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Greenville, North Carolina 27858
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DISCLOSURE STATEMENT

Cypress Glen Retirement Community (the "Community") 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 the Community, whichever occurs first.

The Community, 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 8, 2020

Unless earlier revised, the Community intends for this Disclosure Statement to remain effective until July 28, 2021



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Attachments:

- **Attachment 1 - Audited Financial Statements for The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 2 - Forecasted Financial Statements for The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 3 - Interim Unaudited Financial Statements for 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**

INTRODUCTION

The Cypress Glen Retirement Community (the "Community") brings to residents of the eastern North Carolina area, who are age 62 and over, a way of retirement living known as "continuing care." This concept offers retirees a lifestyle designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities, such as the Community, encompass these important components: a private residence, a wide array of personal services, and the security of care in the on-site Health Center.

The Community is owned and operated by The United Methodist Retirement Homes, Incorporated ("UMRH"). UMRH is a North Carolina not-for-profit corporation that is committed to providing a quality adult community that is fiscally sound and genuinely responsive to resident needs. UMRH also owns Croasdaile Village, a continuing care retirement community located in Durham, North Carolina and Wesley Pines, a continuing care retirement community located in Lumberton, North Carolina. The financial information contained in 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 the Community. 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 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 is 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

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 27803
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 the Community (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 Section 58-64, North Carolina General Statutes, 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

Laurie H. Stallings is the executive director of the Community. She holds a bachelor's degree in social work from East Carolina University, is a graduate of the University of North Texas, Retirement Housing Professional Program, and is a licensed nursing home administrator in the State of North Carolina. Mrs. Stallings has over 30 years of experience in the long-term care industry. She is an employee of UMRH and has been at the Community since 1994.

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 the Community. 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. 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 3rd 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 the Community 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 the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community, including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community.

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 Section 58-64, North Carolina General Statutes, 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 the Community.

THE COMMUNITY

Cypress Glen Retirement Community is situated on approximately 95 acres of land and is located one mile from the campus of East Carolina University. It is a continuing care retirement community designed to accommodate persons 62 years of age or older in a dignified manner. As of September 30, 2019, there were 306 residents living at the Community. Following is a breakdown of units:

Apartments	151
Cottages	50
Assisted Living	30
Memory Care Cottage	12
Skilled Nursing	30

All residences are equipped with safety features such as assist bars in the bathroom and an emergency call system, with 24-hour check. The Community also offers additional personal services to residents residing in residential living through its home care program. These residents pay a fee for these services.

In addition to the primary intent of the Community, which is to assure the residents of continuing care throughout their retirement years, the Community 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 the Community. Some of the amenities which residents can enjoy include: a central dining room; a casual dining area; a chapel; a multi-purpose room; a health clinic; a physical and occupational therapy area; card rooms; a game room; a library; a mail area; an arts and crafts studio; lounges; a wellness center with a cardiovascular fitness room, aerobics room, a deep water salt treated pool, and a salon/spa; and a computer wired for Internet access available in the conference room.

The Health Center is licensed by the North Carolina Division of Health Service Regulation. The Health Center offers assisted living, memory care, and nursing care to the residents of the Community. Assisted living 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. Memory care services include scheduled and unscheduled special care assisted living services to persons with Alzheimer's Disease or related disorders. Six of the skilled nursing facility beds are Medicare certified.

Each continuing care resident at the Community is entitled to receive a total of six (6) days of assisted living, memory care or nursing care at the Community Health Center 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, memory care and nursing care at the Community Health Center are available for the per diem charge.

SMOKE-FREE CAMPUS

The Community is a "smoke-free" campus. Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Community campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the

residences, 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

In 2001, the Community implemented a cottage expansion plan, with a goal of adding a total compliment of 54 cottages. To date, 50 cottages have been built and occupied. Three additional cottages may be built and occupied in the future within the existing cottage community. Cottages are built as pre-sales occur and the resident has paid the 10 percent Entrance Fee deposit. The Community uses the Entrance Fee deposit to begin construction of the cottage, thus eliminating the need for long-term financing for this expansion project. The Residency Agreements used to market these cottages are attached to this Disclosure Statement as Attachment 5.

At the end of 2017, the community also began accepting priority reservations for an 18 unit (cottages and villas) expansion. Site work and infrastructure were installed and completed in December 2018. Vertical construction began in February 2019 with the first move-ins occurring September 2019. The proposed eighteen (18) units will all be complete by December 2020.

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 from a Confidential Data Application Form and a Personal Health History Form – to be completed by the prospective resident; (2) a Physician's Report Form will be completed by the prospective resident's physician; and (3) a Memory Health Assessment will be administered by the Community.

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 the Community and is unable to pay the total Monthly Fee or the per diem charges for care in the Health Center, 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 the Community 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 the Community 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 the Community; or (v) if the resident's physical or mental condition cannot be cared for in the Community Health Center within the limits of its license.

2. Residency Agreements. At the time the resident makes application for residency at Cypress Glen Retirement Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to Cypress Glen. For an existing residence, the balance of the Entrance Fee is due upon the earlier of the date the resident occupies the Community or within 90 days after the resident executes the Residency Agreement. For a cottage to be constructed, the resident will pay the Entrance Fee in installments:

- The first is equal to 10% of the total Entrance Fee and is paid upon resident's execution of the Residency Agreement;
- The last installment (the balance of the Entrance Fee) is due on the earlier of (i) the date the resident assumes occupancy at the Community or (ii) within thirty (30) days from the date the resident is notified that the residence is ready for occupancy.

The resident will also pay a non-refundable Application Fee. The Application Fee will be used by Cypress Glen to process resident's application for residency.

The Community offers various types of Residency Agreements for the residential apartments and cottages of the Community: a 90 Percent Return of Capital Plan; an 80 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 the Community 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 the Community, 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 the Health Center as long as accommodations are available, such person qualifies for the care available in the Health Center, and admission is acceptable in accordance with state law and regulations. The resident will pay the full charges for such level of 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 the Community 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 a residence at the Community or if, on account of illness, injury, incapacity, a resident is unable to occupy the residence at the Community, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in the 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 the Community at the resident's request. Under a Residency Agreement for an existing unit, said refund will be made within sixty (60) days of receipt of the notice of cancellation. Under a Residency Agreement for a cottage to be constructed, the refund will be paid when the cottage is reserved by a new resident and the new resident has paid the appropriate Entrance Fee installments to equal the Entrance Fee installments to be refunded to the resident.

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 stated 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 the Community at resident's request. Under a Residency Agreement for an existing unit, said refund will be made within sixty (60) days of receipt of the notice of cancellation. Under a Residency Agreement for a cottage to be constructed, the refund will be paid when the cottage is reserved by a new resident and the new resident has paid the appropriate Entrance Fee installments to equal the Entrance Fee installments to be refunded to the resident.

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 the Community'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 (2) years from the date of cancellation, whichever occurs first.

3.5.2 80 Percent Return of Capital Residency Agreement: Under the 80 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 ten (10) months. Subject to the Community's right of offset, the refund of the Entrance Fee will not be less than eighty percent (80%). 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 (2) years from the date of cancellation, whichever occurs first.

3.5.3 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 the Community'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 (2) years from the date of cancellation, whichever occurs first.

3.5.4 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 (2) 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 Additional Cancellation Provisions Due to Cottage Not Available. If the cottage to be constructed is not available for occupancy within two (2) years after the date UMRH executes the Residency Agreement, the resident may cancel the Residency Agreement and receive a full refund of the portion of the Entrance Fee paid.

3.8 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 the Community'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 the Community or others; or
- Resident's physical or mental condition cannot be cared for in the Community Health Center within the limits of the Community'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 the Community upon receipt of a statement and by no later than the fifteenth (15th) 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 the Community. 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 the Community 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, memory care, or nursing care in the Community Health Center 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, memory care or nursing care, he/she no longer qualifies for the six (6) free days and will be required to pay the per diem charge applicable to the level of care the resident needs. [NOTE: The six (6) days of care is a combined total for assisted living, memory care and nursing care at Cypress Glen Retirement Community.]

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 the Community 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 the Community, that person's acceptance will be in accordance with the current residency policy. An Entrance Fee as determined by the Community 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 the Community 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, when age eligible, 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 the resident carry personal property insurance and liability insurance. UMRH's insurance does not cover a resident's personal property or liability.

10. Financial Assistance. Financial assistance may be available to existing continuing care residents who live at the Community 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 resident must agree to apply for public assistance funds, if available, and/or Medicaid if the Community's Health Center becomes Medicaid certified. Financial assistance funds are available as long as providing financial assistance does not impair UMRH's ability to operate the Community 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 and memory care 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 Cypress Glen Retirement Community 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:
 - Dining allowance equal to two meals per day for residents of A and B wings; three meals per day for residents of the C wing; and 25 meals per month for residents of the D wing, East wing, West wing, and cottages.
 - Limited meal delivery 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.
 - Standard television cable system.
 - Building janitor and maintenance.
 - Grounds keeping.
 - Weekly housekeeping services.
 - Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing and cottages.
 - Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate.
 - Services of a chaplain.
 - Services of a life enrichment director.
 - Parking for residents and guests.
 - Carpeting (except in kitchen and bath), unless some other floor surface has been installed.
 - Kitchen facilities.
 - Scheduled local transportation as published, including transportation to local medical facilities (non-emergency).
 - Limited additional storage space for A, B, C, D, East, and West wing apartments.
 - Emergency call system, with 24 hour check-in.
 - Smoke detectors.
 - Security – 24 hours a day.
 - Six (6) days of assisted living, memory care, or nursing care in the Community Health Center.

2. The following services are available for an extra charge:
 - Extra meals, depending upon a resident's dining allowance.
 - Extended meal delivery as approved by authorized staff.
 - Preparation of special diets (beyond those which are routine), as prescribed by the resident's attending physician.
 - Additional housekeeping services.

- Guest accommodations, if available.
- Guest meals.
- Personal transportation and transportation for special events and group trips.
- Community Health Center services (including assisted living, memory care, nursing care, and the services of the Clinic).
- Wireless internet.
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, etc.).

3. The Community Health Center is the portion of the Community which is licensed to provide three levels of care: assisted living care, memory care, and nursing. The Community Health Center is staffed by licensed nursing personnel 24 hours a day. If the resident occupies the Community Health Center, 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 the Health Center are governed by the North Carolina Division of Health Service Regulation.

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

5. In the event resident needs additional services, he/she may obtain these needed services from a private employee, an independent contractor, or through an agency at the resident's expense. The Community has adopted a personal service provider policy, which sets forth certain requirements and rules of conduct that govern personal service providers.

FEES

1. The fee requirements for living in an apartment or cottage at the Community are as follows:

1.1 Application Fee. Non-refundable application fee of \$250 for an individual or \$350 for a couple is required to be paid at the time of application.

1.2 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 a Residency Agreement for a cottage to be constructed, the balance of the Entrance Fee will be paid in incremental percentages on set dates with the remaining balance paid on the earlier of (i) occupancy or (ii) 30 days from the date that 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 apartment or cottage reserved. A schedule of Entrance Fees can be found later in this Disclosure Statement. 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.

1.3 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. Following is a table showing the average dollar amount of increase in the Monthly Fees. A table that outlines historical and current Monthly Fees can be found later in this Disclosure Statement.

Monthly Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
\$143.05	\$79.77	\$116.22	\$120.64	\$114.89

1.4 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 Community's Business Office and the Marketing Office.

2. Assisted Living Fees. The fee requirements for direct admission to an assisted living room at the Community have been established at \$245.32 per day for semi-private room and \$265.69 per day for a private room, with a refundable Entrance Fee of \$15,000 per person (after 50 months of occupancy, the Entrance Fee is non-refundable). There is a non-refundable application fee of \$250 per individual or \$350 for a couple. Following is a table showing the average dollar amount of increase in the assisted living fees.

Assisted Living Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
\$8.24	\$8.33	\$8.07	\$8.35	\$8.13

3. Memory Care Fees. The fee requirements for direct admission to a memory care room at the Community have been established at \$279.43 per day for a private room, with a refundable Entrance Fee of \$15,000 per person (after 50 months of occupancy, the Entrance Fee is non-refundable). There is a non-refundable application fee of \$250 per individual or \$350 for a couple. Following is a table showing the average dollar amount of increase in the memory care fees.

Memory Care Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
\$9.01	\$9.11	\$8.82	\$9.13	\$9.02

4. Nursing Care Fees. The per diem charges for nursing care in the Community's Health Center have been established at \$299.37 for a semi-private room and \$319.72 for a private room. Following is a table showing the average dollar amount of increase in the nursing care fees.

Nursing Care Fees – Average Dollar Amount of Increase

2016	2017	2018	2019	2020
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\$9.98	\$10.09	\$9.77	\$10.12	\$9.92
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5. 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 the Community on a fiscally sound basis. The Community shall provide the resident with thirty (30) days' written notice in advance of any change in the Monthly Fees.

FEE SCHEDULE
FOR
APARTMENTS AND COTTAGES

Type	10/13 – 09/14				10/14 – 09/15			
	Standard	50%	80%	90%	Standard	50%	80%	90%
<i>Apartments - A & B Wings</i>								
Studio	\$18,228	\$25,520	\$30,988	\$35,089	\$18,593	\$26,031	\$31,609	\$35,792
Single	22,190	31,066	37,723	42,716	22,634	31,688	38,478	43,571
Deluxe Single	31,619	44,267	53,753	60,867	32,251	45,152	54,827	62,084
Deluxe Studio	36,455	51,037	61,974	70,176	37,184	52,058	63,213	71,580
Combination	37,090	51,926	63,053	71,399	38,345	53,683	65,187	73,815
Deluxe Suite	44,378	62,130	75,443	85,428	45,266	63,373	76,953	87,138
One Bedroom Main	45,965	64,351	78,141	88,483	46,884	65,638	79,703	90,252
One Bedroom Suite	55,078	77,110	93,633	106,026	56,180	78,652	95,506	108,147
Two Bedroom Suite	66,570	93,198	113,169	128,148	67,901	95,062	115,432	130,710
Two Bedroom Deluxe Suite	66,570	93,198	113,169	128,148	67,901	95,062	115,432	130,710
One Bedroom Den Main	68,963	96,549	117,238	132,754	70,342	98,479	119,582	135,409
Two Bedroom Main Grand	83,673	117,143	142,245	161,071	85,347	119,486	145,090	164,293
Second Person Fee	8,160	11,424	13,872	15,708	8,323	11,653	14,150	16,022
<i>Apartments - D Wing</i>								
One Bedroom	87,978	123,170	149,563	169,358	89,738	125,632	152,553	172,744
One Bedroom Deluxe	92,742	129,839	157,662	178,529	94,597	132,436	160,815	182,100
Two Bedroom	115,206	161,289	195,851	221,772	117,510	164,514	199,767	226,207
Two Bedroom Deluxe	133,437	186,812	226,843	256,867	136,105	190,547	231,379	262,003
Three Bedroom	137,545	192,563	233,827	264,775	140,296	196,415	238,504	270,070
Three Bedroom Special/Deluxe	152,701	213,782	259,592	293,950	155,755	218,057	264,784	299,829
Second Person Fee	8,160	11,424	13,872	15,708	8,323	11,653	14,150	16,022
<i>Apartments - East/West Wings</i>								
One Bedroom Alcove	93,137	130,392	158,333	179,289	94,999	132,999	161,499	182,874
One Bedroom	98,496	137,895	167,444	189,605	100,466	140,653	170,793	193,398
One Bedroom Den	108,827	152,358	185,006	209,492	111,004	155,406	188,707	213,683
Two Bedroom	125,524	175,734	213,391	241,634	128,034	179,248	217,658	246,466
Two Bedroom Bay	146,878	205,630	249,693	282,741	149,816	209,743	254,688	288,396
Two Bedroom Greatroom	165,520	231,728	281,384	318,626	168,830	236,362	287,011	324,998
Second Person Fee	8,160	11,424	13,872	15,708	8,323	11,653	14,150	16,022
<i>Cottages</i>								
The Alder	186,676	261,347	317,350	359,352	186,676	261,347	317,350	359,352
The Birch	168,194	235,472	285,930	323,774	168,194	235,472	285,930	323,774
The Cypress	163,981	229,574	278,768	315,664	163,981	229,574	278,768	315,664
The Dogwood	129,867	181,814	220,774	249,994	129,867	181,814	220,774	249,994
The Elm	220,451	308,632	374,767	424,369	220,451	308,632	374,767	424,369
The Evergreen	239,506	335,309	407,161	461,050	239,506	335,309	407,161	461,050
The Willow	222,506	311,509	378,261	428,325	222,506	311,509	378,261	428,325
Second Person Fee	8,160	11,424	13,872	15,708	8,160	11,424	13,872	15,708

ENTRANCE FEES CONTINUED

Type	10/15 – 09/16				10/16 – 09/17			
	Standard	50%	80%	90%	Standard	50%	80%	90%
<i>Apartments - A & B Wings</i>								
Studio	\$18,965	\$26,551	\$32,241	\$36,508	\$19,344	27,082	32,885	37,237
Single	23,087	32,322	39,248	44,442	23,549	32,969	40,033	45,332
Deluxe Single	32,896	46,055	55,924	63,325	33,554	46,976	57,042	64,591
Deluxe Studio	37,928	53,099	64,478	73,011	38,687	54,162	65,798	74,472
Combination	39,112	54,757	66,491	75,291	39,894	55,852	67,820	76,796
Deluxe Suite	46,171	64,640	78,492	88,880	47,094	65,932	80,060	90,656
One Bedroom Main	47,822	66,951	81,297	92,057	48,778	68,289	82,923	93,898
One Bedroom Suite	57,304	80,226	97,417	110,310	58,450	81,830	99,365	112,516
Two Bedroom Suite	69,259	96,963	117,741	133,324	70,644	98,902	120,095	135,990
Two Bedroom Deluxe Suite	69,259	96,963	117,741	133,324	70,644	98,902	120,095	135,990
One Bedroom Den Main	71,749	100,449	121,974	138,117	73,184	102,458	124,413	140,879
Two Bedroom Main Grand	87,054	121,876	147,992	167,579	88,795	124,313	150,952	170,930
Second Person Fee	8,489	11,886	14,433	16,343	8,659	12,123	14,721	16,668
<i>Apartments - D Wing</i>								
One Bedroom	91,533	128,146	155,606	176,201	93,364	130,710	158,719	179,726
One Bedroom Deluxe	96,489	135,085	164,032	185,742	98,419	137,787	167,312	189,457
Two Bedroom	119,860	167,805	203,763	230,731	122,257	171,160	207,837	235,345
Two Bedroom Deluxe	138,827	194,358	236,007	267,243	141,604	198,246	240,727	272,588
Three Bedroom	143,102	200,343	243,274	275,472	145,964	204,350	248,139	280,981
Three Bedroom Special/Deluxe	158,870	222,419	270,080	305,825	162,047	226,866	275,480	311,940
Second Person Fee	8,489	11,886	14,433	16,343	8,659	12,123	14,721	16,668
<i>Apartments - East/West Wings</i>								
One Bedroom Alcove	96,899	135,659	164,729	186,531	98,837	138,372	168,023	190,261
One Bedroom	102,475	143,466	174,209	197,265	104,525	146,335	177,693	201,211
One Bedroom Den	113,224	158,514	192,481	217,957	115,488	161,683	196,330	222,314
Two Bedroom	130,595	182,833	222,011	251,395	133,207	186,490	226,452	256,423
Two Bedroom Bay	152,812	213,938	259,781	294,164	155,868	218,215	264,976	300,046
Two Bedroom Greatroom	172,207	241,090	292,752	331,498	175,651	245,911	298,607	338,128
Second Person Fee	8,489	11,886	14,433	16,343	8,659	12,123	14,721	16,668
<i>Cottages</i>								
The Alder	186,676	261,347	319,350	359,352	179,496	251,294	305,143	345,530
The Birch	168,194	235,472	285,930	323,774	156,846	219,584	266,638	301,929
The Cypress	163,981	229,574	278,768	315,664	157,674	220,744	268,046	303,522
The Dogwood	129,867	181,814	220,774	249,994	124,871	174,819	212,281	240,377
The Elm	220,451	308,632	374,767	424,369	211,971	296,759	360,351	408,044
The Evergreen	239,506	335,309	407,161	461,050	230,294	322,412	391,500	443,316
The Willow	222,506	311,509	378,261	428,325	222,507	311,509	378,261	428,325
Second Person Fee	8,323	11,653	14,150	16,022	8,659	12,123	14,720	16,669

ENTRANCE FEES CONTINUED

Type	10/17 – 09/18				10/18 – 09/19			
	Standard	50%	80%	90%	Standard	50%	80%	90%
<i>Apartments - A & B Wings</i>								
Studio	\$19,731	27,624	33,543	37,983	\$20,126	28,176	34,214	38,742
Single	24,020	33,628	40,834	46,238	24,500	34,300	41,651	47,163
Deluxe Single	34,225	47,915	58,182	65,883	34,909	48,873	59,346	67,202
Deluxe Studio	39,460	55,244	67,082	75,961	40,249	56,349	68,424	77,480
Combination	40,692	56,969	69,177	78,332	41,506	58,108	70,560	79,899
Deluxe Suite	48,036	67,251	81,662	92,470	48,997	68,596	83,295	94,319
One Bedroom Main	49,754	69,656	84,582	95,776	50,749	71,049	86,273	97,692
One Bedroom Suite	59,619	83,467	101,352	114,767	60,811	85,136	103,379	117,062
Two Bedroom Suite	72,057	100,880	122,497	138,710	73,498	102,897	124,947	141,484
Two Bedroom Deluxe Suite	72,057	100,880	122,497	138,710	73,498	102,897	124,947	141,484
	74,648	104,507	126,902	143,697	76,141	106,597	129,440	146,571
One Bedroom Den Main	74,648	104,507	126,901	143,697	76,141	106,597	129,440	146,571
	82,106	114,948	139,580	158,054	83,748	117,247	142,372	161,215
Two Bedroom Main Grand	90,571	126,799	153,971	174,349	92,382	129,335	157,050	177,836
Second Person Fee	8,746	12,244	14,868	16,836	8,921	12,489	15,165	17,173
<i>Apartments - D Wing</i>								
One Bedroom	95,231	133,323	161,893	183,320	97,136	135,990	165,131	186,986
One Bedroom Deluxe	100,387	140,542	170,658	193,245	102,395	143,353	174,072	197,110
Two Bedroom	124,702	174,583	211,994	240,052	127,196	178,075	216,234	244,853
Two Bedroom Deluxe	144,436	202,210	245,541	278,039	147,324	206,254	250,451	283,599
Three Bedroom	148,883	208,437	253,102	286,600	151,861	212,605	258,164	292,332
Three Bedroom Special/Deluxe	165,288	231,404	280,990	318,180	168,594	236,032	286,609	324,544
Second Person Fee	8,746	12,244	14,868	16,836	8,921	12,489	15,165	17,173
<i>Apartments - East/West Wings</i>								
One Bedroom Alcove	100,814	141,139	171,383	194,066	102,830	143,962	174,811	197,948
One Bedroom	106,615	149,261	181,245	205,234	108,747	152,246	184,870	209,339
One Bedroom Den	117,798	164,918	200,257	226,762	120,154	168,216	204,261	231,297
Two Bedroom	135,871	190,219	230,981	261,552	138,588	194,024	235,600	266,783
Two Bedroom Bay	158,986	222,580	270,276	306,047	162,165	227,031	275,681	312,168
Two Bedroom Greatroom	179,164	250,830	304,579	344,891	182,747	255,846	310,671	351,789
Second Person Fee	8,746	12,244	14,868	16,836	8,921	12,489	15,165	17,173
<i>Cottages</i>								
The Alder	183,085	256,319	311,245	352,439	186,747	261,446	317,470	359,487
The Birch	159,983	223,976	271,971	307,967	163,183	228,456	277,411	314,126
The Cypress	160,827	225,158	273,406	309,592	164,044	229,661	278,874	315,785
The Dogwood	127,369	178,317	216,527	245,185	129,916	181,883	220,858	250,089
The Elm	216,211	302,695	367,559	416,206	220,535	308,749	374,909	424,530
The Evergreen	234,899	328,859	399,328	452,181	239,597	335,436	407,316	461,224
The Willow	236,125	330,575	401,413	454,541	240,848	337,187	409,442	463,632
Second Person Fee	8,746	12,244	14,868	16,836	8,921	12,489	15,165	17,173

**ENTRANCE FEES
FOR
FACILITY DEVELOPMENT/ EXPANSION**

	Standard	50% ROC	80% ROC	90% ROC
Cottages				
Hawthorn	\$237,150	\$332,010	\$403,155	\$456,514
Oak	292,950	410,130	498,015	563,929
Villas				
Hawthorn	221,850	310,590	377,145	427,061
Magnolia	247,660	346,724	421,022	476,746
Oak	270,425	378,595	459,723	520,568
Second Person Fee	8,746	12,244	14,868	16,836

FEE SCHEDULE
FOR
APARTMENTS AND COTTAGES

MONTHLY FEES

Type	10/14 – 09/15	10/15- 09/16	10/16- 09/17	10/17- 09/18	10/18- 09/19	10/19- 09/20
<i>Apartments - A & B Wings</i>						
Studio	\$1,613.19	\$1,675.30	\$1,738.12	\$1,803.30	\$1,870.92	\$1,936.40
Single	1,695.15	1,760.41	1,826.43	1,894.92	1,965.98	2,034.79
Deluxe Single	2,116.76	2,198.26	2,280.69	2,366.22	2,454.95	2,540.87
Deluxe Studio	2,239.10	2,325.31	2,412.51	2,502.98	2,596.84	2,687.73
Combination	2,283.04	2,370.94	2,459.85	2,552.09	2,647.79	2,740.46
Deluxe Suite	2,406.55	2,499.20	2,592.92	2,690.15	2,791.03	2,888.72
One Bedroom Main	2,446.93	2,541.14	2,636.43	2,735.30	2,837.87	2,937.20
One Bedroom Suite	2,461.18	2,555.94	2,651.79	2,751.23	2,854.40	2,954.30
Two Bedroom Suite	2,577.58	2,676.82	2,777.20	2,881.35	2,989.40	3,094.03
One Bedroom Grand	---	---	---	2,814.97	2,920.53	3,022.75
Two Bdrm Deluxe Suite	2,577.58	2,676.82	2,777.20	2,881.35	2,989.40	3,094.03
One Bedroom Den Main	2,577.28	2,676.51	2,776.88	2,881.01	2,989.05	3,093.67
One Bedroom Flex	---	---	---	2,905.00	3,013.94	3,119.43
Two Bedroom Main Grand	2,696.34	2,800.15	2,905.16	3,014.10	3,127.13	3,236.58
Second Person Fee	940.95	977.18	1,013.82	1,051.84	1,091.28	1,129.47
<i>Apartments - D Wing</i>						
One Bedroom	2,462.38	2,557.18	2,653.07	2,752.56	2,855.78	2,955.73
One Bedroom Deluxe	2,488.57	2,584.38	2,681.29	2,781.84	2,886.16	2,987.18
Two Bedroom	2,796.44	2,904.10	3,013.00	3,125.99	3,243.21	3,356.72
Two Bedroom Deluxe	3,208.45	3,331.98	3,456.93	3,586.56	3,721.06	3,851.30
Three Bedroom	3,413.70	3,545.13	3,678.07	3,815.00	3,959.10	4,097.67
Three Bedroom Spec/Delx	3,618.93	3,758.26	3,899.19	4,045.41	4,197.11	4,344.01
Second Person Fee	940.95	977.18	1,013.82	1,051.84	1,091.28	1,129.47
<i>Apartments - East/West Wings</i>						
One Bedroom Alcove	2,470.68	2,565.80	2,662.02	2,761.85	2,865.42	2,965.71
One Bedroom	2,487.89	2,583.67	2,680.56	2,781.08	2,885.37	2,986.36
One Bedroom Den	2,641.07	2,742.75	2,845.60	2,952.31	3,063.02	3,170.23
Two Bedroom	2,809.18	2,917.33	3,026.73	3,140.23	3,257.99	3,372.02
Two Bedroom Bay	3,412.74	3,544.13	3,677.03	3,814.92	3,957.98	4,096.51
Two Bedroom Greatroom	3,667.42	3,808.62	3,951.44	4,099.62	4,253.36	4,402.23
Second Person Fee	940.95	977.18	1,013.82	1,051.84	1,091.28	1,129.47
<i>Cottages</i>						
The Alder	3,721.57	3,865.00	4,009.78	4,160.15	4,316.16	4,467.23
The Birch	3,566.85	3,704.00	3,843.08	3,987.20	4,136.72	4,281.51
The Cypress	3,413.70	3,545.00	3,678.07	3,816.00	3,959.10	4,097.67
The Dogwood	2,764.26	2,871.00	2,978.33	3,090.02	3,205.90	3,318.11
The Elm	4,032.47	4,188.00	4,344.76	4,507.69	4,676.73	4,840.42
The Evergreen	4,409.29	4,579.00	4,750.76	4,928.91	5,113.74	5,292.72
The Willow	4,114.40	4,273.00	4,433.00	4,599.27	4,771.74	4,938.75
Second Person Fee	940.95	977.18	1,013.82	1,051.84	1,091.28	1,129.47

**MONTHLY FEES
FOR
FACILITY DEVELOPMENT/ EXPANSION**

Cottages	
Hawthorn	\$3,856.00
Oak	4,631.00
Villas	
Hawthorn	3,856.00
Magnolia	4,236.00
Oak	4,569.00
Second Person Fee	1,051.84

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 (continuing care retirement communities owned by UMRH located in North Carolina). The independent auditors' reports 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 of Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Cypress Glen.

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 Cypress Glen.

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 the Community 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 the Community.

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 \$3,347,572 in an operating reserve for the Community. UMRH meets the operating reserve requirement for the Community, 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 memory care 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, if available, and/or Medicaid if the Community's Health Center becomes Medicaid certified. Benevolent care funds are available as long as providing such funds do 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 Roberts, 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 the Community.

AGREEMENTS WITH RESIDENTS

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

- Standard Residency Agreement
- Standard Residency Agreement (For Cottage to be Constructed)*

*- For Cottage or Villa

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 agreements from time to time.

ATTACHMENT 1

**Audited Financial Statements
for
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

**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>
ASSETS		
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>
LIABILITIES AND NET ASSETS		
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>

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

	2019	2018
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
	72,705,721	66,645,898
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
	65,627,625	61,289,174
Operating income	7,078,096	5,356,724
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)
	(756,675)	(794,418)
Excess of revenues, gains and other support over expenses	6,321,421	4,562,306
Net assets released from restrictions for purchase of property and equipment	16,876	178,343
Change in net assets without donor restrictions	\$ 6,338,297	\$ 4,740,649

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)

	2019	2018
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)
Change in net assets with donor restrictions	910,289	1,189,482
Change in net assets	7,248,586	5,930,131
Net assets, beginning of year	77,600,269	71,670,138
Net assets, end of year	\$ 84,848,855	\$ 77,600,269

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

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

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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.

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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

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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.

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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.

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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 3rd 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:

	September 30, 2019			
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total
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>

	September 30, 2018			
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total
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>

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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>

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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.

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

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.

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	September 30, 2018			
	<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	300,278,064	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.

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

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>

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

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.

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

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

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
ASSETS											
Current assets:											
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
Total current assets	91,288,724	1,038,789	30,291,906	69,188,746	(105,844,987)	85,963,178	247,920	(2,125,395)	84,085,703	86,975	84,172,678
Non-current assets:											
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
Total non-current assets	1,271,004	15,424,804	42,585,276	187,068,686	-	246,349,770	8,710,373	(4,835,839)	250,224,304	-	250,224,304
Total assets	\$ 92,559,728	\$ 16,463,593	\$ 72,877,182	\$ 256,257,432	\$ (105,844,987)	\$ 332,312,948	\$ 8,958,293	\$ (6,961,234)	\$ 334,310,007	\$ 86,975	\$ 334,396,982
LIABILITIES AND NET ASSETS											
Current liabilities:											
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	-	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)	-	-	-
Total current liabilities	91,866,018	5,186,614	6,063,874	17,103,781	(105,844,987)	14,375,300	2,096,137	(1,979,633)	14,491,804	-	14,491,804
Long-term liabilities:											
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
Total long-term liabilities	-	10,524,682	36,026,589	187,871,432	-	234,422,703	5,615,221	(4,981,601)	235,056,323	-	235,056,323
Total liabilities	91,866,018	15,711,296	42,090,463	204,975,213	(105,844,987)	248,798,003	7,711,358	(6,961,234)	249,548,127	-	249,548,127
Net assets:											
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
Total net assets	693,710	752,297	30,786,719	51,282,219	-	83,514,945	1,246,935	-	84,761,880	86,975	84,848,855
Total liabilities and net assets	\$ 92,559,728	\$ 16,463,593	\$ 72,877,182	\$ 256,257,432	\$ (105,844,987)	\$ 332,312,948	\$ 8,958,293	\$ (6,961,234)	\$ 334,310,007	\$ 86,975	\$ 334,396,982

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
for
The United Methodist
Retirement Homes, Incorporated
Includes**

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

The United Methodist Retirement Homes, Incorporated

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>
ASSETS					
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>
LIABILITIES AND NET ASSETS					
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.

Cypress Glen Independent Living Configuration							
Independent Living Unit Type	Unit Count	Square Footage	Entrance Fees				Monthly Fee ⁽¹⁾⁽²⁾
			Standard Plan ⁽¹⁾⁽²⁾	50% Refund Plan ⁽¹⁾⁽²⁾	80% Refund Plan ⁽¹⁾⁽²⁾	90% Refund Plan ⁽¹⁾⁽²⁾	
<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
Total Villas	11	1,672	\$242,414	\$339,379	\$412,103	\$466,646	\$4,158
<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
Total Cottages	7	1,684	\$261,064	\$365,490	\$443,809	\$502,549	\$4,188
Total/Wtd Averages	18	1,677	\$249,667	\$349,533	\$424,433	\$480,609	\$4,170

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

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.

The Community – Independent Living Units						
Independent Living Unit Type	Unit Count	Square Footage	Entrance Fees			Monthly Fee ⁽¹⁾⁽²⁾
			Standard Plan ⁽¹⁾⁽²⁾	50% Refund Plan ⁽¹⁾⁽²⁾	90% Refund Plan ⁽¹⁾⁽²⁾	
<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
Total Apartments	245	1,037	\$171,603	\$240,244	\$308,855	\$3,379
<i>Heritage Hall⁽³⁾⁽⁴⁾</i>						
Alcoves	48	485 – 565	\$24,003 – 28,884	–	–	\$4,842
1 Bedroom	8	650	\$28,884	–	–	\$4,842
Total Apartments	56	545	\$26,792	–	–	\$4,842
<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
Total Duplex Cottages	74	1,594	\$267,584	\$374,618	\$481,651	\$4,162
<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
Total Homes	27	1,725	\$303,567	\$424,994	\$546,421	\$4,405
Total/Wtd Averages⁽⁵⁾	402	1,207	\$218,009	\$305,212	\$392,416	\$3,698

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.

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

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.

Croasdaile New Independent Living Configuration						
Independent Living Unit Type	Unit Count	Square Footage	Entrance Fees			Monthly Fee⁽¹⁾⁽²⁾
			Standard Plan⁽¹⁾⁽²⁾	50% Refund Plan⁽¹⁾⁽²⁾	90% Refund Plan⁽¹⁾⁽²⁾	
<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
Total Duplex Cottages	24	1,661	\$280,097	\$392,135	\$504,174	\$4,715
<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
Total Homes	34	1,663	\$405,626	\$567,876	\$730,127	\$6,871
Total/Wtd Averages	58	1,662	\$353,683	\$495,156	\$636,629	\$5,979

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.

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

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.

Entrance Fees Receipts and Refunds					
(In Thousands)					
	For the Year Ending September 30,				
	2020	2021	2022	2023	2024
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)
Entrance Fees Received, Net of Refunds	\$11,143	\$9,951	\$9,825	\$10,547	\$11,449

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

Utilization of the Croasdaile Independent Living Units							
Fiscal Year	Existing Croasdaile ILUs			New Croasdaile ILUs			Total
	Average	Average	Average	Average	Average	Average	
Ending	Units	Units	Occupancy	Units	Units	Occupancy	Occupancy
September 30,	Occupied	Available		Occupied	Available		
<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

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

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

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 3rd 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

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

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

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

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

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>
ASSETS					
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	<u>542</u>	<u>542</u>	<u>542</u>	<u>542</u>	<u>542</u>
Total assets	<u>\$ 15,950</u>	<u>\$ 15,847</u>	<u>\$ 15,739</u>	<u>\$ 15,692</u>	<u>\$ 15,652</u>
LIABILITIES AND NET ASSETS (DEFICIT)					
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	<u>580</u>	<u>580</u>	<u>580</u>	<u>580</u>	<u>580</u>
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)
Total revenue	<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
Total expenses	<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>
Net assets (deficit) end of year	<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>
ASSETS					
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>
LIABILITIES AND NET ASSETS					
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>
ASSETS					
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>
LIABILITIES AND NET ASSETS					
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
for
The United Methodist
Retirement Homes, Incorporated
Includes**

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

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

Cypress Glen Retirement Community
Balance Sheet
As of January 31, 2020

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ASSETS

	<u>Current month</u>	<u>Prior month</u>	<u>Variance</u>	<u>One year ago</u>	<u>Variance</u>
Current assets					
Cash & cash equivalents	2,175.00	2,175.00	-	2,175.00	-
Contributions receivable - UMRH Foundation	1,369,262.34	1,243,272.58	125,989.76	334,076.33	1,035,186.01
Assets limited as to use	478,266.49	265,191.01	213,075.48	458,295.19	19,971.30
Accounts receivable - members, net	135,618.14	169,765.24	(34,147.10)	297,504.98	(161,886.84)
Accounts receivable - others	222,206.98	210,612.16	11,594.82	175,558.98	46,648.00
Due from related parties	28,600,220.71	28,596,956.76	3,263.95	27,309,792.92	1,290,427.79
Inventories	33,638.40	34,991.64	(1,353.24)	36,434.58	(2,796.18)
Prepaid expenses	166,710.02	193,515.38	(26,805.36)	153,786.20	12,923.82
Total current assets	31,008,098.08	30,716,479.77	291,618.31	28,767,624.18	2,240,473.90
Non-current assets					
Assets limited as to use					
Debt service	1,630,562.80	1,587,140.78	43,422.02	1,602,104.07	28,458.73
Insurance regulation - statutory operating reserve	3,348,322.00	3,348,322.00	-	3,266,279.00	82,043.00
Residents' funds	222,130.85	41,717.43	180,413.42	203,616.26	18,514.59
Temporarily restricted investments	1,418,189.05	1,427,108.84	(8,919.79)	1,163,650.12	254,538.93
	6,619,204.70	6,404,289.05	214,915.65	6,235,649.45	383,555.25
Less current obligation requirements	478,266.49	265,191.01	213,075.48	458,295.19	19,971.30
Non-current assets limited as to use	6,140,938.21	6,139,098.04	1,840.17	5,777,354.26	363,583.95
Property & equipment, net	35,687,585.42	35,508,927.37	178,658.05	34,056,250.79	1,631,334.63
Contributions receivable - UMRH Foundation	1,664,304.72	1,672,805.01	(8,500.29)	1,279,767.53	384,537.19
Total assets	74,500,926.43	74,037,310.19	463,616.24	69,880,996.76	4,619,929.67

LIABILITIES AND NET ASSETS

	<u>Current month</u>	<u>Prior month</u>	<u>Variance</u>	<u>One year ago</u>	<u>Variance</u>
Current liabilities					
Current portion of long-term debt	964,000.00	964,000.00	-	942,000.00	(22,000.00)
Accounts payable	229,999.49	338,640.38	108,640.89	384,161.01	154,161.52
Accrued payroll & benefits	604,791.71	544,036.02	(60,755.69)	546,926.08	(57,865.63)
Accrued interest payable	221,027.83	168,079.91	(52,947.92)	227,110.03	6,082.20
Insurance regulation - statutory operating reserve	3,348,322.00	3,348,322.00	-	3,266,279.00	(82,043.00)
Total current liabilities	5,368,141.03	5,363,078.31	(5,062.72)	5,366,476.12	(1,664.91)
Long-term liabilities					
Long-term debt, less current portion	15,593,364.49	15,663,156.49	69,792.00	16,549,613.49	956,249.00
Liability for refundable advance fees	6,326,937.36	6,227,275.94	(99,661.42)	5,008,564.70	(1,318,372.66)
Deferred revenue from non-refundable advance fees	14,172,835.53	14,261,870.88	89,035.35	13,887,346.00	(285,489.53)
Residents' funds	222,130.85	41,717.43	(180,413.42)	203,616.26	(18,514.59)
Interest rate swap agreement	26,616.01	26,616.01	-	(61,260.12)	(87,876.13)
Total long-term liabilities	36,341,884.24	36,220,636.75	(121,247.49)	35,587,880.33	(754,003.91)
Total liabilities	41,710,025.27	41,583,715.06	(126,310.21)	40,954,356.45	(755,668.82)
Net assets					
Unrestricted	28,339,145.05	28,110,408.70	(228,736.35)	26,149,146.33	(2,189,998.72)
Temporarily restricted	2,740,462.92	2,757,192.61	16,729.69	2,044,292.90	(696,170.02)
Permanently restricted	1,711,293.19	1,585,993.82	(125,299.37)	733,201.08	(978,092.11)
Total net assets	32,790,901.16	32,453,595.13	(337,306.03)	28,926,640.31	(3,864,260.85)
Total liabilities and net assets	74,500,926.43	74,037,310.19	(463,616.24)	69,880,996.76	(4,619,929.67)

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Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending January 31, 2020

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CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual
Budget	Actual	Variance		Budget	Actual	Variance	Budget
INDEPENDENT LIVING REVENUE							
649,026.00	677,227.46	28,201.46	1593610001	2,578,934.00	2,695,158.89	116,224.89	7,856,992.00
53,345.00	56,034.57	2,689.57	1593610301	215,153.00	225,334.10	10,181.10	635,885.00
(140.00)	-	140.00	1593610901	(560.00)	(1,964.14)	(1,404.14)	(1,680.00)
(1,823.00)	(1,760.54)	62.46	1593611201	(7,292.00)	(7,042.16)	249.84	(21,876.00)
1,677.00	850.00	(827.00)	1593612101	6,708.00	3,950.00	(2,758.00)	20,124.00
5,131.00	3,607.32	(1,523.68)	1593612701	20,524.00	14,466.64	(6,057.36)	61,572.00
10,933.00	11,532.00	599.00	1593613001	43,732.00	43,325.00	(407.00)	131,196.00
(7,644.00)	(8,191.05)	(547.05)	1593613301	(30,576.00)	(30,289.35)	286.65	(91,728.00)
21.00	21.00	-	1593613601	84.00	84.00	-	252.00
1,810.00	1,553.05	(256.95)	1593613901	7,240.00	7,604.20	364.20	21,720.00
1,061.00	1,065.43	4.43	1593615001	4,244.00	3,943.79	(300.21)	12,732.00
266.00	2,760.00	2,494.00	1593615101	1,064.00	3,376.83	2,312.83	3,192.00
468.00	(2,745.00)	(3,213.00)	1593615401	1,872.00	15.00	(1,857.00)	5,616.00
3,175.00	3,309.37	134.37	1593616001	12,700.00	14,684.40	1,984.40	38,100.00
1,333.00	213.85	(1,119.15)	1593616301	5,332.00	9,919.46	4,587.46	15,996.00
3,945.00	4,357.72	412.72	1593616601	15,780.00	17,922.61	2,142.61	47,340.00
8,167.00	6,159.03	(2,007.97)	1593616901	32,668.00	33,744.67	1,076.67	98,004.00
2,074.00	2,748.75	674.75	1593617201	8,296.00	9,126.86	830.86	24,888.00
115.00	93.10	(21.90)	1593626501	465.00	195.30	(269.70)	1,385.00
5,601.00	5,577.91	(23.09)	1593617501	22,404.00	22,767.43	363.43	67,212.00
350.00	528.25	178.25	1593617801	1,400.00	1,698.25	298.25	4,200.00
4,095.00	4,325.85	230.85	1593630401	16,380.00	17,191.10	811.10	49,140.00
742,986.00	769,268.07	26,282.07		2,956,552.00	3,085,212.88	128,660.88	8,980,262.00
			Total Independent Living Revenue				

Cypress Glen Retirement Community
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	
MEMORY CARE REVENUE								
99,464.00	100,440.00	976.00	1592620001	Room & Board	394,647.00	403,434.00	8,787.00	1,171,106.00
(25.00)	-	25.00	1592622101	Discount - Administration	(100.00)	-	100.00	(300.00)
(360.00)	-	360.00	1592622401	Discount - Free Days	(1,440.00)	(1,674.00)	(234.00)	(4,320.00)
-	40.72	40.72	1592625301	Assistance In Living	-	40.72	40.72	-
582.00	573.54	(8.46)	1592626501	Medical Supplies	2,328.00	1,808.46	(519.54)	6,984.00
2.00	-	(2.00)	1592629501	Oxygen	8.00	-	(8.00)	24.00
99,663.00	101,054.26	1,391.26		Total Memory Care Revenue	395,443.00	403,609.18	8,166.18	1,173,494.00

Cypress Glen Retirement Community
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
ASSISTED LIVING REVENUE							
225,417.00	223,565.00	(1,852.00)	1595620001	887,126.00	893,980.00	6,854.00	2,654,106.00
(14.00)	-	14.00	1595622101	(56.00)	(10.75)	45.25	(168.00)
(1,333.00)	(6,444.00)	(5,111.00)	1595622401	(5,336.00)	(10,319.00)	(4,983.00)	(16,000.00)
(4,778.00)	(4,616.10)	161.90	1595622701	(19,112.00)	(18,464.40)	647.60	(57,336.00)
47.00	223.96	176.96	1595625301	188.00	223.96	35.96	564.00
7.00	1.94	(5.06)	1595626201	28.00	10.34	(17.66)	84.00
2,189.00	2,132.54	(56.46)	1595626501	8,756.00	7,769.79	(986.21)	26,268.00
79.00	26.37	(52.63)	1595629501	316.00	502.62	186.62	948.00
221,614.00	214,889.71	(6,724.29)		871,910.00	873,692.56	1,782.56	2,608,466.00

Cypress Glen Retirement Community
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
HEALTH CENTER REVENUE								
HC - PRIVATE PAY REVENUE								
219,285.00	235,777.00	16,492.00	1597620001	Room & Board	870,066.00	930,707.00	60,641.00	2,581,903.00
(70.00)	-	70.00	1597622101	Discount - Administrative	(280.00)	-	280.00	(840.00)
(2,015.00)	(1,914.00)	101.00	1597622401	Discount - Free Days	(8,060.00)	(6,380.00)	1,680.00	(24,180.00)
(14,555.00)	(14,555.21)	(0.21)	1597622701	Discount - Benevolent	(58,220.00)	(58,034.15)	185.85	(174,660.00)
202,645.00	219,307.79	16,662.79		Net Room & Board	803,506.00	866,292.85	62,786.85	2,382,223.00
28.00	4.38	(23.62)	1597626201	Drugs	111.00	4.38	(106.62)	329.00
3,997.00	4,515.12	518.12	1597626501	Medical Supplies	15,860.00	15,846.59	(13.41)	47,067.00
160.00	58.50	(101.50)	1597627101	Supplements/Nutrition	635.00	234.00	(401.00)	1,884.00
584.00	90.00	(494.00)	1597627401	Occupational Therapy	2,317.00	90.00	(2,227.00)	6,876.00
1,343.00	1,520.00	177.00	1597627701	Physical Therapy	5,329.00	8,250.00	2,921.00	15,814.00
158.00	-	(158.00)	1597629501	Oxygen	627.00	17.82	(609.18)	1,861.00
57.00	61.08	4.08	1597627801	Ambulance/Transportation	226.00	84.58	(141.42)	671.00
102.00	140.00	38.00	1597630401	Other	405.00	560.00	155.00	1,202.00
(396.00)	(255.86)	140.14	1597630701	Contractual Discount - Ancillaries	(1,572.00)	(1,961.71)	(389.71)	(4,666.00)
6,033.00	6,133.22	100.22		Net Private Pay Ancillaries	23,938.00	23,125.66	(812.34)	71,038.00
208,678.00	225,441.01	16,763.01		Total Private Pay Revenue	827,444.00	889,418.51	61,974.51	2,453,261.00
HC - HMO A REVENUE								
8,109.00	-	(8,109.00)	1597620005	Room & Board	32,174.00	8,294.00	(23,880.00)	95,475.00
3,253.00	771.42	(2,481.58)	1597623605	Contractual Discount - R & B	12,907.00	4,994.94	(7,912.06)	38,301.00
11,362.00	771.42	(10,590.58)		Net Room & Board	45,081.00	13,288.94	(31,792.06)	133,776.00
1,746.00	-	(1,746.00)	1597626205	Drugs	6,928.00	669.27	(6,258.73)	20,560.00
396.00	-	(396.00)	1597626505	Medical Supplies	1,570.00	237.40	(1,332.60)	4,656.00
56.00	-	(56.00)	1597626905	IV Supplies	222.00	-	(222.00)	659.00
7.00	-	(7.00)	1597627105	Supplements/Nutrition	27.00	-	(27.00)	79.00
2,423.00	-	(2,423.00)	1597627405	Occupational Therapy	9,614.00	3,010.00	(6,604.00)	28,530.00
2,532.00	-	(2,532.00)	1597627705	Physical Therapy	10,046.00	2,410.00	(7,636.00)	29,811.00
342.00	-	(342.00)	1597628005	Speech Therapy	1,357.00	1,470.00	113.00	4,027.00
73.00	-	(73.00)	1597628905	Laboratory	289.00	-	(289.00)	857.00
576.00	-	(576.00)	1597629405	Medical Equipment	2,285.00	-	(2,285.00)	6,780.00
3.00	-	(3.00)	1597629505	Oxygen	12.00	-	(12.00)	36.00
(8,154.00)	-	8,154.00	1597630705	Contractual Discount - Ancillaries	(32,350.00)	(7,796.67)	24,553.33	(95,995.00)
-	-	-		Net HMO Ancillaries	-	0.00	0.00	-
11,362.00	771.42	(10,590.58)		Total HMO A Revenue	45,081.00	13,288.94	(31,792.06)	133,776.00

Cypress Glen Retirement Community
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Budget	Actual	Variance	Budget	Actual	Variance	Annual Budget		
HC - HMO B REVENUE								
2,657.00	6,360.00	3,703.00	1597627403	Occupational Therapy	10,543.00	23,340.00	12,797.00	31,287.00
4,849.00	4,390.00	(459.00)	1597627703	Physical Therapy	19,240.00	21,920.00	2,680.00	57,095.00
1,121.00	-	(1,121.00)	1597628003	Speech Therapy	4,448.00	3,300.00	(1,148.00)	13,200.00
(2,552.00)	(2,678.08)	(126.08)	1597630703	Contractual Discount - Ancillaries	(10,126.00)	(15,523.93)	(5,397.93)	(30,049.00)
6,075.00	8,071.92	1,996.92		Total HMO B Revenue	24,105.00	33,036.07	8,931.07	71,533.00
HC - MEDICARE PART A REVENUE								
17,899.00	22,330.00	4,431.00	1597620006	Room & Board	71,019.00	49,126.00	(21,893.00)	210,748.00
8,040.00	13,279.61	5,239.61	1597623606	Contractual Discount - R & B	31,900.00	25,024.54	(6,875.46)	94,662.00
25,939.00	35,609.61	9,670.61		Net Medicare Room & Board	102,919.00	74,150.54	(28,768.46)	305,410.00
2,609.00	2,570.22	(38.78)	1597626206	Drugs	10,352.00	3,796.74	(6,555.26)	30,720.00
532.00	611.66	79.66	1597626506	Medical Supplies	2,112.00	1,418.46	(693.54)	6,270.00
3.00	-	(3.00)	1597626806	Therapy Supplies	12.00	-	(12.00)	35.00
60.00	-	(60.00)	1597626906	IV Supplies	238.00	-	(238.00)	706.00
6.00	-	(6.00)	1597627106	Supplements/Nutrition	23.00	37.08	14.08	67.00
5,535.00	7,030.00	1,495.00	1597627406	Occupational Therapy	21,961.00	15,560.00	(6,401.00)	65,168.00
5,529.00	6,950.00	1,421.00	1597627706	Physical Therapy	21,938.00	14,840.00	(7,098.00)	65,101.00
1,846.00	3,480.00	1,634.00	1597628006	Speech Therapy	7,324.00	9,630.00	2,306.00	21,733.00
-	61.08	61.08	1597626206	Ambulance/Transportation	-	260.99	260.99	-
181.00	-	(181.00)	1597628906	Laboratory	719.00	32.16	(686.84)	2,135.00
49.00	-	(49.00)	1597629206	Medical Equipment	195.00	-	(195.00)	579.00
107.00	-	(107.00)	1597629506	Oxygen	424.00	-	(424.00)	1,257.00
53.00	29.78	(23.22)	1597630106	X-ray	210.00	1,220.46	1,010.46	623.00
(16,510.00)	(20,732.74)	(4,222.74)	1597630706	Contractual Discount - Ancillaries	(65,508.00)	(46,795.89)	(18,712.11)	(194,394.00)
-	0.00	0.00		Net Medicare A Ancillaries	-	0.00	(0.00)	-
25,939.00	35,609.61	9,670.61		Total Medicare Part A Revenue	102,919.00	74,150.54	(28,768.46)	305,410.00
HC - MEDICARE PART B REVENUE								
6,173.00	2,840.00	(3,333.00)	1597627407	Occupational Therapy	24,493.00	33,250.00	8,757.00	72,683.00
15,850.00	20,370.00	4,520.00	1597627707	Physical Therapy	62,889.00	69,130.00	6,241.00	186,622.00
2,406.00	660.00	(1,746.00)	1597628007	Speech Therapy	9,546.00	9,060.00	(486.00)	28,327.00
(7,580.00)	(8,621.58)	(1,041.58)	1597630707	Contractual Discount - Ancillaries	(30,075.00)	(37,525.72)	(7,450.72)	(89,246.00)
16,849.00	15,248.42	(1,600.58)		Total Medicare Part B Revenue	66,853.00	73,914.28	7,061.28	198,386.00
268,903.00	285,142.38	16,239.38		Total Health Center Revenue	1,066,402.00	1,083,808.34	17,406.34	3,162,366.00

Cypress Glen Retirement Community
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CURRENT PERIOD			Jump to Summary Page	YEAR TO DATE			Annual Budget
Budget	Actual	Variance		Budget	Actual	Variance	
			OTHER OPERATING REVENUE				
1,623.00	2,140.58	517.58	1599692200 Investment Interest/Dividends	6,492.00	9,412.99	2,920.99	19,476.00
163.00	159.00	(4.00)	1599692600 Methodist Conference - General Giving	652.00	636.00	(16.00)	1,956.00
4,051.00	2,027.09	(2,023.91)	1599696600 Net Assets Released From Restriction	16,204.00	15,936.90	(267.10)	48,612.00
97.00	204.87	107.87	1599696000 Miscellaneous Operating Revenue	388.00	1,000.79	612.79	1,164.00
5,934.00	4,531.54	(1,402.46)	Total Other Operating Revenue	23,736.00	26,986.68	3,250.68	71,208.00
1,339,100.00	1,374,885.96	35,785.96	Total Operating Revenue	5,314,043.00	5,473,309.64	159,266.64	15,995,796.00

Cypress Glen Retirement Community
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CURRENT PERIOD			Jump to Summary Page		YEAR TO DATE			Annual
Budget	Actual	Variance			Budget	Actual	Variance	Budget
GENERAL & ADMINISTRATIVE EXPENSE								
16,708.00	17,432.40	(724.40)	1501720000	Administrator	96,394.00	102,070.53	(5,676.53)	230,309.00
15,687.00	15,067.27	619.73	1501722800	Department Managers & Assistants	61,328.00	58,253.28	3,074.72	184,343.00
5,750.00	6,283.86	(533.86)	1501721600	Clerical & Secretary	22,787.00	23,721.40	(934.40)	68,309.00
13,998.00	11,984.50	2,013.50	1501724800	Marketing	55,202.00	56,156.88	(954.88)	166,399.00
1,802.00	1,854.07	(52.07)	1501720200	Accounting Assistants	7,149.00	7,429.89	(280.89)	21,271.00
1,064.00	1,056.43	7.57	1501720300	Accounting Clerk	4,077.00	4,199.48	(122.48)	12,418.00
9,536.00	9,489.44	46.56	1501724000	Human Resources	37,518.00	37,733.03	(215.03)	113,826.00
1,749.00	(438.81)	2,187.81	1501739900	Accrued PTO	6,996.00	19,369.34	(12,373.34)	20,989.00
66,294.00	62,729.16	3,564.84		Total Salaries & Wages	291,451.00	308,933.83	(17,482.83)	817,864.00
5,710.00	4,766.31	943.69	1501730000	Payroll Taxes & Insurance	24,820.00	17,847.36	6,972.64	70,326.00
10,560.00	11,891.37	(1,331.37)	1501731000	Insurance	42,239.00	43,653.52	(1,414.52)	126,721.00
1,856.00	1,747.46	108.54	1501733000	Retirement	7,424.00	8,884.60	(1,460.60)	22,267.00
2,954.00	4,457.15	(1,503.15)	1501731400	Nurse Practitioner Program	11,816.00	14,675.57	(2,859.57)	35,453.00
932.00	612.40	319.60	1501732000	Other	3,728.00	4,177.95	(449.95)	11,181.00
22,012.00	23,474.69	(1,462.69)		Total Employee Benefits	90,027.00	89,239.00	788.00	265,948.00
633.00	-	633.00	1501735400	Training & Meetings	2,532.00	1,057.97	1,474.03	7,600.00
517.00	-	517.00	1501735600	Travel & Transportation	2,068.00	18.56	2,049.44	6,200.00
612.00	-	612.00	1501735700	Employee Retention	2,448.00	5,617.99	(3,169.99)	7,330.00
55.00	-	55.00	1501735800	Background Checks	220.00	172.34	47.66	660.00
-	243.53	(243.53)	1501762800	Supply - Durable/Expendable Goods	-	723.05	(723.05)	-
2,805.00	2,282.11	522.89	1501764300	Supply - Office	11,220.00	8,497.89	2,722.11	33,653.00
222.00	81.63	140.37	1501764500	Supply - Computer & Peripheral Equipment	888.00	4,483.52	(3,595.52)	2,660.00
167.00	-	167.00	1501764700	Supply - IT & Communication Equipment	668.00	-	668.00	2,000.00
3,392.00	3,218.50	173.50	1501741500	Computer Line Charges	13,568.00	12,006.90	1,561.10	40,699.00
167.00	-	167.00	1501740600	Bad Debts	668.00	-	668.00	2,000.00
1,298.00	325.00	973.00	1501741800	Consultants	5,192.00	1,967.00	3,225.00	15,572.00
5,517.00	4,079.17	1,437.83	1501742100	Contributions	22,068.00	21,805.54	262.46	66,210.00
1,265.00	1,367.74	(102.74)	1501743900	Dues & Subscriptions	5,060.00	5,185.98	(125.98)	15,188.00
60.00	-	60.00	1501743300	Waste Disposal	240.00	240.00	-	720.00
400.00	250.00	150.00	1501745300	Eden Alternative	1,600.00	1,000.00	600.00	4,800.00
15,114.00	15,226.00	(112.00)	1501749300	Insurance General	60,456.00	63,904.00	(3,448.00)	181,365.00
3,031.00	3,084.00	(53.00)	1501749900	Labor - Outside Contract	12,124.00	12,431.00	(307.00)	36,368.00
-	-	-	1501751100	Legal & Professional - Cost Report	-	-	-	4,000.00
167.00	-	167.00	1501751400	Legal & Professional - Legal	668.00	-	668.00	2,000.00
35.00	-	35.00	1501751700	Legal & Professional - Other	140.00	-	140.00	425.00
1,233.00	203.25	1,029.75	1501752000	Licenses & Fees	4,932.00	809.49	4,122.51	14,789.00
510.00	701.68	(191.68)	1501753200	Maintenance & Repair - Equipment	2,040.00	2,234.27	(194.27)	6,120.00
3,560.00	1,670.56	1,889.44	1501754800	Managed Services - SaaS	14,240.00	6,234.69	8,005.31	42,724.00
8,947.00	6,964.02	1,982.98	1501756800	Marketing - IL	35,788.00	42,239.63	(6,451.63)	107,350.00
167.00	-	167.00	1501755900	Marketing - AL	668.00	-	668.00	2,000.00
468.00	1,051.23	(583.23)	1501760400	Postage	1,872.00	1,945.91	(73.91)	5,611.00
417.00	-	417.00	1501760500	Public Relations	1,668.00	1,266.96	401.04	5,000.00
-	69.00	(69.00)	1501761000	Rental & Leasing	-	138.00	(138.00)	-
167.00	-	167.00	1501761300	Safety Program	668.00	841.52	(173.52)	2,000.00
-	-	-	1501766100	Taxes - Real Estate	-	-	-	6,011.00
4,072.00	3,583.67	488.33	1501766400	Telephone	16,288.00	14,678.64	1,609.36	48,857.00
54,998.00	44,401.09	10,596.91		Total Other Expense	219,992.00	209,500.85	10,491.15	669,912.00
143,304.00	130,604.94	12,699.06		Total General & Administrative	601,470.00	607,673.68	(6,203.68)	1,753,724.00

Cypress Glen Retirement Community
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CURRENT PERIOD			Jump to Summary Page		YEAR TO DATE			Annual
Budget	Actual	Variance			Budget	Actual	Variance	Budget
PLANT EXPENSE								
11,428.00	12,139.50	(711.50)	1569722800	Department Managers & Assistants	45,029.00	50,036.44	(5,007.44)	137,659.00
1,635.00	1,722.56	(87.56)	1569721600	Clerical & Secretary	6,488.00	6,639.69	(151.69)	19,548.00
23,693.00	24,311.97	(618.97)	1569723200	General Maintenance	93,181.00	97,363.05	(4,182.05)	281,075.00
13,682.00	12,870.19	811.81	1569726000	Security	54,190.00	47,086.29	7,103.71	162,202.00
(4,077.00)	(3,224.00)	(853.00)	1569729800	Refurbishment Credits	(16,308.00)	(11,589.00)	(4,719.00)	(48,928.00)
971.00	(231.67)	1,202.67	1569739900	Accrued PTO	3,884.00	(4,301.04)	8,185.04	11,648.00
47,332.00	47,588.55	(256.55)		Total Salaries & Wages	186,464.00	185,235.43	1,228.57	563,204.00
4,448.00	4,365.43	82.57	1569730000	Payroll Taxes & Insurance	17,592.00	17,337.83	254.17	53,129.00
9,598.00	3,606.16	5,991.84	1569731000	Insurance	38,394.00	30,575.21	7,818.79	115,196.00
1,217.00	1,275.57	(58.57)	1569733000	Retirement	4,868.00	5,326.26	(458.26)	14,603.00
(1,075.00)	(1,014.00)	(61.00)	1569739800	Refurbishment Credits	(4,300.00)	(3,059.00)	(1,241.00)	(12,899.00)
102.50	25.00	77.50	1569732000	Other	410.00	955.00	(545.00)	1,230.00
14,290.50	8,258.16	6,032.34		Total Employee Benefits	56,964.00	51,135.30	5,828.70	171,259.00
130.00	-	130.00	1569735000	Uniforms	520.00	-	520.00	1,550.00
23.00	-	23.00	1569735200	Recruiting & Relocation	92.00	-	92.00	275.00
208.00	-	208.00	1569735400	Training & Meetings	832.00	-	832.00	2,500.00
50.00	-	50.00	1569735600	Travel & Transportation	200.00	533.87	(333.87)	600.00
92.00	-	92.00	1569735700	Employee Related Miscellaneous	368.00	-	368.00	1,100.00
9.00	-	9.00	1569735800	Background Checks	36.00	254.15	(218.15)	110.00
2,296.00	3,104.05	(808.05)	1569740300	Auto & Bus	9,184.00	8,201.64	982.36	27,550.00
6,308.00	2,403.18	3,904.82	1569741200	Cable TV	25,232.00	9,432.96	15,799.04	75,700.00
4,167.00	7,320.70	(3,153.70)	1569743300	Disposal & Trucking	16,668.00	16,148.74	519.26	50,000.00
48.00	48.33	(0.33)	1569743900	Dues & Subscriptions	192.00	193.36	(1.36)	580.00
1,747.00	1,533.25	213.75	1569745700	Extermination Service	6,988.00	5,833.00	1,155.00	20,968.00
104.00	145.78	(41.78)	1569749000	Hazardous Waste Disposal	416.00	448.12	(32.12)	1,250.00
161.00	384.84	(223.84)	1569752000	License & Fees	644.00	3,254.84	(2,610.84)	1,920.00
9,221.00	4,672.33	4,548.67	1569752900	Maintenance & Repair - Building	36,884.00	12,414.49	24,469.51	110,654.00
13,613.00	2,056.00	11,557.00	1569753500	Maintenance & Repair - Grounds	54,452.00	49,906.00	4,546.00	163,350.00
3,664.00	4,343.91	(679.91)	1569753200	Maintenance & Repair - Equipment	14,656.00	15,261.73	(605.73)	43,962.00
5,323.00	12,965.02	(7,642.02)	1569753800	Maintenance & Repair - HVAC	21,292.00	27,545.92	(6,253.92)	63,877.00
-	263.55	(263.55)	1569754100	Maintenance & Repair - Scheduled Refurbishment	-	3,985.64	(3,985.64)	-
577.00	744.89	(167.89)	1569754400	Maintenance & Repair - TV/Telephone	2,308.00	3,392.39	(1,084.39)	6,925.00
352.00	364.54	(12.54)	1569754800	Managed Services - SaaS	1,408.00	1,458.20	(50.20)	4,222.00
441.00	-	441.00	1569761000	Rental & Leasing	1,764.00	4,495.53	(2,731.53)	5,290.00
206.00	257.08	(51.08)	1569762500	Supply - Chemical	824.00	532.63	291.37	2,477.00
1,062.00	865.77	196.23	1569762800	Supply - Durable/Expendable Goods	4,248.00	7,417.06	(3,169.06)	12,747.00
2,125.00	769.98	1,355.02	1569763700	Supply - Minor Equipment	8,500.00	3,253.44	5,246.56	25,500.00
-	226.13	(226.13)	1569764300	Supply - Office	-	423.52	(423.52)	-
10,033.00	7,229.35	2,803.65	1569764900	Supply - Repairs - Buildings	40,132.00	23,367.94	16,764.06	120,384.00
61,960.00	49,698.68	12,261.32		Total Other Expense	247,840.00	197,755.17	50,084.83	743,491.00
19,471.00	22,768.72	(3,297.72)	1569767300	Utilities - Gas	66,362.00	42,605.32	23,756.68	175,000.00
37,882.00	36,590.47	1,291.53	1569767000	Utilities - Electric	153,683.00	146,643.58	7,039.42	458,150.00
11,540.00	31,268.53	(19,728.53)	1569767900	Utilities - Water	46,078.00	44,008.33	2,069.67	157,000.00
68,893.00	90,627.72	(21,734.72)		Total Utility Expense	266,123.00	233,257.23	32,865.77	790,150.00
192,475.50	196,173.11	(3,697.61)		Total Plant Expense	757,391.00	667,383.13	90,007.87	2,268,104.00

Cypress Glen Retirement Community
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CURRENT PERIOD			Jump to Summary Page		YEAR TO DATE			Annual
Budget	Actual	Variance			Budget	Actual	Variance	Budget
ENVIRONMENTAL SERVICES EXPENSE								
7,246.00	7,158.37	87.63	1531722800	Department Managers & Assistants	28,750.00	28,440.38	309.62	85,645.00
31,642.00	32,776.08	(1,134.08)	1531723800	Housekeepers	125,386.00	126,191.60	(805.60)	375,268.00
5,607.00	5,459.16	147.84	1531724200	Janitors	22,247.00	22,590.47	(343.47)	66,330.00
3,439.00	2,739.36	699.64	1531724400	Laundry	13,645.00	11,022.42	2,622.58	41,006.00
1,478.00	1,311.21	166.79	1531739900	Accrued PTO	5,912.00	6,212.58	(300.58)	17,732.00
49,412.00	49,444.18	(32.18)		Total Salaries & Wages	195,940.00	194,457.45	1,482.55	585,981.00
4,237.00	4,129.11	107.89	1531730000	Payroll Taxes & Insurance	16,828.00	16,705.72	122.28	50,423.00
8,817.00	7,685.66	1,131.34	1531731000	Insurance	35,267.00	35,244.06	22.94	105,809.00
466.00	463.19	2.81	1531733000	Retirement	1,864.00	1,884.38	(20.38)	5,590.00
102.00	-	102.00	1531732000	Other	408.00	1,050.00	(642.00)	1,224.00
13,622.00	12,277.96	1,344.04		Total Employee Benefits	54,367.00	54,884.16	(517.16)	163,046.00
4.00	-	4.00	1531735000	Uniforms	16.00	-	16.00	50.00
13.00	-	13.00	1531735200	Recruiting & Relocation	52.00	-	52.00	160.00
70.00	-	70.00	1531735400	Training & Meetings	280.00	750.00	(470.00)	850.00
8.00	-	8.00	1531735600	Travel & Transportation	32.00	-	32.00	100.00
84.00	90.00	(6.00)	1531735700	Employee Retention	336.00	180.00	156.00	1,010.00
25.00	-	25.00	1531735800	Background Checks	100.00	298.55	(198.55)	300.00
275.00	-	275.00	1531753200	Maintenance & Repair - Equipment	1,100.00	226.15	873.85	3,300.00
-	1,304.61	(1,304.61)	1531762200	Supply - Central Laundry	-	4,949.70	(4,949.70)	-
2,292.00	650.12	1,641.88	1531762500	Supply - Chemical	9,168.00	2,155.03	7,012.97	27,500.00
2,936.00	3,879.92	(943.92)	1531762800	Supply - Durable/Expendable Goods	11,744.00	14,650.23	(2,906.23)	35,231.00
1,003.00	659.55	343.45	1531763400	Supply - Linen	4,012.00	4,103.84	(91.84)	12,038.00
420.00	-	420.00	1531763700	Supply - Minor Equipment	1,680.00	428.30	1,251.70	5,035.00
-	-	-	1531760100	Outside Cleaning	29,000.00	29,000.00	-	29,000.00
7,130.00	6,584.20	545.80		Total Other Expense	57,520.00	56,741.80	778.20	114,574.00
70,164.00	68,306.34	1,857.66		Total Environmental Services Expense	307,827.00	306,083.41	1,743.59	863,601.00

Cypress Glen Retirement Community
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Budget	Actual	Variance			Budget	Actual	Variance	Budget
FOOD AND BEVERAGE EXPENSE								
25,717.00	26,098.18	(381.18)	1529722800	Department Managers & Assistants	101,711.00	103,073.94	(1,362.94)	304,858.00
18,512.00	19,551.73	(1,039.73)	1529722400	Cooks	73,471.00	76,525.52	(3,054.52)	220,990.00
39,161.00	43,105.28	(3,944.28)	1529722900	Dietary Aides	154,108.00	164,082.20	(9,974.20)	461,954.00
18,702.00	21,945.38	(3,243.38)	1529727400	Wait Staff/Host	74,024.00	79,950.47	(5,926.47)	221,916.00
5,437.00	5,298.29	138.71	1529722000	Coffee Shop/Cafe	21,543.00	18,653.40	2,889.60	64,637.00
1,950.00	2,284.03	(334.03)	1529739900	Accrued PTO	7,800.00	11,205.77	(3,405.77)	23,340.00
109,479.00	118,282.89	(8,803.89)		Total Salaries & Wages	432,657.00	453,491.30	(20,834.30)	1,297,695.00
9,717.00	9,988.56	(271.56)	1529730000	Payroll Taxes & Insurance	38,458.00	39,130.01	(672.01)	115,543.00
10,396.00	15,394.92	(4,998.92)	1529731000	Insurance	41,582.00	60,879.63	(19,297.63)	124,748.00
1,416.00	1,474.49	(58.49)	1529733000	Retirement	5,664.00	4,404.31	1,259.69	16,992.00
208.00	-	208.00	1529732000	Other	830.00	2,875.00	(2,045.00)	2,490.00
21,737.00	26,857.97	(5,120.97)		Total Employee Benefits	86,534.00	107,288.95	(20,754.95)	259,773.00
208.00	425.40	(217.40)	1529735000	Uniforms	832.00	1,289.31	(457.31)	2,500.00
125.00	-	125.00	1529735200	Recruiting & Relocation	500.00	-	500.00	1,500.00
450.00	-	450.00	1529735400	Training & Meetings	1,800.00	2,658.75	(858.75)	5,400.00
100.00	-	100.00	1529735600	Travel & Transportation	400.00	770.10	(370.10)	1,200.00
283.00	-	283.00	1529735700	Employee Retention	1,132.00	173.17	958.83	3,400.00
192.00	-	192.00	1529735800	Background Checks	768.00	771.03	(3.03)	2,300.00
8.00	-	8.00	1529743900	Dues & Subscriptions	32.00	-	32.00	100.00
69,000.00	82,699.72	(13,699.72)	1529746000	Food	323,500.00	334,814.47	(11,314.47)	955,585.00
57.00	-	57.00	1529752000	Licenses & Fees	228.00	-	228.00	680.00
1,500.00	3,964.57	(2,464.57)	1529753200	Maintenance & Repair - Equipment	7,250.00	10,505.33	(3,255.33)	27,600.00
100.00	67.00	33.00	1529754800	Managed Services - SaaS	400.00	268.00	132.00	1,204.00
500.00	506.40	(6.40)	1529761000	Rental & Leasing	3,410.00	2,452.75	957.25	8,010.00
3,150.00	3,278.97	(128.97)	1529762500	Supply - Chemical	12,600.00	14,050.13	(1,450.13)	36,350.00
5,500.00	7,483.72	(1,983.72)	1529762800	Supply - Durable/Expendable Goods	24,500.00	26,621.20	(2,121.20)	72,320.00
-	205.97	(205.97)	1529763400	Supply - Linens	-	1,237.42	(1,237.42)	-
-	-	-	1529763700	Supply - Minor Equipment	-	5,693.12	(5,693.12)	-
-	-	-	1529764300	Supply - Office	-	395.29	(395.29)	-
142.00	897.31	(755.31)	1529764500	Supply - Computer & Peripheral Equipment	568.00	-	568.00	1,700.00
3,300.00	-	3,300.00	1529765500	Supply - Silverware/Dishes	13,900.00	3,406.21	10,493.79	40,000.00
84,615.00	99,529.06	(14,914.06)		Total Other Expense	391,820.00	405,106.28	(13,286.28)	1,159,849.00
215,831.00	244,669.92	(28,838.92)		Total Food & Beverage Expense	911,011.00	965,886.53	(54,875.53)	2,717,317.00

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Budget	Actual	Variance			Budget	Actual	Variance	Budget
HEALTH CENTER EXPENSE								
19,594.00	19,840.78	(246.78)	1537722800	Department Managers & Assistants	77,744.00	78,723.08	(979.08)	233,751.00
5,681.00	5,615.72	65.28	1537726800	Supervisor	22,541.00	22,162.87	378.13	67,913.00
3,196.00	3,194.80	1.20	1537720600	Activities Staff	12,681.00	12,598.16	82.84	37,825.00
2,555.00	2,622.67	(67.67)	1537725000	Medical Records	10,138.00	10,150.98	(12.98)	30,581.00
3,626.00	7,878.40	(4,252.40)	1537725200	Medicine Aides	14,397.00	27,492.29	(13,095.29)	43,833.00
5,097.00	5,097.07	(0.07)	1537723500	Health Services Coordinator	20,224.00	20,099.33	124.67	60,179.00
42,260.00	48,760.81	(6,500.81)	1537721800	CNA	167,507.00	184,314.13	(16,807.13)	504,291.00
7,696.00	7,895.11	(199.11)	1537724600	LPN	30,462.00	31,007.28	(545.28)	91,638.00
19,526.00	22,172.29	(2,646.29)	1537725800	RN	77,030.00	86,570.66	(9,540.66)	232,157.00
2,741.00	2,706.99	34.01	1537726100	Ward Clerks	10,795.00	10,507.91	287.09	32,279.00
5,775.00	5,774.85	0.15	1537726200	Social Services Director	22,914.00	22,913.14	0.86	69,538.00
5,610.00	5,609.76	0.24	1537726500	Staff Development	22,259.00	22,358.07	(99.07)	66,896.00
2,241.00	2,999.44	(758.44)	1537739900	Accrued PTO	8,964.00	9,608.92	(644.92)	26,887.00
125,598.00	140,168.69	(14,570.69)		Total Salaries & Wages	497,656.00	538,506.82	(40,850.82)	1,497,768.00
11,171.00	12,071.86	(900.86)	1537730000	Payroll Taxes & Insurance	44,304.00	46,527.16	(2,223.16)	133,506.00
25,771.00	24,612.85	1,158.15	1537731000	Insurance	103,083.00	94,487.25	8,595.75	309,255.00
2,189.00	1,987.55	201.45	1537733000	Retirement	8,756.00	7,297.05	1,458.95	26,266.00
-	50.00	(50.00)	1537732000	Other	-	2,110.00	(2,110.00)	-
39,131.00	38,722.26	408.74		Total Employee Benefits	156,143.00	150,421.46	5,721.54	469,027.00
208.00	-	208.00	1537735200	Recruiting & Relocation	832.00	-	832.00	2,500.00
734.00	-	734.00	1537735400	Training & Meetings	2,936.00	3,406.40	(470.40)	8,800.00
350.00	-	350.00	1537735600	Travel & Transportation	1,400.00	714.81	685.19	4,200.00
265.00	-	265.00	1537735700	Employee Retention	1,060.00	85.00	975.00	3,185.00
83.00	-	83.00	1537735800	Background Checks	332.00	359.35	(27.35)	1,000.00
2,518.00	1,697.54	820.46	1537741800	Consultants	10,072.00	7,592.29	2,479.71	30,220.00
33.00	(0.23)	33.23	1537743600	Drugs - House Use	132.00	31.46	100.54	400.00
215.00	183.50	31.50	1537743900	Dues & Subscriptions	860.00	952.96	(92.96)	2,572.00
300.00	-	300.00	1537745300	Resident Centered Care	1,200.00	-	1,200.00	3,600.00
302.00	298.33	3.67	1537752000	Licenses & Fees	1,208.00	1,593.32	(385.32)	3,620.00
564.00	363.32	200.68	1537753200	Maintenance & Repair - Equipment	2,256.00	2,153.28	102.72	6,760.00
46.00	54.00	(8.00)	1537754800	Managed Services - SaaS	184.00	216.00	(32.00)	549.00
1,578.00	1,562.00	16.00	1537758900	Medical Director Fees	6,312.00	6,254.00	58.00	18,930.00
833.00	893.88	(60.88)	1537759500	Medical Supplies - House Use	3,332.00	3,359.07	(27.07)	10,000.00
17.00	-	17.00	1537761000	Rental & Leasing	68.00	50.00	18.00	200.00
33.00	120.49	(87.49)	1537762800	Supply - Durable/Expendable Goods	132.00	1,314.06	(1,182.06)	400.00
-	-	-	1537763100	Supply - Inventory Adjustments	-	7,404.39	(7,404.39)	-
583.00	-	583.00	1537763700	Supply - Minor Equipment	2,332.00	-	2,332.00	7,000.00
405.00	450.72	(45.72)	1537764300	Supply - Office	1,620.00	2,247.45	(627.45)	4,850.00
217.00	-	217.00	1537764500	Supply - Computer & Peripheral Equipment	868.00	186.98	681.02	2,600.00
9,284.00	5,623.55	3,660.45		Total HC Administrative	37,136.00	37,920.82	(784.82)	111,386.00

**Cypress Glen Retirement Community
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Budget	Actual	Variance	Budget	Actual	Variance	Budget
10.00	1.46	8.54	40.00	1.46	38.54	119.00
1,659.00	1,992.20	(333.20)	6,583.00	6,965.51	(382.51)	19,536.00
53.00	19.50	33.50	211.00	78.00	133.00	627.00
321.00	66.98	254.02	1,273.00	66.98	1,206.02	3,777.00
826.00	959.56	(133.56)	3,277.00	4,957.33	(1,680.33)	9,724.00
116.00	-	116.00	460.00	2.92	457.08	1,365.00
2,985.00	3,039.70	(54.70)	11,844.00	12,072.20	(228.20)	35,148.00
1,648.00	0.02	1,647.98	6,539.00	652.27	5,886.73	19,406.00
380.00	-	380.00	1,507.00	124.47	1,382.53	4,471.00
53.00	-	53.00	210.00	-	210.00	623.00
2.00	-	2.00	8.00	-	8.00	24.00
698.00	-	698.00	2,770.00	768.29	2,001.71	8,221.00
710.00	-	710.00	2,817.00	809.25	2,007.75	8,359.00
64.00	-	64.00	254.00	253.92	0.08	754.00
576.00	-	576.00	2,285.00	-	2,285.00	6,780.00
73.00	-	73.00	289.00	-	289.00	857.00
1.00	-	1.00	4.00	-	4.00	12.00
4,205.00	0.02	4,204.98	16,683.00	2,608.20	14,074.80	49,507.00
1,674.00	3,884.62	(2,210.62)	6,642.00	14,504.57	(7,862.57)	19,710.00
2,952.00	2,780.43	171.57	11,713.00	13,360.57	(1,647.57)	34,758.00
745.00	-	745.00	2,956.00	2,002.20	953.80	8,772.00
5,371.00	6,665.05	(1,294.05)	21,311.00	29,867.34	(8,556.34)	63,240.00
2,459.00	2,567.51	(108.51)	9,756.00	3,729.18	6,026.82	28,950.00
241.00	275.65	(34.65)	956.00	679.42	276.58	2,838.00
3.00	-	3.00	12.00	-	12.00	35.00
56.00	-	56.00	223.00	0.09	222.91	663.00
6.00	-	6.00	23.00	34.86	(11.86)	67.00
1,717.00	1,948.48	(231.48)	6,812.00	4,528.76	2,283.24	20,213.00
1,725.00	2,106.11	(381.11)	6,845.00	4,864.43	1,980.57	20,313.00
318.00	1,507.00	(1,189.00)	1,261.00	2,397.99	(1,136.99)	3,741.00
-	-	-	-	199.91	(199.91)	-
181.00	-	181.00	719.00	32.16	686.84	2,135.00
49.00	-	49.00	195.00	-	195.00	579.00
92.00	-	92.00	364.00	-	364.00	1,078.00
53.00	29.78	23.22	210.00	1,220.46	(1,010.46)	623.00
6,900.00	8,434.53	(1,534.53)	27,376.00	17,687.26	9,688.74	81,235.00
-	(6.98)	6.98	-	(6.98)	6.98	-
3,927.00	1,634.94	2,292.06	15,582.00	20,151.20	(4,569.20)	46,241.00
9,764.00	11,911.24	(2,147.24)	38,741.00	41,159.38	(2,418.38)	114,963.00
1,593.00	370.43	1,222.57	6,320.00	5,629.05	690.95	18,754.00
15,284.00	13,909.63	1,374.37	60,643.00	66,932.65	(6,289.65)	179,958.00
208,758.00	216,563.43	(7,805.43)	828,792.00	856,016.75	(27,224.75)	2,487,269.00

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Budget	Actual	Variance			Budget	Actual	Variance	Budget
MEMORY CARE EXPENSE								
4,474.00	4,575.22	(101.22)	1544722800	Department Managers & Assistants	17,496.00	17,466.98	29.02	52,568.00
21,505.00	22,014.94	(509.94)	1544721800	CNA	84,852.00	87,767.48	(2,915.48)	254,693.00
2,761.00	2,756.40	4.60	1544725800	RN	10,955.00	11,028.10	(73.10)	32,598.00
2,923.00	2,055.67	867.33	1544720600	Activities	11,598.00	12,082.47	(484.47)	34,943.00
244.00	(880.12)	1,124.12	1544739900	Accrued PTO	976.00	1,589.89	(613.89)	2,931.00
31,907.00	30,522.11	1,384.89		Total Salaries & Wages	125,877.00	129,934.92	(4,057.92)	377,733.00
2,885.00	2,895.40	(10.40)	1544730000	Payroll Taxes & Insurance	11,400.00	11,501.21	(101.21)	34,258.00
3,402.00	2,097.67	1,304.33	1544731000	Insurance	13,607.00	10,627.74	2,979.26	40,826.00
373.00	422.47	(49.47)	1544733000	Retirement	1,492.00	1,037.74	454.26	4,479.00
56.00	-	56.00	1544732000	Other	225.00	550.00	(325.00)	675.00
6,716.00	5,415.54	1,300.46		Total Employee Benefits	26,724.00	23,716.69	3,007.31	80,238.00
18.00	-	18.00	1544735200	Recruiting & Relocation	72.00	-	72.00	220.00
150.00	-	150.00	1544735400	Training & Meetings	600.00	1,156.40	(556.40)	1,800.00
38.00	-	38.00	1544735600	Travel & Transportation	152.00	238.40	(86.40)	450.00
46.00	-	46.00	1544735700	Employee Retention	184.00	-	184.00	550.00
16.00	-	16.00	1544735800	Background Checks	64.00	97.10	(33.10)	190.00
170.00	58.69	111.31	1544740000	Activities	680.00	303.29	376.71	2,040.00
43.00	19.50	23.50	1544743900	Dues & Subscriptions	172.00	78.00	94.00	510.00
58.00	-	58.00	1544752000	Licenses & Fees	232.00	-	232.00	700.00
125.00	-	125.00	1544762800	Supply - Durable/Expendable Goods	500.00	187.03	312.97	1,500.00
-	(247.47)	247.47	1544764300	Supply - Office	-	255.81	(255.81)	-
75.00	405.59	(330.59)	1544764500	Supply - Computer & Peripheral Equipment	300.00	405.59	(105.59)	900.00
244.00	237.22	6.78	1544770301	Medical Supplies	976.00	748.03	227.97	2,928.00
983.00	473.53	509.47		Total Other Expense	3,932.00	3,469.65	462.35	11,788.00
39,606.00	36,411.18	3,194.82		Total Memory Care Expense	156,533.00	157,121.26	(588.26)	469,759.00

Cypress Glen Retirement Community
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
RESIDENT SERVICES EXPENSE							
6,070.00	6,375.95	(305.95)	1563721200	24,091.00	26,517.06	(2,426.06)	72,866.00
4,074.00	3,758.61	315.39	1563720400	16,165.00	14,920.26	1,244.74	48,219.00
5,125.00	5,124.30	0.70	1563721400	20,334.00	20,331.90	2.10	61,109.00
7,177.00	5,324.77	1,852.23	1563720900	28,587.00	21,731.96	6,855.04	85,617.00
4,755.00	4,616.34	138.66	1563726400	18,593.00	18,316.45	276.55	55,864.00
5,904.00	7,149.11	(1,245.11)	1563726200	23,426.00	16,064.55	7,361.45	69,707.00
322.00	1,761.89	(1,439.89)	1563739900	1,288.00	6,190.15	(4,902.15)	3,867.00
33,427.00	34,110.97	(683.97)		132,484.00	124,072.33	8,411.67	397,249.00
2,994.00	2,715.18	278.82	1563730000	11,886.00	10,570.44	1,315.56	35,700.00
7,929.00	7,015.09	913.91	1563731000	31,717.00	25,586.27	6,130.73	95,159.00
637.00	580.52	56.48	1563733000	2,548.00	2,438.49	109.51	7,648.00
54.00	-	54.00	1563732000	216.00	485.00	(269.00)	648.00
11,614.00	10,310.79	1,303.21		46,367.00	39,080.20	7,286.80	139,155.00
10.00	-	10.00	1563735200	40.00	-	40.00	125.00
288.00	-	288.00	1563735400	1,152.00	-	1,152.00	3,455.00
142.00	-	142.00	1563735600	568.00	-	568.00	1,700.00
54.00	-	54.00	1563735700	216.00	102.50	113.50	650.00
20.00	-	20.00	1563735800	80.00	186.15	(106.15)	231.00
1,584.00	1,636.56	(52.56)	1563740000	6,336.00	6,911.58	(575.58)	19,000.00
160.00	114.92	45.08	1563743900	640.00	612.68	27.32	1,914.00
508.00	415.00	93.00	1563749900	2,032.00	2,185.46	(153.46)	6,100.00
-	120.00	(120.00)	1563752000	-	184.00	(184.00)	-
125.00	-	125.00	1563753200	500.00	648.30	(148.30)	1,500.00
428.00	824.00	(396.00)	1563754800	1,712.00	2,460.00	(748.00)	5,136.00
211.00	647.62	(436.62)	1563762800	844.00	1,828.48	(984.48)	2,536.00
685.00	507.33	177.67	1563763000	2,740.00	2,062.96	677.04	8,225.00
-	677.85	(677.85)	1563763700	-	1,355.85	(1,355.85)	-
-	-	-	1563764300	-	558.54	(558.54)	-
-	42.02	(42.02)	1563770301	-	86.87	(86.87)	-
4,215.00	4,985.30	(770.30)		16,860.00	19,183.37	(2,323.37)	50,572.00
49,256.00	49,407.06	(151.06)		195,711.00	182,335.90	13,375.10	586,976.00
Total Resident Services Expense				195,711.00	182,335.90	13,375.10	586,976.00

Cypress Glen Retirement Community
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
ASSISTED LIVING EXPENSE								
6,473.00	6,472.93	0.07	1543726800	Supervisor	25,683.00	25,624.81	58.19	77,944.00
30,655.00	32,428.48	(1,773.48)	1543721800	CNA	121,379.00	124,921.36	(3,542.36)	364,348.00
11,167.00	16,367.68	(5,200.68)	1543724600	LPN	43,972.00	63,804.93	(19,832.93)	132,850.00
7,479.00	5,790.64	1,688.36	1543725200	Medicine Aides	29,367.00	20,849.07	8,517.93	88,148.00
5,141.00	4,504.16	636.84	1543725800	RN	20,411.00	12,542.00	7,869.00	60,923.00
848.00	853.20	(5.20)	1543726100	Ward Clerks	3,365.00	3,109.99	255.01	10,014.00
2,834.00	2,853.72	(19.72)	1543720600	Activities	11,245.00	11,741.66	(496.66)	33,628.00
300.00	682.84	(382.84)	1543739900	Accrued PTO	1,200.00	1,228.89	(28.89)	3,560.00
64,897.00	69,953.65	(5,056.65)		Total Salaries & Wages	256,622.00	263,822.71	(7,200.71)	771,415.00
5,907.00	6,170.37	(263.37)	1543730000	Payroll Taxes & Insurance	23,398.00	22,640.23	757.77	70,439.00
13,301.00	12,565.93	735.07	1543731000	Insurance	53,202.00	50,489.74	2,712.26	159,613.00
891.00	893.15	(2.15)	1543733000	Retirement	3,564.00	2,110.38	1,453.62	10,689.00
115.00	25.00	90.00	1543732000	Other	460.00	1,215.00	(755.00)	1,380.00
20,214.00	19,654.45	559.55		Total Employee Benefits	80,624.00	76,455.35	4,168.65	242,121.00
2.00	0.67	1.33	1543730000	Drugs	8.00	3.47	4.53	24.00
957.00	935.05	21.95	1543770301	Medical Supplies	3,828.00	3,322.96	505.04	11,484.00
43.00	5.92	37.08	1543773301	Oxygen	172.00	245.39	(73.39)	516.00
31.00	-	31.00	1543735200	Recruiting & Relocation	124.00	-	124.00	375.00
29.00	-	29.00	1543735400	Training & Meetings	116.00	-	116.00	350.00
73.00	-	73.00	1543735700	Employee Related Miscellaneous	292.00	50.00	242.00	875.00
33.00	-	33.00	1543735800	Background Checks	132.00	87.85	44.15	400.00
1,168.00	941.64	226.36		Total Other Expense	4,672.00	3,709.67	962.33	14,024.00
86,279.00	90,549.74	(4,270.74)		Total Assisted Living Expense	341,918.00	343,987.73	(2,069.73)	1,027,560.00
1,005,673.50	1,032,685.72	(27,012.22)		Total Operating Expense	4,100,653.00	4,086,488.39	14,164.61	12,174,310.00

Cypress Glen Retirement Community
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	
SUMMARY OF REVENUE AND EXPENSE							
OPERATING REVENUE							
742,986.00	769,268.07	26,282.07	Total Independent Living	2,956,552.00	3,085,212.88	128,660.88	8,980,262.00
99,663.00	101,054.26	1,391.26	Total Memory Care	395,443.00	403,609.18	8,166.18	1,173,494.00
221,614.00	214,889.71	(6,724.29)	Total Assisted Living	871,910.00	873,692.56	1,782.56	2,608,466.00
268,903.00	285,142.38	16,239.38	Total Health Center	1,066,402.00	1,083,808.34	17,406.34	3,162,366.00
5,934.00	4,531.54	(1,402.46)	Total Other	23,736.00	26,986.68	3,250.68	71,208.00
1,339,100.00	1,374,885.96	35,785.96	Total Operating Revenue	5,314,043.00	5,473,309.64	159,266.64	15,995,796.00
OPERATING EXPENSES							
143,304.00	130,604.94	12,699.06	Total General & Administrative	601,470.00	607,673.68	(6,203.68)	1,753,724.00
192,475.50	196,173.11	(3,697.61)	Total Plant	757,391.00	667,383.13	90,007.87	2,268,104.00
70,164.00	68,306.34	1,857.66	Total Environmental Services	307,827.00	306,083.41	1,743.59	863,601.00
215,831.00	244,669.92	(28,838.92)	Total Food & Beverage Service	911,011.00	965,886.53	(54,875.53)	2,717,317.00
208,758.00	216,563.43	(7,805.43)	Total Health Center	828,792.00	856,016.75	(27,224.75)	2,487,269.00
39,606.00	36,411.18	3,194.82	Total Memory Care	156,533.00	157,121.26	(588.26)	469,759.00
49,256.00	49,407.06	(151.06)	Total Resident Services	195,711.00	182,335.90	13,375.10	586,976.00
86,279.00	90,549.74	(4,270.74)	Total Assisted Living	341,918.00	343,987.73	(2,069.73)	1,027,560.00
1,005,673.50	1,032,685.72	(27,012.22)	Total Operating Expense	4,100,653.00	4,086,488.39	14,164.61	12,174,310.00
333,426.50	342,200.24	8,773.74	Net Operating Income/(Loss)	1,213,390.00	1,386,821.25	173,431.25	3,821,486.00

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending January 31, 2020

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CURRENT PERIOD			YEAR TO DATE			Annual		
Budget	Actual	Variance	Budget	Actual	Variance	Budget		
NON-OPERATING REVENUE AND EXPENSE								
175,000.00	175,155.27	155.27	1599693800	Amortization of Deferred Revenue	700,000.00	686,089.70	(13,910.30)	2,100,000.00
-	6,243.68	6,243.68	1599693100	Unrealized Gain/(Loss) on Investments	-	5,925.39	5,925.39	-
-	127.74	127.74	1599699100	Other Revenue/(Expense)	-	(6,660.44)	(6,660.44)	-
(237,500.00)	(232,244.91)	5,255.09	1585709500	Depreciation Expense	(950,000.00)	(915,682.71)	34,317.29	(2,850,000.00)
(66,510.00)	(62,820.67)	3,689.33	1587713500	Interest Expense	(266,040.00)	(255,183.93)	10,856.07	(801,120.00)
-	75.00	75.00	1585699100	Gain/(Loss) on Sale of Other Assets	-	3,907.25	3,907.25	-
-	-	-	1599699700	Net Assets Released From Restriction	-	750.00	750.00	-
(129,010.00)	(113,463.89)	15,290.63		Total Non-Operating Revenue and Expense	(516,040.00)	(480,854.74)	48,506.14	(1,551,120.00)
204,416.50	228,736.35	24,064.37		Net Income/(Loss)	697,350.00	905,966.51	221,937.39	2,270,366.00

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
Revenues				
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)	
Expenses				
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

Variiances of 10% or greater between actual and projected results are considered material variiances 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
Cash flows from operating activities				
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%
Cash flows from investing activities				
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%
Cash flows from financing activities				
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

Agreements with Residents

- **Standard Residency Agreement**
- **Standard Residency Agreement
(for Cottage to be constructed)**



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Standard Residency Agreement

02/03/2018



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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.

"Community" means the continuing care retirement community known as "Cypress Glen Retirement Community," including all of the residences, common areas, and site amenities.

"Entrance Fee" means payment that assures a resident a place at the Community for life as long as the resident complies with terms of this 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 on 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 Community, which is licensed to provide three levels of care: assisted living care, memory care, and 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 Community 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 or cottage at the Community 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.

"Responsible Party" refers to that person who may act on resident's behalf, including signing this Agreement.

"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us" means the owner of the retirement community known as Cypress Glen Retirement Community, 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.



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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"). Cypress Glen Retirement Community is a continuing care retirement community located at 100 Hickory Street; Greenville, NC 27858 ("Cypress Glen" or "Community").

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 Community prior to adding them to the Residence. The Executive Director of the Community 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 Community, you are offered lifetime use of your Residence and lifetime access to the Community 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 Community and to delineate the services to be provided at the Community.

1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

1.1 Application Fee. Prior to or upon your 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 Community 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 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 you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier.

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 Community 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 (15th) 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 Community. 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 Community or to provide quality services to the Residents.

1.7 Reduction in Monthly Fee Due to Absence. Upon the request of the Resident, the Community will provide a reduction in the Monthly Fee when a Resident is absent from the Community, equal to the raw food costs determined through the Community's budgeting process, outlined as follows:

- Two (2) Meals a Day Plan: Must be absent from the Community for more than forty-five (45) consecutive days to qualify for the reduction. The reduction begins on day 46.
- Twenty-Five (25) Meals a Month Plan: Must be absent from the Community for more than ninety (90) consecutive days to qualify for the reduction. The reduction begins on day 91.

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 Community.

1.9 Late Payment Charge. We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fees or any Extra Charges are not paid by the fifteenth (15th) 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 Community:

- Dining allowance equal to two (2) meals per day for residents of A and B wings; three (3) meals per day for residents of the C wing; and twenty-five (25) meals per month for residents of the D wing, East wing, West wing, and cottages;
- Limited meal delivery 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;
- Standard television cable system;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing and cottages;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;

- Services of a life enrichment director;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities;
- Scheduled local transportation as published by us, including transportation to local medical facilities (non-emergency);
- Limited additional storage space for A, B, C, D, East and West wing apartments;
- Emergency call system, with 24-hour check-in;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days each year of assisted living, memory care or nursing care in the Community 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.

- Extra meals, depending upon a resident's dining allowance;
- Extended meal delivery as approved by authorized staff;
- Preparation of special diets (beyond those which are routine), as prescribed by your attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Guest meals;
- Personal transportation and transportation for special events and group trips;
- Community Health Center services as outlined in Section 4 (including

assisted living, memory care, nursing care, and the services of the Clinic);

- Wireless Internet; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, etc.) 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 Community, 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 assisted living services, memory care services, or nursing care services, you will be requested to relocate to the Community 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 the 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 after the date we

sign this Agreement (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 Community, 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 Community 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.

3.7.1 Within thirty (30) days following the date of your death (the death of the surviving Resident in the case of Joint Residents). 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 Community. 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 Community Health Center 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. If your personal property is not removed from your

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

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.

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 Community, 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 Community is a smoke-free community, pursuant to its Smoke-Free Community 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, staff, and business invitees in any part of the Community (except in designated outdoor areas), including, but not limited to, the residences, the Community Health Center (including the assisted living facility, memory care unit, and the nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas of the Community. Outside designated smoking areas will be posted. Violation of the Smoke-Free Community Policy can result in our

cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

3.14 Firearms Policy. The Community has adopted a policy governing the possession of firearms at the Community. Firearms need to be registered with the Community 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 COMMUNITY HEALTH CENTER.

4.1 Description. The Community Health Center is the portion of the Community which is licensed to provide three levels of care: assisted living care, memory care, and nursing care (collectively "Health Center Level Services"). The Community 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 Community Health Center. In the event the Community 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 Community 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 Community. 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, Memory Care or Nursing Care. You are eligible to receive a total of six (6) days each year of either assisted living care, memory care or nursing care in the Community 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, memory care or nursing care in the Community Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living, memory care 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, memory care and nursing care at the Community.]**

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 Community 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 Community Health Center. In the event you require temporary care in the Community 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. In addition, 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 Community 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 Community 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 outlined 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 Community 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 Community Health Center. We reserve the right to relocate you to a different level of care within the Community 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 Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your own expense. If your personal physician will be providing you with services in the Community 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 Medicare and Health Insurance. The Community Health Center has received Medicare certification on six (6) of its nursing beds. 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 Community 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 Community 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 Community 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 Community Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Community Health Center as provided in Paragraph 4.4 and your stay in the Community 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 Community 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 Community 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.

4.13 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:

4.13.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community 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.

4.13.2 Not a Participating Provider. If the Community 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.

4.13.3 Negotiated Managed Care Rate. If the Community 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 Community 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.

4.13.4 No Negotiated Managed Care Rate. If the Community 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 Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community 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 Community 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 Community 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 Community 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.

4.13.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified

stay, you will be entitled to care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.13, 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.

4.14 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.

4.15 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 Community 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 Community Health Center Admission Agreement. If you require care in the Community 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 Community 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 Community. 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 Community 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 Community 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 Community 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 Community 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 (if available) and/or Medicaid (if the Community Health Center becomes Medicaid certified) 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 Community 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 Community 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 said 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 (unless you have a surviving Joint Resident). 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 Community 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 Community 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 determines 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 Community, 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 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 Paragraphs 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 a new resident has paid the full amount of the Entrance Fee for your Residence 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, prorated 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 Community 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 Community 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 Community.

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 Community, 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 Community.

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 (15th) day of each month.

10.7 Responsible Party for Business and Financial Decision Making. Prior to assuming residency at the Community, 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 Community.

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 Community 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 Community at 100 Hickory Street; Greenville, North Carolina 27858. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community 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 Community, 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 Community 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 estate owes to us under this Agreement.

10.18 Sale or Transfers of Interest. We may sell or transfer our interest in the Community 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 Community

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, in 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 Cypress Glen. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of Cypress Glen.

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 Community, 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 Pitt 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 Community 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_____.

**THE UNITED METHODIST
RETIREMENT HOMES,
INCORPORATED
d/b/a Cypress Glen Retirement
Community**

RESIDENT

By _____
Executive Director

Witness

Date: _____

RESIDENT

By _____
Authorized Agent of UMRH

Witness

Date: _____

Attachment: Exhibit A



CG Standard Residency Agreement
(2018.02.03) CLEAN.docx

Exhibit A

Options and Custom Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$

Initials _____
Community

Resident(s)

Resident(s)

WBD(US) 41242208v3



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02/05/2018



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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.

"Community" means the continuing care retirement community known as "Cypress Glen Retirement Community," including all of the residences, common areas, and site amenities.

"Entrance Fee" means payment that assures a resident a place at the Community for life as long as the resident complies with terms of this 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 in incremental percentages on set dates with the remaining balance paid on the earlier of (i) occupancy or (ii) 30 days from the date that you are notified that the residence is ready for occupancy. Specific information is located into 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 Community, which is licensed to provide three levels of care: assisted living care, memory care, and 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 Community 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 cottage to be constructed at the Community 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.

"Responsible Party" refers to that person who may act on resident's behalf, including signing this Agreement.

"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us" means the owner of the retirement community known as Cypress Glen Retirement Community, 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.



**Residency Agreement
Standard
(For Cottage or Villa To Be Constructed)**

INTRODUCTION

This Standard Residency Agreement (For Cottage or Villa To Be Constructed) ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Cypress Glen Retirement Community is a continuing care retirement community located at 100 Hickory Street; Greenville, NC 27858 ("Cypress Glen" or "Community").

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 Community prior to adding them to the Residence. The Executive Director of the Community 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 Community, you are offered lifetime use of your Residence and lifetime access to the Community 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 Community and to delineate the services to be provided at the Community.

1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

1.1 Application Fee. Prior to or upon your 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 Community 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 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 \$_____ (ninety percent (90%) of the Entrance Fee) shall be paid to us on the earlier of (i) the date you assume occupancy at the Community 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 Community 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 (15th) 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 Community. 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 Community or to provide quality services to the Residents.

1.7 Reduction in Monthly Fee Due to Absence.

Upon the request of the Resident, the Community will provide a reduction in the Monthly Fee when a Resident is absent from the Community, equal to the raw food costs determined through the Community's budgeting process, outlined as follows:

- Two (2) Meals a Day Plan: Must be absent from the Community for more than forty-five (45) consecutive days to qualify for the reduction. The reduction begins on day 46.
- Twenty-Five (25) Meals a Month Plan: Must be absent from the Community for more than ninety (90) consecutive days to qualify for the reduction. The reduction begins on day 91.

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 Community.

1.9 Late Payment Charge. We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fees or any Extra Charges are not

paid by the fifteenth (15th) 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 Community:

- Dining allowance equal to two (2) meals per day for residents of A and B wings; three (3) meals per day for residents of the C wing; and twenty-five (25) meals per month for residents of the D wing, East wing, West wing, and cottages;
- Limited meal delivery 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;
- Standard television cable system;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing and cottages;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;

- Services of a life enrichment director;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities;
- Scheduled local transportation as published by us, including transportation to local medical facilities (non-emergency);
- Limited additional storage space for A, B, C, D, East and West wing apartments;
- Emergency call system, with 24-hour check-in;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days each year of assisted living, memory care or nursing care in the Community 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.

- Extra meals, depending upon a resident's dining allowance;
- Extended meal delivery as approved by authorized staff;
- Preparation of special diets (beyond those which are routine), as prescribed by your attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Guest meals;
- Personal transportation and transportation for special events and group trips;
- Community Health Center services as outlined in Section 4 (including

assisted living, memory care, nursing care, and the services of the Clinic);

- Wireless Internet; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, etc.) 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 Community, 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 assisted living services, memory care services, or nursing care services, you will be requested to relocate to the Community 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 the 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 after the date we

sign this Agreement (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 Community, 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 Community 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.

3.7.1 Within thirty (30) days following the date of your death (the death of the surviving Resident in the case of Joint Residents). 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 Community. 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 Community Health Center 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. If your personal property is not removed from your

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

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.

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 Community, 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 Community is a smoke-free community, pursuant to its Smoke-Free Community 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, staff, and business invitees in any part of the Community (except in designated outdoor areas), including, but not limited to, the residences, the Community Health Center (including the assisted living facility, memory care unit, and the nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas of the Community. Outside designated smoking areas will be posted. Violation of the Smoke-Free Community Policy can result in our

cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

3.14 Firearms Policy. The Community has adopted a policy governing the possession of firearms at the Community. Firearms need to be registered with the Community 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 COMMUNITY HEALTH CENTER.

4.1 Description. The Community Health Center is the portion of the Community which is licensed to provide three levels of care: assisted living care, memory care, and nursing care (collectively "Health Center Level Services"). The Community 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 Community Health Center. In the event the Community 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 Community 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 Community. 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, Memory Care or Nursing Care. You are eligible to receive a total of six (6) days each year of either assisted living care, memory care or nursing care in the Community 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, memory care or nursing care in the Community Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living, memory care 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, memory care and nursing care at the Community.]**

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 Community 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 Community Health Center. In the event you require temporary care in the Community 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. In addition, 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 Community 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 Community 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 outlined 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 Community 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 Community Health Center. We reserve the right to relocate you to a different level of care within the Community 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 Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your own expense. If your personal physician will be providing you with services in the Community 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 Medicare and Health Insurance. The Community Health Center has received Medicare certification on six (6) of its nursing beds. 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 Community 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 Community 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 Community 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 Community Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Community Health Center as provided in Paragraph 4.4 and your stay in the Community 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 Community 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 Community 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.

4.13 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:

4.13.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community 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.

4.13.2 Not a Participating Provider. If the Community 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.

4.13.3 Negotiated Managed Care Rate. If the Community 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 Community 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.

4.13.4 No Negotiated Managed Care Rate. If the Community 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 Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community 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 Community 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 Community 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 Community 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.

4.13.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified

stay, you will be entitled to care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.13, 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.

4.14 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.

4.15 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 Community 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 Community Health Center Admission Agreement. If you require care in the Community 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 Community 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 Community. 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 Community 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 Community 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 Community 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 Community 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 (if available) and/or Medicaid (if the Community Health Center becomes Medicaid certified) 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 Community 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 two (2) years 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 Community 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 said 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 (unless you have a surviving Joint Resident). 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 Entrance Fee Installments. You fail to pay the Entrance fee installments as outlined in

Paragraphs 1.2.1, 1.2.2, 1.2.3 and 1.2.4 when due.

8.1.4 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.

8.1.5 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 Community or others.

8.1.6 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Community 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, 8.1.3 or 8.1.4 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 8.1.5 or 8.1.6 above, if we or the Medical Director determines 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 8.1.5 or 8.1.6, 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 Community, 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 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 Paragraphs 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 when the Residence is reserved by a new resident and the new resident has paid the appropriate Entrance Fee installments to equal the Entrance Fee installments to be refunded to you.

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 a new resident has paid the full amount of the Entrance Fee for your Residence 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, prorated 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 two (2) years 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 Community 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 Community 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 Community.

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 Community, 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 Community.

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 (15th) day of each month.

10.7 Responsible Party for Business and Financial Decision Making. Prior to assuming residency at the Community, 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 Community.

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 Community 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 Community at 100 Hickory Street; Greenville, North Carolina 27858. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community 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 Community, 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 Community 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 estate owes to us under this Agreement.

10.18 Sale or Transfers of Interest. We may sell or transfer our interest in the Community 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 Community 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, in 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 Cypress Glen. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of Cypress Glen.

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 Community, 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 Pitt 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 Community 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 Cypress Glen Retirement
Community**

By _____
Executive Director

Date: _____

By _____
Authorized Agent of UMRH

Date: _____

Attachment: Exhibit A

Standard Residency Agreement - Cottage or
Villa to be Constructed (2018-02-05)
CLEAN.docx

Exhibit A

Options and Custom Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$

Initials _____
Community

Resident(s)

Resident(s)

WBD(US) 41242208v3

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 Whippys 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

Master Charge List

Rates in effect October 1, 2019 thru September 30, 2020

Amenities	
Guest Room	\$60.00 per night; Fee charged without 24 hour cancelation notice
Roll-away Bed	\$12.00/night
Beauty Shop Charges	Services rendered by licensed beauticians
Shampoo Only	\$5.50
Shampoo w/style & Blow Dry	\$22.00
Shampoo & Blow Dry (Men Only)	\$12.00
Medicated Shampoo	\$2.60
Style Only	\$18.00
Cut (women)	\$20.00
Cut (men) Note; Clean Hair Please	\$15.00
Partial Cut	\$10.00
Conditioner	\$2.60 plus other services
Perm	\$64.00
Color rinse	\$3.00 plus set
Color Package	\$68.00 includes cut, blow dry/style & conditioning
Highlight when added as a service with getting color	\$32.00
Heat Cap (conditioner)	\$10.00 plus other services
Simple Up-do	\$25.00 includes shampoo & style –based on hair length and complexity of style.
Up-do	\$35.00
Eyebrow arch	\$7.00
Brow tint	\$10.50
Facial Trim (female)	\$4.50
Neck line trim	\$4.00
Eyebrow waxing	\$10.00
Hair Removal- Lip	\$8.00
Hair Removal- Chin& Neck	\$11.00
Re-comb	\$10.00

<i>Moustache Trim</i>	\$5.50
<i>Beard Trim</i>	\$7.50
<p>Chemical use: The licensed beauticians provide chemicals for these services. They do not guarantee the style or service if you provide your own chemicals. There will be no price reduction for the use of your chemicals. We strongly suggest that you use the chemicals provided by our licensed beauticians. Our beauticians reserve the right to refuse to use your chemicals if they are old or in an unlabeled container.</p> <p style="text-align: center;">This is for your own safety and well-being.</p>	

<u>Masseuse Charges</u>	Services rendered by a licensed masseuse.
<u>Relaxing Massage</u>	
<u>30 minutes</u>	\$30.00
<u>60 minutes</u>	\$50.00
<u>90 minutes</u>	\$80.00
<u>2 hours</u>	\$95.00
<u>Deep Tissue Massage</u>	
<u>60 minutes</u>	\$55.00
<u>90 minutes</u>	\$100.00
<u>Myokinesthetic Treatments</u>	
<u>1st Visit</u>	\$45.00 includes postural analysis and determination of treatment and application
<u>2nd – 6th Visit</u>	\$30.00
<u>7th visit</u>	\$45.00 includes re-evaluation of posture and determination of new treatment schedule as needed.
<u>8th- 12th Visit</u>	\$30.00
<u>Manicurist Charges</u>	Services rendered by a licensed manicurist
<u>Manicure</u>	\$23.00
<u>Pedicure</u>	\$30.00
<u>Acrylic Nail Repairs</u>	\$3.50
<u>Polish Change</u>	\$10.00
<u>Acrylic Nails</u>	\$45.00
<u>Fill In</u>	\$30.00
<u>Buff & Polish</u>	\$18.00
<u>Nail Trim and Shape</u>	\$13.00
<u>Toenail Trim</u>	\$18.00
<u>Toenail Trim & polish</u>	\$26.00
<u>Salon Staff House Calls</u>	\$7.00 this charge is for IL residents only
Beauticians, Manicurists, and Masseuse may not accept tips.	
<u>Cable Charges</u> Independent & Assisted	Included in daily rate and monthly fees, unless otherwise stated by contract or agreement
Memory Care	No charge

Skilled	No charge
<u>Telephone Charges</u>	\$95.00 per line
Initial Setup	
Monthly Telephone Charge	\$25.00 per line
Telephone Transfer Charge to higher level of Care	No Charge
Telephone Transfer Charge for convenience move	\$75.00 per move
Voicemail- Message Line	\$21.00 set-up charge/ \$6.95 a month
Caller ID	No Charge
Disconnect	No Charge
Long Distance Charges	Expanded Local Calling for Greenville – Free. Please refer to Information Section in telephone book. State-to-State cost is .027 cents a minute In-state calls are .044 cents a minute.
International Charges	Rates vary; Please contact Business Office for rates.
WIFI- Wireless Secure Connection	\$35.00 per connect
Shred Charge- Front desk staff will weigh your documents using a tray.	\$0.40 per pound Residents will be billed in one pound increments. Magazines, newspapers or envelopes will not be accepted.
Housekeeping	There is no charge for weekly housekeeping. For additional services, charges are as follows:
Housekeeping service	\$16.00/hour
Carpet Cleaning	\$65.00/room
<u>Deep Cleaning – Annual Clean based on move-in date. (In addition to the one time per year at no charge)</u>	No Charge
Studio- A/B	\$80.00
Single- A/B	\$80.00
Deluxe Studio- A/B	\$80.00
Deluxe Single- A/B	\$80.00
Combination- A/B	\$120.00
Deluxe Suite- A/B	\$120.00
Two Bedroom Suite-A/B	\$150.00
Deluxe Patio Suite	\$150.00
One Bedroom Apt.-D	\$150.00
One Bedroom Deluxe-D	\$150.00
Two Bedroom –D	\$160.00
Two Bedroom Grand-A/B	\$160.00
Two Bedroom Deluxe-D	\$160.00
Three Bedroom-D	\$170.00
Three Bedroom Special-D	\$170.00
Three Bedroom Deluxe-D	\$170.00
One Bedroom Alcove-W	\$150.00
One Bedroom East	\$150.00

One Bedroom Den	\$150.00
Two Bedroom-East/ West	\$160.00
Two Bedroom Bay	\$160.00
Two Bedroom Great room	\$160.00
The Alder	\$200.00
The Birch	\$190.00
The Cypress	\$190.00
The Dogwood	\$180.00
The Elm	\$220.00
The Evergreen	\$240.00

The services listed below are some of the services nursing and independence plus can provide for independent residents.

Independence Plus Services	Personal Service Rates
Service/ hour M-F	\$20.87
Weekends	\$23.15
New Year's, Memorial Day, July 4 th , Labor Day, Thanksgiving Day, and Christmas Day	\$27.91
Single non-licensed task by doctor's order. (Service no longer than 15 minutes) Examples: Vital Signs, Height & Weight, Application of TED Hose	\$5.31 per task
Whirlpool Bath (Does not apply to SNF or AL)	\$21.54
Chronic " Episodic" Event Assistance	\$13.16 per visit
Daily Medication Monitoring Based on frequency of visits.	1 time a day- \$67.64 per week 2 times a day- \$73.81 per week 3 times a day- \$79.94 per week 4 times a day- \$86.09 per week
Medication Preparation	\$55.36 per week
Staff Accompaniment to Doctor's Office	\$20.36 per hour
IL Blood draw in Clinic	\$10.18 plus supplies
Il Blood draw on Assisted Living or Skilled Care	\$13.06 plus supplies
IL In Apartment Blood Draw	\$16.96 plus supplies
IL Blood glucose check in Clinic or Assisted Living	\$10.18 plus supplies
Dressing Change (Resident comes to AL, Skilled or Clinic)	\$13.06 plus supply costs
IL In Apartment/Cottage Dressing Change	\$16.96 plus supply costs
Non-Emergency Visits By Nurse	\$16.96 per visit
In room visit for Independent Cath. change	\$20.36 plus supplies
Emergency Transportation of Lab work	\$15.66

Maintenance	
Relocation Refurbishment Fee Includes Telephone Transfer Fee To a:	
Healthcare Room to another	\$425.00

Healthcare Room (Includes Assisted Living, and Memory Care)	
Studio- A/B	\$1,555.00
Single – A/B	\$1,855.00
Deluxe Single-A/B	\$2,600.00
Deluxe Studio- A/B	\$2,990.00
Combination- A/B	\$3,045.00
Deluxe Suite- A/B	\$3,640.00
One Bedroom Main- A/B	\$4,005.00
One Bedroom Suite-A/B	\$4,520.00
Two Bedroom Suite-A/B	\$5,460.00
Two Bedroom Deluxe Suite	\$5,460.00
One Bedroom – D	\$4,845.00
One Bedroom Deluxe-D	\$5,370.00
Two Bedroom-D	\$6,995.00
Two Bedroom Grand- A/B	\$7,280.00
Two Bedroom Deluxe-D	\$8,595.00
Three Bedroom-D	\$9,100.00
Three Bedroom Special-D	\$9,460.00
Three Bedroom Deluxe-D	\$9,800.00
One Bedroom Alcove-W	\$4,840.00
One Bedroom East	\$5,235.00
One Bedroom Den	\$6,250.00
Two Bedroom East/West	\$7,085.00
Two Bedroom Bay	\$8,460.00
Two Bedroom Great room	\$9,840.00
The Alder	\$10,920.00
The Birch	\$9,345.00
The Cypress	\$8,515.00
The Dogwood	\$6,985.00
The Elm	\$13,275.00
Evergreen	\$14,625.00
Key Replacement	\$14.00
Key Fob	\$15.00
Pendant Replacement	\$50.00
Maintenance Services One-hour increments only. Services will be scheduled by the Director of Facility Services	\$24.00 per hour plus supplies
Pine Straw, Seasonal Flowers, and other plantings	Current Market price plus labor from landscaping maintenance provider
Lawn Care Services	Current Market price plus labor from landscaping maintenance provider

Meals	
Guest Continental Breakfast	\$5.00
Guest Breakfast	\$8.25
Guest Lunch	\$12.00
Guest Dinner	\$12.00
Guest Soup and salad bar are not sold separately;	
Guest Children 7- 12	\$8.50
Guest Children under 6	\$6.00
Guest Children under two	free
Resident meals beyond # provided for in contract	\$7.14 (see “Dining Dollars” information)
Future Residency Agreement meals	\$7.14 for any meal
Dining Dollars Benefit	May use dining dollars for one guest meal one time per month
Delivery (First 3 days per spell of illness)	No charge
Meal Delivery – illness (after 3 days) or convenience	\$2.50 per meal
Transportation	
Local Medical- scheduled	No charge
Personal (M-F 8am-5pm)	\$10.00 per hour (1 hour min.) and \$.50 per mile
Personal (Non-business hours)	\$15.00 per hour and \$.50 per mile