501756200	Marketing - HC	2,960.00	1,614.50	1,345.50	8,885.00
13,307.00	15,298.50	(1,991.50)	2501756800	Marketing - IL: Advertising	53,228.00	58,535.98	(5,307.98)	159,675.00
1,946.00	-	1,946.00	2501757400	Marketing - IL: Miscellaneous	7,784.00	16.79	7,767.21	23,357.00
333.00	312.19	20.81	2501757700	Marketing - IL: Outside Labor	1,332.00	1,231.18	100.82	4,000.00
67.00	-	67.00	2501758000	Marketing - IL: Postage & Yellow Pages	268.00	-	268.00	795.00
1,149.00	467.87	681.13	2501758300	Marketing - IL: Site Events	4,596.00	5,596.21	(1,000.21)	13,795.00
500.00	-	500.00	2501758600	Marketing - IL: Travel & Training	2,000.00	50.27	1,949.73	6,000.00
719.00	424.14	294.86	2501760400	Postage	2,876.00	1,093.41	1,782.59	8,628.00
206.00	-	206.00	2501760500	Public Relations	824.00	799.38	24.62	2,475.00
613.00	441.66	171.34	2501761000	Rental & Leasing	2,452.00	3,868.47	(1,416.47)	7,365.00
185.00	-	185.00	2501761300	Safety Program	740.00	1,831.05	(1,091.05)	2,220.00
3,333.00	2,329.55	1,003.45	2501762800	Supply - Durable/Expendable Goods	13,332.00	20,391.67	(7,059.67)	40,000.00
173.00	-	173.00	2501763700	Supply - Minor Equipment	692.00	2,211.99	(1,519.99)	2,075.00
607.00	2,696.61	(2,089.61)	2501764300	Supply - Office	2,428.00	9,263.74	(6,835.74)	7,290.00
3,288.00	-	3,288.00	2501764500	Supply - Computer & Peripheral Equipment	13,152.00	1,005.29	12,146.71	39,454.00
34.00	-	34.00	2501764700	Supply - IT & Communications Equipment	136.00	149.99	(13.99)	415.00
4,883.00	5,447.10	(564.10)	2501766400	Telephone	19,532.00	19,057.09	474.91	58,580.00
<b>136,227.00</b>	<b>116,998.10</b>	<b>19,228.90</b>		<b>Total Other Expense</b>	<b>544,908.00</b>	<b>479,767.47</b>	<b>65,140.53</b>	<b>1,634,700.00</b>
<b>289,892.00</b>	<b>247,048.47</b>	<b>42,843.53</b>		<b>Total General &amp; Administrative</b>	<b>1,203,044.00</b>	<b>1,098,044.91</b>	<b>104,999.09</b>	<b>3,519,605.00</b>



**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page				YEAR TO DATE			Annual
Budget	Actual	Variance				Budget	Actual	Variance	Budget	
<b>PLANT EXPENSE</b>										
9,002.00	9,090.53	(88.53)	2569722800	Department Manager		35,718.00	35,775.67	(57.67)	106,284.00	
4,955.00	5,128.75	(173.75)	2569726800	Supervisor		19,660.00	20,581.18	(921.18)	58,792.00	
2,829.00	3,350.37	(521.37)	2569721600	Clerical & Secretary		11,225.00	12,423.21	(1,198.21)	34,067.00	
36,456.00	27,793.12	8,662.88	2569723200	General Maintenance		143,679.00	111,330.84	32,348.16	430,860.00	
500.00	(1,278.41)	1,778.41	2569739900	Accrued PTO		2,000.00	4,573.59	(2,573.59)	6,050.00	
<b>53,742.00</b>	<b>44,084.36</b>	<b>9,657.64</b>		<b>Total Salaries &amp; Wages</b>		<b>212,282.00</b>	<b>184,684.49</b>	<b>27,597.51</b>	<b>636,053.00</b>	
4,717.00	3,865.99	851.01	2569730000	Payroll Taxes & Insurance		18,658.00	15,321.94	3,336.06	55,992.00	
8,047.00	7,068.15	978.85	2569731000	Insurance		32,185.00	22,157.54	10,027.46	98,557.00	
1,029.00	811.53	217.47	2569733000	Retirement		4,116.00	1,611.05	2,504.95	12,350.00	
10.00	50.00	(40.00)	2569732000	Other		40.00	325.00	(285.00)	120.00	
<b>13,803.00</b>	<b>11,795.67</b>	<b>2,007.33</b>		<b>Total Employee Benefits</b>		<b>54,999.00</b>	<b>39,415.53</b>	<b>15,583.47</b>	<b>165,019.00</b>	
592.00	478.56	113.44	2569735000	Uniforms		2,368.00	1,939.96	428.04	7,100.00	
42.00	279.93	(237.93)	2569735400	Training & Meetings		168.00	279.93	(111.93)	500.00	
17.00	-	17.00	2569735600	Travel & Transportation		68.00	-	68.00	200.00	
42.00	50.42	(8.42)	2569735700	Employee Retention		168.00	561.94	(393.94)	500.00	
7,103.00	7,220.16	(117.16)	2569740300	Auto & Bus		28,412.00	27,623.41	788.59	85,225.00	
19,450.00	18,964.47	485.53	2569741200	Cable TV		77,800.00	72,130.00	5,670.00	233,400.00	
3,208.00	14,077.44	(10,869.44)	2569741800	Consultants		12,832.00	14,077.44	(1,245.44)	38,500.00	
7,023.00	15,788.79	(8,765.79)	2569743300	Disposal & Trucking		28,092.00	43,076.94	(14,984.94)	84,280.00	
89.00	99.07	(10.07)	2569743900	Dues & Subscriptions		356.00	357.40	(1.40)	1,065.00	
1,285.00	3,419.00	(2,134.00)	2569745700	Extermination Service		5,140.00	5,344.00	(204.00)	15,415.00	
477.00	59.90	417.10	2569752000	License & Fees		1,908.00	3,483.70	(1,575.70)	5,725.00	
24,813.00	10,686.10	14,126.90	2569752900	Maintenance & Repair - Building		99,252.00	65,780.92	33,471.08	297,752.00	
5,460.00	4,778.81	681.19	2569753200	Maintenance & Repair - Equipment		21,840.00	21,634.30	205.70	65,523.00	
42,385.00	42,634.23	(249.23)	2569753500	Maintenance & Repair - Grounds		169,540.00	162,787.50	6,752.50	508,621.00	
413.00	1,300.00	(887.00)	2569753800	Maintenance & Repair - HVAC		1,652.00	3,247.02	(1,595.02)	4,950.00	
9,389.00	5,408.95	3,980.05	2569754100	Maintenance & Repair - Scheduled Refurb		37,556.00	24,917.61	12,638.39	112,665.00	
446.00	456.58	(10.58)	2569754800	Managed Services - SaaS		1,784.00	1,826.38	(42.38)	5,355.00	
433.00	653.00	(220.00)	2569761000	Rental & Leasing		1,732.00	2,638.85	(906.85)	5,195.00	
287.00	41.72	245.28	2569762500	Supply - Chemical		1,148.00	148.02	999.98	3,440.00	
280.00	1,751.19	(1,471.19)	2569762800	Supply - Durable/Expendable Goods		1,120.00	8,107.75	(6,987.75)	3,356.00	
1,300.00	4,959.63	(3,659.63)	2569763700	Supply - Minor Equipment		5,200.00	10,655.37	(5,455.37)	15,590.00	
5.00	51.36	(46.36)	2569764300	Supply - Office		20.00	114.72	(94.72)	60.00	
73.00	1,045.17	(972.17)	2569764500	Supply - Computer & Peripheral		292.00	1,045.17	(753.17)	875.00	
17.00	-	17.00	2569764700	Supply - IT & Communications Equipment		68.00	-	68.00	200.00	
9,155.00	15,520.52	(6,365.52)	2569764900	Supply - Repairs - Buildings		36,620.00	35,737.11	882.89	109,850.00	
-	-	-	2569765200	Supply - Repairs - Grounds		-	7.90	(7.90)	-	
<b>133,784.00</b>	<b>149,725.00</b>	<b>(15,941.00)</b>		<b>Total Other Expense</b>		<b>535,136.00</b>	<b>507,523.34</b>	<b>27,612.66</b>	<b>1,605,342.00</b>	
46,740.00	22,836.74	23,903.26	2569767300	Utilities - Gas		107,613.00	54,352.89	53,260.11	226,115.00	
68,881.00	60,373.33	8,507.67	2569767000	Utilities - Electric		233,669.00	201,291.08	32,377.92	839,485.00	
32,888.00	46,447.07	(13,559.07)	2569767900	Utilities - Water		126,474.00	171,320.88	(44,846.88)	429,895.00	
<b>148,509.00</b>	<b>129,657.14</b>	<b>18,851.86</b>		<b>Total Utility Expense</b>		<b>467,756.00</b>	<b>426,964.85</b>	<b>40,791.15</b>	<b>1,495,495.00</b>	
<b>349,838.00</b>	<b>335,262.17</b>	<b>14,575.83</b>		<b>Total Plant Expense</b>		<b>1,270,173.00</b>	<b>1,158,588.21</b>	<b>111,584.79</b>	<b>3,901,909.00</b>	

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>ENVIRONMENTAL SERVICES EXPENSE</b>								
10,753.00	11,355.16	(602.16)	2531722800	Department Manager	42,281.00	43,175.24	(894.24)	126,570.00
14,365.00	14,122.97	242.03	2531726800	Housekeeping Supervisor	56,708.00	56,268.42	439.58	170,202.00
78,002.00	72,915.14	5,086.86	2531723800	Housekeepers	309,176.00	292,680.35	16,495.65	928,498.00
30,810.00	25,560.99	5,249.01	2531724200	Janitors	121,957.00	112,404.57	9,552.43	366,304.00
1,160.00	(833.21)	1,993.21	2531739900	Accrued PTO	4,640.00	5,991.14	(1,351.14)	13,950.00
<b>135,090.00</b>	<b>123,121.05</b>	<b>11,968.95</b>		<b>Total Salaries &amp; Wages</b>	<b>534,762.00</b>	<b>510,519.72</b>	<b>24,242.28</b>	<b>1,605,524.00</b>
11,959.00	10,458.64	1,500.36	2531730000	Payroll Taxes & Insurance	47,396.00	42,401.94	4,994.06	142,498.00
21,647.00	24,237.17	(2,590.17)	2531731000	Insurance	86,586.00	90,866.62	(4,280.62)	259,761.00
1,598.00	1,418.72	179.28	2531733000	Retirement	6,392.00	2,920.32	3,471.68	19,175.00
10.00	50.00	(40.00)	2531732000	Other	40.00	1,500.00	(1,460.00)	120.00
<b>35,214.00</b>	<b>36,164.53</b>	<b>(950.53)</b>		<b>Total Employee Benefits</b>	<b>140,414.00</b>	<b>137,688.88</b>	<b>2,725.12</b>	<b>421,554.00</b>
167.00	-	167.00	2531735000	Uniforms	668.00	-	668.00	2,000.00
84.00	1,400.00	(1,316.00)	2531735400	Training & Meetings	336.00	1,499.00	(1,163.00)	1,000.00
-	-	-	2531735600	Travel & Transportation	-	1,013.68	(1,013.68)	-
32.00	82.65	(50.65)	2531735700	Employee Retention	128.00	1,035.79	(907.79)	388.00
2,138.00	165.00	1,973.00	2531745700	Extermination Service	8,552.00	6,552.00	2,000.00	25,658.00
1,467.00	976.53	490.47	2531753200	Maintenance & Repair - Equipment	5,868.00	2,905.22	2,962.78	17,610.00
2,975.00	-	2,975.00	2531760100	Outside Cleaning	11,900.00	17,775.00	(5,875.00)	35,700.00
9.00	8.95	0.05	2531761000	Rental & Leasing	36.00	44.75	(8.75)	110.00
29.00	-	29.00	2531762200	Supply - Central Laundry	116.00	-	116.00	350.00
8,089.00	2,292.30	5,796.70	2531762500	Supply - Chemical	32,356.00	7,600.17	24,755.83	97,055.00
229.00	6,790.79	(6,561.79)	2531762800	Supply - Durable/Expendable Goods	916.00	22,950.90	(22,034.90)	2,748.00
-	-	-	2531763400	Supply - Linens	-	916.89	(916.89)	-
264.00	-	264.00	2531763700	Supply - Minor Equipment	1,056.00	2,528.43	(1,472.43)	3,158.00
-	-	-	2531764300	Supply - Office	-	369.93	(369.93)	-
<b>15,483.00</b>	<b>11,716.22</b>	<b>3,766.78</b>		<b>Total Other Expense</b>	<b>61,932.00</b>	<b>65,191.76</b>	<b>(3,259.76)</b>	<b>185,777.00</b>
<b>185,787.00</b>	<b>171,001.80</b>	<b>14,785.20</b>		<b>Total Environmental Services Expense</b>	<b>737,108.00</b>	<b>713,400.36</b>	<b>23,707.64</b>	<b>2,212,855.00</b>

Croasdaile Village  
Statement of Revenues and Expenses  
For the Period Ending January 31, 2020

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>LAUNDRY EXPENSE</b>								
2,701.00	2,209.34	491.66	2533724500	Laundry Supervisor	10,717.00	11,518.47	(801.47)	31,890.00
6,053.00	8,390.64	(2,337.64)	2533724400	Laundry	23,826.00	33,033.95	(9,207.95)	71,274.00
42.00	(3.10)	45.10	2533739900	Accrued PTO	168.00	(143.51)	311.51	500.00
<b>8,796.00</b>	<b>10,596.88</b>	<b>(1,800.88)</b>		<b>Total Salaries &amp; Wages</b>	<b>34,711.00</b>	<b>44,408.91</b>	<b>(9,697.91)</b>	<b>103,664.00</b>
819.00	896.72	(77.72)	2533730000	Payroll Taxes & Insurance	3,226.00	3,701.96	(475.96)	9,698.00
896.00	1,624.04	(728.04)	2533731000	Insurance	3,581.00	6,500.16	(2,919.16)	10,746.00
76.00	51.38	24.62	2533733000	Retirement	304.00	41.57	262.43	910.00
10.00	-	10.00	2533732000	Other	40.00	175.00	(135.00)	120.00
<b>1,801.00</b>	<b>2,572.14</b>	<b>(771.14)</b>		<b>Total Employee Benefits</b>	<b>7,151.00</b>	<b>10,418.69</b>	<b>(3,267.69)</b>	<b>21,474.00</b>
292.00	-	292.00	2533753200	Maintenance & Repair - Equipment	1,168.00	3,025.37	(1,857.37)	3,500.00
2,282.00	2,986.71	(704.71)	2533762200	Supply - Central Laundry	9,128.00	9,360.71	(232.71)	27,380.00
-	335.33	(335.33)	2533762800	Supply - Durable/Expendable Goods	-	660.69	(660.69)	-
1,832.00	1,231.98	600.02	2533763400	Supply - Linen & Etc.	7,328.00	2,940.55	4,387.45	21,980.00
<b>4,406.00</b>	<b>4,554.02</b>	<b>(148.02)</b>		<b>Total Other Expense</b>	<b>17,624.00</b>	<b>15,987.32</b>	<b>1,636.68</b>	<b>52,860.00</b>
<b>15,003.00</b>	<b>17,723.04</b>	<b>(2,720.04)</b>		<b>Total Laundry Expense</b>	<b>59,486.00</b>	<b>70,814.92</b>	<b>(11,328.92)</b>	<b>177,998.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>FOOD AND BEVERAGE EXPENSE</b>								
281,371.00	265,259.09	16,111.91	2529729900	Morrison's	1,125,484.00	972,300.06	153,183.94	3,376,455.00
603.00	1,221.58	(618.58)	2529735000	Uniforms	2,412.00	2,011.86	400.14	7,230.00
2,667.00	-	2,667.00	2529735400	Training & Meetings	10,668.00	(1,400.00)	12,068.00	32,000.00
-	-	-	2529735700	Employee Retention	-	7.00	(7.00)	-
208.00	-	208.00	2529741800	Consultants	832.00	-	832.00	2,500.00
190,741.00	175,012.46	15,728.54	2529746000	Food	762,964.00	701,958.66	61,005.34	2,288,892.00
10,019.00	9,794.00	225.00	2529748400	Food Service Contract	40,076.00	39,296.00	780.00	120,230.00
-	23,905.09	(23,905.09)	2529749900	Labor - Outside Contract	-	90,997.88	(90,997.88)	-
1,649.00	1,591.22	57.78	2529753200	Maintenance & Repair - Equipment	6,596.00	8,968.18	(2,372.18)	19,785.00
2,621.00	4,314.87	(1,693.87)	2529761000	Rental & Leasing	10,484.00	14,451.07	(3,967.07)	31,445.00
3,758.00	3,687.43	70.57	2529762500	Supply - Chemical	15,032.00	14,568.21	463.79	45,089.00
1,733.00	12,714.44	(10,981.44)	2529762800	Supply - Durable/Expendable Goods	6,932.00	37,676.97	(30,744.97)	20,805.00
-	-	-	2529763400	Supply - Linens	-	1,624.07	(1,624.07)	-
2,239.00	392.04	1,846.96	2529763700	Supply - Minor Equipment	8,956.00	392.04	8,563.96	26,855.00
8,271.00	1,121.86	7,149.14	2529764300	Supply - Office	33,084.00	3,614.95	29,469.05	99,245.00
147.00	-	147.00	2529764500	Supply - Computer & Peripheral Equipment	588.00	434.92	153.08	1,765.00
75.00	-	75.00	2529764700	Supply - IT & Communication Equipment	300.00	-	300.00	900.00
2,821.00	2,641.41	179.59	2529765500	Supply - Silverware/Dishes	11,284.00	12,353.39	(1,069.39)	33,855.00
<b>508,923.00</b>	<b>501,655.49</b>	<b>7,267.51</b>		<b>Total Food &amp; Beverage Expense</b>	<b>2,035,692.00</b>	<b>1,899,255.26</b>	<b>136,436.74</b>	<b>6,107,051.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>HEALTH CENTER (PAVILION) EXPENSE</b>								
10,593.00	10,593.14	(0.14)	2537720000	Associate Director	54,468.00	58,681.03	(4,213.03)	139,381.00
23,452.00	15,658.08	7,793.92	2537722800	Department Managers & Assistants	93,051.00	88,699.92	4,351.08	279,318.00
19,509.00	9,875.49	9,633.51	2537726800	Supervisor	77,406.00	39,227.33	38,178.67	230,329.00
8,021.00	6,057.89	1,963.11	2537721600	Clerical & Secretary	31,828.00	23,354.38	8,473.62	95,164.00
5,218.00	5,066.28	151.72	2537720700	Admissions Coordinator	20,253.00	20,101.71	151.29	61,157.00
13,505.00	14,887.36	(1,382.36)	2537724900	MDS Staff	53,694.00	58,370.16	(4,676.16)	159,604.00
6,947.00	6,289.51	657.49	2537720600	Activities Staff	27,674.00	26,221.40	1,452.60	82,179.00
4,049.00	3,855.34	193.66	2537725000	Medical Records	16,078.00	16,549.36	(471.36)	48,639.00
12,006.00	19,235.75	(7,229.75)	2537725200	Medicine Aides	47,585.00	62,776.14	(15,191.14)	142,721.00
2,855.00	2,751.54	103.46	2537726900	Supply Clerks	11,334.00	11,956.55	(622.55)	33,744.00
137,774.00	145,824.96	(8,050.96)	2537721800	CNA	545,227.00	559,716.82	(14,489.82)	1,637,340.00
64,244.00	64,503.15	(259.15)	2537724600	LPN	254,576.00	279,073.51	(24,497.51)	765,283.00
51,837.00	65,355.48	(13,518.48)	2537725800	RN	205,310.00	245,370.16	(40,060.16)	614,970.00
3,918.00	4,666.74	(748.74)	2537725900	Scheduler	15,449.00	19,436.82	(3,987.82)	47,082.00
6,579.00	6,684.51	(105.51)	2537726500	Staff Development	26,104.00	11,415.61	14,688.39	77,676.00
6,044.00	5,868.87	175.13	2537726100	Ward Clerks	23,732.00	23,711.30	20.70	71,647.00
7,623.00	7,622.26	0.74	2537726400	Social Services Staff	30,246.00	30,236.04	9.96	90,896.00
2,310.00	1,870.66	439.34	2537739900	Accrued PTO	9,240.00	14,427.77	(5,187.77)	27,770.00
<b>386,484.00</b>	<b>396,667.01</b>	<b>(10,183.01)</b>		<b>Total Salaries &amp; Wages</b>	<b>1,543,255.00</b>	<b>1,589,326.01</b>	<b>(46,071.01)</b>	<b>4,604,900.00</b>
35,404.00	36,057.78	(653.78)	2537730000	Payroll Taxes & Insurance	141,416.00	139,847.94	1,568.06	423,181.00
45,096.00	42,463.81	2,632.19	2537731000	Insurance	180,370.00	168,554.66	11,815.34	541,078.00
5,308.00	4,607.65	700.35	2537733000	Retirement	21,232.00	9,466.49	11,765.51	63,700.00
20.00	100.00	(80.00)	2537732000	Other	80.00	3,025.00	(2,945.00)	240.00
<b>85,828.00</b>	<b>83,229.24</b>	<b>2,598.76</b>		<b>Total Employee Benefits</b>	<b>343,098.00</b>	<b>320,894.09</b>	<b>22,203.91</b>	<b>1,028,199.00</b>
167.00	-	167.00	2537735000	Uniforms	668.00	61.24	606.76	2,000.00
1,330.00	-	1,330.00	2537735400	Training & Meetings	5,320.00	1,221.00	4,099.00	15,950.00
933.00	-	933.00	2537735600	Travel & Transportation	3,732.00	501.49	3,230.51	11,200.00
317.00	147.24	169.76	2537735700	Employee Retention	1,268.00	1,690.24	(422.24)	3,800.00
1,288.00	594.32	693.68	2537740000	Activities Expense	5,152.00	3,871.71	1,280.29	15,455.00
6,050.00	980.16	5,069.84	2537741800	Consultants	24,200.00	17,727.02	6,472.98	72,600.00
42.00	20.34	21.66	2537743600	Drugs - House Use	168.00	174.74	(6.74)	500.00
717.00	934.18	(217.18)	2537743900	Dues & Subscriptions	2,868.00	3,809.24	(941.24)	8,599.00
836.00	739.08	96.92	2537745300	Culture Change	3,344.00	3,613.32	(269.32)	10,030.00
1,823.00	4,480.62	(2,657.62)	2537749000	Hazardous Waste Disposal	7,292.00	7,824.60	(532.60)	21,870.00
-	125.00	(125.00)	2537749900	Labor - Outside Contract	-	243.50	(243.50)	-
377.00	487.00	(110.00)	2537752000	Licenses & Fees	1,508.00	2,247.88	(739.88)	4,525.00
1,517.00	2,374.73	(857.73)	2537753200	Maintenance & Repair - Equipment	6,068.00	5,533.97	534.03	18,200.00
2,292.00	2,544.83	(252.83)	2537754800	Managed Services - SaaS	9,168.00	9,080.36	87.64	27,505.00
4,738.00	3,676.51	1,061.49	2537758900	Medical Director Fees	18,952.00	14,706.04	4,245.96	56,861.00
4,691.00	5,748.24	(1,057.24)	2537759500	Medical Supplies - House Use	18,764.00	20,025.88	(1,261.88)	56,300.00
-	401.43	(401.43)	2537760600	Therapy Supplies - House Use	-	1,213.36	(1,213.36)	-
1,150.00	1,010.00	140.00	2537760700	Professional Fees	4,600.00	4,040.00	560.00	13,800.00
451.00	496.70	(45.70)	2537761000	Rental & Leasing	1,804.00	2,040.70	(236.70)	5,410.00
1,780.00	1,641.40	138.60	2537762800	Supply - Durable/Expendable Goods	7,120.00	2,414.81	4,705.19	21,354.00
2,250.00	1,402.28	847.72	2537763700	Supply - Minor Equipment	9,000.00	2,038.42	6,961.58	27,000.00
1,083.00	956.27	126.73	2537764300	Supply - Office	4,332.00	3,385.33	946.67	13,000.00
833.00	-	833.00	2537764500	Supply - Computer & Peripheral Equipment	3,332.00	6,870.88	(3,538.88)	10,000.00
100.00	-	100.00	2537764700	Supply - IT & Communication Equipment	400.00	-	400.00	1,200.00
<b>34,765.00</b>	<b>28,760.33</b>	<b>6,004.67</b>		<b>Total HC Administrative</b>	<b>139,060.00</b>	<b>114,335.73</b>	<b>24,724.27</b>	<b>417,159.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE			Annual		
Budget	Actual	Variance	Budget	Actual	Variance	Budget		
15.00	40.71	(25.71)	2537770001	Drugs	60.00	80.79	(20.79)	179.00
2,343.00	945.84	1,397.16	2537770301	Medical Supplies	9,297.00	3,618.17	5,678.83	27,590.00
23.00	36.00	(13.00)	2537770401	Diabetic Supplies	91.00	228.13	(137.13)	270.00
2,275.00	1,987.35	287.65	2537770501	Incontinent Supplies	9,026.00	7,763.48	1,262.52	26,784.00
19.00	-	19.00	2537770601	Therapy Supplies	75.00	-	75.00	222.00
3.00	-	3.00	2537770701	IV Supplies	12.00	-	12.00	35.00
18.00	-	18.00	2537770901	Supplements/Nutrition	72.00	19.50	52.50	215.00
58.00	-	58.00	2537772401	Ambulance/Transportation	231.00	-	231.00	687.00
107.00	-	107.00	2537771201	Occupational Therapy	428.00	-	428.00	1,284.00
2,509.00	563.32	1,945.68	2537771501	Physical Therapy	10,036.00	2,703.76	7,332.24	30,108.00
604.00	1,034.25	(430.25)	2537773001	Medical Equipment	2,396.00	4,687.44	(2,291.44)	7,109.00
138.00	149.00	(11.00)	2537773301	Oxygen	548.00	1,002.96	(454.96)	1,627.00
<b>8,112.00</b>	<b>4,756.47</b>	<b>3,355.53</b>		<b>Total Private Pay</b>	<b>32,272.00</b>	<b>20,104.23</b>	<b>12,167.77</b>	<b>96,110.00</b>
1,212.00	466.76	745.24	2537770002	Drugs	4,808.00	2,798.06	2,009.94	14,266.00
1,282.00	541.51	740.49	2537770302	Medical Supplies	5,087.00	2,524.51	2,562.49	15,096.00
68.00	36.00	32.00	2537770402	Diabetic Supplies	270.00	144.00	126.00	801.00
2,365.00	1,220.34	1,144.66	2537770502	Incontinent Supplies	9,384.00	5,743.38	3,640.62	27,847.00
29.00	-	29.00	2537770602	Therapy Supplies	115.00	-	115.00	341.00
-	-	-	2537770702	IV Supplies	-	4.82	(4.82)	-
1.00	9.75	(8.75)	2537770902	Supplements/Nutrition	4.00	44.05	(40.05)	12.00
91.00	-	91.00	2537772402	Ambulance/Transportation	361.00	-	361.00	1,071.00
754.00	640.09	113.91	2537773002	Medical Equipment	2,992.00	3,193.50	(201.50)	8,879.00
170.00	37.13	132.87	2537773302	Oxygen	675.00	183.38	491.62	2,003.00
<b>5,972.00</b>	<b>2,951.58</b>	<b>3,020.42</b>		<b>Total Medicaid</b>	<b>23,696.00</b>	<b>14,635.70</b>	<b>9,060.30</b>	<b>70,316.00</b>
31.00	2.47	28.53	2537770004	Drugs	123.00	384.75	(261.75)	365.00
52.00	13.12	38.88	2537770304	Medical Supplies	206.00	283.20	(77.20)	612.00
45.00	53.13	(8.13)	2537770504	Incontinent Supplies	179.00	460.69	(281.69)	531.00
-	-	-	2537770904	Supplements/Nutrition	-	19.50	(19.50)	-
-	-	-	2537773204	Medical Equipment	-	23.64	(23.64)	-
12.00	11.60	0.40	2537773304	Oxygen	48.00	83.11	(35.11)	143.00
<b>140.00</b>	<b>80.32</b>	<b>59.68</b>		<b>Total Hospice</b>	<b>556.00</b>	<b>1,254.89</b>	<b>(698.89)</b>	<b>1,651.00</b>
2,965.00	321.81	2,643.19	2537770005	Drugs	11,766.00	14,695.99	(2,929.99)	34,919.00
226.00	81.50	144.50	2537770305	Medical Supplies	896.00	791.23	104.77	2,657.00
8.00	-	8.00	2537770405	Diabetic Supplies	32.00	96.00	(64.00)	96.00
194.00	9.53	184.47	2537770505	Incontinent Supplies	770.00	610.19	159.81	2,285.00
55.00	-	55.00	2537770705	IV Supplies	218.00	122.82	95.18	646.00
6.00	-	6.00	2537770905	Supplements/Nutrition	24.00	19.50	4.50	71.00
2,261.00	385.11	1,875.89	2537771205	Occupational Therapy	8,971.00	10,517.13	(1,546.13)	26,621.00
2,249.00	383.89	1,865.11	2537771505	Physical Therapy	8,923.00	11,077.37	(2,154.37)	26,478.00
365.00	-	365.00	2537771805	Speech Therapy	1,448.00	4,075.58	(2,627.58)	4,297.00
224.00	90.10	133.90	2537772705	Laboratory	888.00	1,261.20	(373.20)	2,634.00
6.00	-	6.00	2537773205	Medical Equipment	24.00	72.00	(48.00)	72.00
2.00	-	2.00	2537773005	Oxygen	8.00	72.98	(64.98)	24.00
65.00	-	65.00	2537773905	X-Ray	258.00	713.84	(455.84)	766.00
<b>8,626.00</b>	<b>1,271.94</b>	<b>7,354.06</b>		<b>Total HMO A</b>	<b>34,226.00</b>	<b>44,125.83</b>	<b>(9,899.83)</b>	<b>101,566.00</b>
4,226.00	6,581.42	(2,355.42)	2537771203	Occupational Therapy	16,904.00	21,639.99	(4,735.99)	50,712.00
9,253.00	10,273.89	(1,020.89)	2537771503	Physical Therapy	37,012.00	32,549.82	4,462.18	111,036.00
834.00	2,846.89	(2,012.89)	2537771803	Speech Therapy	3,336.00	7,222.54	(3,886.54)	10,008.00
<b>14,313.00</b>	<b>19,702.20</b>	<b>(5,389.20)</b>		<b>Total HMO B</b>	<b>57,252.00</b>	<b>61,412.35</b>	<b>(4,160.35)</b>	<b>171,756.00</b>

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE			Annual
Budget	Actual	Variance	Budget	Actual	Variance	Budget
21,448.00	15,951.28	5,496.72	85,792.00	77,057.80	8,734.20	257,376.00
1,168.00	2,341.07	(1,173.07)	4,672.00	6,797.46	(2,125.46)	14,016.00
94.00	108.00	(14.00)	376.00	420.26	(44.26)	1,128.00
822.00	1,011.83	(189.83)	3,288.00	3,982.73	(694.73)	9,864.00
1.00	-	1.00	4.00	9.15	(5.15)	12.00
334.00	577.60	(243.60)	1,336.00	1,976.58	(640.58)	4,008.00
33.00	229.57	(196.57)	132.00	791.79	(659.79)	396.00
13,663.00	12,890.39	772.61	54,652.00	51,657.65	2,994.35	163,956.00
14,535.00	13,981.88	553.12	58,140.00	55,956.61	2,183.39	174,420.00
3,717.00	5,741.55	(2,024.55)	14,868.00	20,828.27	(5,960.27)	44,604.00
559.00	252.63	306.37	2,236.00	252.63	1,983.37	6,708.00
850.00	2,525.92	(1,675.92)	3,400.00	6,203.30	(2,803.30)	10,200.00
68.00	416.00	(348.00)	272.00	646.24	(374.24)	816.00
110.00	97.15	12.85	440.00	395.65	44.35	1,320.00
711.00	1,508.04	(797.04)	2,844.00	4,494.45	(1,650.45)	8,532.00
<b>58,113.00</b>	<b>57,632.91</b>	<b>480.09</b>	<b>232,452.00</b>	<b>231,470.57</b>	<b>981.43</b>	<b>697,356.00</b>
14,225.00	17,609.20	(3,384.20)	56,900.00	66,872.04	(9,972.04)	170,700.00
23,479.00	22,192.31	1,286.69	93,916.00	99,436.11	(5,520.11)	281,748.00
3,519.00	5,603.16	(2,084.16)	14,076.00	22,441.35	(8,365.35)	42,228.00
<b>41,223.00</b>	<b>45,404.67</b>	<b>(4,181.67)</b>	<b>164,892.00</b>	<b>188,749.50</b>	<b>(23,857.50)</b>	<b>494,676.00</b>
<b>643,576.00</b>	<b>640,456.67</b>	<b>3,119.33</b>	<b>2,570,759.00</b>	<b>2,586,308.90</b>	<b>(15,549.90)</b>	<b>7,683,689.00</b>

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page				YEAR TO DATE			Annual
Budget	Actual	Variance				Budget	Actual	Variance	Budget	
<b>CLINIC EXPENSE</b>										
7,661.00	7,609.04	51.96	2546721600	Clerical & Secretary		30,397.00	29,747.20	649.80	91,179.00	
3,355.00	2,387.50	967.50	2546721800	CNA		13,312.00	10,081.54	3,230.46	40,401.00	
19,646.00	23,216.03	(3,570.03)	2546725800	Nurses		77,951.00	90,546.14	(12,595.14)	235,414.00	
6,111.00	6,789.60	(678.60)	2546724600	Companions		24,247.00	26,676.53	(2,429.53)	73,236.00	
420.00	(390.66)	810.66	2546739900	Accrued PTO		1,680.00	493.15	1,186.85	5,000.00	
<b>37,193.00</b>	<b>39,611.51</b>	<b>(2,418.51)</b>		<b>Total Salaries &amp; Wages</b>		<b>147,687.00</b>	<b>157,544.56</b>	<b>(9,957.56)</b>	<b>445,230.00</b>	
3,557.00	3,490.87	66.13	2546730000	Payroll Taxes & Insurance		14,138.00	13,299.49	838.51	42,713.00	
2,528.00	1,492.27	1,035.73	2546731000	Insurance		10,109.00	8,538.23	1,570.77	30,335.00	
2,218.00	1,024.88	1,193.12	2546733000	Retirement		8,872.00	(16.90)	8,888.90	26,618.00	
10.00	-	10.00	2546732000	Other		40.00	200.00	(160.00)	120.00	
<b>8,313.00</b>	<b>6,008.02</b>	<b>2,304.98</b>		<b>Total Employee Benefits</b>		<b>33,159.00</b>	<b>22,020.82</b>	<b>11,138.18</b>	<b>99,786.00</b>	
333.00	150.00	183.00	2546735400	Training & Meetings		1,332.00	349.00	983.00	4,000.00	
125.00	-	125.00	2546735600	Travel & Transportation		500.00	166.87	333.13	1,500.00	
25.00	49.95	(24.95)	2546735700	Employee Retention		100.00	49.95	50.05	300.00	
1,667.00	-	1,667.00	2546740600	Bad Debt		6,668.00	-	6,668.00	20,000.00	
292.00	-	292.00	2546741800	Consultants		1,168.00	-	1,168.00	3,500.00	
83.00	-	83.00	2546743600	Drugs - House Use		332.00	-	332.00	1,000.00	
33.00	293.71	(260.71)	2546743900	Dues & Subscriptions		132.00	293.71	(161.71)	400.00	
75.00	158.83	(83.83)	2546752000	Licenses & Fees		300.00	(259.68)	559.68	900.00	
50.00	-	50.00	2546753200	Maintenance & Repair - Equipment		200.00	-	200.00	600.00	
4,389.00	4,337.66	51.34	2546754800	Managed Services - SaaS		17,556.00	17,350.64	205.36	52,670.00	
8,863.00	7,095.83	1,767.17	2546758900	Medical Director Fees		35,452.00	28,383.32	7,068.68	106,355.00	
380.00	198.35	181.65	2546759500	Medical Supplies - House Use		1,520.00	469.66	1,050.34	4,550.00	
-	-	-	2546759800	Outreach		-	30.00	(30.00)	-	
184.00	-	184.00	2546762800	Supply - Durable/Expendable Goods		736.00	453.51	282.49	2,210.00	
208.00	-	208.00	2546763700	Supply - Minor Equipment		832.00	-	832.00	2,500.00	
-	117.41	(117.41)	2546764300	Supply - Office		-	456.50	(456.50)	-	
117.00	-	117.00	2546764500	Supply - Computer & Peripheral Equipment		468.00	3,790.97	(3,322.97)	1,400.00	
<b>16,824.00</b>	<b>12,401.74</b>	<b>4,422.26</b>		<b>Total Other Expense</b>		<b>67,296.00</b>	<b>51,534.45</b>	<b>15,761.55</b>	<b>201,885.00</b>	
<b>62,330.00</b>	<b>58,021.27</b>	<b>4,308.73</b>		<b>Total Clinic Expense</b>		<b>248,042.00</b>	<b>231,099.83</b>	<b>16,942.17</b>	<b>746,901.00</b>	



**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>HOME CARE EXPENSE</b>								
8,347.00	8,346.17	0.83	2550720000	Administrator	33,119.00	33,115.47	3.53	100,275.00
3,649.00	3,760.23	(111.23)	2550721600	Clerical & Secretary	14,478.00	15,928.78	(1,450.78)	43,081.00
165,603.00	204,623.16	(39,020.16)	2550721800	CNA	657,070.00	758,580.95	(101,510.95)	1,955,184.00
3,809.00	3,890.83	(81.83)	2550725900	Scheduler	15,113.00	18,851.94	(3,738.94)	44,970.00
9,375.00	9,528.61	(153.61)	2550725800	RN	37,197.00	40,907.79	(3,710.79)	111,663.00
150.00	(361.81)	511.81	2550739900	Accrued PTO	600.00	57.36	542.64	1,830.00
<b>190,933.00</b>	<b>229,787.19</b>	<b>(38,854.19)</b>		<b>Total Salaries &amp; Wages</b>	<b>757,577.00</b>	<b>867,442.29</b>	<b>(109,865.29)</b>	<b>2,257,003.00</b>
17,528.00	21,392.71	(3,864.71)	2550730000	Payroll Taxes & Insurance	69,642.00	77,956.87	(8,314.87)	208,160.00
10,943.00	7,074.91	3,868.09	2550731000	Insurance	43,742.00	29,715.31	14,026.69	131,151.00
2,133.00	2,818.10	(685.10)	2550733000	Retirement	8,532.00	8,070.78	461.22	25,600.00
10.00	25.00	(15.00)	2550732000	Other	40.00	2,850.00	(2,810.00)	120.00
<b>30,614.00</b>	<b>31,310.72</b>	<b>(696.72)</b>		<b>Total Employee Benefits</b>	<b>121,956.00</b>	<b>118,592.96</b>	<b>3,363.04</b>	<b>365,031.00</b>
720.00	1,562.41	(842.41)	2550735400	Training & Meetings	2,880.00	1,681.41	1,198.59	8,630.00
133.00	40.02	92.98	2550735600	Travel & Transportation	532.00	207.72	324.28	1,600.00
208.00	2,098.38	(1,890.38)	2550735700	Employee Retention	832.00	2,338.38	(1,506.38)	2,500.00
800.00	846.92	(46.92)	2550741500	Computer Line Charges	3,200.00	4,063.34	(863.34)	9,600.00
333.00	-	333.00	2550741800	Consultants	1,332.00	-	1,332.00	4,000.00
222.00	-	222.00	2550743900	Dues & Subscriptions	888.00	-	888.00	2,663.00
43.00	42.50	0.50	2550752000	Licenses & Fees	172.00	270.00	(98.00)	510.00
983.00	1,621.50	(638.50)	2550754800	Managed Services - SaaS	3,932.00	4,866.00	(934.00)	11,800.00
172.00	-	172.00	2550756500	Marketing - Home Care	688.00	493.88	194.12	2,070.00
7.00	-	7.00	2550759500	Medical Supplies - House Use	28.00	-	28.00	80.00
-	-	-	2550760400	Postage	-	26.49	(26.49)	-
451.00	487.85	(36.85)	2550762800	Supply - Durable/Expendable Goods	1,804.00	1,034.73	769.27	5,414.00
<b>4,072.00</b>	<b>6,699.58</b>	<b>(2,627.58)</b>		<b>Total Other Expense</b>	<b>16,288.00</b>	<b>14,981.95</b>	<b>1,306.05</b>	<b>48,867.00</b>
<b>225,619.00</b>	<b>267,797.49</b>	<b>(42,178.49)</b>		<b>Total Home Care Expense</b>	<b>895,821.00</b>	<b>1,001,017.20</b>	<b>(105,196.20)</b>	<b>2,670,901.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page		YEAR TO DATE			Annual
Budget	Actual	Variance			Budget	Actual	Variance	Budget
<b>RESIDENT SERVICES EXPENSE</b>								
10,768.00	7,382.51	3,385.49	2563722800	Director of Safety/Security	42,725.00	29,053.78	13,671.22	127,340.00
17,912.00	17,517.14	394.86	2563721200	Bus Driver/Valet	69,922.00	70,556.29	(634.29)	210,949.00
5,474.00	5,473.91	0.09	2563720400	Activities Director	21,719.00	21,719.07	(0.07)	65,760.00
3,238.00	3,261.35	(23.35)	2563720600	Activities Staff	12,848.00	12,982.73	(134.73)	38,901.00
6,335.00	6,335.45	(0.45)	2563721400	Chaplain	25,135.00	25,137.42	(2.42)	76,103.00
-	1,500.00	(1,500.00)	2563734000	Housing Allowance	-	6,000.00	(6,000.00)	-
31,418.00	37,468.61	(6,050.61)	2563726000	Security	124,715.00	140,770.33	(16,055.33)	373,799.00
10,694.00	10,954.38	(260.38)	2563726400	Social Services Staff	42,431.00	43,464.16	(1,033.16)	128,349.00
3,507.00	4,343.41	(836.41)	2563726800	Supervisor	13,915.00	16,668.16	(2,753.16)	41,406.00
3,523.00	3,627.16	(104.16)	2563727000	Wellness Coordinator	13,979.00	14,440.23	(461.23)	41,805.00
81.00	608.53	201.47	2563739900	Accrued PTO	3,240.00	1,853.48	1,386.52	9,700.00
<b>93,679.00</b>	<b>98,472.45</b>	<b>(4,793.45)</b>		<b>Total Salaries &amp; Wages</b>	<b>370,629.00</b>	<b>382,645.65</b>	<b>(12,016.65)</b>	<b>1,114,112.00</b>
8,440.00	8,214.28	225.72	2563730000	Payroll Taxes & Insurance	33,450.00	31,802.43	1,647.57	100,677.00
15,226.00	19,066.22	(3,840.22)	2563731000	Insurance	60,901.00	67,125.00	(6,224.00)	182,703.00
1,067.00	1,194.48	(127.48)	2563733000	Retirement	4,268.00	4,686.49	(418.49)	12,800.00
10.00	-	10.00	2563732000	Other	40.00	825.00	(785.00)	120.00
<b>24,743.00</b>	<b>28,474.98</b>	<b>(3,731.98)</b>		<b>Total Employee Benefits</b>	<b>98,659.00</b>	<b>104,438.92</b>	<b>(5,779.92)</b>	<b>296,300.00</b>
255.00	-	255.00	2563735000	Uniforms	1,020.00	3,800.51	(2,780.51)	3,060.00
358.00	1,400.00	(1,042.00)	2563735400	Training & Meetings	1,432.00	3,135.42	(1,703.42)	4,300.00
500.00	181.04	318.96	2563735600	Travel & Transportation	2,000.00	2,811.70	(811.70)	6,000.00
14.00	-	14.00	2563735700	Employee Retention	56.00	-	56.00	165.00
2,083.00	1,430.60	652.40	2563740000	Activities Expense	8,332.00	7,985.42	346.58	25,000.00
389.00	-	389.00	2563743900	Dues & Subscriptions	1,556.00	218.97	1,337.03	4,670.00
21.00	-	21.00	2563752000	Licenses & Fees	84.00	-	84.00	250.00
1,642.00	1,057.50	584.50	2563752900	Maintenance & Repair - Building	6,568.00	29,798.90	(23,230.90)	19,700.00
249.00	3,337.59	(3,088.59)	2563753200	Maintenance & Repair - Equipment	996.00	4,749.24	(3,753.24)	2,985.00
-	229.08	(229.08)	2563754800	Managed Services - SaaS	-	916.32	(916.32)	-
2,130.00	1,504.00	626.00	2563759800	Wellness	8,520.00	6,411.00	2,109.00	25,545.00
19.00	-	19.00	2563761000	Rental & Leasing	76.00	146.56	(70.56)	225.00
333.00	758.73	(425.73)	2563762800	Supply - Durable/Expendable Goods	1,332.00	2,430.10	(1,098.10)	3,980.00
151.00	-	151.00	2563763700	Supply - Minor Equipment	604.00	399.99	204.01	1,800.00
-	356.40	(356.40)	2563764300	Supply - Office	-	1,894.33	(1,894.33)	-
36.00	-	36.00	2563764500	Supply - Computer & Peripheral Equipment	144.00	2,816.55	(2,672.55)	435.00
-	212.49	(212.49)	2563765700	Supply - Chaplaincy	-	212.49	(212.49)	-
15.00	-	15.00	2563764700	Supply - IT & Communications Equipment	60.00	-	60.00	180.00
-	243.00	(243.00)	2563770301	Resident Ancillaries	-	410.13	(410.13)	-
<b>8,195.00</b>	<b>10,710.43</b>	<b>(2,515.43)</b>		<b>Total Other Expense</b>	<b>32,780.00</b>	<b>68,137.63</b>	<b>(35,357.63)</b>	<b>98,295.00</b>
<b>126,617.00</b>	<b>137,657.86</b>	<b>(11,040.86)</b>		<b>Total Resident Services Expense</b>	<b>502,068.00</b>	<b>555,222.20</b>	<b>(53,154.20)</b>	<b>1,508,707.00</b>

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual	
Budget	Actual	Variance		Budget	Actual	Variance	Budget	
<b>HERITAGE HALL EXPENSE</b>								
6,632.00	6,640.73	(8.73)	2556722800	Department Managers & Assistants	34,101.00	39,418.91	(5,317.91)	86,871.00
16,751.00	22,797.18	(6,046.18)	2556720800	Resident Associates	66,455.00	83,596.02	(17,141.02)	199,282.00
550.00	(678.24)	1,228.24	2556739900	Accrued PTO	2,200.00	1,766.98	433.02	6,580.00
<b>23,933.00</b>	<b>28,759.67</b>	<b>(4,826.67)</b>		<b>Total Salaries &amp; Wages</b>	<b>102,756.00</b>	<b>124,781.91</b>	<b>(22,025.91)</b>	<b>292,733.00</b>
2,248.00	2,533.64	(285.64)	2556730000	Payroll Taxes & Insurance	9,532.00	10,508.23	(976.23)	27,474.00
4,483.00	4,044.08	438.92	2556731000	Insurance	17,929.00	16,185.32	1,743.68	53,792.00
715.00	628.11	86.89	2556733000	Retirement	2,860.00	3,025.13	(165.13)	8,575.00
10.00	50.00	(40.00)	2556732000	Other	40.00	325.00	(285.00)	120.00
<b>7,456.00</b>	<b>7,255.83</b>	<b>200.17</b>		<b>Total Employee Benefits</b>	<b>30,361.00</b>	<b>30,043.68</b>	<b>317.32</b>	<b>89,961.00</b>
42.00	-	42.00	2556735700	Employee Retention	168.00	-	168.00	500.00
63.00	69.64	(6.64)	2556740000	Activities	252.00	224.24	27.76	750.00
-	-	-	2556759500	Nursing Supplies - House Use	-	241.41	(241.41)	-
72.00	-	72.00	2556761000	Rental & Leasing	288.00	232.48	55.52	860.00
41.00	176.60	(135.60)	2556762800	Supply - Durable/Expendable Goods	164.00	189.86	(25.86)	490.00
-	152.42	(152.42)	2556770001	Resident Ancillaries	-	367.03	(367.03)	-
<b>218.00</b>	<b>398.66</b>	<b>(180.66)</b>		<b>Total Other Expense</b>	<b>872.00</b>	<b>1,255.02</b>	<b>(383.02)</b>	<b>2,600.00</b>
<b>31,607.00</b>	<b>36,414.16</b>	<b>(4,807.16)</b>		<b>Total Heritage Hall Expense</b>	<b>133,989.00</b>	<b>156,080.61</b>	<b>(22,091.61)</b>	<b>385,294.00</b>

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Jump to Summary Page				YEAR TO DATE			Annual
Budget	Actual	Variance			Budget	Actual	Variance	Budget		
<b>ASSISTED LIVING (FRIENDSHIP HOUSE) EXPENSE</b>										
3,543.00	3,644.46	(101.46)	2543721600	Clerical & Secretary	14,058.00	14,338.03	(280.03)	41,831.00		
35,698.00	45,996.14	(10,298.14)	2543721800	CNA	140,738.00	164,042.82	(23,304.82)	423,838.00		
3,197.00	3,487.20	(290.20)	2543720600	Activities	12,685.00	13,821.15	(1,136.15)	38,313.00		
6,461.00	(307.70)	6,768.70	2543725800	RN	25,852.00	17,653.85	8,198.15	77,462.00		
320.00	(230.56)	550.56	2543739900	Accrued PTO	1,280.00	955.67	324.33	3,790.00		
<b>49,219.00</b>	<b>52,589.54</b>	<b>(3,370.54)</b>		<b>Total Salaries &amp; Wages</b>	<b>194,613.00</b>	<b>210,811.52</b>	<b>(16,198.52)</b>	<b>585,234.00</b>		
4,452.00	4,703.35	(251.35)	2543730000	Payroll Taxes & Insurance	17,618.00	18,440.95	(822.95)	53,050.00		
			2543731000							
			2543731200							
7,885.00	9,685.82	(1,800.82)	2543731000	Insurance	31,540.00	38,896.93	(7,356.93)	94,625.00		
769.00	677.94	91.06	2543733000	Retirement	3,076.00	2,313.00	763.00	9,230.00		
10.00	-	10.00	2543732000	Other	40.00	500.00	(460.00)	120.00		
<b>13,116.00</b>	<b>15,067.11</b>	<b>(1,951.11)</b>		<b>Total Employee Benefits</b>	<b>52,274.00</b>	<b>60,150.88</b>	<b>(7,876.88)</b>	<b>157,025.00</b>		
64.00	-	64.00	2543735000	Uniforms	256.00	-	256.00	770.00		
267.00	385.00	(118.00)	2543735400	Training & Meetings	1,068.00	815.00	253.00	3,200.00		
42.00	-	42.00	2543735600	Travel & Transportation	168.00	561.79	(393.79)	500.00		
63.00	47.59	15.41	2543735700	Employee Retention	252.00	47.59	204.41	750.00		
1,417.00	1,160.49	256.51	2543740000	Activities	5,668.00	4,724.74	943.26	17,000.00		
59.00	-	59.00	2543741800	Consultants	236.00	-	236.00	705.00		
8.00	-	8.00	2543743600	Drugs - House Use	32.00	-	32.00	100.00		
63.00	48.75	14.25	2543743900	Dues & Subscriptions	252.00	195.00	57.00	750.00		
-	203.94	(203.94)	2543745300	Resident Centered Care	-	815.76	(815.76)	-		
667.00	-	667.00	2543749900	Labor - Outside Contract	2,668.00	-	2,668.00	8,000.00		
69.00	68.75	0.25	2543752000	License & Fees	276.00	306.00	(30.00)	828.00		
75.00	150.00	(75.00)	2543753200	Maintenance & Repair - Equipment	300.00	950.00	(650.00)	910.00		
27.00	-	27.00	2543754800	Managed Services - SaaS	108.00	-	108.00	325.00		
-	-	-	2543759500	Medical Supplies - House Use	-	124.53	(124.53)	-		
833.00	-	833.00	2543760700	Professional Fees	3,332.00	-	3,332.00	10,000.00		
			2543761000							
			2543761100							
-	195.00	(195.00)	2543761000	Rental & Leasing	-	384.24	(384.24)	-		
275.00	462.74	(187.74)	2543762800	Supply - Durable/Expendable Goods	1,100.00	951.46	148.54	3,298.00		
4.00	-	4.00	2543764300	Supply - Office	16.00	110.01	(94.01)	50.00		
175.00	-	175.00	2543764500	Supply - Computer & Peripheral Equipment	700.00	1,984.54	(1,284.54)	2,100.00		
165.00	303.54	(138.54)	2543770001	Resident Ancillaries	660.00	1,053.63	(393.63)	1,980.00		
<b>4,273.00</b>	<b>3,025.80</b>	<b>1,247.20</b>		<b>Total Other Expense</b>	<b>17,092.00</b>	<b>13,024.29</b>	<b>4,067.71</b>	<b>51,266.00</b>		
<b>66,608.00</b>	<b>70,682.45</b>	<b>(4,074.45)</b>		<b>Total Assisted Living (Friendship House) Expense</b>	<b>263,979.00</b>	<b>283,986.69</b>	<b>(20,007.69)</b>	<b>793,525.00</b>		
<b>2,505,800.00</b>	<b>2,483,720.87</b>	<b>22,079.13</b>		<b>Total Operating Expense</b>	<b>9,920,161.00</b>	<b>9,753,819.09</b>	<b>166,341.91</b>	<b>29,708,435.00</b>		

**Croasdale Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			YEAR TO DATE			Annual	
Budget	Actual	Variance	Budget	Actual	Variance	Budget	
<b>SUMMARY OF REVENUE AND EXPENSE</b>							
<b>OPERATING REVENUE</b>							
1,671,476.00	1,679,964.07	8,488.07	6,718,413.00	6,729,528.47	11,115.47	19,613,871.00	
183,373.00	187,885.76	4,512.76	757,103.00	774,518.71	17,415.71	2,147,861.00	
31,915.00	31,133.72	(781.28)	127,660.00	126,652.50	(1,007.50)	382,978.00	
243,204.00	267,626.18	24,422.18	972,816.00	1,094,650.42	121,834.42	2,918,488.00	
258,370.00	245,649.91	(12,720.09)	983,137.00	972,602.11	(10,534.89)	3,134,448.00	
1,008,645.00	1,045,052.21	36,407.21	4,003,404.00	4,243,350.49	239,946.49	11,885,496.00	
11,259.00	13,220.94	1,961.94	45,036.00	63,224.56	18,188.56	135,108.00	
<b>3,408,242.00</b>	<b>3,470,532.79</b>	<b>62,290.79</b>	<b>13,607,569.00</b>	<b>14,004,527.26</b>	<b>396,958.26</b>	<b>40,218,250.00</b>	
<b>OPERATING EXPENSES</b>							
289,892.00	247,048.47	42,843.53	1,203,044.00	1,098,044.91	104,999.09	3,519,605.00	
349,838.00	335,262.17	14,575.83	1,270,173.00	1,158,588.21	111,584.79	3,901,909.00	
185,787.00	171,001.80	14,785.20	737,108.00	713,400.36	23,707.64	2,212,855.00	
15,003.00	17,723.04	(2,720.04)	59,486.00	70,814.92	(11,328.92)	177,998.00	
508,923.00	501,655.49	7,267.51	2,035,692.00	1,899,255.26	136,436.74	6,107,051.00	
643,576.00	640,456.67	3,119.33	2,570,759.00	2,586,308.90	(15,549.90)	7,683,689.00	
62,330.00	58,021.27	4,308.73	248,042.00	231,099.83	16,942.17	746,901.00	
225,619.00	267,797.49	(42,178.49)	895,821.00	1,001,017.20	(105,196.20)	2,670,901.00	
126,617.00	137,657.86	(11,040.86)	502,068.00	555,222.20	(53,154.20)	1,508,707.00	
31,607.00	36,414.16	(4,807.16)	133,989.00	156,080.61	(22,091.61)	385,294.00	
66,608.00	70,682.45	(4,074.45)	263,979.00	283,986.69	(20,007.69)	793,525.00	
<b>2,505,800.00</b>	<b>2,483,720.87</b>	<b>22,079.13</b>	<b>9,920,161.00</b>	<b>9,753,819.09</b>	<b>166,341.91</b>	<b>29,708,435.00</b>	
<b>902,442.00</b>	<b>986,811.92</b>	<b>84,369.92</b>	<b>3,687,408.00</b>	<b>4,250,708.17</b>	<b>563,300.17</b>	<b>10,509,815.00</b>	
			<b>Net Operating Income(Loss)</b>				

**Croasdaile Village**  
**Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

CURRENT PERIOD			Back to the Top	YEAR TO DATE			Annual Budget	
Budget	Actual	Variance		Budget	Actual	Variance		
<b>NON-OPERATING REVENUE AND EXPENSE</b>								
703,250.00	666,292.44	(36,957.56)	2599693800	Amortization of Deferred Revenue	2,813,000.00	2,294,861.52	(518,138.48)	8,439,000.00
-	100.00	100.00	2585709500	Contribution Revenue	-	730.00	730.00	-
-	12,203.33	12,203.33	2599693100	Unrealized Gain/(Loss) on Investments	-	8,841.23	8,841.23	-
(691,333.00)	(653,709.86)	37,623.14	2585709500	Depreciation Expense	(2,765,332.00)	(2,631,390.12)	133,941.88	(8,296,000.00)
(1,140.00)	(1,139.80)	0.20	2585710100	Amortization Expense	(4,560.00)	(4,559.20)	0.80	(13,678.00)
-	70.00	70.00	2585699100	Gain/(Loss) on Sale of Other Assets	-	(299.74)	(299.74)	-
(295,943.00)	(178,986.75)	116,956.25	2587713500	Interest Expense	(1,183,772.00)	(725,079.35)	458,692.65	(3,571,322.00)
-	(200.00)	(200.00)	2587714200	Amortization Expense	-	(200.00)	(200.00)	-
<b>(285,166.00)</b>	<b>(155,370.64)</b>	<b>129,795.36</b>		<b>Total Non-Operating Revenue and Expense</b>	<b>(1,140,664.00)</b>	<b>(1,057,095.66)</b>	<b>83,568.34</b>	<b>(3,442,000.00)</b>
<b>617,276.00</b>	<b>831,441.28</b>	<b>214,165.28</b>		<b>Net Income/(Loss)</b>	<b>2,546,744.00</b>	<b>3,193,612.51</b>	<b>646,868.51</b>	<b>7,067,815.00</b>

## **ATTACHMENT 4**

**Explanations of Material Differences**  
**Balance Sheet**  
**Statement of Operations**  
**Statement of Cash Flows**

The United Methodist Retirement Homes, Inc.  
Explanation of Material Differences  
Between Previous Pro Forma Balance Sheet Projection for 2019  
and 2019 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2019 actual results with the projected results for 2019.

Sources and (Uses)  
(Figures stated below are in thousands)

	2019 Actual	2019 Projected	Fav/(Unfav) Difference	Variance Percentage
<u>Assets</u>				
Current Assets:				
Cash (1)	9,041	4,931	4,110	83.35%
Short term investments	66,918	62,138	4,780	7.69%
Accounts receivable, net (2)	5,056	4,435	621	14.00%
Assets limited as to use, current portion (3)	1,768	20,046	(18,278)	-91.18%
Inventories and prepaid expenses (4)	1,054	1,224	(170)	-13.89%
Contributions receivable from UMRH Foundation, current portion (5)	1,980	1,339	641	47.87%
Due from related party, current	146	150	(4)	-2.67%
Total current assets	85,963	94,263	(8,300)	
Assets limited as to use:				
Insurance regulation (6)	13,069	16,931	(3,862)	-22.81%
Other assets limited as to use (7)	41,762	25,384	16,378	64.52%
Assets limited as to use, non-current	54,831	42,315	12,516	
Property and equipment, net	186,332	198,992	(12,660)	-6.36%
Assets held for resale	215	214	1	0.47%
Contributions receivable from UMRH Foundation, net of current portion	4,836	4,733	103	2.18%
Deferred marketing costs, net (8)	136	-	136	
Total non-current assets	5,187	4,947	240	
Total assets	332,313	340,517	(8,060)	
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Current maturities of long-term debt (9)	4,095	11,590	(7,495)	-64.67%
Accounts payable and accrued expenses (10)	10,280	8,871	1,409	15.88%
Total current liabilities	14,375	20,461	1,409	
Long-term liabilities				
Liability for refundable advance fees and deposits	13,593	12,510	1,083	8.66%
Deferred revenue from non--refundable advance fees	71,158	65,458	5,700	8.71%
Due to related parties (11)	-	72	(72)	-100.00%
Long-term debt, less current portion	149,359	157,722	(8,363)	-5.30%
Funds held for others (12)	94	234	(140)	-59.83%
Interest rate swap agreement (14)	219	(243)	462	-190.12%
Total long-term liabilities	234,423	235,753	(1,330)	
Total liabilities	248,798	256,214	(7,416)	
Net assets:				
Without donor restriction	74,724	76,305	(1,581)	-2.07%
With donor restriction	8,791	7,998	793	9.91%
Total liabilities and net assets	332,313	340,517	(8,204)	



The United Methodist Retirement Homes, Inc.  
Explanation of Material Differences Footnotes  
Balance Sheet

Variations of 10% or greater between actual and projected results are considered material variations which are explained below:

1. Cash The closeout of the escrow account generated \$5M in excess cash above the paydown of the 2017B-2 bonds.
2. Accounts receivable, net Resident move-ins with promissory notes on entrance fees due exceeding expectation.
3. Assets limited as to use, current portion The construction funds on the expansion were included in current assets limited as to use on the forecast and in long-term assets limited as to use on the audit.
4. Inventories and prepaid expenses Prepaid expenses were more than the forecast mostly due to the prepayment of an annual software contract.
5. Contributions receivable from UMRH Foundation, current portion Since the change in this number is dependent upon donations to the UMRH Foundation for the benefit of UMRH, the forecast conservatively assumes no change year over year. The variance is due to greater than anticipated donations.
6. Insurance regulation Delays in construction reduced addition of operating expenses that drive the calculation of the operating reserve.
7. Other assets limited as to use The construction funds on the expansion were included in current assets limited as to use on the forecast and in long-term assets limited as to use on the audit.
8. Deferred costs, net Deferred costs were added sooner than the forecasted date of construction completion since they were complete as of fiscal year end.
9. Current maturities of long-term debt The 2017B-2 bonds were paid off in 2019 but forecasted in 2021.
10. Accounts payable and accrued expenses Accrued interest was underestimated on the forecast.

11. Due to related parties Funds due to UMRH Affordable Housing were transferred to that entity.
12. Funds held for others Resident withdrawals exceeded expectation. The forecast assumes no change for conservatism.
13. Interest rate swap agreement The forecast assumes no change year over year. The variance represents the actual change.

The United Methodist Retirement Homes, Inc.  
Explanation of Material Differences  
Between Previous Pro Forma Statement of Operations and Change in Net Deficits for 2019  
and 2019 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2019 actual results with the projected results for 2019.

Sources and (Uses)  
(Figures stated below are in thousands)

	2019 Actual	2019 Projected	Fav/(Unfav) Difference	Variance Percentage
<b>Revenues</b>				
Apartments	29,288	29,115	173	0.59%
Health care	20,582	19,967	615	3.08%
Assisted living	8,420	8,160	260	3.19%
Home care	2,871	2,650	221	8.34%
Amortization of deferred residence fees (1)	7,811	11,716	(3,905)	-33.33%
Investment income (2)	3,588	1,734	1,854	106.92%
Net assets released from restrictions (3)	102	246	(144)	-58.54%
Other (4)	35	30	5	16.67%
Total revenue	72,697	73,618	(921)	
<b>Expenses</b>				
Health care	13,514	14,253	(739)	-5.18%
Assisted living	2,673	2,773	(100)	-3.61%
Resident services	2,633	2,548	85	3.34%
Home care (5)	3,463	2,392	1,071	44.77%
Dietary	9,309	9,187	122	1.33%
Housekeeping	3,403	3,523	(120)	-3.41%
Plant	6,175	6,347	(172)	-2.71%
General and administration	10,248	10,047	201	2.00%
Depreciation and amortization	10,777	10,169	608	5.98%
Interest (6)	3,423	4,461	(1,038)	-23.27%
Total expenses	65,618	65,700	(82)	
Operating income (loss)	7,079	7,918	(839)	
Non-operating gains (losses) (7)	(742)	-	(742)	0.00%
Change in unrestricted net assets	6,337	7,918	(1,581)	
Change in donor restricted net assets (8)	793	-	(2,323)	0.00%
Change in net assets	7,130	7,918	(788)	
Net assets, beginning of the year	76,385	76,385	-	
Net assets, end of the year	83,515	84,303	(788)	

The United Methodist Retirement Homes, Inc.  
Explanation of Material Differences Footnotes  
Operating Statement

Variations of 10% or greater between actual and projected results are considered material variations which are explained below:

1. Amortization of deferred residence fees Delays in construction limited resident move-ins, thus reducing the collection and amortization of their entrance fees.
2. Investment income Actual investment returns exceeded what was expected in the forecast.
3. Net assets released from restriction The forecast assumes no change in temporarily restricted net assets for conservatism. The audit reflects the actual use of these funds.
4. Other revenue This is revenue considered to be operating but inconsistent and irregular in occurrence. The actual income exceeded the forecasted expectation.
5. Interest expense Variable rates were more favorable than what was forecasted.
6. Non-operating gains (losses) Due to the uncertainty and volatility of investment gains or losses, contributions, changes in the fair value of interest rate swap agreements and gains or losses on the disposal of PP&E, the forecast conservatively assumes zero.
7. Change in donor restricted net assets For conservatism, the forecast assumes no change in temporarily restricted net assets unless there is certainty in the use of or receipt of funds.

The United Methodist Retirement Homes, Inc.  
Explanation of Material Differences  
Between Previous Pro Forma Statement of Cash Flows Projection for 2019  
and 2019 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2019 actual results with the projected results for 2019.

Sources and (Uses)

(Figures stated below are in thousands)

	2019 Actual	2019 Projected	Fav/(Unfav) Difference	Variance Percentage
<b>Cash flows from operating activities</b>				
Change in net assets (1)	7,130	7,918	(788)	-10%
Adjustments to reconcile increase in net assets to net cash from operating activities				
Depreciation	10,775	10,169	606	6%
Amortization of deferred financing costs	79	79	-	0%
Amortization of bond premium	(277)	(273)	(4)	1%
Amortization of marketing costs	1	-	1	
Amortization of deferred resident fees (2)	(7,811)	(11,716)	3,905	-33%
Proceeds from non-refundable advance fees	23,419	22,979	440	2%
Bad debt expense (3)	220	153	67	44%
Loss on disposal of property & equipment (4)	243	-	243	100%
Change in fair value of swap agreement (5)	462	-	462	100%
Net change in:				
Current assets (6)	(461)	427	(888)	-208%
Current liabilities (7)	266	(1,838)	2,104	-114%
Short term investments (8)	(2,501)	(1,582)	(919)	58%
Assets limited as to use	26,994	25,092	1,902	8%
Net cash from operating activities	58,539	51,408	7,131	14%
<b>Cash flows from investing activities</b>				
Additions to property and equipment and construction in progress (9)	(33,977)	(44,953)	10,976	-24%
Change in assets held for resale	(1)	(1)	-	0%
Net cash from investing activities	(33,978)	(44,954)	10,976	-24%
<b>Cash flows from financing activities</b>				
Proceeds from refundable advance fees (10)	3,341	2,439	902	37%
Refunds of entrance fees (11)	(1,729)	(2,685)	956	-36%
Deferred costs, net (12)	(115)	-	(115)	100%
Principal payments on debt (13)	(18,815)	(3,075)	(15,740)	512%
Net cash from financing activities	(17,318)	(3,321)	(13,997)	421%
Net change in cash	7,243	3,133	4,110	131%
Cash at beginning of year	1,798	1,798	-	0%
Cash at end of year	9,041	4,931	4,110	83%

The United Methodist Retirement Homes, Inc.  
Explanation of Material Differences Footnotes  
Cash Flow

Variances of 10% or greater between actual and projected results are considered material variances which are explained below:

1. Change in net assets See various explanations in footnotes to operating statement.
2. Amortization of deferred resident fees Delays in construction limited resident move-ins, thus reducing the collection and amortization of their entrance fees.
3. Bad debt expense Greater than anticipated need for uncollectible private pay accounts.
4. Loss on disposal of property & equipment This is not separately categorized in the cash flow on the forecast as it is on the audit.
5. Change in fair value of swap agreement The forecast assumes no change year over year. The variance represents the actual change.
6. Current assets See the variances listed on the balance sheet material differences spreadsheet in the current assets section.
7. Current liabilities See the variances listed on the balance sheet material differences spreadsheet in the current liabilities section.
8. Short term investments Investment earnings exceeded the forecasted expectation.
9. Current assets See the variances listed on the balance sheet material differences spreadsheet in the current assets section.
10. Current liabilities See the variances listed on the balance sheet material differences spreadsheet in the current liabilities section.
11. Short term investments Investment earnings exceeded the forecasted expectation.
12. Addition to property and equipment and construction in progress Delays in construction reduced additional costs.

13. Proceeds from refundable advance fees Greater than forecasted entrance fees were received.
14. Refunds of entrance fees Greater than forecasted entrance fees were refunded.
15. Deferred costs, net Deferred costs were added sooner than the forecasted date of construction completion since they were complete as of fiscal year end.
16. Principal payments on debt The 2017B-2 bonds were paid off in 2019 but forecasted in 2021.

# **ATTACHMENT 5**

## **Standard Residency Agreement**





**2600 Croasdaile Farm Parkway  
Durham, North Carolina 27705  
(919) 384-2000  
[www.croasdailevillage.org](http://www.croasdailevillage.org)**

# **Standard Residency Agreement**

02/14/2020



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Exhibit A – Options and Custom Features Added at Resident's Request

## GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

**"Agreement"** means the Residency Agreement, entered into between the Resident and The United Methodist Retirement Homes, Incorporated, which outlines the contractual obligations of both parties.

**"Entrance Fee"** means payment that assures a resident a place at the Village for life as long as the resident complies with terms of this Agreement. At the time the resident makes application for residency at the Village, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. Specific information is located in Paragraph 1.2 of this Agreement.

**"Extra Charges"** means the additional fees required to be paid for the additional services and amenities requested by Resident, as set forth in Paragraph 2.2 of this Agreement.

**"Health Center"** means the portion of the Village, which is licensed to provide two levels of care: assisted living care and skilled nursing care, as described in Section 4 of the Agreement.

**"Monthly Fee"** means that fee payable each month by the Resident as set forth in Paragraphs 1.3 and 1.4 of the Agreement, in consideration for the services and amenities provided to the residents of the Village described in Paragraph 2.1 of this Agreement. If there are Joint Residents

under this Agreement, the Monthly Fee will include a "Second Person Monthly Fee."

**"Residence"** means the apartment, cottage or home at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee and the Monthly Fee.

**"Resident" or "you"** means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "Joint Resident." Further, both Residents may be referred to as "Joint Residents." Unless otherwise indicated, "you" refers to both of you if there are two of you.

**"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us"** means the owner of the retirement community known as Croasdaile Village, including all of the residences, common areas, and site amenities associated with these areas. The United Methodist Retirement Homes, Incorporated is a North Carolina non-profit corporation.

**"Village"** means the continuing care retirement community known as "Croasdaile Village," including all of the residences, common areas, and site amenities.



## **Residency Agreement Standard**

### **INTRODUCTION**

This Standard Residency Agreement ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and \_\_\_\_\_ (individually or collectively, "you," "your," or "Resident"). Croasdaile Village is a continuing care retirement community located at 2600 Croasdaile Farm Parkway; Durham, NC 27705 (hereafter the "Village").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number \_\_\_\_\_  
Residence Style \_\_\_\_\_

You may select certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth on Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth on Exhibit A to cover the charges for such items.

As a Resident of the Village, you are offered lifetime use of your Residence and lifetime access to the Village Health Center, subject to the terms and conditions of this Agreement.

To be accepted for residency, you must meet our residency criteria, which includes: having reached the age of 62 (or sharing your Residence with a Joint Resident who is 62 or older); financial guidelines; and the ability to live in a residence (with or without reasonable accommodation and/or reasonable modification) – all as outlined in our current residency policy.

The purpose of this Agreement is to set forth your rights and duties as a Resident of the Village and to delineate the services to be provided at the Village.

UMRH is also affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs.

# **1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.**

**1.1 Application Fee.** Prior to or upon execution of this Agreement, you will pay to us a non-refundable Application Fee of \$\_\_\_\_\_. The Application Fee will be used by us to process your application for residency.

**1.2 Entrance Fee.** In order to reside at the Village for life, subject to this Agreement, and to receive the services and amenities described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$\_\_\_\_\_. The total amount of the Entrance Fee shall be payable as follows:

**1.2.1** Ten percent (10%) of the total Entrance Fee is \$\_\_\_\_\_, less any previously paid Future Resident Fee (\$\_\_\_\_\_), equals \$\_\_\_\_\_, which amount is due and payable upon your execution of this Agreement.

**1.2.2** The balance of \$\_\_\_\_\_ of the Entrance Fee shall be paid on the date of occupancy at the Village but in no event later than ninety (90) days after your execution of this Agreement.

**1.3 Monthly Fee.** You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Village or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee is due upon receipt of a statement from us and by no later than the fifteenth (15<sup>th</sup>) of each month. The Monthly Fee is initially set at a specific amount that can be increased as described in Paragraph 1.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this

Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

**1.4 Initial Monthly Fee.** The initial Monthly Fee payable by you is \$\_\_\_\_\_ per month and an additional \$\_\_\_\_\_ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

**1.5 Continuance of Monthly Fee.** Payment of the Monthly Fee will continue as follows:

**1.5.1** In the event of your death (in the case of Joint Residents, the death of the surviving Resident), until your estate removes all of your personal property from the Residence and from any storage unit.

**1.5.2** In the event of your permanent relocation to Health Center Level Services or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need, until you or your personal representative removes all of your personal property from the Residence and from any storage unit.

**1.5.3** In the event of cancellation of this Agreement as outlined in Section 7 or 8, until expiration of the cancellation period and continues until you remove all of your personal property from the Residence and from any storage unit.

### **1.6 Increase in Monthly Fee.**

The Monthly Fee is paid to us to provide the services and amenities described in this Agreement and is intended to meet the expenses associated with the operation of the Village. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Village or to provide quality services to the Residents.

**1.7 Reduction in Monthly Fee Due to Absence.** If you are absent from the Village for more than fourteen (14) consecutive days, your Monthly Fee will be reduced by the raw food cost determined through the Village's budgeting process. You are required to notify us of your absence in order to qualify for the reduction in the Monthly Fee.

**1.8 Reserve Funds.** The amount of the Monthly Fee also is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.

**1.9 Late Payment Charge.** We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fee or any Extra Charges are not paid by the fifteenth (15<sup>th</sup>) day of the month. Balances over thirty (30) days old will be assessed a one percent (1%) interest charge per month. If we hire a collection agency or attorney to collect the Monthly Fee and Extra Charges past due from you, you are to pay any and all costs of collection, including reasonable attorney's fees, costs, and expenses associated with such collection efforts.

## **2. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.**

**2.1 Services Provided for the Monthly Fee.** We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Village:

- Under the Flexible Meal Program, each Resident living in Cottages and Apartments (excluding studio apartments) will receive a Dining Allocation as part of the Monthly Fee and second person Monthly Fee. The meal program will provide you sufficient credits to dine daily, and may be expended by you, or with your permission, your guests. For more information, please refer to the Flexible Meal Program Policy;
- Studio apartment residents receive three (3) meals per day;
- Limited tray service to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Cable television package;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Availability of laundry facilities so that you can wash and dry personal laundry;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Parking for you and your guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;



- Kitchen facilities, except some studio apartments only contain a refrigerator and a microwave;
- Local transportation as scheduled by us and as posted;
- Limited additional storage space;
- Personal emergency transmitter system;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days each year of assisted living or nursing care in the Village Health Center as outlined in Paragraph 4.4.

**2.2 Supplemental Services Provided for Extra Charge.** Supplemental services, when available, will be provided at Extra Charge and are described below. A list of Extra Charges for these supplemental services can be obtained from administration.

- Meals, guest meals, and other food charges in excess of your Dining Allocations, as outlined in Section 2.1. Extended tray service as approved by authorized staff;
- Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by your attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Private catered functions;
- Personal transportation and transportation for special events and group trips;
- Expanded cable television package;
- Services of the Clinic – a copy of the charges for Clinic services can be obtained from the Clinic;
- Home care services through the Croasdaile Village Home Care Program;

- Assisted living services or nursing care services through the Village Health Center as outlined in Section 4; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies) as outlined in Paragraph 4.10.

### **3. TERMS OF RESIDENCY.**

**3.1 Use of the Residence.** The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only the right to live in the Residence, access to other facilities of the Village, and to available services and amenities, subject to the terms and conditions of this Agreement.

**3.2 Duration of Your Right to Occupy the Residence.** You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our residency policy, or this Agreement is canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that you need home care services, assisted living services, or nursing care services, you will be requested to obtain the needed services in your Residence (at your expense), relocate to the Village Health Center or Comparable Facility (as defined in Paragraph 4.2).

**3.3 Occupants of the Residence.** Except as hereinafter provided, no person

other than you (both of you in case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current residency policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days, except with our express written approval.

If the Resident marries a person who is also a resident of the Village, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence, if any, will be provided as described in Paragraph 9.5 of this Agreement.

**3.4 Guests.** Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of our residents.

**3.5 Release.** We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from such liability.

**3.6 Insurance.** Our insurance does not cover your personal property or your

liability. It is recommended that you carry personal property insurance and liability insurance at your own expense to cover against any loss or damage to your personal property or to the property of others caused by your negligence or that of your guests. If requested by us, you agree to provide us with proof of such insurance coverage.

**3.7 Removal and Storage of Resident's Personal Property.** Your personal property must be removed from the Residence and from any storage unit as follows:

**3.7.1** Within thirty (30) days following the date of your death (if Joint Residents, the date of death of the surviving Resident). If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge your estate the Monthly Fee as outlined in Paragraph 1.5.1 above, or we may remove and store such personal property at the expense and risk of your estate. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated. We will only allow the executor(s) named in your Will to remove or dispose of your personal property in your living accommodation and any related storage unit at the Village. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

**3.7.2** Within thirty (30) days following the date notice is delivered to you of your permanent relocation to the Village Health

Center or a Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need. If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.2 above, or we may remove and store such personal property at your expense and risk.

**3.7.3** At the end of the cancellation period outlined in Section 7 or 8. If your personal property is not removed from the Residence and from any storage unit by the end of the cancellation period, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.3 above, or we may remove and store such personal property at your expense and risk. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated.

**3.8 Furnishings.** Furnishings within the Residence will not be provided by us except as stated in Paragraph 2.1. Furnishings provided by you shall not be such as to interfere with your health, safety or general welfare, or that of other residents or others.

**3.9 Emergency Entry and Relocation.** We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Village, to the Village Health Center or a

Comparable Facility (as defined in Paragraph 4.2), or to a hospital or other care facility for the protection of your health or safety or for the health or safety of the other residents of the Village.

**3.10 Alterations by You.** You may not undertake any alterations to your Residence without our prior written approval. Said alterations will be set forth in a separate addendum to this Agreement, signed by you and us. Any alterations to the landscaping of your Residence must meet the covenants of Croasdaile Farm Master Homeowners' Association and be approved by the Village's Building and Grounds Committee.

**3.11 Condition of Residence.** Upon vacating the Residence, you agree to leave it in good and clean condition. You shall be liable to us for any charges incurred to restore your Residence to good and clean condition, except for normal wear and tear.

**3.12 Rights of Second Single Resident.** When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent relocation of one Resident to a different level of care at the Village, or other inability of that Resident to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

**3.13 Smoke-Free Community.** The Village is a smoke-free community pursuant to its Smoke-Free Campus Policy (a copy of which is available upon request), wherein the campus and buildings have been designated as "smoke free". Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Village campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited

to, the residences, the Village Health Center (including both the assisted living facility and nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted at the designated outdoor area. Violation of the Smoke-Free Campus Policy can result in our cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

**3.14 Firearms Policy.** The Village has adopted a policy governing the possession of firearms at the Village. Firearms need to be registered with the Village and properly secured. In the event that you are unable to safely maintain a firearm, we will contact your designated power of attorney, legal representative or family member to remove any firearms from your Residence.

#### **4. THE VILLAGE HEALTH CENTER.**

**4.1 Description.** The Village Health Center is the portion of the Village which is licensed to provide two levels of care: assisted living care and skilled nursing care (collectively "Health Center Level Services"). The Village Health Center is staffed by licensed nursing personnel 24 hours a day.

**4.2 Alternate Accommodations.** You will be given priority over non-residents for admission to the Village Health Center. In the event the Village Health Center is fully occupied when you are determined to need such care, you agree to relocate to an alternate health care facility that provides services similar to the Village Health Center or to another care facility licensed to provide the appropriate care you need (a "Comparable Facility") until an appropriate space becomes available for you

at the Village. We will not be responsible for the charges associated with the Comparable Facility. Upon your relocation to a Comparable Facility, you shall continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

**4.3 Clinic.** The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an Extra Charge to you.

**4.4 Six (6) Days of Assisted Living or Nursing Care in the Village Health Center.** You are eligible to receive a total of six (6) days each year of either assisted living care or nursing care in the Village Health Center while you are a resident of your Residence. In the case of Joint Residents, each of you will receive six (6) days, but the days cannot be combined and used by only one of you. Such six (6) days renews on an annual basis and does not accumulate. You are required to pay the charges for physician services and any additional health services as outlined in Paragraph 4.10. Once you are permanently assigned to assisted living or nursing care in the Village Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living or nursing care and will be required to pay the per diem charge for such care. **[NOTE: The six (6) days of care is a combined annual total for assisted living care and nursing care at the Village.]**

**4.5 Transfer to Health Center Level Services.** In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Village Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending

physician, your personal representative, and you to the extent possible.

**4.6 Temporary Relocation to the Village Health Center.** In the event you require temporary care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above.

**4.7 Permanent Relocation to Health Center Level Services.** In the event you require permanent care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. If you are determined appropriate for Health Center Level Services, and are permanently relocated to the Village Health Center or a Comparable Facility, you will be required to release your Residence to us, and remove all of your personal property from the Residence and from any storage unit as outline in Paragraph 3.7.2. We shall have the right to reassign the Residence for occupancy by others except as provided in Paragraph 3.12. Release of the Residence due to your permanent relocation to the Village Health Center or to a Comparable Facility does not qualify you for a refund of the Entrance Fee, unless this Agreement is canceled. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

**4.8 Relocation within the Village Health Center.** We reserve the right to relocate you to a different level of care within the Village Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

**4.9 Return to Residence.** If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

**4.10 Medical Director, Attending Physician, and Additional Health Services.** We have designated a licensed physician to serve as Medical Director of the Village Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. If your personal physician will be providing you with services in the Village Health Center, he/she may do so upon providing us with his/her credentials and with proof of liability insurance, and he/she agrees to abide by our policies and procedures. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

**4.11 Advanced Payment for Medical Treatment.** In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon cancellation of this Agreement for any reason, any amounts due to us under this Paragraph 4.11 shall be offset against any refund of the Entrance Fee.

**4.12 Long-Term Care Insurance.** We will use reasonable efforts to assist you in working with your long-term care insurance provider to obtain the benefits to which you may be entitled.

**4.13 Medicare and Health Insurance.** When eligible, you are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Village Health

Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Village Health Center as provided in Paragraph 4.4 and your stay in the Village Health Center is a Medicare-qualified stay, such six (6) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Village Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 6.1, and we retain the right to cancel the Residency Agreement as provided in Section 8.

**4.14 Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

**4.14.1 Participating Provider.** If the Village Health Center is a participating provider with your managed care program and your stay

is a Medicare-qualified stay, the Village agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

**4.14.2 Not a Participating Provider.** If the Village Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care services. In addition, while receiving health care services at the managed care participating provider, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above. Such a stay at a managed care participating provider will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable.

**4.14.3 Negotiated Managed Care Rate.** If the Village Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we attempt to negotiate a

reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

**4.14.4 No Negotiated Managed Care Rate.** If the Village Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive nursing care in the Village Health Center during a Medicare-qualified stay, then each day of your stay in the Village Health Center will reduce by one day the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. During any such Medicare-qualified stay in the Village Health Center, you agree that you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above and any charges for physician services and any additional health services as outlined in Paragraph 4.10. If at any time during any such Medicare-qualified stay in the Village Health Center you are no longer eligible to receive any of the days of care provided for in Paragraph 4.4, then you agree to pay the per diem charge for your care in

the Village Health Center, the Monthly Fee for your Residence, in accordance with Paragraph 1.5.2 above, and any charges for physician services and any additional health services as outlined in Paragraph 4.10.

**4.14.5 Post Medicare-Qualified Stay.** At the conclusion of each such Medicare-qualified stay, you will be entitled to care in the Village Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.14, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without additional charge as provided in Paragraph 4.4, as applicable.

**4.15 Transfer to Hospital or Other Care Facility.** If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Village Health Center is licensed to provide, you will be transferred to a hospital or other care facility. Our staff will not accompany you to the hospital or other facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5 above.

**4.16 Village Health Center Admission Agreement.** If you require care in the Village Health Center, you agree to enter into a separate admission agreement for the appropriate level of care, which will be signed by you and us.

**4.17 Under Age 62.** If you are under the age of 62 when you occupy your Residence under this Agreement, you are not eligible to receive the six (6) days of care in the Village Health Center as described in Paragraph 4.4 until you attain the age of 62. During this time, you will be entitled to Health Center Level Services at the then-current per diem charge being charged to nonresidents until age 62.

## **5. REPRESENTATIONS.**

**5.1 Our Representations.** We represent and warrant that we are a nonprofit corporation. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with the North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction. The North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction is not responsible for our financial or contractual obligations.

**5.2 Your Representations.** You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Village. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

## **6. PROMISES.**

**6.1 Our Promises.** It is and shall be our declared policy to operate as a nonprofit organization. We will not cancel this Agreement without just cause as specified in Section 8. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee, or the per diem charge for care in the



Village Health Center, provided you have met all "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Village for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all residents.

**6.2 Your Promises.** You agree to comply with all policies and procedures of the Village as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent; to apply for public assistance funds and/or Medicaid if you should need financial assistance as outlined in Paragraph 6.1 above while receiving Health Center Level Services; and to abide by all other terms of this Agreement.

## **7. CANCELLATION BY RESIDENT.**

**7.1 Right of Rescission.** Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving

us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. However, if you occupy the Residence during the rescission period and then rescind this Agreement, you will only be charged a Monthly Fee for the period of time that you actually occupied the Residence. Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.2.

**7.2 Cancellation Prior to Occupancy.** You may cancel this Agreement for any reason at any time before you move into the Village by giving us written notice signed by you (both of you in the case of Joint Residents). Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.3 or 9.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. Refund of the Entrance Fee shall be as outlined in Paragraph 9.3.

**7.3 Cancellation After Occupancy.** You may cancel this Agreement for any reason after moving into the Village by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must remove your personal property from the Residence and from any storage unit within the thirty (30) day notice period as outlined in Paragraph 3.7.3. You are obligated to pay the Monthly Fee during the thirty (30) days, and thereafter if the

Residence has not been released to us in accordance with Paragraph 1.5.3 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

**7.4 Cancellation Due to Death After Occupancy.** This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). Your estate must remove your personal property from the Residence and from any storage unit within thirty (30) days after your death as outlined in Paragraph 3.7.1. Your estate will be obligated to pay the Monthly Fee as outlined in Paragraph 1.5.1 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

## **8. CANCELLATION BY UMRH.**

**8.1 Cancellation Upon Notice.** We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

### **8.1.1 Noncompliance.**

You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.

### **8.1.2 Misrepresentation.**

You misrepresent yourself or fail to disclose information during the residency process.

**8.1.3 Nonpayment.** You fail to pay any charges to us, subject to the provisions of Paragraph 6.1, within forty-five (45) days of the date when such charges are due.

**8.1.4 Threat to Health or Safety.** Your health status or behavior constitutes a substantial threat to the health, safety or peace of yourself, other residents, or others including your refusal to consent to relocation, or behavior that would result in physical damage to the property of the Village or others.

**8.1.5 Change in Condition.** There is a major change in your physical or mental condition and your condition cannot be cared for in the Village Health Center within the limits of our license.

**8.2 Default Notice.** Prior to cancellation for any Default described in Paragraph 8.1.1, 8.1.2 or 8.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5 above, if we or the Medical Director determine that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

**9. REFUND OF ENTRANCE FEE.**

**9.1 Nonacceptance by Us.** If we do not accept you for residency at the Village, the full amount of the Entrance Fee you have paid will be promptly refunded to you, without interest.

**9.2 Right of Rescission.** If you rescind this Agreement as provided in Paragraph 7.1, you shall receive a full refund of the portion of the Entrance Fee paid by you, without interest, within sixty (60) days of our receipt of the written notice of rescission.

**9.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, or Incapacity.** If, prior to occupancy and after your right of rescission period has expired, you die or you cancel this Agreement because of illness, injury or incapacity, you or your estate will receive a refund in full of the portion of the Entrance Fee you have paid, without interest, less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your written notice of cancellation.

**9.4 Cancellation Prior to Occupancy for Other Reasons.** If you cancel this Agreement for reasons other than those stated in Paragraph 9.2 or 9.3 above, you shall receive a refund of the Entrance Fee paid, less a non-refundable portion of the Entrance Fee equal to Two Thousand Dollars (\$2,000) and less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be

paid within sixty (60) days after our receipt of the written notice of cancellation.

**9.5 Cancellation After Occupancy.** In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of residency or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid, without interest, at such time as your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident or within two (2) years from the date of cancellation, whichever occurs first.

**9.6 Offset Against Entrance Fee Refund.** In the event of cancellation of this Agreement as described in Paragraph 9.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

**9.6.1** The amount of any unpaid Monthly Fees, pro-rated Monthly Fees for the period of time the Residence was occupied (which shall include the period of time until you or your personal representative removes all of your personal property from the Residence and from any storage unit) after cancellation of this Agreement, any Extra Charges, or other charges deferred by us on your behalf under Paragraph 6.1; and

**9.6.2** Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

**9.6.3** Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Paragraph 3.11; and

**9.6.4** Any charges incurred as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

## **10. MISCELLANEOUS.**

**10.1 Nature of Rights.** You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to receipt of the amounts described in Section 9; (ii) this Agreement and your contractual right to occupy the Village will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Village but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.

**10.2 Release.** We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from any such liability. You may want to obtain

at your own expense insurance to protect against such losses.

**10.3 Amendment.** This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

**10.4 Law Changes.** This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Village, including the Residence, to meet the requirements of any applicable law or regulation.

**10.5 Entire Agreement.** This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Village.

**10.6 Monthly Statement.** You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid upon receipt and by no later than the fifteenth (15<sup>th</sup>) day of each month.

**10.7 Responsible Party for Business and Financial Decision Making.** Prior to assuming residency at the Village, you agree to execute and deliver to us a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Village.

**10.8 Disposition of Furniture, Possessions, and Property.** You agree to make provision by Will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Village within sixty (60) days after the date of residency.

**10.9 Nonwaiver.** If we fail to insist in any instance upon performance of any of the terms, promises, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, promises, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

**10.10 Notices.** Any notice required to be given to us under this Agreement shall be in writing and sent certified mail, return receipt requested, with all postage and charges prepaid, or hand-delivered to the Executive Director of the Village at 2600 Croasdaile Farm Parkway; Durham, North Carolina 27705. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Village or at such other place as you shall designate to us in writing and sent by certified mail or hand delivered. All notices mailed in accordance with this Paragraph shall be deemed to be given when mailed whether or not they are actually received.

**10.11 Indemnity.** We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.

**10.12 Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

**10.13 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Village, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

**10.14 Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

**10.15 Resident.** In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.

**10.16 Reimbursement for Loss or Damage.** You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional, careless, or negligent acts or omissions or that of your guests.

**10.17 Charges for Collection.** You agree to reimburse us for any charges we incur to collect any unpaid amounts you or your estate owes to us under this Agreement.

**10.18 Sale or Transfers of Interest.** We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

**10.19 Private Employee of Resident.** If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding personal service providers, and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.

**10.20 Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement as more fully explained in our Disclosure Statement.

**10.21 Management.** We have engaged the services of Life Care Services LLC ("LCS") to manage the Village. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of the Village.

**10.22 Governing Law.** This Agreement will be governed, interpreted and

construed according to the laws of the State of North Carolina.

**10.23 Survival of Representations and Obligations.** Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 10.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

## **11. MEDIATION AND ARBITRATION.**

**11.1 Mediation.** In the event a dispute, claim or controversy of any kind arises between the parties – except for those disputes, claims or controversies arising under Paragraph 11.3 below – that cannot be resolved by mutual agreement, the parties agree to submit such dispute, claim or controversy to a neutral mediator for possible resolution. The parties will jointly agree on a neutral mediator. Each party shall submit all evidence or information in writing to the mediator in support of its contentions or allegations and any defense either party may have with respect to the dispute, claim or controversy. Each party shall have the right to a hearing before the mediator and to personally present information pertinent to such dispute, claim or controversy. The mediator shall assist each party, in an unbiased manner, in reaching an amicable agreement regarding the dispute, claim or controversy. If an amicable agreement is not reached, or if either party fails or refuses to negotiate or mediate in good faith to resolve the matter, or if a neutral mediator cannot be agreed upon between the parties, then the parties agree to submit such dispute, claim or controversy to an arbitration process as outlined below.

**11.2 Arbitration.** In the event a dispute, claim or controversy of any kind arising out of or relating to this Agreement – except for those disputes, claims or controversies arising under Paragraph 11.3 below – cannot be resolved through mediation as described in Paragraph 11.1 above, the parties agree that said dispute, claim, or controversy will be submitted to and determined by arbitration in Durham County, North Carolina in accordance with the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Village provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one (1) resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving written notice of your withdrawal to us. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

**11.3 Voluntary Arbitration of Negligent Health Care Claims.** For all claims for damages in personal injury or

wrongful death actions, based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C. G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate negligent health care claims. Thus, Paragraphs 11.1 and 11.2 do not apply to personal injury or wrongful death actions based on alleged negligence in the provision of health care. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

[Signature Page Follows]

You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement dated\_\_\_\_, 20\_\_\_\_.

Executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
RESIDENT

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

\_\_\_\_\_  
Witness

**THE UNITED METHODIST  
RETIREMENT HOMES,  
INCORPORATED  
d/b/a Croasdaile Village**

By \_\_\_\_\_  
Executive Director

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

By \_\_\_\_\_  
Authorized Agent of UMRH

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

Attachment: Exhibit A



02/14/2020  
Standard Residency Agreement (2020-02-14)



**Exhibit A**

<b>Options and Custom Features Added at Resident's Request:</b>	<b>Amount</b>
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total</b>	\$

**Initials** \_\_\_\_\_  
**Community**

\_\_\_\_\_  
**Resident(s)**

\_\_\_\_\_  
**Resident(s)**

WBD(US) 41242208v3



**2600 Croasdaile Farm Parkway  
Durham, North Carolina 27705  
(919) 384-2000  
[www.croasdailevillage.org](http://www.croasdailevillage.org)**

**Standard  
Residency Agreement  
(For Apartment, Cottage or Villa to Be  
Constructed)**

02/07/2020



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Exhibit A – Options and Custom Features Added at Resident's Request

## GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

**"Agreement"** means the Residency Agreement, entered into between the Resident and The United Methodist Retirement Homes, Incorporated, which outlines the contractual obligations of both parties.

**"Entrance Fee"** means payment that assures a Resident a place at the Village for life as long as the Resident complies with terms of this Agreement. At the time the Resident makes application for residency at the Village, the Resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 30 days from the date the Resident is notified that the residence is ready of occupancy. Specific information is located in Paragraph 1.2 of this Agreement.

**"Extra Charges"** means the additional fees required to be paid for the additional services and amenities requested by Resident, as set forth in Paragraph 2.2 of this Agreement.

**"Health Center"** means the portion of the Village, which is licensed to provide two levels of care: assisted living care and skilled nursing care, as described in Section 4 of the Agreement.

**"Monthly Fee"** means that fee payable each month by the Resident as set forth in Paragraphs 1.3 and 1.4 of the Agreement, in consideration for the services and amenities provided to the residents of the Village described in Paragraph 2.1 of this Agreement. If there are Joint Residents

under this Agreement, the Monthly Fee will include a "Second Person Monthly Fee."

**"Residence"** means the apartment, cottage or home at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee and the Monthly Fee.

**"Resident" or "you"** means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "Joint Resident." Further, both Residents may be referred to as "Joint Residents." Unless otherwise indicated, "you" refers to both of you if there are two of you.

**"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us"** means the owner of the retirement community known as Croasdaile Village, including all of the residences, common areas, and site amenities associated with these areas. The United Methodist Retirement Homes, Incorporated is a North Carolina non-profit corporation.

**"Village"** means the continuing care retirement community known as "Croasdaile Village," including all of the residences, common areas, and site amenities.



## Residency Agreement Standard

### INTRODUCTION

This Standard Residency Agreement ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and \_\_\_\_\_ (individually or collectively, "you," "your," or "Resident"). Croasdaile Village is a continuing care retirement community located at 2600 Croasdaile Farm Parkway; Durham, NC 27705 (hereafter the "Village").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number \_\_\_\_\_  
Residence Style \_\_\_\_\_

You may select certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth on Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth on Exhibit A to cover the charges for such items.

As a Resident of the Village, you are offered lifetime use of your Residence and lifetime access to the Village Health Center, subject to the terms and conditions of this Agreement.

To be accepted for residency, you must meet our residency criteria, which includes: having reached the age of 62 (or sharing your Residence with a Joint Resident who is 62 or older); financial guidelines; and the ability to live in a residence (with or without reasonable accommodation and/or reasonable modification) – all as outlined in our current residency policy.

The purpose of this Agreement is to set forth your rights and duties as a Resident of the Village and to delineate the services to be provided at the Village.

UMRH is also affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment

funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs.

## **1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.**

**1.1 Application Fee.** Prior to or upon execution of this Agreement, you will pay to us a non-refundable Application Fee of \$\_\_\_\_\_. The Application Fee will be used by us to process your application for residency.

**1.2 Entrance Fee.** In order to reside at the Village for life, subject to this Agreement, and to receive the services and amenities described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$\_\_\_\_\_ (includes first and second person, if applicable). The total amount of the Entrance Fee shall be payable as follows:

**1.2.1** Ten percent (10%) of the total Entrance Fee or \$\_\_\_\_\_ is due and payable upon your execution of this Agreement. We will apply any Subscription/ Priority Fee you have paid against the Entrance Fee deposit.

**1.2.2** The balance of \$\_\_\_\_\_ (ninety percent (90%) of the Entrance Fee) shall be paid on the earlier of (i) the date you assume occupancy at the Village or (ii) within thirty (30) days from the date you are notified that the Residence is ready for occupancy.

**1.3 Monthly Fee.** You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the earlier of (i) the date you assume occupancy at the Village or (ii) within thirty (30) days from

the date you are notified that the Residence is ready for occupancy. Thereafter, the Monthly Fee is due upon receipt of a statement from us and by no later than the fifteenth (15<sup>th</sup>) of each month. The Monthly Fee is initially set at a specific amount that can be increased as described in Paragraph 1.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

**1.4 Initial Monthly Fee.** The initial Monthly Fee payable by you is \$\_\_\_\_\_ per month and an additional \$\_\_\_\_\_ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

**1.5 Continuance of Monthly Fee.** Payment of the Monthly Fee will continue as follows:

**1.5.1** In the event of your death (in the case of Joint Residents, the death of the surviving Resident), until your estate removes all of your personal property from the Residence and from any storage unit.

**1.5.2** In the event of your permanent relocation to Health Center Level Services or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and



5.2), or to another care facility licensed to provide the appropriate care you need, until you or your personal representative removes all of your personal property from the Residence and from any storage unit.

**1.5.3** In the event of cancellation of this Agreement as outlined in Section 7 or 8, until expiration of the cancellation period and continues until you remove all of your personal property from the Residence and from any storage unit.

**1.6 Increase in Monthly Fee.**

The Monthly Fee is paid to us to provide the services and amenities described in this Agreement and is intended to meet the expenses associated with the operation of the Village. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Village or to provide quality services to the Residents.

**1.7 Reduction in Monthly Fee Due to Absence.** If you are absent from the Village for more than fourteen (14) consecutive days, your Monthly Fee will be reduced by the raw food cost determined through the Village's budgeting process. You are required to notify us of your absence in order to qualify for the reduction in the Monthly Fee.

**1.8 Reserve Funds.** The amount of the Monthly Fee also is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.

**1.9 Late Payment Charge.** We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the

Monthly Fee or any Extra Charges are not paid by the fifteenth (15<sup>th</sup>) day of the month. Balances over thirty (30) days old will be assessed a one percent (1%) interest charge per month. If we hire a collection agency or attorney to collect the Monthly Fee and Extra Charges past due from you, you are to pay any and all costs of collection, including reasonable attorney's fees, costs, and expenses associated with such collection efforts.

**2. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.**

**2.1 Services Provided for the Monthly Fee.** We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Village:

- Under the Flexible Meal Program, each Resident living in Cottages and Apartments (excluding studio apartments) will receive a Dining Allocation as part of the Monthly Fee and second person Monthly Fee. The meal program will provide you sufficient credits to dine daily, and may be expended by you, or with your permission, your guests. For more information, please refer to the Flexible Meal Program Policy;
- Studio apartment residents receive three (3) meals per day;
- Limited tray service to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Cable television package;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;

- Availability of laundry facilities so that you can wash and dry personal laundry;
  - Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
  - Services of a chaplain;
  - Parking for you and your guests;
  - Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
  - Kitchen facilities, except some studio apartments only contain a refrigerator and a microwave;
  - Local transportation as scheduled by us and as posted;
  - Limited additional storage space;
  - Personal emergency transmitter system;
  - Smoke detectors;
  - Security – 24 hours a day; and
  - Six (6) days each year of assisted living or nursing care in the Village Health Center as outlined in Paragraph 4.4.
- Guest accommodations, if available;
  - Private catered functions;
  - Personal transportation and transportation for special events and group trips;
  - Expanded cable television package;
  - Services of the Clinic – a copy of the charges for Clinic services can be obtained from the Clinic;
  - Home care services through the Croasdaile Village Home Care Program;
  - Assisted living services or nursing care services through the Village Health Center as outlined in Section 4; and
  - Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies) as outlined in Paragraph 4.10.

**2.2 Supplemental Services Provided for Extra Charge.** Supplemental services, when available, will be provided at Extra Charge and are described below. A list of Extra Charges for these supplemental services can be obtained from administration.

- Meals, guest meals, and other food charges in excess of your Dining Allocations, as outlined in Section 2.1. Extended tray service as approved by authorized staff;
- Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by your attending physician;
- Additional housekeeping services;

### **3. TERMS OF RESIDENCY.**

**3.1 Use of the Residence.** The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only the right to live in the Residence, access to other facilities of the Village, and to available services and amenities, subject to the terms and conditions of this Agreement.

**3.2 Duration of Your Right to Occupy the Residence.** You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as

set forth in our residency policy, or this Agreement is canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that you need home care services, assisted living services, or nursing care services, you will be requested to obtain the needed services in your Residence (at your expense), relocate to the Village Health Center or Comparable Facility (as defined in Paragraph 4.2).

### **3.3 Occupants of the Residence.**

Except as hereinafter provided, no person other than you (both of you in case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current residency policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days, except with our express written approval.

If the Resident marries a person who is also a resident of the Village, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence, if any, will be provided as described in Paragraph 9.5 of this Agreement.

**3.4 Guests.** Guests are welcome to stay in your Residence for short stays not

to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of our residents.

**3.5 Release.** We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from such liability.

**3.6 Insurance.** Our insurance does not cover your personal property or your liability. It is recommended that you carry personal property insurance and liability insurance at your own expense to cover against any loss or damage to your personal property or to the property of others caused by your negligence or that of your guests. If requested by us, you agree to provide us with proof of such insurance coverage.

**3.7 Removal and Storage of Resident's Personal Property.** Your personal property must be removed from the Residence and from any storage unit as follows:

**3.7.1** Within thirty (30) days following the date of your death (if Joint Residents, the date of death of the surviving Resident). If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge your estate the Monthly Fee as outlined in Paragraph 1.5.1 above, or we may remove and store such personal property at the expense and risk of your estate. Your Entrance Fee will continue to amortize, if applicable, until the Residence and

any storage unit is completely vacated. We will only allow the executor(s) named in your Will to remove or dispose of your personal property in your living accommodation and any related storage unit at the Village. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

**3.7.2** Within thirty (30) days following the date notice is delivered to you of your permanent relocation to the Village Health Center or a Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 5.2), or to another care facility licensed to provide the appropriate care you need. If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.2 above, or we may remove and store such personal property at your expense and risk.

**3.7.3** At the end of the cancellation period outlined in Section 7 or 8. If your personal property is not removed from the Residence and from any storage unit by the end of the cancellation period, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.3 above, or we may remove and store such personal property at your expense and risk. Your Entrance Fee will continue to amortize, if applicable, until the

Residence and any storage unit is completely vacated.

**3.8 Furnishings.** Furnishings within the Residence will not be provided by us except as stated in Paragraph 2.1. Furnishings provided by you shall not be such as to interfere with your health, safety or general welfare, or that of other residents or others.

**3.9 Emergency Entry and Relocation.** We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Village, to the Village Health Center or a Comparable Facility (as defined in Paragraph 4.2), or to a hospital or other care facility for the protection of your health or safety or for the health or safety of the other residents of the Village.

**3.10 Alterations by You.** You may not undertake any alterations to your Residence without our prior written approval. Said alterations will be set forth in a separate addendum to this Agreement, signed by you and us. Any alterations to the landscaping of your Residence must meet the covenants of Croasdaile Farm Master Homeowners' Association and be approved by the Village's Building and Grounds Committee.

**3.11 Condition of Residence.** Upon vacating the Residence, you agree to leave it in good and clean condition. You shall be liable to us for any charges incurred to restore your Residence to good and clean condition, except for normal wear and tear.

**3.12 Rights of Second Single Resident.** When two Joint Residents reside

in a single Residence under this Agreement, upon the death or permanent relocation of one Resident to a different level of care at the Village, or other inability of that Resident to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

**3.13 Smoke-Free Community.**

The Village is a smoke-free community pursuant to its Smoke-Free Campus Policy (a copy of which is available upon request), wherein the campus and buildings have been designated as "smoke free". Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Village campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the residences, the Village Health Center (including both the assisted living facility and nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted at the designated outdoor area. Violation of the Smoke-Free Campus Policy can result in our cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

**3.14 Firearms Policy.**

The Village has adopted a policy governing the possession of firearms at the Village. Firearms need to be registered with the Village and properly secured. In the event that you are unable to safely maintain a firearm, we will contact your designated power of attorney, legal representative or family member to remove any firearms from your Residence.

**4. THE VILLAGE HEALTH CENTER.**

**4.1 Description.** The Village Health Center is the portion of the Village which is licensed to provide two levels of care: assisted living care and skilled nursing care (collectively "Health Center Level Services"). The Village Health Center is staffed by licensed nursing personnel 24 hours a day.

**4.2 Alternate Accommodations.** You will be given priority over non-residents for admission to the Village Health Center. In the event the Village Health Center is fully occupied when you are determined to need such care, you agree to relocate to an alternate health care facility that provides services similar to the Village Health Center or to another care facility licensed to provide the appropriate care you need (a "Comparable Facility") until an appropriate space becomes available for you at the Village. We will not be responsible for the charges associated with the Comparable Facility. Upon your relocation to a Comparable Facility, you shall continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

**4.3 Clinic.** The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an Extra Charge to you.

**4.4 Six (6) Days of Assisted Living or Nursing Care in the Village Health Center.** You are eligible to receive a total of six (6) days each year of either assisted living care or nursing care in the Village Health Center while you are a resident of your Residence. In the case of Joint Residents, each of you will receive six (6) days, but the days cannot be combined and used by only one of you. Such six (6) days renews on an annual basis and does not

accumulate. You are required to pay the charges for physician services and any additional health services as outlined in Paragraph 4.10. Once you are permanently assigned to assisted living or nursing care in the Village Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living or nursing care and will be required to pay the per diem charge for such care. **[NOTE: The six (6) days of care is a combined annual total for assisted living care and nursing care at the Village.]**

**4.5 Transfer to Health Center Level Services.** In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Village Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

**4.6 Temporary Relocation to the Village Health Center.** In the event you require temporary care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above.

**4.7 Permanent Relocation to Health Center Level Services.** In the event you require permanent care in the Village Health Center (beyond the six (6) days of

care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. If you are determined appropriate for Health Center Level Services, and are permanently relocated to the Village Health Center or a Comparable Facility, you will be required to release your Residence to us, and remove all of your personal property from the Residence and from any storage unit as outline in Paragraph 3.7.2. We shall have the right to reassign the Residence for occupancy by others except as provided in Paragraph 3.12. Release of the Residence due to your permanent relocation to the Village Health Center or to a Comparable Facility does not qualify you for a refund of the Entrance Fee, unless this Agreement is canceled. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

**4.8 Relocation within the Village Health Center.** We reserve the right to relocate you to a different level of care within the Village Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

**4.9 Return to Residence.** If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as

soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

**4.10 Medical Director, Attending Physician, and Additional Health Services.** We have designated a licensed physician to serve as Medical Director of the Village Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. If your personal physician will be providing you with services in the Village Health Center, he/she may do so upon providing us with his/her credentials and with proof of liability insurance, and he/she agrees to abide by our policies and procedures. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

**4.11 Advanced Payment for Medical Treatment.** In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon cancellation of this Agreement for any reason, any amounts due to us under this Paragraph 4.11 shall be offset against any refund of the Entrance Fee.

**4.12 Long-Term Care Insurance.** We will use reasonable efforts to assist you in working with your long-term care insurance provider to obtain the benefits to which you may be entitled.

**4.13 Medicare and Health Insurance.** When eligible, you are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Village Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Village Health Center as provided in Paragraph 4.4 and your stay in the Village Health Center is a Medicare-qualified stay, such six (6) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish

us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Village Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 7.1, and we retain the right to cancel the Residency Agreement as provided in Section 8.

**4.14 Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

**4.14.1 Participating Provider.** If the Village Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Village agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for

physician services and any additional health services as outlined in Paragraph 4.10.

**4.14.2 Not a Participating Provider.** If the Village Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care services. In addition, while receiving health care services at the managed care participating provider, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above. Such a stay at a managed care participating provider will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable.

**4.14.3 Negotiated Managed Care Rate.** If the Village Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You



will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

**4.14.4 No Negotiated Managed Care Rate.** If the Village Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive nursing care in the Village Health Center during a Medicare-qualified stay, then each day of your stay in the Village Health Center will reduce by one day the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. During any such Medicare-qualified stay in the Village Health Center, you agree that you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above and any charges for physician services and any additional health services as outlined in Paragraph 4.10. If at any time during any such Medicare-qualified stay in the Village Health Center you are no longer eligible to receive any of the days of care provided for in Paragraph 4.4, then you agree to pay the per diem charge for your care in the Village Health Center, the Monthly Fee for your Residence, in accordance with Paragraph 1.5.2 above, and any charges for physician services and any additional health services as outlined in Paragraph 4.10.

**4.14.5 Post Medicare-Qualified Stay.** At the conclusion of each such Medicare-qualified stay, you will be entitled to care in the Village Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.14, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without additional charge as provided in Paragraph 4.4, as applicable.

**4.15 Transfer to Hospital or Other Care Facility.** If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Village Health Center is licensed to provide, you will be transferred to a hospital or other care facility. Our staff will not accompany you to the hospital or other facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5 above.

**4.16 Village Health Center Admission Agreement.** If you require care in the Village Health Center, you agree to enter into a separate admission agreement for the appropriate level of care, which will be signed by you and us.

**4.17 Under Age 62.** If you are under the age of 62 when you occupy your Residence under this Agreement, you are not eligible to receive the six (6) days of care in the Village Health Center as described in Paragraph 4.4 until you attain the age of 62. During this time, you will be

entitled to Health Center Level Services at the then-current per diem charge being charged to nonresidents until age 62.

## **5. REPRESENTATIONS.**

**5.1 Our Representations.** We represent and warrant that we are a nonprofit corporation. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with the North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction. The North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction is not responsible for our financial or contractual obligations.

**5.2 Your Representations.** You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Village. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

## **6. PROMISES.**

**6.1 Our Promises.** It is and shall be our declared policy to operate as a nonprofit organization. We will not cancel this Agreement without just cause as specified in Section 8. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee, or the per diem charge for care in the Village Health Center, provided you have met all "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. This provision shall not apply if you have impaired your ability

to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Village for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all residents.

**6.2 Your Promises.** You agree to comply with all policies and procedures of the Village as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent; to apply for public assistance funds and/or Medicaid if you should need financial assistance as outlined in Paragraph 6.1 above while receiving Health Center Level Services; and to abide by all other terms of this Agreement.

## **7. CANCELLATION BY RESIDENT.**

**7.1 Right of Rescission.** Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission

period. However, if you occupy the Residence during the rescission period and then rescind this Agreement, you will only be charged a Monthly Fee for the period of time that you actually occupied the Residence. Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.2.

**7.2 Cancellation Prior to Occupancy.** You may cancel this Agreement for any reason at any time before you move into the Village by giving us written notice signed by you (both of you in the case of Joint Residents). Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.3 or 9.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. Refund of the Entrance Fee shall be as outlined in Paragraph 9.3.

**7.3 Cancellation Due to Residence Not Available.** You may cancel this Agreement upon written notice to us if we have not made the Residence available to you for occupancy within twenty-four (24) months from the date we execute this Agreement. Refund of the Entrance Fee shall be as outlined in Paragraph 9.7

**7.4 Cancellation After Occupancy.** You may cancel this Agreement for any reason after moving into the Village by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery.

Cancellation shall occur thirty (30) days after written notice is delivered, and you must remove your personal property from the Residence and from any storage unit within the thirty (30) day notice period as outlined in Paragraph 3.7.3. You are obligated to pay the Monthly Fee during the thirty (30) days, and thereafter if the Residence has not been released to us in accordance with Paragraph 1.5.3 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

**7.5 Cancellation Due to Death After Occupancy.** This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). Your estate must remove your personal property from the Residence and from any storage unit within thirty (30) days after your death as outlined in Paragraph 3.7.1. Your estate will be obligated to pay the Monthly Fee as outlined in Paragraph 1.5.1 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

## **8. CANCELLATION BY UMRH.**

**8.1 Cancellation Upon Notice.** We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

### **8.1.1 Noncompliance.**

You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.

### **8.1.2 Misrepresentation.**

You misrepresent yourself or fail to

disclose information during the residency process.

**8.1.3 Nonpayment.** You fail to pay any charges to us, subject to the provisions of Paragraph 6.1, within forty-five (45) days of the date when such charges are due.

**8.1.4 Threat to Health or Safety.** Your health status or behavior constitutes a substantial threat to the health, safety or peace of yourself, other residents, or others including your refusal to consent to relocation, or behavior that would result in physical damage to the property of the Village or others.

**8.1.5 Change in Condition.** There is a major change in your physical or mental condition and your condition cannot be cared for in the Village Health Center within the limits of our license.

**8.2 Default Notice.** Prior to cancellation for any Default described in Paragraph 8.1.1, 8.1.2 or 8.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5 above, if we or the Medical Director determine that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or

others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

## **9. REFUND OF ENTRANCE FEE.**

**9.1 Nonacceptance by Us.** If we do not accept you for residency at the Village, the full amount of the Entrance Fee you have paid will be promptly refunded to you, without interest.

**9.2 Right of Rescission.** If you rescind this Agreement as provided in Paragraph 7.1, you shall receive a full refund of the portion of the Entrance Fee paid by you, without interest, within sixty (60) days of our receipt of the written notice of rescission.

**9.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, or Incapacity.** If, prior to occupancy and after your right of rescission period has expired, you die or you cancel this Agreement because of illness, injury or incapacity, you or your estate will receive a refund in full of the portion of the Entrance Fee you have paid, without interest, less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your written notice of cancellation.

**9.4 Cancellation Prior to Occupancy for Other Reasons.** If you

cancel this Agreement for reasons other than those stated in Paragraph 9.2 or 9.3 above, you shall receive a refund of the Entrance Fee paid, less a non-refundable portion of the Entrance Fee equal to Two Thousand Dollars (\$2,000) and less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days after our receipt of the written notice of cancellation.

**9.5 Cancellation After Occupancy.** In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of residency or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid, without interest, at such time as your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident or within two (2) years from the date of cancellation, whichever occurs first.

**9.6 Offset Against Entrance Fee Refund.** In the event of cancellation of this Agreement as described in Paragraph 9.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

**9.6.1** The amount of any unpaid Monthly Fees, pro-rated Monthly Fees for the period of time the Residence was occupied (which shall include the period of time until you or your personal representative removes all of your personal

property from the Residence and from any storage unit) after cancellation of this Agreement, any Extra Charges, or other charges deferred by us on your behalf under Paragraph 6.1; and

**9.6.2** Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

**9.6.3** Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Paragraph 3.11; and

**9.6.4** Any charges incurred as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

**9.7 Availability of the Residence.** If the Residence is not available to you for occupancy within twenty-four (24) months from the date we execute this Agreement, you may terminate this Agreement upon written notice to us. In such event, the full amount of the Entrance Fee you have paid will be refunded to you, without interest, within thirty (30) days from the date we receive your notice of termination.

## **10. MISCELLANEOUS.**

**10.1 Nature of Rights.** You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to receipt of the amounts described

in Section 9; (ii) this Agreement and your contractual right to occupy the Village will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Village but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.

**10.2 Release.** We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

**10.3 Amendment.** This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

**10.4 Law Changes.** This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Village, including the Residence, to meet the requirements of any applicable law or regulation.

**10.5 Entire Agreement.** This Agreement and any addenda or amendments

thereto contain our entire understanding with respect to your residency at the Village.

**10.6 Monthly Statement.** You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid upon receipt and by no later than the fifteenth (15<sup>th</sup>) day of each month.

**10.7 Responsible Party for Business and Financial Decision Making.** Prior to assuming residency at the Village, you agree to execute and deliver to us a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Village.

**10.8 Disposition of Furniture, Possessions, and Property.** You agree to make provision by Will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Village within sixty (60) days after the date of residency.

**10.9 Nonwaiver.** If we fail to insist in any instance upon performance of any of the terms, promises, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, promises, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

**10.10 Notices.** Any notice required to be given to us under this Agreement shall be in writing and sent certified mail, return receipt requested, with all postage and charges prepaid, or hand-delivered to the Executive Director of the Village at 2600 Croasdaile Farm Parkway; Durham, North Carolina 27705. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Village or at such other place as you shall designate to us in writing and sent by certified mail or hand delivered. All notices mailed in accordance with this Paragraph shall be deemed to be given when mailed whether or not they are actually received.

**10.11 Indemnity.** We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.

**10.12 Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

**10.13 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Village, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender(s) such further written evidence of such

subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

**10.14 Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

**10.15 Resident.** In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.

**10.16 Reimbursement for Loss or Damage.** You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional, careless, or negligent acts or omissions or that of your guests.

**10.17 Charges for Collection.** You agree to reimburse us for any charges we incur to collect any unpaid amounts you or your estate owes to us under this Agreement.

**10.18 Sale or Transfers of Interest.** We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

**10.19 Private Employee of Resident.** If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding personal service providers, and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.

**10.20 Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement as more fully explained in our Disclosure Statement.

**10.21 Management.** We have engaged the services of Life Care Services LLC ("LCS") to manage the Village. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of the Village.

**10.22 Governing Law.** This Agreement will be governed, interpreted and construed according to the laws of the State of North Carolina.

**10.23 Survival of Representations and Obligations.** Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 10.11, and our representations and obligations under this Agreement, will

survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

## **11. MEDIATION AND ARBITRATION.**

**11.1 Mediation.** In the event a dispute, claim or controversy of any kind arises between the parties – except for those disputes, claims or controversies arising under Paragraph 11.3 below – that cannot be resolved by mutual agreement, the parties agree to submit such dispute, claim or controversy to a neutral mediator for possible resolution. The parties will jointly agree on a neutral mediator. Each party shall submit all evidence or information in writing to the mediator in support of its contentions or allegations and any defense either party may have with respect to the dispute, claim or controversy. Each party shall have the right to a hearing before the mediator and to personally present information pertinent to such dispute, claim or controversy. The mediator shall assist each party, in an unbiased manner, in reaching an amicable agreement regarding the dispute, claim or controversy. If an amicable agreement is not reached, or if either party fails or refuses to negotiate or mediate in good faith to resolve the matter, or if a neutral mediator cannot be agreed upon between the parties, then the parties agree to submit such dispute, claim or controversy to an arbitration process as outlined below.

**11.2 Arbitration.** In the event a dispute, claim or controversy of any kind arising out of or relating to this Agreement – except for those disputes, claims or controversies arising under Paragraph 11.3 below – cannot be resolved through mediation as described in Paragraph 11.1



above, the parties agree that said dispute, claim, or controversy will be submitted to and determined by arbitration in Durham County, North Carolina in accordance with the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Village provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one (1) resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving written notice of your withdrawal to us. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

**11.3 Voluntary Arbitration of Negligent Health Care Claims.** For all claims for damages in personal injury or wrongful death actions, based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the

North Carolina General Statutes. N.C. G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate negligent health care claims. Thus, Paragraphs 11.1 and 11.2 do not apply to personal injury or wrongful death actions based on alleged negligence in the provision of health care. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement dated \_\_\_\_\_, 20\_\_\_\_.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
RESIDENT

\_\_\_\_\_  
Witness

\_\_\_\_\_  
RESIDENT

\_\_\_\_\_  
Witness

**UNITED METHODIST RETIREMENT  
HOMES, INCORPORATED**

By \_\_\_\_\_  
Executive Director

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

By \_\_\_\_\_  
Authorized Agent of UMRH

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

Attachment: Exhibit A



02/07/2020

Expansion Standard Residency Agreement (2020-02-07)

**Exhibit A**

<b>Options and Custom Features Added at Resident's Request:</b>	<b>Amount</b>
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total</b>	\$

**Initials** \_\_\_\_\_  
**Community** \_\_\_\_\_

\_\_\_\_\_  
**Resident(s)**

\_\_\_\_\_  
**Resident(s)**

# **ATTACHMENT 6**

## **Communities Managed by Life Care Services LLC**

**SENIOR LIVING COMMUNITIES MANAGED  
BY LIFE CARE SERVICES  
AS OF 02/20/2020**

Alabama, Birmingham – Galleria Woods  
Alabama, Hoover – Danberry at Inverness  
Arizona, Chandler – Clarendale of Chandler  
Arizona, Peoria – Sierra Winds  
Arizona, Phoenix – Sagewood  
Arizona, Tempe (Phoenix) – Friendship Village of Tempe  
California, Carlsbad – LaCosta Glen and GlenBrook  
California, Cupertino – Forum at Rancho San Antonio, The  
California, Fullerton – Morningside of Fullerton and Park Vista  
California, Pleasanton – Stoneridge Creek Pleasanton and CreekView  
California, San Diego – Casa de las Campanas  
California, San Diego – Glen at Scripps Ranch, The  
California, San Juan Capistrano – Reata Glen  
California, San Luis Obispo – Villaggio at San Luis Obispo  
California, San Rafael – Aldersly  
California, Santa Rosa – Arbol Residences of Santa Rosa  
California, Thousand Oaks – University Village at Thousand Oaks and Oak View  
Connecticut, Essex – Essex Meadows  
Connecticut, Mystic – StoneRidge  
Connecticut, Redding – Meadow Ridge  
Connecticut, Southbury – Pomperaug Woods  
Florida, Boca Raton – Toby & Leon Cooperman Sinai Residences of Boca Raton  
Florida, Bradenton – Freedom Village of Bradenton  
Florida, Celebration – Windsor at Celebration  
Florida, Clearwater – Regency Oaks  
Florida, Jacksonville – Cypress Village  
Florida, Leesburg – Lake Port Square  
Florida, Naples – Bayshore Memory Care  
Florida, Naples – The Glenview at Pelican Bay  
Florida, Palm City – Sandhill Cove  
Florida, Port Charlotte – South Port Square  
Florida, Seminole – Freedom Square of Seminole  
Florida, Seminole – Lake Seminole Square  
Florida, Sun City Center – Freedom Plaza  
Florida, The Villages – Freedom Point at The Villages  
Georgia, Columbus – Spring Harbor at Green Island  
Georgia, Evans – Brandon Wilde  
Georgia, Savannah – Marshes of Skidaway Island, The  
Georgia, Stone Mountain – Park Springs  
Hawaii, Honolulu – Hale Ola Kino  
Illinois, Addison – Clarendale of Addison  
Illinois, Algonquin – Clarendale of Algonquin  
Illinois, Chicago – Clare, The  
Illinois, Godfrey – Asbury Village  
Illinois, Lincolnshire – Sedgebrook  
Illinois, Long Grove – Arboria of Long Grove  
Illinois, Mokena – Clarendale of Mokena  
Illinois, Naperville – Monarch Landing  
Illinois, St. Charles – River Glen of St. Charles

Illinois, Wheaton – Wyndemere  
Indiana, Carmel – Magnolia Springs at Bridgewater  
Indiana, Greenwood (Indianapolis) – Greenwood Village South  
Indiana, Indianapolis – Magnolia Springs Southpointe  
Indiana, Indianapolis – Marquette  
Indiana, North Manchester – Peabody Retirement Community  
Indiana, Schererville – Clarendale of Schererville  
Indiana, Terre Haute – Westminster Village  
Indiana, West Lafayette – Westminster Village West Lafayette  
Iowa, Ames – Green Hills Retirement Community  
Iowa, Cedar Rapids – Cottage Grove Place  
Kansas, Atchison – Dooley Center  
Kansas, Bel Aire – Catholic Care Center  
Kentucky, Florence – Magnolia Springs Florence  
Kentucky, Lexington – Magnolia Springs Lexington  
Kentucky, Lexington – Richmond Place Senior Living  
Kentucky, Louisville – Magnolia Springs East  
Kentucky, Louisville – Magnolia Springs at Whipps Mill  
Maryland, Annapolis – Baywoods of Annapolis  
Maryland, Columbia – Residences at Vantage Point  
Maryland, Pikesville (Baltimore) – North Oaks  
Maryland, Timonium – Mercy Ridge  
Maryland, Towson (Baltimore) – Blakehurst  
Michigan, Battle Creek – NorthPointe Woods  
Michigan, Dearborn – Henry Ford Village  
Michigan, East Lansing – Burcham Hills  
Michigan, Holland – Freedom Village  
Michigan, Kalamazoo – Friendship Village  
Michigan, Waterford – Canterbury-on-the-Lake  
Minnesota, Champlin – Champlin Shores  
Minnesota, Plymouth – Trillium Woods  
Minnesota, Vadnais Heights – Gable Pines  
Missouri, Higginsville – John Knox Village East  
Missouri, Kansas City – Kingswood Senior Living Community  
Missouri, St. Peters – Clarendale of St. Peters  
Nebraska, Lincoln – Woodlands at Hillcrest, The  
New Hampshire, Keene – Hillside Village  
New Jersey, Bridgewater – Delaney of Bridgewater, The  
New Jersey, Bridgewater – Laurel Circle  
New Jersey, Lakewood – Harrogate  
New York, Levittown – Village Green A Carlisle Assisted Living Community  
New York, Patchogue – Village Walk Patchogue  
New York, Rye Brook – Broadview Senior Living at Purchase College  
North Carolina, Chapel Hill – Cedars of Chapel Hill, The  
North Carolina, Charlotte – Cypress of Charlotte, The  
North Carolina, Durham – Croasdaile Village  
North Carolina, Greensboro – WhiteStone  
North Carolina, Greenville – Cypress Glen Retirement Community  
North Carolina, Lumberton – Wesley Pines Retirement Community  
North Carolina, Raleigh – Cypress of Raleigh, The  
North Carolina, Wilmington – Plantation Village  
Ohio, Dublin – Friendship Village of Dublin

Ohio, Mason – Magnolia Springs Loveland  
Oklahoma, Bartlesville – Green Country Village  
Oregon, Dallas – Dallas Retirement Village  
Oregon, Salem – Capital Manor  
Pennsylvania, Coatesville – Freedom Village at Brandywine  
Pennsylvania, Reading – Heritage of Green Hills, The  
Pennsylvania, Warrington – Solana Doylestown, The  
South Carolina, Greenville – Rolling Green Village  
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island  
South Carolina, Hilton Head Island – Cypress of Hilton Head, The  
South Carolina, Sumter – Covenant Place  
Tennessee, Brentwood – Heritage at Brentwood, The  
Tennessee, Hendersonville – Clarendale at Indian Lake  
Tennessee, Nashville – Clarendale at Bellevue Place  
Texas, Austin – Westminster  
Texas, Bedford – Parkwood Healthcare  
Texas, Bedford – Parkwood Retirement  
Texas, Dallas – Autumn Leaves  
Texas, Dallas – Monticello West  
Texas, Dallas – Signature Pointe  
Texas, Dallas – Walnut Place  
Texas, Georgetown – Delaney at Georgetown Village, The  
Texas, League City – Delaney at South Shore, The  
Texas, Lubbock – Carillon  
Texas, Richmond – Delaney at Parkway Lakes, The  
Texas, Spring – Village at Gleannloch Farms, The  
Texas, Temple – Meridian of Temple  
Texas, The Woodlands – Village at the Woodlands Waterway, The  
Texas, Victoria – Copperfield Village  
Texas, Victoria – Greatwood Homes of Victoria  
Texas, Waco – Delaney at Lake Waco, The  
Utah, Taylorsville – Summit Vista  
Vermont, White River – Village at White River Junction, The  
Virginia, Fairfax – Virginian, The  
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care  
Virginia, Virginia Beach – Atlantic Shores  
Washington, Issaquah – Timber Ridge at Talus  
Wisconsin, Greendale – Harbour Village  
Wisconsin, Mequon – Newcastle Place  
Wisconsin, Milwaukee – Eastcastle Place

# **ATTACHMENT 7**

## **List of Extra Charges**





Summary of Charges  
Effective October 1, 2019 – September 30, 2020

**SERVICES**

**Clinic:** Services of the clinic are billed according to the type of services received, and charges for the services are filed with residents' insurance carriers. Residents are responsible for any co-pays, deductibles, and for charges not covered by insurance. Podiatry and psychiatry are available by appointment in the clinic, but are charged and billed by the provider and not through the Clinic.

**Beauty Shop/Barber Service:** The Croasdaile Village Beauty Shops are operated by private contractors.

*Charges are set by the contractors and not by Croasdaile Village Administration.*

**Cable:** Spectrum    Basic/Standard Free    Spectrum Charges    DSL/Road Runner  
*Spectrum charges apply to above*

**Dining Services:**

Café Guest charges:

- Breakfast                      *A la carte*
- Lunch                            *A la carte*
- Dinner                           *A la carte*

Main Dining Guest Charges:

- Lunch                            \$ 6.20
- Dinner/Brunch
  - Adult                            \$13.90
  - Child                            \$ 6.95
  - Weekends and Holidays      *Varies per menu*

Meal Delivery:

*Each resident receives three free sick-tray meal deliveries per quarter  
Additional deliveries are \$4.00 per meal*

**Guest Rooms:**            \$95.00/night

**Housekeeping:**

- Weekly Housekeeping:            No charge
- Annual Deep Cleaning:            No charge
- Additional personal housekeeping    \$27.00 per hour

Set-up fee for personal reservations:

- (Ponder Auditorium, Resident Meeting Rooms, etc.)
- Normal Hours Set-up            \$55.00

Clean-up	\$55.00
Night and/or Weekend Set-up	\$55.00
Weekend Clean-up	\$55.00

*Note: All personal resident services are charged a minimum of one hour*

**Laundry:**

Croasdaile Village will happily provide personal laundry services to residents  
 Clothing hourly rate: \$22.00  
 Linens hourly rate: \$22.00

**Maintenance:**

Croasdaile Village will happily provide personal Maintenance services to residents.  
 Hourly rate: \$22.00 per hour per person

**Security:**

Key replacement \$ 5.00 per key  
 #7 door key \$150.00 per key

**Telephone:**

Voice Mail \$4.00 *monthly*  
 Long Distance \$0.05 *per min (through Frontier)*

**Transportation:**

Medical Transportation	No Charge
North Durham, North of NC 147	\$ 5.00
South Durham, South of NC 147	\$10.00
Hillsborough or Chapel Hill	\$15.00
Mebane	\$20.00
Cary	\$30.00
Roxboro	\$35.00
RDU Airport	\$35.00
Raleigh	\$40.00

*Prices above are one-way*

*Any approved private trips beyond the location list shall be calculated using vehicle mileage and driver-hours added together.*

*The department will not provide long-distance personal transportation.*

**Pet Deposit:** \$200.00 per pet

*Note: Resident is required to pay a separate pet deposit for new pets, regardless of previous fees paid.*

**Croasdaile Village Home Care:**

Telephone: 919-384-2441

Fax: 919-384-2449

**Nursing Assistant Rates – CNA**

Monday – Friday	\$21.50
Weekends	\$22.50

*Note: a la carte CAN services billed in two (2) hour increments*

**Registered Nurse Rates**

Dressing Change	\$35.00
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Medication Management	\$25.00 per week
RN Assessment	\$75.00

*(RN Assessment must be performed at onset of care, and every 60 days thereafter)*

RN Hourly Fee	\$40.00 per hour
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*Holiday & Premium double rates*

**Miscellaneous Charges:**

Pet Care 15 to 30 minute visit	\$10.00
Medication Reminders	\$ 8.00

*Note: The miscellaneous charges are billed in 15 minute increments*

# **ATTACHMENT 8**

## **Expansion Uses & Sources**

**SOURCES OF CASH:**

Entrance Fee Loan	15,087,000
Long Term - Bank	26,150,000
Long Term - Bond	43,165,000
Refunding Existing Debt	24,990,000

**Total Sources of Cash -** 109,392,000

**USES OF CASH:**

Land	95,020
Construction Costs	57,097,814
Preconstruction Services	120,000
Change Order Allowance	1,712,934
Construction (Non-GMP)	954,746

**Total Construction Costs -** 59,885,494

Design Fees	2,562,463
Interior Design	1,792,094
Financing Costs	1,748,159
Construction Period Interest	5,215,944
Occupancy Development	592,900
Capital Items (Non-GMP)	1,521,924
Travel	89,000
Consultants And Legal	129,425
Filing And Impact Fees	980,000
General Costs	22,000
Development Fee	4,025,611
Marketing Fee	346,701
Start-Up Loss	0
Project Contingency	3,475,260

**Subtotal Uses of Cash -** 82,481,995

**Reserves:**

Working Capital Fund	0
Debt Service Reserve	3,643,491
Operating & Health Center Reserve	0
Unrestricted Reserves	0

**Total Reserves -** 3,643,491

**Other Uses:**

Refunding Escrow Deposits	23,315,000
Other Uses	(48,486)

**Total Other Uses -** 23,266,514

**Total Uses of Cash -** 109,392,000