



DISCLOSURE STATEMENT

Dated: May 30, 2020

Name of Facility: GIVENS HIGHLAND FARMS
Location: 200 Tabernacle Road
Black Mountain, North Carolina 28711
Telephone No.: (828) 669-6473

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

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



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THIS DISCLOSURE STATEMENT IS FURNISHED TO COMPLY WITH THE REQUIREMENTS OF ARTICLE 64, CHAPTER 58, OF THE GENERAL STATUTES OF NORTH CAROLINA AND SUPERSEDES DISCLOSURE STATEMENT DATED MAY 30th, 2020.

I. ORGANIZATION INTRODUCTION AND INFORMATION

ORGANIZATION AND AFFILIATION

Givens Estates, Inc. is a North Carolina non-profit corporation chartered in 1975. The Company owns and operates two Continuing Care Retirement Communities licensed by the North Carolina Department of Insurance, which includes Givens Estates and Givens Highland Farms. The Company also owns and operates Givens Gerber Park II, LLC, which consists of 82 apartments with supportive services for seniors with modest incomes and is not a continuing care retirement community. The address for The Givens Estates, Inc. and is 2360 Sweeten Creek Road, Asheville, North Carolina, 28803 and the address for Givens Highland Farms (the facility) is 200 Tabernacle Road, Black Mountain, NC 28711. The Givens Estates, Inc. is affiliated with the Western North Carolina Conference of the United Methodist Church (“the Conference”). The Conference elects all members of The Givens Estates, Inc. Board of Directors. The Conference is not responsible for any financial or contractual obligations of The Givens Estates, Inc. The affiliation between The Givens Estates, Inc. and the Conference is set forth in the Statement of Relationship (Attachment 1).

The Company is affiliated with The Great Laurels, Inc., the General Partner of The Senior Residences at Lake Junaluska, LP, which consists of 64 Tax Credit and 36 HUD apartments.

The Company is a member of Gerber Park of Asheville, LLC, the managing member of Gerber Park of Asheville, LLC, which consists of 42 Tax Credit and 78 HUD apartments.

The Company is a managing member of Gerber Park of Asheville III LLC, the managing member of Givens Gerber Park III LLC, which consists of 60 Tax Credit apartments.

Givens Affordable Communities, Inc., an affiliate of Givens Estates, manages and provides on-site employees for the Givens Gerber Park and Great Laurels Communities.

LifeMinistries, LLC is a wholly owned subsidiary of the Company and is a community-based, health focused outreach ministry.

None of the affiliated organizations of The Givens Estates, Inc. are responsible for any financial or contractual obligations of Givens Estates or Givens Highland Farms.

Non-profit Status: As a non-profit corporation, Givens Highland Farms has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and comparable provisions of North Carolina law. All of its real and personal property is anticipated to be exempt from ad valorem property taxation by Buncombe County and the City of Black Mountain.

ACCREDITATION AND PROFESSIONAL ASSOCIATIONS

Givens Highland Farms became accreditation in November 2018 from The Commission on Accreditation of Rehabilitation Facilities (CARF). Givens Highland Farms will complete the reaccreditation process at the end of 2023 for another five years. In addition, Givens Highland Farms is an active member of LeadingAge, LeadingAge NC, AHCA (American Health Care Association), and NCHCFA (NC Health Care Facilities Association).

Licensure: Givens Highland Farms is licensed to provide continuing care in North Carolina in accordance with State law. The license is issued by the North Carolina Department of Insurance. Givens Highland Farms is licensed by the North Carolina Division of Health Service Regulation to operate 60 skilled nursing facility beds and 30 Home for the Aged beds. All of the 60 skilled beds are Medicare and Medicaid certified. Further, Givens Highland Farms is licensed by the North Carolina Division of Health Service Regulation to operate Givens Highland Farms Home Care agency.

Fitch Rating: The parent corporation, The Givens Estates, Inc., has received a “BBB+” rating by Fitch Ratings, a global investment rating agency. This rating is based on The Givens Estates, Inc. high occupancy levels, strong operating performance, and sufficient liquidity.

VISION STATEMENT

Expanding the possibilities for aging

MISSION STATEMENT

Improving lives through communities, services, and outreach

CORE VALUES

Our core values are *Commitment, Caring, Courage and Collaboration*

CARING

To demonstrate respect, compassion, and selflessness

To act at the highest levels of ethical behavior, financial responsibility, and fair dealing

To provide charitable care and affordable housing with support services

COMMITMENT

To deliver quality care and services

To provide professional leadership

To embrace the highest values and practices of the Christian faith

To develop communities and services for economically diverse populations

COLLABORATION

To faithfully partner with the United Methodist Church

To forge partnerships which enhance our ability to achieve the organization's mission and to share knowledge, skills and resources

COURAGE

To be inclusive and a place where people feel welcomed, valued and respected

To be creative and innovative

To take risks and overcome obstacles

To do what is right and take action

February 15, 2017

WELLNESS PHILOSOPHY

Givens believes an individual's quality of life is enhanced through a healthy and balanced lifestyle. Wellness is a continual process and includes taking personal responsibility for one's mind, body and spirit. Givens supports purposeful living by providing opportunities in the following dimensions of wellness:

- Social: Fostering meaningful interactions within a diverse community
- Physical: Promoting personal fitness and health goals
- Spiritual: Inspiring a life of meaning, value and purpose
- Emotional: Facilitating an awareness and acceptance of one's feelings
- Intellectual: Stimulating the use of one's mind
- Environmental: Exercising stewardship to our environment
- Recreational/Avocational: Encouraging self-expression and personal development

Givens provides quality resident-centered care in a Christian environment and supports residents during major life changes. Furthermore:

- Givens affirms and practices the preservation of personal dignity, individuality and the blending of support with independence.
- Givens provides a multi-disciplinary, holistic approach to meeting residents' dynamically changing needs.
- Residents are empowered to make individual choices and decisions regarding their living environment, services they receive, medical treatment and advance directives.
- Givens assists residents in making decisions by ensuring they are fully informed about their options in a respectful and sensitive manner.

II. FACILITY INTRODUCTION AND INFORMATION

Campus Location and Capacity: Givens Highland Farms is a continuing care retirement community located on a 75-acre campus in Black Mountain, North Carolina. Living accommodations include 4 single-family cottages, 49 cluster homes, 32 condominium homes, 64 Meadowmont homes and 129 apartments; 30 Home for the Aged; and 60 skilled nursing beds. Givens Highland Farms offers primarily fee-for-service and some rental contracts. The 60 skilled nursing beds have Medicare and Medicaid certification. Also, 7 acres of vacant land southeast of the existing campus planned for the development of The Cottages, consisting of 16 single family homes.

Occupancy: As of December 31, 2019, Givens Highland Farms had 351 residents occupying independent living residences, 19 residents in Home for the Aged, and 51 residents in skilled nursing for a total of 421 residents.

Community amenities: exercise room; spa; multi-purpose auditorium; two dining rooms; a deli/café; living rooms; kitchen and staff break areas; library; arts and crafts room; woodworking shop; health clinic space; meeting rooms; and office space.

SENIOR MANAGEMENT TEAM: Givens Highland Farms management consists of the Executive Director and 6 Department Directors primarily responsible for the daily operations. The business address for the Senior Management Team is 200 Tabernacle Road, Black Mountain, NC 28711. The Senior Management Team of Givens Highland Farms:

Kenneth W. Kramer, Executive Director

Mr. Kramer is a graduate of the Miami University of Ohio. He has over 20 years' experience working in the retirement community industry. He began his career with Maple Knoll Village in Cincinnati, Ohio. From there he spent seven years with Immanuel Health Systems in Omaha, Nebraska. As Wellness Director, he managed the Wellness Center and program for their Lakeside Community and led the development of Wellness Centers for three of their six communities. In 2005 Ken joined Givens Estates as their Wellness Director and led the development of their new Wellness Center and continued to build their wellness program. In July of 2014, Ken took the role of Associate Director of Givens Highland Farms and in March 2015 became Executive Director after the retirement of the previous Executive Director. Ken currently serves on the Montreat College President's Advisory Council and the Black Mountain YMCA Advisory Board.

Sheree Byrd, NHA, Health Services Director

Mrs. Byrd has been a licensed nursing home administrator for skilled nursing centers in Virginia and North Carolina since 2010. As a graduate of Nova Southeastern University with a Master's in Health Law, with a concentration in Risk Management, in 2011, Sheree brings many years of well-rounded experience in health care, ranging from acute care hospital administration, human resources, health care staffing sales, and long-term care administration. Prior to joining Givens Highland Farms, she received the Turnaround Facility of the Year award and a deficiency free survey in 2012 at Lexington Health and Rehab Center in Lexington, NC. In addition to other strong survey results over the years, in 2016, she received an AHCA Quality Award in Quality Measures and a Business Development Award Honorable Mention for her work at Life Care Center of Banner Elk.

David Kerestes, CPA, Controller

Mr. Kerestes has been Controller at Givens Highland Farms since December 2014. Mr. Kerestes is a Certified Public Accountant licensed in North Carolina (2003). He is a graduate of Wilkes University with a B.S. in Accounting and received his Master of Business Administration from Western Carolina University. His experience includes 2 years in law firm industry and 13 years in public accounting. He was an auditor in the CCRC industry for 10 years at Dixon Hughes Goodman and for 7 of those years worked as the Audit Manager for both the audits of The Givens Estates, Inc., and the previous ownership of Givens Highland Farms. He also has served on the Audit Review Team for the United Way of Asheville and Buncombe County.

SENIOR MANAGEMENT TEAM OF THE GIVENS ESTATES, INC.

Kenneth M. Partin, President and Chief Executive Officer

Mr. Partin joined Givens Communities in 1981. He became Associate Director in 1986 and President and Chief Executive Officer in 1991. Supported by a senior management team and department managers, Mr. Partin is responsible for the overall organization, which serves approximately 1,550 residents and currently employs 570 full and part-time staff. He has been significantly involved in the planning and development of Givens Estates, a Life Plan Community in Asheville; Great Laurels, an affordable community for seniors in Waynesville; Highland Farms, a Life Plan Community in Black Mountain; Gerber Park, an affordable and middle-income community for seniors in Asheville; and LifeMinistries, a community-based, health-focused outreach program. Mr. Partin has a degree in business from the University of North Carolina. Currently, he serves on the MAHEC board in Asheville.

Allen D. Squires, CPA, FHFMA, Chief Financial Officer

Mr. Squires has been Chief Financial Officer since 1995. He is responsible for the financial operations of the Corporation, including the annual operating budget, financial reporting, forecasts, third party reimbursement, etc. He is a Certified Public Accountant and a Fellow in the Healthcare Financial Management Association. He serves on the Investment Committee of the United Methodist Foundation of Western North Carolina, Inc.; and the Finance Committee of LeadingAge North Carolina. Prior to coming to Givens, Mr. Squires was Assistant Controller for a hospital in Grundy, Virginia; Chief Financial Officer for a psychiatric hospital in Hickory, North Carolina; and Senior Auditor for Deloitte and Touche. He is a graduate of Appalachian State University with a BA in Business Administration.

BOARD OF DIRECTORS

Givens Estates is governed by a volunteer Board of Directors, which meets quarterly. Board committees provide leadership throughout the year in support of the community's mission and vision. The Board consists of twenty-four (24) persons who are approved by the Western North Carolina Annual Conference of the United Methodist Church. The terms of these Directors are staggered so that each Class has eight (8) persons elected for a term of three (3) years and serving no more than six (6) successive years. Fourteen (14) ex-officio Directors from the Western North Carolina Annual Conference of the United Methodist Church, clergy from United Methodist Churches in the Blue Ridge and Smoky Mountain Districts, and current and recent past Presidents of Resident Council also serve as Board members.

Executive Committee of the Board of Directors

Mr. G. Edward Towson, II, Chairperson

7 Brookwood Road, Asheville, NC 28804

Mr. Towson is a Certified Public Accountant (CPA). Community service includes: Board Treasurer of the Asheville Symphony Society; Chair of the Asheville Civitan Club Foundation Board; Board Treasurer of the Community Foundation of Western North Carolina; past board member of WCQS Public Radio; and UNCA Foundation. Mr. Towson is on the Administrative Board of Central

United Methodist Church, Asheville. He has served previously on the Board and has been a board member most recently since 2012 and is on the Executive Committee.

Mr. Joseph P. McGuire, Vice-Chairperson

PO Box 3180 Asheville, NC 28802

Mr. McGuire is an attorney who is President of McGuire, Wood & Bisette, P.A. The law firm serves as general counsel for Givens Estates. Legal services are performed when requested. No retainer agreement is in effect with reference to such legal services. During 2019, the law firm billed Givens Estates a total of \$40,336.00. Mr. McGuire's community service includes: Board Member of Leadership Asheville Forum, Lenoir-Rhyne University and the Martin Luther King, Jr. Association of Asheville and Buncombe County. Mr. McGuire is a member of Central United Methodist Church, where he is an usher and a Sunday school teacher. He has been a Givens board member since 2015 and is on the Executive Committee and Audit Committee.

Mrs. Donna A. Broadwell, Secretary

392 Vanderbilt Rd., Asheville, NC 28803

Mrs. Broadwell was previously employed by Givens Estates as a Marketing Associate and is currently a community volunteer. She is a member of Central United Methodist Church, Asheville and a lay delegate to the Western North Carolina Conference of the United Methodist Church. She has served previously on the Board and been a board member most recently since 2010 and is serving on the Executive Committee, the Nominating Committee and is Chair of the Resident and Health Services Committee.

Mrs. Kathryn R. Durity, Assistant Secretary

3 Fen Way Court, Asheville, NC 28803

Mrs. Durity is involved with development for Pisgah Legal Services. She is general manager of Beaverdam Investment One, a real estate development company. She is a member at Central United Methodist Church. She is also a member of the Ramble Community Association Board. She has been a board member since 2013, is on the Executive Committee and is the Vice Chair of the Resident and Health Services Committee.

Mr. Horace S. Jennings, Treasurer

27 Forest Rd., Asheville, NC 28803

Mr. Jennings is the Vice President Finance and Administration at Stony Point Group. He is the former Vice President for Wells Fargo Corporate Bank. Mr. Jennings has served on the Finance Committee for Biltmore Forest Country Club and was previously on the Central United Methodist Church Administrative Council. He is a member of Central United Methodist Church, Asheville. He has been a board member since 2014, is on the Executive Committee and Chair of the Finance, Human Resource and Group Health Plan Committee.

Mr. Kenneth W. Swayze, Jr., Assistant Treasurer

111 Finley Street, Hendersonville, NC 28739

Mr. Swayze is the retired Senior Vice President and the Director of Fiduciary Services of First Citizens Bank, Hendersonville. Community service includes: Treasurer of the Henderson County Salvation Army Advisory Board; serves on the Investment Committee of the Henderson County Community Foundation; board member of the Trust Education Foundation; Faculty of The

Southeastern Trust School at Campbell University; and Kiwanis Club of Hendersonville. Mr. Swayze is a member of First United Methodist Church, Hendersonville and is the Treasurer of the church's Endowment Committee. He has served previously on the Board and has been a board member most recently since 2011. He is currently serving on the Executive Committee and the Investment Committee.

Mrs. Doris P. Loomis, Esq., Immediate Past Chair

PO Box 3180, Asheville, NC 28802

Mrs. Loomis is an attorney with McGuire Wood & Bisette, P.A. The law firm serves as general legal counsel for Givens Estates. Legal services are performed when requested. No retainer agreement is in effect with reference to such legal services. During 2019, said law firm billed Givens a total of \$40,336.00. Community service includes: Commissioner of the Town of Biltmore Forest; President of the board of the Asheville Symphony Society; and Vice-Chair of the Board of Trustees of UNC-TV. Mrs. Loomis is a member of St. Paul's United Methodist Church, Asheville. She has served previously on the Board and been a board member most recently since 2013. She is serving on the Executive Committee.

Mr. Kenneth M. Partin, President and Chief Executive Officer, (see Administrative staff above).

Board of Directors and Contact Information

Mrs. Ann H. Aldridge – 2542 Silverbrook Court, Morganton, NC 28655

Mrs. Aldridge is a freelance sign language interpreter and a retired administrator of the North Carolina School for the Deaf. She is a member of Oak Hill United Methodist Church, Morganton, District Lay Delegate to Annual Conference and Lay Delegate to Jurisdictional Conference. She also serves on the Catawba Valley District Committee on Ministry. She returned to the board in 2015 after serving as a member from 2008 - 2014 and is on the Nominating Committee.

Grace C. Allen – 956 Eastview Rd., Sylva, NC 28779

Mrs. Allen is a Professor of Finance at Western Carolina University. She teaches Investment, Corporate Finance and Portfolio Management. She has taught at Western for 29 years where she is also the founder and program director for the CFP® Board-Registered Program. Grace is a member of First United Methodist Church in Waynesville and is on the Investment Committee.

Mrs. Kathryn M. Atkinson – 395 S. Garden Street, Marion, NC 28752

Mrs. Atkinson is a certified public account retired from Johnson, Price, Sprinkle, PA. She is a member of the First United Methodist Church, Marion and has joined the Board in 2017.

The Reverend Robert M. Blackburn, Jr. – 27 Church Street, Asheville, NC 28801

Reverend Blackburn is Senior Minister of Central United Methodist Church, Asheville and a member of the Western North Carolina Conference. He has been a board member since 1998 and is on the Strategic Planning Committee.

Mr. William B. Cagle – PO Box 1530, Asheville, NC 28802

Mr. Cagle is an attorney and a member of the Local and State Bar Associations. He is a member of Central United Methodist Church, Asheville. He has been a board member since 1994 and is an honorary life member of the Board.

Mrs. Annette P. Coleman – P.O. Box 6082, Asheville, NC 28816

Mrs. Coleman is a retired Vice President of Bank of America. She is a Life Member of the Asheville Chamber of Commerce. She is a member of the Groce United Methodist Church and is a former staff parish as well as a former Vice President/Chair of the Adm. Council. She is a former in front of Mission Foundation and Carepartners. She is on the Foundation of A-B Technical Community College Past community service includes: Audit Committee of Riverlink, the Board of Directors for Asheville Housing Authority, board member and treasurer of Mission Health Foundation, CarePartners board member and Chair of Personnel Committee. She joined the Board in 2016 and is on the Audit Committee.

Reverend Elizabeth McPherson Crissman – 27 Balm Grove Ave., Asheville, NC 28806

Reverend Crissman is an ordained elder in the Western North Carolina Conference of The United Methodist Church and serves as the Blue Ridge District Superintendent of the United Methodist Church in the Western North Carolina Conference. She served as founder and Executive Director of Plowpoint, a non-profit organization committed to transforming leaders and churches for the transformation of local communities. She has been a board member since 2016.

Adam K. Ennis - 658 N. Country Club., Brevard, NC, 28712

Mr. Ennis is the Chief Financial Officer of the National Development Council. Prior to joining the National Development Council, he was a Senior Associate at Dixon Hughes PLLC (now DHG). He received his bachelor's degree in Finance and Banking from Appalachian State University and has a Master of Science in Accountancy from the University of North Carolina at Wilmington. Adam is a member of the Brevard First Methodist Church where he serves on the Foundation Board. He is on the Finance, Human Resource and Group Health Plan Committee.

Charles L. Frederick - 24 Powder Creek Trail., Arden, NC, 28704

Mr. Frederick is the TD Bank, North Carolina Market President. He is the past Chair of the Board of the YMCA of Western North Carolina, the Vice Chair of the AB Tech Foundation, and Vice Chair of the N.C. Bankers Association. He is a member of Skyland United Methodist Church where he is the Chair of the Finance Committee, the Vice Chair of the Administrative Board as well as a member of the Planning Committee. He is on the Givens Investment Committee.

Mrs. Jane H. Fuller - 39 Evergreen St., Brevard, NC 28712

Mrs. Fuller is a retired mathematics educator having served as a supervising teacher, mentor, college instructor and math department chairperson. She has been active in National Council of Teachers of Mathematics (NCTM) and the North Carolina Teacher of Advanced Placement Calculus (NCAAPMT) and a past member of North Carolina Association of Educators (NCAE), National Education Association (NEA) and Professional Educators of North Carolina (PENC). She is a member of First United Methodist Church, Brevard where she has served as an official board member and is in training for Stephens Ministry. She has been a Givens board member since 2014 and is on the Investment Committee and Chairs the Nominating Committee.

Mr. Miles K. Hoffman - 56 Wagon Trail, Black Mountain, NC 28711

Mr. Hoffman is retired from the College of Occupational Medicine and the American Medical Association and, before that, several private sector companies. He has consulted in marketing research and needs assessment for multiple social service agencies. He taught Political Science and Constitutional Law at Indiana University at South Bend. He is a member of Black Mountain UMC. He joined the Board in 2018, is a Givens Highland Farms resident, and President of Givens Highland Farms' Residents Corporation.

The Reverend W. Michael Holder - 325 N. Broad St., Brevard NC 28712

Reverend Holder is the Senior Pastor at First United Methodist Church, Brevard and a member of the Western North Carolina Conference. He has most recently become a board member since 2015 and is on the Finance, Human Resources, and Group Health Plan Committee.

Mr. Kenneth M. Hughes - 12 Cedar Chine, Asheville, NC 28803

Mr. Hughes is a retired CPA and is the former Chairman and CEO of Dixon, Hughes, Goodman, CCP. He is a member of the Western Carolina University Foundation Board. He is a member of the Central United Methodist Church, is on the Investment Committee and has been a board member since 2017.

Mrs. Dorothy J. Johnson – 63 Tomahawk Trl., Marion, NC 28752

Mrs. Johnson is a retired special education teacher for McDowell county schools. She is a lay speaker, Treasurer of United Methodist Women, and a member of Addie's Chapel United Methodist church. She has been a board member since 2014 and is on the Resident and Health Services Committee.

Dr. Suzanne E. Landis – 10 W. Kensington Rd. Asheville, NC 28804

Dr. Landis is a retired MAHEC Physician who has served Givens Estates Residents. She is a Gerontologist as well as a professor. She started Project Access, one of the most innovative, successful community health programs in the country. She serves on the Medical Society Foundation Board, the Health Partners Board and the American Project Access Board. Dr. Landis is a member of the Grace Covenant Presbyterian Church. She is on the Resident and Health Services Committee and joined the Board in July 2018.

Mr. Ronald C. Leatherwood – P.O. Box 826, Waynesville, NC 28786

Mr. Leatherwood is the Executive Vice President, co-founder and owner of Clark & Leatherwood, Inc. He is also the President and co-founder of Smokey Mountain Lumber and Fixture Company. He currently serves as the Chair of the Haywood Advancement Foundation and the Haywood County Erosion and Sedimentation Control Committee. He and his wife currently reside in Flat Rock, NC. He joined the Board in 2016 and is on the Audit Committee.

Bishop Paul L. Leeland – PO Box 18750, Charlotte, NC 28218

Bishop Leeland is the Bishop of the Western North Carolina Conference and former bishop of the Alabama-West Florida Conference. As a member of the North Carolina Conference, he served small, medium, and large membership churches. He served as the District Superintendent of the Goldsboro District and he was appointed Assistant to the Bishop and Director of Ministerial Relations serving under two bishops. He has been a board member since 2016.

Mrs. Connie B. Martin – 350 Holly Hill Drive. Marion, NC 28752

Mrs. Connie B. Martin is a retired Elementary Education Teacher and has served on the McDowell County Volunteer Board, as well as the Hospice of McDowell County and Marion City Planning Boards. She is a member of the McDowell County NAACP, YMCA and TOPS. Mrs. Martin is a member of Addie's Chapel UMC.

Mr. Clifton B. Metcalf – 30 Harrell Drive, Lake Junaluska, NC 28745

Mr. Metcalf is retired Vice Chancellor for Advancement and External Affairs at Western Carolina University; Treasurer of the North Carolina Retired Governmental Employees Association and serves in its Executive and Legislative Committees; and member of the Mountain Area Health Education Center (MAHEC) Board of Directors, the Greater Ivy Community Development Association in Madison County, and the First United Methodist Church, Waynesville. He is a former Legislative Liaison of the University of North Carolina system. He has been a Givens board member since 2015 and is on the Finance, Human Resource and Group Health Plan Committee.

Rob M. McKown - 40 Hallett Ct., Asheville, NC, 28803

Mr. McKown is a Commercial Realtor and MAI Appraiser. Previously, he was President/CEO of

Pedro Bay Corporation (real estate investment and development), and Sr. VP of First Union National Bank in Brevard, NC. Rob is active in the community and has served on numerous non-profit boards. Rob is a long-time member of 1st UMC in Brevard. He is on the Finance, Human Resource and Group Health Plan Committee.

Charlie Pine- 137 Spring View Drive., Black Mountain, NC, 28711

Mr. Pine is a resident of Givens Highland Farms and a retired Senior Vice President and General Manager of Belk department stores. His community service includes the WCU Board of Trustees, the Asheville Merchants Board and Foundation, the BBB, Salvation Army, the Chamber of Commerce, Care Partners, Industries for the Blind Asheville and main Board Winston Salem, Meals on Wheels, Mars Hill Foundation Board as well as various United Way Committees. He is also on the Employee Appreciation Committee at Givens Highland Farms, the Covenant Community United Methodist Church Finance Committee and the Chair of the Building and Construction Committee. He is a member of the Covenant Community United Methodist Church and is on the Nominating Committee.

Mrs. Josephine C. Pyatt - PO Box 1621, Marion, NC 28752

Mrs. Pyatt is a retired registered nurse. She is a board member of New Hope of McDowell Co. Inc., and volunteers with Hospice of McDowell Co. and McDowell County Arts Council. She is a member of the Lions Club and Member at Large for the United Methodist Women of the Blue Ridge District. She is a member of East Marion United Methodist Church. She has been a board member since 2014 and is on the Nominating Committee.

The Reverend W. Mark Ralls - 204 Sixth Ave., West, Hendersonville, NC 28739

Reverend Ralls is the Senior Pastor at First United Methodist Church, Hendersonville and a member of the Western North Carolina Conference. He has most recently become a board member since 2015.

Dr. Lucian C. Rice - 347 Vanderbilt Road, Asheville, NC 28803

Dr. Rice is a physician with Biltmore Medical Associates. He is a member of Central United Methodist Church, Asheville. He has been a board member since 1982.

Mrs. Florence E. Schwein - Givens Estates, 108 Strawbridge Court, Asheville, NC 28803

Mrs. Schwein is the retired Director of the Centennial Museum and Chihuahuan Desert Gardens and Museum Studies at The University of Texas at El Paso (UTEP). She was also the founding Director of the Cleveland, Ohio, Police Museum and Outreach Director at the Renwick Gallery of the Smithsonian Institution. Mrs. Schwein is a Givens Estates resident and past Resident Council President. She has been a board member since 2016 and is on the Resident and Health Services Committee.

Mr. Robert E. Shepherd - 923 Sand Hill Road, Asheville, NC 28806

Mr. Shepherd is the Executive Director Emeritus of Land of Sky Regional Council. He is a member of Acton United Methodist Church, Asheville. He has served on the General Council on the Status and Role of Women and the General Board of Global Ministries. He also served for over a decade on the WNC conference council of ministries (now connectional table) as chairman and vice-chairman. He has been a board member since 1983, is an honorary life member of the Board, and is on the,

Audit Committee, and the Investment Committee.

Mr. Hal F. Starnes – Givens Estates, 400 Wesley Drive, Apartment 453, Asheville, NC 28803

Mr. Starnes was formerly Assistant Vice President of Imperial Life Insurance Company, Vice President of Wachovia Bank, and President of the Blue Ridge Savings Bank. He is a Givens Estates resident and member of Trinity United Methodist Church, Asheville. He has been a board member since 1979 and is an honorary life member of the Board.

Chris Taylor - 5009 Swift Ridge Road., Raleigh, NC, 27606

Mr. Taylor is a retired Assistant Secretary of the North Carolina Medical Care Commission. Chris is a Certified Public Accountant. He is on the Board of Directors of Leading Age North Carolina Foundation as well as the Governors Presbyterian Homes of NC. Chris is a volunteer at the Osher Life Long Learning Institute, NCSU and is a member of the Kirk of Kildaire Presbyterian Church in Cary, NC. He is on the Finance, Human Resource and Group Health Plan Committee.

Marjorie Tucker - 25 Wesley Drive Apt. K., Asheville, NC, 28803

Marjorie Tucker is a Resident of Givens Estates and is also President of the Givens Estates Resident Council. She is a retired business owner and was Vice President of Tri-County Community College in Murphy, NC. She was an Elder in the Presbyterian Church. She is on the Resident and Health Services Committee.

The Reverend Doctor R. Keith Turman – 37 Country Club Drive, Waynesville, NC 28786

Dr. Turman is the Senior Minister at First United Methodist Church in Waynesville, NC and a member of the Western North Carolina Conference. He has been a board member since 2008 and is on the Nominating Committee.

The Reverend Chris M. Westmoreland – 86 Arcadia Lake Dr., Clyde, NC 28721

Reverend Westmoreland is the lead pastor at Long's Chapel United Methodist Church. He was the lead pastor at Assurance UMC Huntsville/Charlotte NC, Clyde Central UMC, and Youth Minister at Orange UMA Chapel Hill. He is a member of the WNCC Board of Ordained Ministry and is the past Chair of the Methodist Counseling and Consultation Services. He has been a board member since 2016.

Mr. David C. Whilden - 1272 Hendersonville Rd., Asheville, NC 28803

Mr. Whilden serves as Senior Trust Officer for Boys, Arnold Trust Company. He has worked in the trust and wealth management fields for the past 35 years. He is actively involved in the community and serves on the Boards of Directors for several Asheville area civic and education organizations. He joined the Board in 2016 and is on the Investment Committee.

Mr. Alfred J. Whitesides, Jr. – 17 West Haith Dr., Asheville, NC 28801

Mr. Whitesides is the retired Vice President of Mountain 1st Bank and Trust. He is a Buncombe County Commissioner and is a member of Hopkins Chapel AME Zion Church, Asheville. He has been a board member since 1979 and is an honorary life member of the Board.

None of the Board of Directors, staff, or consulting professionals, has a financial interest in The

Givens Estates, Inc. None of said officers, directors or management personnel (i) have 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) are 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 Article 64, Chapter 58, of the General Statutes of North Carolina or a similar law in another state. All Board members sign a Conflict of Interest Policy and Ethical Code of Conduct annually (Attachment 2).

RESIDENTS CORPORATION

The Highland Farms Residents Corporation, Inc. (“HFRC”) is a 501(c)(3) corporation. As such it promotes and protects the interests and welfare of the residents of Givens Highland Farms. All residents are members of the HFRC, which normally meets monthly. The HFRC has a Board composed of nine residents duly elected by the residents. The Board handles the regular business of the HFRC and recommends major decisions to the residents for approval. Board meetings are open to all residents. The HFRC coordinates numerous volunteer committees and activity groups. HFRC representatives promote outreach beyond the Givens Highland Farms community, act as liaison to departments of Givens Highland Farms, and provide assistance to Resident Services and Programming. HFRC also provides limited financial assistance to residents upon confidential resident request.

GIVENS HIGHLAND FARMS STRATEGIC PLAN

Givens Highland Farms prepares for the future through a long range strategic planning process, which is conducted every 7 to 8 years. The strategic plan is integrated into the annual plan for implementation. The organization believes the best way to remain relevant and financially strong for the future is to constantly evolve and improve. In January 2018, the Board of Directors approved a new campus master plan for Givens Highland Farms that will be further refined and implemented in phases over the next 10 years.

Givens Highland Farms continues to update the community based upon identification and prioritization of need. An expansion project has been planned and developed on campus. We are actively building 16 additional independent living Cottages on a previously 7 acres. Currently all 16 Cottages are reserved and we anticipate a completion in September 2020. Our Master Plan also calls for a new Dining venue and Health Center. This will serve the community well into the future as it grows. This plan will enable the community to remain financially strong and attractive in the marketplace.

III. POLICIES

A copy of the Guidelines for Living and the Policy and Procedures Manual is provided to all residents and is available upon request. These resources are updated from time to time. The following information summarizes certain important aspects of current policies in the Residence and Services Agreement.

Admissions

Age. Prospective residents shall be fifty-five (55) years of age or older to be eligible for admission. If the prospective residents are a couple, at least one member of the couple must be fifty-five (55) years of age or older at the time of occupancy.

Application Form. Applicants will provide an Application for Admission, a Personal Health History and a Confidential Financial Statement, all on forms furnished by Givens Highland Farms. Applicants may be requested to update such forms at the time of admission.

Personal Interview. Applicants must have an interview with a Givens Highland Farms Marketing Representative prior to occupancy. Upon review of all information, additional interviews may be requested by the applicant of Givens Highland Farms.

Health Requirements. Applicants must be able to live independently in the living option for which they/he/she is applying. The applicant's physician must complete a form which states that the applicant(s) is able to live independently and undertake ongoing activities of daily living.

Financial Requirements. Applicants must have assets and income sufficient to pay their financial obligations under this Agreement and to meet their ordinary living expenses.

Marketing and Admissions. Givens Highland Farms determines the admission criteria for the Marketing Department to implement. The Marketing Director reviews all applications. If the Marketing Director is satisfied the applicant meets the criteria for admission, then the health and financial information is reviewed by the Executive Director to ensure the applicant meets the health and financial criteria.

Termination and Refund Provisions

Termination by Resident Prior to Occupancy.

Termination During First 30 Days: The Residence and Services Agreement may be terminated by the resident for any reason within thirty (30) days following the later of the execution of this contract or the receipt of a disclosure statement and the resident is not required to move into the facility during this period. Any monies paid by the resident shall be refunded in full less any non-standard costs incurred at the residents' request. Any such

refund shall be paid by Givens Highland Farms within ten (10) business days following receipt of written notification of such termination by the resident to:

**Director of Marketing
Givens Highland Farms
200 Tabernacle Road
Black Mountain, NC 28711**

Termination After First 30 days and Before Occupancy: The Residence and Services Agreement may be terminated by the resident for any reason after thirty (30) Days from entering into this Agreement and prior to Occupancy by giving written notice to Givens Highland Farms. In the event of such termination, the resident will receive a refund of the resident's ten percent (10%) Deposit, less a nonrefundable fee equal to two percent (2%) of the total amount of the Entrance Fee chosen for the residence, and any non-standard costs requested by the resident. The nonrefundable fee will not be charged to the resident if such termination is due to death, death of the resident's spouse, or because the resident's physical, mental or financial condition makes the resident ineligible for admission to Givens Highland Farms. Any such refund shall be paid by Givens Highland Farms within ten (10) business days following receipt of written notification of such termination.

Termination by Resident During the First 30 Days After Occupancy. Within the first 30 days after occupancy, the resident may terminate this Agreement by giving Givens Estates written notice of such termination. For rescinded or cancelled agreements the resident or resident's legal representative shall receive a refund of all money or property transferred to Givens Estates, less (i) periodic charges specified in the agreement and applicable only to the period the residence was actually occupied by the resident; (ii) those nonstandard costs specifically incurred by Givens Estates at the request of the resident and described in the agreement or any agreement amendment signed by the resident; (iii) nonrefundable fees as set out in paragraph VII. E of the agreement; and (iv) a reasonable service charge, as set out in the agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee.

Termination Upon Death After Occupancy. In the event of death of a single resident, or the survivor of two residents, at any time after occupancy, the Residence and Services Agreement shall terminate and the refund of the Entrance Fee shall be determined according to Paragraph VII. E. of the Agreement.

Termination by Givens Highland Farms After Occupancy. Givens Highland Farms may terminate the Residence and Services Agreement at any time if there has been a material misrepresentation or omission made by the resident in their Application for Admission, Personal Health History, Confidential Financial Statement, or Physician's Examination Report; if the resident fails to make payment to Givens Highland Farms of any fees or charges due within sixty (60) days of the date; or if the resident does not abide by the rules and regulations adopted by Givens Highland Farms, or breach any of the terms and conditions of the Agreement. In the event of termination due to any of such causes, the refund of the Entrance Fee paid shall be determined according to Paragraph VII. E. of the Agreement.

Amortization of the Entrance Fee. If an Entrance Fee Option is chosen, the Entrance Fee may be partially refundable. The portion of the Entrance Fee that is refundable to the resident will decline over time at a rate of six percent (6%) upon the date of Occupancy of the Residence and two percent (2%) on the first (1st) day of each calendar month thereafter until Your selected refund percentage remains at zero percent (0%), fifty percent (50%), or ninety percent (90%). For the initial Cottages contracts, the portion of the Entrance Fee that is refundable to the resident will decline over time at a rate of five percent (5%) upon the date of Occupancy of the Residence and two percent (2%) on the first (1st) day of each calendar month thereafter until the refund percentage remains at seventy-five percent (75%). Regardless of the reason for termination, the resident is entitled to the Entrance Fee refund, less any non-standard costs requested by the resident, except as otherwise provided in the Residence and Services Agreement.

Payment of Refunds. Entrance Fee refunds, if due, will be paid upon the resident vacating the residence or in case of dual occupancy both vacating the residence; the removal of all personal property; and upon the receipt by Givens Highland Farms of a replacement resident for the residence or the expiration of twenty-four (24) months after termination of the Residence and Services Agreement by the resident (whichever occurs first).

Condition of Residence. Upon vacating the residence, the resident shall leave it in good condition except for normal wear and tear. The resident or their estate shall be liable to Givens Highland Farms, LLC for costs required to restore the residence to good condition, except for normal wear and tear, and for the removal and disposition of abandoned personal belongings. Such costs will be deducted from the refundable portion of the Entrance Fee (if due), or added to the final statement of charges for the resident.

Changes to Residence. After the date of occupancy, any structural or physical changes to the residence directed by the resident (including alterations such as construction of bookshelves or redecoration such as painting or wallpapering) will require the prior approval of Givens Highland Farms and will be made only under Givens Highland Farms' supervision and direction. The cost of any change requested shall be at the resident's expense. Givens Highland Farms may require, as a condition of approval of a requested change, that the resident either (i) agree to bear the cost of restoring the residence to its original condition upon termination of occupancy, or (ii) prepay the estimated cost of restoring the residence to its original condition. All structural improvements shall belong to Givens Highland Farms.

Transfers or Changes in Levels of Care

Transfer to a Health Care Residence. Givens Highland Farms recognizes the right of self-determination of the resident and will attempt to involve the resident or the resident's representative in all decisions related to transfers and changes in level of care. Givens Highland Farms shall have authority to determine whether the resident should be transferred from their residence to a Health Care Residence, or from one level of care to

another within Givens Highland Farms, in cases of potential harm to the resident or others, to assure the health and wellbeing of the resident and others, or to provide for the highest quality of life possible. Such determination shall be based on the opinion of the Givens Highland Farms administration and/or the Givens Highland Farms Medical Director and shall be made after consultation with the resident and/or their representative and their attending physician. Such decisions shall be made only in the resident's best interest and in the best interest of the larger community as determined by Givens Highland Farms.

Transfer to Other Facility. If it is determined by Givens Highland Farms that the resident needs care beyond that which can be provided by Givens Highland Farms, the resident may be transferred to a hospital or institution equipped to give such care at the resident's expense. Such transfer will be made only after consultation with the resident and/or their representative and attending physician.

Surrender of Residence. If a reasonable determination is made by Givens Highland Farms that any transfer for a change in level of care is or is highly likely to be permanent, the resident agrees to surrender the residence. The resident will have priority to move to such Health Care Residences, determined to best meet their needs, as soon as such is available.

Terms of Residency

Policies and Procedures. All residents shall abide by Givens Highland Farms policies and procedures, including such amendments, modifications and changes to the resident handbook (Guidelines For Living) as may be adopted by Givens Highland Farms. Such handbook shall be made readily available to all residents.

Changes in the Residence and the Agreement. Givens Highland Farms has the right to change the residence and/or the Residence and Services Agreement when and to the limited extent required to comply with the requirements of any applicable statutes, laws or regulations. The residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.

Visitors. Short-term visitors and guests may stay in a residence for limited stays. No person other than the resident(s) may reside in the residence without the approval of Givens Highland Farms.

Occupancy by Two Residents. When two (2) residents occupy a residence and one of them no longer resides in the residence, whether as a result of death or otherwise, or in the event of the termination of the Agreement with respect to one of the residents, the Residence and Services Agreement shall continue in effect for the remaining resident. The remaining resident will thereafter pay the single person monthly fee associated with the residence. No Entrance Fee refunds, if due, shall be paid to the remaining resident until the residence is vacated as described in the Residence and Services Agreement.

Request by a Resident for Change in Residence. A resident may request a change in residence at any time. Givens Highland Farms carefully considers such requests, including but not limited to such factors as resident's health and finances, availability of requested type of residence, and waiting lists. The resident must agree to pay the difference in the Entrance Fee and Monthly Fee between the requested residence and the current residence. Givens Highland Farms may require the resident to enter into a new or amended Residence and Services Agreement for the new residence.

Move to Another Residence. Should a move to a subsequent residence be approved by Givens Highland Farms, the resident will pay the Monthly Fee associated with the subsequent residence. Even if the Entrance Fee for the original residence, at initial occupancy, was greater than the current Entrance Fee for the subsequent residence, the resident will not be entitled to a refund as a result of the difference between such Entrance Fees. If, however, the Entrance Fee for the original residence, at initial occupancy, was less than the current Entrance Fee for the subsequent residence, the resident will pay an amount equal to the difference between the Entrance Fee of the original residence that they paid and the current Entrance Fee of the subsequent residence.

Change in Residence at Option of Givens Highland Farms. If Givens Highland Farms reasonably determines that a residence needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the residence, or as a result of any other circumstances reasonably determined by Givens Highland Farms to justify such transfer, Givens Highland Farms may move the resident to a new residence of a similar size provided that Givens Highland Farms (i) advises the resident prior to undertaking any such move, (ii) gives the resident reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of the residents' personal furnishings, and (v) provides in such new Residence optional custom improvements comparable to those provided in Your original Residence.

Loss of Property. Givens Highland Farms shall not be responsible for the loss of any property belonging to residents due to theft, mysterious disappearance, fire or any other cause. All residents are responsible for securing personal property insurance.

Medical Insurance. If 65 years of age or older residents are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage (e.g. Federal Government employees who subscribe to Federal Blue Cross Blue Shield). If a resident is not eligible for Medicare they are required to maintain full medical and hospitalization insurance coverage. Insurance must be acceptable to Givens Highland Farms and residents must furnish Givens Highland Farms with evidence of such coverage and notify Givens Highland Farms of changes in medical insurance.

Right of Entry. The Residence and Services Agreement authorizes employees or agents of Givens Highland Farms to enter the residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency. Givens Highland Farms will always endeavor to maintain the privacy of the residence. Residents are not allowed to

replace or add any locks to the residence.

Residents' Organizations. Residents of Givens Highland Farms are free to join a Residents' Corporation that is open to all residents. Such organization elects representatives, officers, and other positions to engage in activities of interest to all residents.

Smoke-free Campus. The Givens Highland Farms campus and residences are tobacco-free.

Marriage During Occupancy. Should a resident marry a person who is also a resident of Givens Highland Farms, the two may occupy either residence and shall surrender the unoccupied residence. They will pay the Double Person Monthly Fee upon occupancy by both residents in the chosen residence. No Entrance Fee refunds, if due, shall be paid until Givens Highland Farms receives a replacement Entrance Fee for the vacated residence or twenty-four (24) months after termination by the resident (whichever occurs first), and removal of all personal belongings. Refunds are made in accordance with Paragraph VII. E. of the Residence and Services Agreement.

If a resident should marry a person who is not a resident of Givens Highland Farms, their spouse may become a resident if they (i) meet all the requirements for admission, (ii) enter into a Residence and Services Agreement with Givens Highland Farms, and (iii) pay an Entrance Fee equal to the then-current double person Entrance Fee. The resident and their spouse shall pay the Double Person Monthly Fee. If the spouse does not meet the requirements of Givens Highland Farms for admission as a resident, the resident may terminate the Agreement by giving Givens Highland Farms written notice of such voluntary termination as outlined in the Residence and Services Agreement or the spouse may be approved for admission under special circumstances as agreed to in writing by Givens Highland Farms and the resident and spouse. Refunds are made in accordance with Paragraph VII. E. of the Residence and Services Agreement.

IV. SERVICES

Furnishings in Residences. Givens Highland Farms will provide in most residences wall-to-wall carpeting, vinyl flooring in kitchen and bath(s), refrigerator with ice maker, stove, oven, microwave, hood vent, washer and dryer, garbage disposal, prewiring for telephone and cable services, basic cable television, and other features and fixtures as described in Givens Highland Farms' current literature. All other furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided by the resident. Garden Apartments may not include hood vent or washer and dryer. Prentice Lodge apartments may not include stove, oven, hood vent or washer and dryer

Options and Custom Features in Your Residence. Residents may select certain options and custom features in the residence for an additional charge. Givens Highland Farms will present you with a written quote specific to your options and custom feature request detailing the prices. The cost of options and custom features selected will be paid by the resident at the time of selection and will become part of the residence and the property of Givens Highland Farms. The value of such

improvements will not be considered in computing Entrance Fee refunds, unless specifically agreed to in an Addendum to the Residence and Services Agreement. All options and custom features must be approved by Givens Highland Farms administration in advance of the changes made.

Common Areas and Amenities. Givens Highland Farms common areas and amenities are for the use and benefit of all residents and include a central dining room, café/deli, library, mail boxes, multi-purpose room, lounges, activity areas, arts and crafts room, woodworking shop, beauty/barber shop, walking areas, exercise areas, community garden, on-site assisted living center, and health center for nursing care.

Parking. Givens Highland Farms will provide lighted parking areas for the residents’ personal vehicle (a minimum of one space for each residence).

Services and Programs.

Utilities. The monthly fee includes the cost of heating, air conditioning, electricity, water, sewer, trash removal, basic cable TV, telephone and internet. Residents are responsible for any costs related to telephone, internet and cable television service beyond that provided by Givens Highland Farms.

Meals. Givens Highland Farms will make available to each resident a monthly declining dining amount as stated in the Residence and Services Agreement Schedule II. The amount is determined by the residence chosen and may change the same as in **Adjustments in the Monthly Fee** (below). A maximum carryover of one (1) month’s dining dollars per person is allowed from month to month; any dining dollar amount in excess of the maximum allowed will expire at the month’s end. Any additional charged amounts above the monthly allowance will be added to your monthly fee.

2020 Declining Dollar Amounts (monthly - per person)

Garden Apartments	\$ 265.00
Cluster, Condominium and Twin Oaks Homes	\$ 155.00

Meal Pricing (Residents & Guests)

<i>Lunch/Supper</i>	\$ 14.75
<i>Light Meal (Soup & Salad Bar)</i>	\$ 8.75
<i>Light Meal w/Dessert</i>	\$ 10.25
<i>Extra Entrée</i>	\$ 6.99
<i>Extra Dessert / Side</i>	\$ 2.85

Housekeeping Services. The Monthly Fee includes weekly housekeeping services. Services include vacuuming, light dusting, dusting and damp mopping hard surface flooring, wipe-down of kitchen countertops, cleaning of bathrooms, changing of bed linens provided by you. Additional housekeeping may be available for an extra fee.

Groundskeeping. Givens Highland Farms will furnish basic grounds keeping service, including lawn, tree and shrubbery care. Subject to prior approval by Givens Highland Farms, residents may plant and maintain certain garden areas adjacent to their residence and elsewhere as designated by Givens Highland Farms.

Maintenance and Repairs. Givens Highland Farms will maintain and repair improvements, furnishings, appliances, and equipment owned by Givens Highland Farms. Residents will be responsible for the cost of repairing damage to property of Givens Highland Farms caused by the resident or their guests, ordinary wear and tear excepted.

Transportation. The monthly service fee will include local group transportation for residents on a regular, scheduled basis for shopping and activities. Transportation for medical, personal or special group trips is available for an extra fee.

Security. Givens Highland Farms provides 24-hour security, emergency response by trained Givens Highland Farms staff, smoke detectors in each Residence, a fire alarm system, and an emergency call system.

Activities. Givens Highland Farms provides scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts; exercise and health programs; and other activities designed to meet residents' interests. Some activities may require an extra fee.

Other Services and Programs at Additional Charge. Other services and programs are available to residents at their own expense, including, but not limited to: guest rooms, beauty and barber services, home care services, personal laundry, special transportation, repairs of personal property, and other special services performed for the resident beyond the normal scope of services offered by Givens Highland Farms.

Notice of Change in Scope of Services. Except for changes required by law, Givens Highland Farms will notify residents of any proposed change in the scope of services provided in the Residence and Services Agreement at least thirty (30) days before such change is effective. No change relating to a service included in the monthly fee under the terms of this Agreement shall be effective unless (a) consented to by the resident or (b) a reasonable adjustment is made in the monthly fee.

Health Care Accommodations and Services. Givens Highland Farms will make available health care accommodations and services as follows:

Two Levels of Care in Health Care Residences. Givens Highland Farms will have accommodations, equipment, staffing, programs, services and supervision necessary for licensed assisted living, and licensed skilled nursing care. Both of these levels of health care and services are available to residents either temporarily or permanently on a space available basis, if needed, as determined by Givens Highland Farms. Residents of Givens Highland Farms have priority access to all health care residences and services before non-residents. Fees and charges for health care residences are listed on page 22 of this

Disclosure Statement.

Wellness Clinic. A wellness clinic for certain consultations, screenings, and appointments is available to residents as scheduled and provided by Givens Highland Farms.

Staffing. Twenty-four (24)-hour licensed nursing staff will be provided by Givens Highland Farms.

Medical Director. The overall coordination and supervision of health care services within Givens Highland Farms will be provided by a Medical Director, who will be a licensed physician selected by Givens Highland Farms.

Health Care Services for an Additional Fee. Other health services may be available to residents at their expense, including but not limited to pharmacy services, home care services, laboratory tests, physical therapy, occupational therapy, speech therapy, therapeutic activities, rehabilitative treatments, and wheelchairs and other medical equipment and supplies. The costs of such services are in addition to the Monthly Service Fee.

Personal Physician. Residents choose a personal physician who has admission privileges at a local hospital, in the event that they need to be hospitalized. Residents are responsible for the cost of physician services and all related medical and non-medical expenses.

V. FEES – All Fees shown are effective as of January 1, 2020

The Residence and Services Agreement of this Disclosure Statement makes the following provisions:

Entrance Fee. Residents agree to pay to Givens Highland Farms an Entrance Fee for the residence as set forth in Schedule I of the Residence and Services Agreement (unless they have chosen the No Entrance Fee Option).

Terms of Payment of the Entrance Fee - If an Entrance Fee is chosen, the terms of payment of the Entrance Fee shall be as follows:

- a. **10 Percent Deposit.** To reserve a residence, applicants make application, pay a deposit equal to ten percent (10%) of the total Entrance Fee for their residence, less any Application Fee if previously paid, of one thousand dollars (\$1,000.00), and enter into the Agreement. The applicant will receive notice of their approval within fourteen (14) days of submitting their application.
- b. **Balance of the Entrance Fee.** The balance of the total Entrance Fee for the residence will be due and payable prior to or on the date of occupancy, unless otherwise agreed to in writing by Givens Highland Farms.

Monthly Fee. In addition to the Entrance Fee, residents agree to pay a monthly fee upon occupancy for the term of the Agreement. The monthly fee is payable in advance by the tenth (10th) day of each month. The monthly fee is set forth in Schedule I of the Residence and Services Agreement.

The Monthly Fee covers:

- Monthly meal allowance (effective Jan. 1, 2020):
 - \$265.00 per person per month for Apartments
 - \$155.00 per person per month for Homes
 - 3 meals per day per person for Prentice Lodge
- Weekly housekeeping
- All utilities including cable, telephone and internet
- Maintenance
- 24 hour campus security and urgent call response by trained personnel
- Scheduled transportation
- Use of all common areas and amenities
- Social, recreational, spiritual, educational and cultural activities

The following table presents the Independent Living Entrance Fees & Monthly Service Fees by unit type:



2020 ENTRANCE FEES & MONTHLY FEES

Traditional Plan

- 0% refund after 48th month of occupancy.
- Amortized to Givens Highland Farms at 6% the first month of occupancy and 2% a month for the next 47 months.

50% Refund Plan

- 50% refund after 23rd month of occupancy.
- Amortized to Givens Highland Farms at 6% the first month of occupancy and 2% a month for the next 22 months.

90% Refund Plan

- 90% refund after 3rd month of occupancy.
- Offers peace of mind and the highest level of security for your investment.

Monthly service fees include:
 All maintenance/grounds services • Weekly housekeeping • Flexible meal plan
 Utilities: Phone, Internet, Basic cable

CLUSTER HOMES

	Traditional		50% refund		90% refund		Monthly Fees	
	Single	Double	Single	Double	Single	Double	Single	Double
1BR, 1BA, 960 SF	\$160,000	\$175,000	\$236,000	\$251,000	\$381,000	\$396,000	\$2,643	\$3,124
2BR, 2BA, 1,174 SF	\$199,000	\$214,000	\$293,000	\$308,000	\$474,000	\$489,000	\$2,929	\$3,410
3BR, 2BA, 1,320 SF	\$233,000	\$248,000	\$343,000	\$358,000	\$555,000	\$570,000	\$3,170	\$3,651

CONDOMINIUMS

	Traditional		50% refund		90% refund		Monthly Fees	
	Single	Double	Single	Double	Single	Double	Single	Double
2BR, 2BA, 1,354 SF	\$224,000	\$239,000	\$330,000	\$345,000	\$534,000	\$549,000	\$2,986	\$3,467
3BR, 2BA, 1,545 SF	\$252,000	\$267,000	\$371,000	\$386,000	\$600,000	\$615,000	\$3,279	\$3,760

MEADOWMONT

	Traditional		50% refund		90% refund		Monthly Fees	
	Single	Double	Single	Double	Single	Double	Single	Double
1BR, Den, Fourplex, 1,120 SF	\$228,000	\$243,000	\$336,000	\$351,000	\$543,000	\$558,000	\$3,002	\$3,483
2BR, Terrace, Sixplex, 1,270 SF	\$260,000	\$275,000	\$383,000	\$398,000	\$619,000	\$634,000	\$3,154	\$3,635
2BR, Duplex, 1,400 SF	\$289,000	\$304,000	\$425,000	\$440,000	\$688,000	\$703,000	\$3,347	\$3,828
2BR, Den, Fourplex, 1,539 SF	\$322,000	\$337,000	\$474,000	\$489,000	\$767,000	\$782,000	\$3,536	\$4,017



TWIN OAKS HOMES

Traditional		50% refund		90% refund		Monthly Fees	
Single	Double	Single	Double	Single	Double	Single	Double
\$319,000	\$334,000	\$469,000	\$484,000	\$760,000	\$775,000	\$3,613	\$4,094

THE COTTAGES

	50% refund		75% refund		Monthly Fees	
	Single	Double	Single	Double	Single	Double
1BR, 2BA, Den, 1,300 SF	\$377,000	\$392,000	\$474,000	\$489,000	\$3,212	\$3,692
2BR, 2BA, 1500 SF	\$445,000	\$460,000	\$553,300	\$568,300	\$3,455	\$3,935
2BR, 2.5BA, Den, 1700 SF	\$498,000	\$513,000	\$626,100	\$641,100	\$3,678	\$4,158

GARDEN APARTMENTS

	Traditional		50% refund		90% refund		Monthly Fees	
	Single	Double	Single	Double	Single	Double	Single	Double
Efficiency, 457 SF	\$86,000	\$101,000	\$127,000	\$142,000	\$205,000	\$220,000	\$2,139	\$2,713
1BR, 1BA, 644 SF	\$121,000	\$136,000	\$178,000	\$193,000	\$288,000	\$303,000	\$2,623	\$3,197
2BR, 1.5BA, 851 SF	\$167,000	\$182,000	\$246,000	\$261,000	\$398,000	\$413,000	\$3,133	\$3,707
2BR, 2BA, 1,100 SF	\$215,000	\$230,000	\$317,000	\$332,000	\$512,000	\$527,000	\$3,205	\$3,779
2BR, 2BA, 1,288 SF	\$256,000	\$271,000	\$377,000	\$392,000	\$610,000	\$625,000	\$3,376	\$3,950

NO ENTRANCE FEE

	Non-refundable Occupancy Fee		Monthly Fees	
	Single	Double	Single	Double
Efficiency, 457 SF	\$7,800	\$15,600	\$3,292	\$3,866
1BR, 1BA, 644 SF	\$7,800	\$15,600	\$4,201	\$4,775
2BR, 1.5BA, 851 SF	\$7,800	\$15,600	\$5,148	\$5,722
2BR, 2BA, 1,100 SF	\$7,800	\$15,600	\$5,744	\$6,318
2BR, 2BA, 1,288 SF	\$7,800	\$15,600	\$6,411	\$6,985

PRENTICE LODGE

	Traditional		50% refund		90% refund		Monthly Fees	
	Single	Double	Single	Double	Single	Double	Single	Double
Single, 1BA, 301 SF	\$36,000	\$51,000	\$53,000	\$68,000	\$86,000	\$101,000	\$2,961	\$4,268
Studio, 1BA, 458 SF	\$57,000	\$72,000	\$84,000	\$99,000	\$136,000	\$151,000	\$3,764	\$5,071
1BR, 1BA, 600 SF	\$78,000	\$93,000	\$115,000	\$130,000	\$186,000	\$201,000	\$4,582	\$5,889

NO ENTRANCE FEE

	Non-refundable Occupancy Fee		Monthly Fees	
	Single	Double	Single	Double
Single, 1BA, 301 SF	\$7,800	\$15,600	\$3,966	\$5,273
Studio, 1BA, 458 SF	\$7,800	\$15,600	\$5,192	\$6,499
1BR, 1BA, 600 SF	\$7,800	\$15,600	\$6,762	\$8,069

*Prices increase according to finishes, square footage and design.

Some Apartments and Prentice Lodge residences have a No Entrance Fee option. This option incurs a non-refundable administrative fee of \$7,800 Single / \$15,600 Double per unit regardless of size. Not all unit types are offered with a No Entrance Fee option. The Monthly Service Fees by unit type for the No Entrance Fee option are: Single Unit \$3,966 Single / \$5,273 Double; Expanded Studio \$5,192 Single / \$6,499 Double; One Bedroom \$6,762 Single / \$8,069 Double.

Adjustments in the Monthly Fee. The Monthly Fee provides facilities, programs, and services described in the Residence and Services Agreement and is intended to cover costs of the expenses associated with the operation and management of Givens Highland Farms. Givens Highland Farms, with the approval of the Board of Directors, may increase the monthly fee from time to time during the term of the Agreement. Monthly fees will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. Residents receive a thirty (30) day advance notice of increases in the monthly fee or other charges.

Application Deposit. The Independent Living Application Deposit of \$1,000 is submitted with an Application to establish a chronological waitlist date by which future residents are offered various types of residences at Givens Highland Farms. The Application Deposit and Application are optional. The Application Deposit is a non-interest bearing deposit associated with a chronological waitlist and will be credited toward the Entrance Fee due at the time of occupancy. The Wait List Deposit does not lock-in the Entrance Fee amount for a residence.

Financial Assistance. Givens Highland Farms has established a Supplemental Assistance Fund to allow a limited number of residents to continue to live at Givens Highland Farms after their assets may have been depleted. The policies relating to financial assistance are determined by the Board of Directors. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident.

The following table shows average changes in the monthly service fees and health center daily charges over time. Note that it is the average dollar amount of the CHANGE in fees from year to year that is shown - NOT the fees themselves. All changes during this period occurred once per year on January 1.

Average Monthly Service Fee Changes	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
One Occupant (\$'s per month)	86	107	112	90	101
Two Occupants (\$'s per month)	103	128	134	104	95
Approximate Percentage Increase	3.5%	4.5%	4.5%	3.8%	3.5%

Health Care Room Charges					
skilled nursing care (\$'s per day & approx. % increase)	6.5 3.5%	15 6.0%	16 6.0%	18 6%	11 3.7%

Assisted living (\$'s per day & approx. % increase)	8.5 3.5%	11 6.0%	12 6.0%	13 6%	11 4.6%
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Monthly Statements. Givens Highland Farms will furnish residents a monthly statement showing the monthly fee payable for the month in advance, and any additional charges from the previous month, payable by the tenth (10th) day of the current month. Givens Highland Farms may charge, and residents must pay promptly, interest at a rate of one and one-half percent per month on any unpaid balance owed thirty 30 days after the monthly statement is dated.

Health Care Charges

- a. **Fee for Services.** Upon permanently occupying a Health Care Residence, a resident will surrender their independent living residence and will no longer pay the monthly fee for that residence. Instead the resident will pay the published current per diem fee for such health care residence. Upon temporarily occupying a health care residence, the resident will continue to pay the monthly fee for the independent living residence and they will pay the published current per diem fee for such health care residence for the period of time that they occupy same.
- b. **Use of Refundable Portion of the Entrance Fee.** Should a resident move permanently to a Health Care Residence, the remaining refundable portion of their Entrance Fee (if any) can be applied to the cost of care in the health care residence. Entrance Fee refunds will not be paid directly to any other health care facility besides Givens Highland Farms.
- c. **Additional Charges for Ancillary Health Care Services.** The resident is responsible for prompt payment of all additional charges for ancillary health care services provided at Givens Highland Farms. Ancillary services will include all services not provided by the staff of Givens Highland Farms and not included in the per diem fee. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs and other medical equipment and supplies.
- d. **Care in Another Facility.** Should a resident need a level of care or health services beyond that provided at Givens Highland Farms, as determined by Givens Highland Farms, and require transfer to another facility, the resident will be responsible for all expenses of such transfer and services.

Assisted Living (Adult Care)

Assisted Living at Givens Highland Farms provides assisted living in a residential setting. The center is part of a complete continuum of care provided by Givens Highland Farms. Residents can actively pursue their interests and enjoy friendships within the community while staff tends to the details of daily living. The facility includes bright common areas, including living and activity rooms. Residents can take walks in the beautiful gardens and relax in covered outdoor terraces.

Each residence has an emergency call system, phone jacks, and cable TV outlets. Residents provide their own furnishings.

Assisted Living Daily Rates	2020 Single Occupancy
Semi-Private	\$205
Private	\$251

Health Center

Givens Highland Farms Health Center provides continuous and professional long term, skilled nursing care by Registered Nurses, Licensed Practical Nurses, Medication Aides, and Certified Nursing Assistants in a comfortable, residential and choice-driven environment. The Health Center provides residents with privacy and residential comforts along with the choice of long term care services and short term rehabilitation services.

Skilled Nursing Daily Room Rates	2020 Rates
Semi-Private Room	\$282
Private Room	\$325

Home Care Services (Services do not include the cost of supplies. Medical supplies are billed separately.)

Independent Care Non-Charged Services

Wellness Clinic- Tuesdays and Thursdays 1:00PM-2:00PM (Free vital sign tracking)

Emergency Call Follow Up by Licensed Nurse

Post Hospitalization visit by Licensed Nurse

All other services Monday – Friday by appointment

Home Care services that require on-going Nurse Assessment and quarterly review

Admission Nursing Assessment for on-going medical care plan management

FEE: \$80.00

Quarterly review assessment*

FEE: \$60.00

*Required assessment for all residents with a Home Care contract

Hourly Rates:

Nurse Aid/Companion/ Certified Nursing Assistant or Medicine Technician

FEE: \$32.00/HR (30-minute increments
available)

Licensed Nurse “LPN”/ Registered Nurse “RN”

FEE: \$52.50/HR (30-minute increments available)

Listed below are examples of Home Care services currently offered. Services will be billed according to the rates listed below with an expected time to perform each of these services of less than 30 minutes. Additional charges will be included for required medical supplies, and for time incurred in excess of 30 minutes.

Wellness Clinic Charges

Blood Pressure Check	\$14.00
Specimen Collection	\$15.00
Ear Exams/Cleaning	\$20.00
Injection	\$23.00
Suture Removal	\$25.00
Coag Check	\$25.00
Venipuncture	\$21.00
Pacemaker Checks	\$20.00
Nail Clipping	\$22.00
Shopping-Local (1 hr.)	\$30.00
Laundry (per load)	\$26.00
Simple Dressing Change	\$20.00

Other Home Care Services (billed per hourly rates)

- Pet care/companion/sitter Light
- housekeeping Emergency call
- Vital signs Daily
- weights
- Transportation arrangements
- Family conference calls
- Counseling/teaching
- Special treatments or procedures
- Assist with paperwork for pre-operative/diagnostic procedures Overnight
- companion (with a 24-hour advance notice)
- Closet organization
- Holiday/seasonal decorating
- Other service as requested and agreed upon

Home Care Medication Administration Program

Daily Administration of medications in:

Lodge Apartments & Homes

1x/day.....\$180.00/mo	1x/day.....\$255.00/mo
2x/day.....\$200.00/mo	2x/day.....\$275.00/mo
3x/day.....\$225.00/mo	3x/day.....\$315.00/mo

4x/day.....\$250.00/mo 4x/day.....\$345.00/mo
5x/day.....\$270.00/mo 5x/day.....\$375.00/mo

VI. OTHER MATERIAL INFORMATION

Givens Highland Farms has no past or current litigation, bankruptcy filings, receivership, liquidation, anticipated actions or perils of any manner significant enough to be reported herein.

Givens Highland Farms maintains an operating statutory operating reserve fund. It is the provider's obligation to provide reserve funding or security to enable the Provider to perform its obligations fully under contracts to provide continuing care at the facility. Funds are restricted and may only be released by the Commissioner of the Department of Insurance. Investments for the funds are overseen by Givens Investment Committee (comprised of Givens Board members) and managed by Morgan Stanley. Givens Board of Directors has adopted an investment policy that provides the framework for the management and investment of the operating reserve fund.

VII. SCHEDULE OF ATTACHMENTS

Attachment 1 - Statement of Relationship

Attachment 2 - Conflict of Interest Policy & Ethical Code of Conduct

Attachment 3 - Resident and Services Agreement - Independent Living; Skilled Care & Adult Care

Attachment 4 - Miscellaneous Service Fees for 2020

Attachment 5 - Audited Balance Sheets, Income Statements and Statement of Cash Flows at 12/31/19 and 12/31/18, and Unaudited Balance Sheet, Income Statement and Statement of cash Flows at 4/30/20

Attachment 6 - 5-Year Financial Projections of Revenues, Expenses, Cash Flows and Assumptions for the Years Ending December 31, 2024

Attachment 7 - Comparison of the 2019 Audited Financial Statements to the 2019 Forecasted Statements for any variances greater than 5% and \$536,000.

Attachment 1

STATEMENT OF RELATIONSHIP

THIS STATEMENT OF RELATIONSHIP is made and entered into as of the 21st day of January, 1995 by and between the Western North Carolina Annual Conference of the United Methodist Church (the "Conference") and The Givens Estates, Inc. a nonprofit corporation organized and existing under the laws of the State of North Carolina (the "Affiliated Organization").

PRELIMINARY STATEMENT

The Conference is one of the annual conferences of The United Methodist Church. The term "The United Methodist Church" refers to the overall denomination and connectional relation and identity between its many local churches, the various conferences and their respective councils, boards and agencies, and other church units, which collectively constitute the religious system known as United Methodism. Under the Constitution and disciplinary procedures set forth in *The Book of Discipline of The United Methodist Church* (the "*Discipline*"), "The United Methodist Church" as a denominational whole is not an entity, nor does it possess legal capacities and attributes. It does not and cannot hold title to property, nor does it have any officer, agent, employee, office or location. Conferences, councils, boards, agencies, local churches and other units bearing the name "United Methodist" are, for the most part, legal entities capable of suing and being sued and possessed of legal capacities.

The connectional structure of the Church is maintained through the conferences. Each of the Annual Conferences (of which the Conference is one) is composed of an equal number of ministers and lay members elected by the local churches. In turn, there is one General Conference, composed of an equal number of ministers and lay members elected by the Annual Conferences. The *Discipline* is the book of law of the Church. The *Discipline* is the product of more than 200 years of the General Conferences of the denominations which now form the Church. Each General Conference amends, perfects, clarifies, and adds its own contribution to the *Discipline*. The *Discipline* reflects what is expected of its laity and clergy as they seek to be effective witnesses in the world as a part of the whole Body of Christ. (See paragraph 114 of the 1992 *Discipline*). The relationship set forth in this Statement of Relationship is solely and

exclusively between the Conference and the Affiliated Organization.

United Methodists give high priority to helping and healing ministries as a vital part of their Christian mission. In the United States alone, there are hundreds of helping and healing programs related to local churches, and there are also hundreds of institutional ministries of which the Affiliated Organization is one. United Methodists recognize the importance of operating, maintaining and protecting those institutional ministries as a vital means of carrying out the Christian mission of United Methodism. The health and welfare ministries embraced within this mission include services in the areas of child care, aging, health care and handicapping conditions.

United Methodists, the Conference and the various institutional ministries share a common interest that health and welfare ministries bearing the name United Methodist shall be demonstrably caring, quality missions of Christian service that operate in a manner consistent with the Social Principles and other pertinent provisions of the *Discipline*.

The Affiliated Organization is one of the health and welfare ministries of United Methodism within the boundaries of and affiliated with the Conference. The Affiliated organization was organized with the encouragement and approval of the Conference by individual members of the Church who were committed to the belief that the Affiliated Organization was needed to perform the ministry set forth in its charter (the "Ministry"). The Conference and the Affiliated Organization continue in that belief. The Ministry is among the Christian missions of United Methodism and of the Conference.

The purpose of this Statement of Relationship is to set forth an accurate statement of the relationship between the Conference and the Affiliated Organization.

NOW, THEREFORE, the Conference covenants and agrees with the Affiliated Organization and the Affiliated Organization covenants and agrees with the Conference that this Statement of Relationship, including the foregoing Preliminary Statement, is an accurate statement of the relationship between the Conference and the Affiliated Organization.

COVENANTS

1. Although the Conference and the Affiliated Organization share a common interest in carrying out the Christian mission of United Methodism and in the purposes of the Ministry of the Affiliated Organization, the Conference and the Affiliated Organization are separate, self-governing and independent. Neither is owned by the other nor is either the partner or agent of the other. The sole purpose of each of the parties in affiliating with the other as herein set out is that each believes this affiliation with the other is mutually beneficial to parties in the performance of their respective missions of Christian service. The parties hereto agree that under this affiliation:

a. The members of the governing board of the Affiliated Organization shall be confirmed, elected, and/or selected by the Conference in accordance with the charter and bylaws, present and future, of the Affiliated Organization. The governing board of the Affiliated Organization includes among its members both United Methodist Ministers and laity within the Conference, and may include other persons as provided in its charter or bylaws.

b. The Conference provides: (i) encouragement and support, including financial support to the extent deemed appropriate and feasible by the Conference; (ii) opportunities for the interchange of information and ideas among persons and institutions performing similar work and for the development of the Ministry goals and criteria; (iii) authorization for the Affiliated Organization to identify itself as an organization affiliated with the Conference; and (iv) an opportunity for the Affiliated Organization to report on the Ministry to each regular session of the Conference.

c. The Affiliated Organization undertakes: (i) to fulfill its mission of Christian service in a manner that is consistent with the Social Principles and other pertinent provisions of the *Discipline*, and acceptable to those whom it would serve and to members of the Church in the Conference; and (ii) to the extent it deems appropriate, to utilize services of the Conference and the Church available to the Affiliated Organization in performing its Ministry.

d. The Affiliated Organization, desirous of gaining maximum benefit from its affiliation with the Conference and to satisfy the Conference that it continues to operate

in a manner worthy of a United Methodist ministry, will continue to provide to the Conference such of the following as may be requested or desired by the Conference: (i) information that may be of interest to other similar ministries; (ii) copies of regular operational and financial reports; and (iii) other information regarding plans, services and ministries of the Affiliated Organization.

2. The Conference is not contractually or legally committed to provide any particular level or amount of financial support to the Affiliated Organization. Any support that the Conference does or may provide to the Affiliated Organization is, and shall be, voluntary, as determined, from time to time, solely by the Conference. The Conference has no authority to require the Affiliated Organization to assume any contractual, financial or other obligation; nor may the Conference accept or assume any such obligation in the name of the Affiliated Organization. Similarly, the Affiliated Organization has no authority to accept or assume any such obligation in the name of the Conference. Both agree that the Conference shall have no obligation or responsibility for or with respect to any contract, commitment or liability of the Affiliated Organization.

3. Church-wide solicitation (that is, solicitations addressed to the general membership of a local church) within or through local United Methodist churches of the Conference are not to be made by the Affiliated Organization except as heretofore or hereafter approved by the Conference or the resident bishop. Other solicitations, such as solicitations of individuals and entities, whether or not church members or church-related, are matters between the Affiliated Organization and the parties solicited and do not require the approval of the Conference.

4. If the affiliation between the Conference and the Affiliated Organization should at any time become unacceptable to them, or to one of them, they or either of them may sever the affiliation between them and thereafter operate entirely independently of the other. If action to sever the relationship is taken by one party only, that party shall give prompt written notice of the severance of the relationship to the other party.

5. In the event of the dissolution of the Affiliated Organization, its assets may be conveyed to the Conference or as otherwise provided in the charter of the Affiliated Organization.

6. This Statement of Relationship shall be subject to review and amendment as such times and in such manner as may be mutually agreeable to the Conference and the Affiliated Organization.

This Statement of Relationship supersedes the Statement of Relationship between the parties that was executed by the Conference on the 15th day of August, 1986 and by the Affiliated Organization on the 25th day of July, 1986.

IN WITNESS WHEREOF, each of the parties hereto has caused this Statement of Relationship to be executed in its name on the date set opposite its name below.

WESTERN NORTH CAROLINA ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

Date: 4/27/95

By: [Signature]
Its: CFA President

By: [Signature]
Its: Bishop

CONFERENCE

ATTEST:

By: [Signature]
Its: Treasurer

THE GIVENS ESTATES, INC.

Date: January 21, 1995

By: [Signature]
Its: President and Chairperson

AFFILIATED ORGANIZATION

ATTEST:

By: [Signature]
Its: Secretary

(Corporate Seal)

Attachment 2



Conflict of Interest Policy and Ethical Code of Conduct

Conflict of Interest Policy

The Board of Directors (the "Board") of The Givens Estates, Inc., Givens Housing Corporation, and Givens Affordable Communities, Inc. ("Givens" or "Corporations") are entrusted with responsibilities which require integrity, competence and caring concern in supervising the affairs of the Corporations. The Board has the duty to place the interest of the Corporations before anything else when acting in their fiduciary capacity. This undivided loyalty means Board members are to be objective in decision making, unbiased in their approach to issues, free from ulterior motives or external control, and lack any conflict of interest when choosing between options. Pursuant to the Internal Revenue Code of 1986 as amended (the "Code"), and with conflict of interest policies recommended by the Internal Revenue Service for 501(c)(3) tax exempt organizations, the Board establishes the policy that service on the Board of Givens or as an officer or employee of these Corporations, shall not be used as a means for securing excessive private benefit or inurement to the detriment of the mission of the Corporations.

Section 1 Procedure for Directors. No Director who is a vendor of goods or services to the Corporations or is affiliated (as defined below) with any vendor of goods or services to the Corporations shall vote on, or participate in the administration of, any contract or other arrangement with such vendor. No Director who is a recipient of goods or services from the Corporations or is affiliated (as defined below) with a recipient of goods or services from the Corporations shall vote on, or participate in the administration of, any contract or other arrangement with such recipient. A Director shall, upon request of any other Director, leave any meeting for the period of time the Board is discussing any arrangement with which he or she has a financial interest or affiliation. Nothing herein shall prevent a Director who has a financial interest or is affiliated with a recipient of goods or services from the Corporations from participating in discussions or decisions relating to the scope or quality of goods or services provided generally to such recipient and other clients similarly situated.

Section 2 Disclosure. A Director shall disclose to the Board any financial interest or affiliation with an existing or proposed vendor or recipient of goods or services at any time when such Director becomes aware of a financial interest or affiliation that has not previously been disclosed. Where a Director is unsure whether a financial interest or affiliation exists, he or she shall disclose the relevant facts to the Board, and shall abide by the decision of the Board as to the existence or non-existence of an interest or affiliation and any conflict of interest.

Section 3 Procedure for Officers and Employees. No officer or employee of the Corporations shall, without previous approval of the Board, be, or be affiliated with, either a vendor of goods or services to, or recipient of goods or services from the Corporations.

Section 4 Definitions.

(a) A person shall be deemed to be affiliated with an entity if the person

- (i) serves as a member of a governing body of the entity,
- (ii) serves as an officer or employee of the entity,
- (iii) has a financial interest in the entity, or
- (iv) has a spouse, parent, sibling, child, or member of the immediate household who holds such a position or has such an interest. However, no person shall be deemed to be affiliated with the Director or officer or any other affiliate of the Corporations so long as his or her interest with the Director or officer or affiliate is known to the Board.

(b) A person shall be deemed to be affiliated with an individual if such individual is a spouse, parent, sibling, child, or member of the immediate household of such individual or has a financial interest with such individual.

(c) If a person is an interested person or affiliated with an interested person with respect to any entity in which the Corporations are a part, he or she is an interested person with respect to all entities in the Corporations.

(d) An interested person is any Director, officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below in Section 4e.

(e) A person has a financial interest if the person has, directly or indirectly, through business, investment or family, or through an affiliated person:

- (i) An ownership or investment interest in any entity with which the Corporations have a transaction or arrangement;
- (ii) A compensation arrangement with the Corporations or with any entity or individual with which the Corporations have a transaction or arrangement; or
- (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations are negotiating a transaction or arrangement.

Compensation includes direct or indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board decides that a conflict exists under the procedures set forth in Sections 2, 3 or 4 above.

Code of Conduct

All Board Members:

- Shall perform their duties in good faith and to the best of their ability, refrain from any illegal conduct and seek guidance from the Board Chair, Chief Executive Officer or the Compliance Officer when uncertain of the meaning or application of a statute, regulation, or policy, or the legality of a certain practice or activity.
- No Director should accept any gift, gratuity, or service of any special favor from any person or persons, agents, or businesses which provide or receive goods and services or which seek to provide or receive goods and services to or from Givens organizations. However, minor courtesies such as luncheons, dinners or similar arrangements in connection with business discussions may be received.
- Shall not destroy or alter Givens information or documents in anticipation of, or in response to, a request for documents by any applicable government agency or from a court of competent jurisdiction;
- Shall not engage in any business practice intended to unlawfully obtain favorable treatment or business from any government entity, physician, resident, vendor, or any other party in a position to provide such treatment or business;
- Shall not enter into loans or other matters of personal financial interest with Givens.
- Shall not use confidential or proprietary information of Givens, for their own personal benefit or for the benefit of any other person or entity; except Givens, during or after serving as a Board Member for Givens;
- Shall not disclose confidential or personal information pertaining to a resident, without the express written consent of the resident or appropriate legal representative, and in accordance with applicable law and Givens' policies and procedures;
- Shall not participate in any agreement or understanding (including agreements based on a course of conduct) with a competitor of Givens, to illegally fix prices, agree on labor costs, allocate markets, or engage in group boycotts. Before considering any agreements or entering into discussions with competitor concerning any of these issues, all Board Members shall first speak with the Board Chair, Chief Executive Officer or the Compliance Officer, regarding the matter, and obtain the advice of the Compliance Officer concerning anti-trust issues;
- Shall participate in scheduled training regarding Givens compliance program and applicable state and federal laws and standards;
- Shall comply with all Givens policies governing the workplace. These include, among others, Givens policies governing:
 - Sexual harassment; drug and alcohol use and testing; confidentiality of medical, personnel, and similar information; political contributions; personal use of company equipment, products, and/or services; conflicts of interest; trading in securities (where applicable); and/or compliance with specific federal laws;
- Shall promptly report all violations of this Code of Conduct to Givens' Compliance Officer through a written report, telephone call to the hotline at 828-771-2220, or via email to

corporatecompliance@givensestates.org. The caller or author may report such information anonymously;

- Shall notify the Board Chair, Chief Executive Officer, or the Compliance Officer, immediately upon receipt (at work or home) of an inquiry, subpoena, or other agency or government request for information regarding Givens;
- Shall not fail to report an accident involving a resident, visitor, or employee;
- Shall not, engage in any action, activity or enterprise, that is inconsistent, incompatible, or in moral, legal, or practical conflict with duties, functions and responsibilities as a Givens Board Member; and
- Shall not violate a resident's rights as granted in the "Resident's Bill of Rights".

Attachment 3



Contract for Admission

Resident Name: _____

Health Insurance: _____

Medicare Number: _____

Admission Date: _____

Level of Care at Admission: _____

_____, is herein referred to as the "Resident."
Givens Highland Farms, LLC is herein referred to as the "Facility".

Givens Highland Farms, (the "Facility"), agrees to provide Skilled Nursing or Adult Care and ancillary services to Resident at Givens Highland Farms' standard charges. A list of the current charges is incorporated into this Agreement by reference.

Resident or, in the event Resident is unable to execute this Agreement, Resident's responsible party and Givens Highland Farms agree that the following terms, conditions, and policies shall apply with regard to the care provided to the resident during resident's stay at Givens Highland Farms:

I. Consent to Treatment

I hereby authorize my attending physician, Dr. Rabi Kutob, or his designee, or in the absence of both, an on call emergency physician to prescribe and administer medical treatment while I am a Resident of this facility. I certify that I and/or my responsible party have been made aware of my medical condition and authorize this facility to perform necessary nursing and medical care. I understand that I may refuse any medication, treatment or therapy in entirety or partially at any time and release the facility and its employees or agents from any and all responsibility of consequences, which may result from my refusal.

II. Release of Information

Givens Highland Farms is authorized to release medical or other information concerning the Resident named above to Medicare/Medicaid agencies, private insurance companies and other sources from which payment of services is to be provided. Information may be released to hospitals and other treatment facilities to which the Resident may be transferred for health care services. Independent health care professionals treating the Resident outside of Givens Highland Farms will be provided with medical and financial information necessary for treatment and billing purposes. Medical information will be transmitted to the state and federally approved data bank, which is required for care of Residents within a certified nursing facility.

Information released may be submitted verbally, by mail, fax, or electronic transmission. I release Givens Highland Farms from any liability, which may arise from the release of such information. I request the payment of authorized benefits on my behalf be made to Givens Highland Farms.

III. Charges and Fees

The Resident agrees to pay the facility promptly when billed for all fees and charges imposed by the Facility hereunder which are not covered under the Medicare or Medicaid program.

If part or all of the Resident's stay in skilled care is not covered under the Medicare or Medicaid program, then in consideration of the Facility furnishing adult care or SNF nursing care to the Resident, the Resident shall pay, promptly when billed, for each day during the period set forth in the following sentence, an amount equal to the standard daily rate for such care as shown on the Facility Rate Schedule in effect. Charges and fees are subject to change with (30) days' notice. The period referred to in the preceding sentence shall commence on the date of the Resident's admission to the Facility if no part of the Resident's stay at the Facility is covered under the Medicare or Medicaid program (the "Admission Date"), or the date on which coverage for such stay terminates (the "Coverage Termination Date"), whichever is applicable, and shall conclude on the day on which the Resident is discharged. The monthly equivalent of the aforesaid daily rate shall be included in the following month's statement. Payment is expected by the 25th day of each month thereafter. Givens Highland Farms, LLC may charge interest on outstanding accounts not received by the 30th of each month thereafter.

The current charge for such care, as shown on the presently effective Facility Rate Schedule (a copy of which is attached hereto), is \$_____ per day.

The Resident also shall pay, promptly when billed, the daily co-insurance under the Medicare program, or monthly co-pay under the Medicaid program, if applicable and all charges for additional items and services furnished to the Resident which are not covered under the Medicare or Medicaid program. Such additional items and services include but are not limited to clothing, personal dry cleaning, or services furnished while the Resident's stay at the Facility is not covered under the Medicare and Medicaid program. The charges therefore shall be only those which are permitted pursuant to section 1866 (a) of the Social Security Act and applicable regulations there under, and (b) no such additional item or service shall be furnished hereunder except at specific request of the Resident.

Facility will advise the Resident of the amount of the Charge for Requested Services prior to furnishing those services. Refunds of any amounts paid in excess of the charges under Paragraph 3 above and this Paragraph shall be made by Facility as expeditiously as possible and in no event more than thirty (30) days after all Medicare program and Medicaid program payments as well as co-insurance payments have been collected.

As a courtesy, the resident may request assistance from the Facility in filing long-term care insurance for reimbursement of covered charges. However, these charges are billed and treated as private charges. The Resident agrees to pay the Facility promptly when billed. In addition, the resident may arrange for reimbursement from a long-term care insurance policy to be paid directly to the Facility.

In the event the Resident fails to or refuses to pay any fees and charges due the Facility in accordance with this Agreement and it becomes necessary to place the account in the hands of a collection agency or an attorney for collection, the Resident shall pay all collection agency charges and other expenses for collection incurred by the Facility, including reasonable attorney's fees (not exceeding 15% of the amount due to Facility) and court costs. In accordance with state regulations a 30 day discharge notice will be issued for nonpayment.

Medicare coverage is determined by a Resident's diagnosis, medication, and/or treatment ordered by the physician. If at any time during the stay it is determined that a Resident's condition does not qualify for covered care under Medicare regulations, notification will be made in writing to the Resident or responsible party that Medicare coverage has been terminated. At this time, the Resident or responsible person must make satisfactory financial arrangements for continued care at the Facility. Default in payment for one (1) month will result in termination of agreement to provide care.

If the resident meets the Medicare criteria for coverage, Medicare pays all charges for the first 20 days of "covered care". Beginning with the 21st to 100th day of covered care, Medicare pays all charges except the co-insurance, (see Charge List for Medicare Co-insurance rate), this is billed to the Resident/responsible party. No discount is allowed on co-insurance.

For Private Pay Residents; if you are admitted after the first day of the month, the first month bill will include the prorated amount for the month of admission and the full amount for first full month stay,

Subsequent months will reflect a one month stay.

Ancillary charges will be billed at the end of each month.

Medicaid residents will be billed the monthly liability determined by Medicaid on a monthly basis.

Medicaid covered residents are allowed 60 days per year for therapeutic leave for which the program will pay to hold their beds.

Therapeutic leaves are arranged on the following basis:

- The leave must be approved by the attending physician.
- Departure and return dates must be pre-arranged.
- The facility staff must coordinate the leave with the family.
- Resident must return at the pre-determined time.
- The maximum number of days for a therapeutic leave without prior approval from Medicaid is two (2) weeks.

Initial: _____ The medical needs of the above-named Resident do not meet the criteria for Medicare Part A coverage; therefore, Medicare will not cover any portion of the care. Some services, however, may be covered under Medicare Part B.

Initial: _____ The medical needs of the above-named Resident do meet the criteria for Medicare Part A coverage. I also understand if the Resident's condition changes and the medical criteria are no longer met, Medicare Part A coverage will cease.

IV. Trust Fund

Givens Highland Farms, LLC will establish, upon written request, a trust fund that will allow a Resident to maintain a source of personal cash within the facility. The resident will receive a statement each month listing all transactions of the fund, bank service charges and interest paid to the account.

Examples of items purchased from the Trust Fund would be beautician and barber services, and sundry items. It is necessary for each resident to maintain a balance in the account of at least as much funds as will be used by that resident in any given month.

Givens Highland Farms is authorized to maintain and disburse personal funds on resident's behalf.

Yes _____ No _____

Residents that choose to maintain a trust fund account at Givens Highland Farms may access their money Monday through Sunday 8:30 AM-4:30 PM at the Health Care Center Reception Desk.

Upon discharge trust fund monies will be refunded within 30 days as required.

V. Personal Belongings

While Givens Highland Farms encourages the use of personal belongings in the resident's room, Givens Highland Farms is not responsible for the safekeeping or replacement of such personal belongings. Items of monetary value or those items to which there is a high sentimental value should not be maintained in the resident's room. Because of close living arrangements, memory issues for many residents, the large number of individuals daily in and out of the resident's living

area, items such as valuable jewelry, (including wedding rings), checkbooks, credit cards, antiques, cash, etc. should not be brought to the skilled care unit or to the Adult Care unit.

A small safe is available in the administrative area to safeguard a billfold, checkbook, credit cards, etc. for safe keeping temporarily until it can be picked up by a family member. The resident may also request a lock on your drawer in your room or a lock box. Maintaining key security is the resident's responsibility. Givens Highland Farms is not responsible for any money, valuables or personal effects brought into the Facility by the Resident, relatives or friends of the Resident. Residents are encouraged to obtain personal insurance on hearing aids and eyeglasses. Cash is best deposited into the Trust Fund.

Personal items, including limited furniture items, are allowed based on space available. Assisted Living Residents are encouraged to provide their own furnishings if desired, however consideration must be given to roommates and safety requirements. Please discuss any questions regarding items with the Admissions Coordinator or Health Services Director.

Personal storage space outside of the resident room is not provided in the skilled and assisted living units.

VI. Discharge Notice

The Resident shall give the Health Services Director of the Facility seven (7) days prior written notice of his/her intention to terminate their stay at the Facility, unless such notice would be due when such stay is covered under the Medicare and Medicaid program. All accrued charges shall be paid prior to such termination.

VII. Resident Photographs and Published Directory

Givens Highland Farms uses photographs of each resident for identification purposes. A photograph of the resident will be taken and will be placed in the resident's medical record. This allows staff to identify the resident for treatment and in emergency situations.

Photographs may be taken on special occasions, activities or therapy. These photographs may be placed on bulletin boards or in facility publications.

Yes I consent to the be photographed on special occasions and have that photo posted

No I declined to be photographed for special occasions.

A list of residents and their location will be published on a wall directory as well as in a hard copy directory. Additionally, resident names may be listed on special occasions, activities, or therapy. These lists may be placed on bulletin boards or in facility publications.

Please indicate your wishes regarding the Resident Directory and Resident Listings.

Yes ___ I consent to having my name and location published in the Givens Highland Farms Resident Directory and listed for special occasions as described above,

No ___ I decline to be listed in the Givens Highland Farms Directory or listed for special events.

Residents, family members, and visitors are prohibited from taking photographs or videos of other residents, staff members or visitors at any time.

VIII. Laundry Services

Laundry service is available for personal clothing at an extra charge. Families are requested to provide clothing that is easily cleaned. Givens Highland Farms, LLC will place labels on clothing for identification. Residents should have sufficient quantity of clothing to allow time for laundering. Bed linens, towels, washcloths, etc. are included in the daily room rate.

Resident's laundry is to be done by the Facility. _____ Yes _____ No

IX. Restrictions and Liabilities

The Resident hereby agrees to indemnify and hold the Facility and its officers, directors, employees and agents harmless from and against any liability for personal injuries, death or property damage caused by the Resident, except in the case of negligence of the Facility or its officers, directors, employees or agents.

X. Documents Received

The undersigned has received a copy of the following material and accepts responsibility for cooperation with Givens Highland Farms in these respects:

- a) Policies Governing Resident Care
- b) List of Charges
- c) Contract for Health Care Center
- d) NC DMA Advance Directives information
- e) Notice of Privacy Practices
- f) Notice of Entitlement Benefits (Information regarding Medicare/Medicaid coverage)
- h) Givens Highland Farms, LLC Bed Hold Policy
- l) Givens Highland Farms, LLC Nondiscrimination Policy
- j) Floor plan of the facility
- k) CDC Information on Influenza and Pneumonia Vaccines
- l) Resident Rights document
- m) Bundle Payment Notification Letter
- n) Bed Hold Policy and Agreement
- o) Administrator letter regarding realities

Resident agrees to abide by all rules and regulations established by Facility for the operation and maintenance of Facility. This will include family members and visitors of the Resident being respectful to all residents and staff members of Givens Highland Farms, LLC.

This Agreement shall be binding upon Givens Highland Farms, LLC., operating as Givens Highland Farms Health Care Center, and upon resident and/or responsible party, their respective heirs, successors and assigns.

Resident or Responsible Party

Date

Givens Highland Farms Admissions Director

Date

RESIDENCE AND SERVICES AGREEMENT

Givens Highland Farms Black Mountain, North Carolina

This Residence and Services Agreement (hereinafter called the "Agreement") is made this ____ day of _____, 2020, by and between Givens Highland Farms, LLC., a North Carolina non-profit corporation (hereinafter called "Givens Highland Farms"), and _____ (hereinafter called "Resident", "You", or "Your") for occupancy of the residence located at _____ (hereinafter called the "Residence").

Residences in Givens Highland Farms consist of Garden Apartments, Prentice Lodge Apartments, Cluster Homes, Condominium Homes, Twin Oaks Homes, Meadowmont Homes and The Cottages. Community amenities include dining rooms, deli/cafe, multi-purpose room, craft room, exercise room, spa, library, living rooms and administrative space.

You and Givens Highland Farms agree as follows:

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

- A. **Your Residence.** You shall have the exclusive right to occupy, use, and enjoy the Residence described above and in Schedule I, attached.
- B. **Furnishings in Your Residence.** Givens Highland Farms will provide in most Residences wall-to-wall carpeting, vinyl flooring in kitchen and bath(s), refrigerator with ice maker, stove, oven, microwave, hood vent, dishwasher, washer and dryer, garbage disposal, prewiring for telephone and cable services, and other features and fixtures as described in Givens Highland Farms' current literature. All other furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided by You.

Garden Apartments may not include dishwasher, hood vent or washer and dryer. Prentice Lodge apartments may not include stove, oven, dishwasher, hood vent or washer and dryer.

- C. **Options and Custom Features in Your Residence.** You may select certain options and custom features in Your Residence for an additional charge. Givens Highland Farms will present you with a written quote specific to your options and custom feature request detailing the prices. The cost of options and custom features selected will be paid by You at the time of selection and will become part of the Residence and the property of Givens Highland Farms. The value of such improvements will not be considered in computing Entrance Fee refunds, unless specifically agreed to in an Addendum to this Agreement. All options and custom features must be approved by Givens Highland Farms administration in advance of the changes made. Options and custom features must be selected and agreed upon within fourteen (14) days of the date of this agreement or once

all quotes have been received, whichever is later. If changes to options and custom features occur after that time, Your obligation to take Occupancy of the Residence and begin paying the Monthly Fee as of the Date of Occupancy (in Paragraph II.A) do not change, even if the options and custom features are not completed at the Date of Occupancy.

- D. Common Areas and Amenities.** Givens Highland Farms common areas and amenities are for the use and benefit of all residents and include a central dining room, café/deli, library, mail boxes, multi-purpose room, lounges, activity areas, arts and crafts room, woodworking shop, beauty/barber shop, walking areas, exercise areas and community garden.
- E. Parking.** Givens Highland Farms will provide parking areas for Your personal vehicle (a minimum of one space for each Residence). There is no “reserved” parking for apartments.
- F. Services and Programs.**
- 1. Utilities.** The monthly fee includes the cost of heating, air conditioning, electricity, water, sewer, trash removal, basic cable TV, internet, phone and standard municipal services. You are responsible for any costs related to telephone, internet and cable television service beyond that provided by Givens Highland Farms.
 - 2. Meals.** Givens Highland Farms will make available to each resident a monthly declining dining amount as stated in Schedule II. A maximum carryover of one (1) month’s dining dollars per person is allowed from month to month (except in Prentice Lodge); any dining dollar amount in excess of the maximum allowed will expire at the month’s end. Any additional charged amounts above the monthly allowance will be added to your monthly fee.
 - 3. Housekeeping Services.** The Monthly Fee includes housekeeping services. Services that include vacuuming, light dusting, dusting and mopping hard surface flooring, wipe-down of kitchen counter tops, cleaning of bathrooms and changing of bed linens provided by you. The amount of time allotted for each residence is determined by the size of residence. Additional housekeeping is available for an extra fee.
 - 4. Groundskeeping.** Givens Highland Farms will furnish basic grounds keeping service, including lawn, tree and shrubbery care as part of the Monthly Fee. Subject to prior approval by Givens Highland Farms, You may plant and maintain certain garden areas adjacent to Your Residence and elsewhere as designated by Givens Highland Farms.
 - 5. Maintenance and Repairs.** Givens Highland Farms will maintain and repair improvements, furnishings, appliances, and equipment owned by Givens Highland Farms as part of the Monthly Fee. You will be responsible for the cost of repairing

damage to property of Givens Highland Farms caused by You or any of Your guests, ordinary wear and tear excepted.

6. **Transportation.** The Monthly Fee will include local group transportation for residents on a regular, scheduled basis for shopping and activities. Transportation for medical, personal or special group trips is available for an extra fee.
7. **Security.** Givens Highland Farms will provide security, emergency response by trained Givens Highland Farms staff, smoke detectors in each Residence, a fire alarm system (Apartments Only), and an emergency call system.
8. **Activities.** Givens Highland Farms will provide scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts; exercise and health programs; and other activities designed to meet residents' interests. Some activities may require an extra fee.
9. **Other Services and Programs at Additional Charge.** Other services and programs will be available to You at Your expense, including, but not limited to those previously mentioned, beauty and barber services, home care services, personal laundry, special transportation, repairs of personal property, and other special services performed for You beyond the normal scope of services offered by Givens Highland Farms. The availability and charges for some additional services are itemized in Givens Highland Farms' current literature.
10. **Notice of Change in Scope of Services.** Except for changes required by law, Givens Highland Farms will notify You of any proposed change in the scope of services provided in this Agreement at least thirty (30) days before such change is effective. No change relating to a service included in the Monthly Fee under the terms of this Agreement shall be effective unless (a) consented to by Resident or (b) a reasonable adjustment is made in the Monthly Fee.

G. Health Services

1. **Health Care Accommodations and Services.** Givens Highland Farms may choose to provide accommodations, equipment, staffing, programs, services and supervision necessary for licensed adult care and licensed nursing care (collectively, the "Health Care Residences"). The Health Care Residences and services, if and when provided by Givens Highland Farms, are available to You either temporarily or permanently on a space available basis, if needed, as determined by Givens Highland Farms. Charges will be in accordance with Paragraph III.F.1. Residents of Givens Highland Farms have priority access to all Health Care Residences and services before non-residents.
2. **Wellness Clinic.** A wellness clinic for certain consultations, screenings, and appointments is available to You as scheduled and provided by Givens Highland Farms.

3. **Staffing.** Nursing care appropriate to your needs may be provided by Givens Highland Farms.
4. **Medical Director.** The overall coordination and supervision of health care services within Givens Highland Farms will be provided by a Medical Director, who will be a licensed physician selected by Givens Highland Farms.
5. **Charges.** Charges for the Health Care Residences and services described above in this Paragraph shall be as set forth in Paragraph III. F. 1. of this Agreement.
6. **Health Care Services for an Additional Fee.** Other health services may be available to You at Your expense, including but not limited to pharmacy services, home care services, laboratory tests, physical therapy, occupational therapy, speech therapy, therapeutic activities, rehabilitative treatments, and wheelchairs and other medical equipment and supplies. The costs of such services are in addition to the charges described in Paragraph III. F. 1.
7. **Personal Physician.** You will choose a personal physician who has admission privileges at a local hospital, in the event that You need to be hospitalized. You are responsible for the cost of physician services and all related medical and non-medical expenses.

II. DATE OF OCCUPANCY AND OCCUPANCY

- A. **Date of Occupancy.** The Date of Occupancy will be the date established by Givens Highland Farms based on when the Residence chosen by You is available for occupancy and You make Your ten percent (10%) reservation and sign this Agreement. The Date of Occupancy will be no later than sixty (60) days from the date of this agreement unless otherwise noted. You will be expected to take Occupancy of the Residence and begin paying the Monthly Fee as of the Date of Occupancy. The Balance of the Entrance Fee is due on or prior to the Date of Occupancy.
- B. **Occupancy.** As used in this Agreement, “Occupancy” will have occurred when You have signed the Residence and Services Agreement and have paid the Entrance Fee in full as described in Paragraph III.B.2. Upon Occupancy, Givens Highland Farms will be obligated to provide You with the services outlined in this Agreement.

III. FINANCIAL ARRANGEMENTS

- A. **Entrance Fee.** As a condition of becoming a Resident, You agree to pay to Givens Highland Farms an Entrance Fee for the Residence as set forth in Schedule I (unless You have chosen the No Entrance Fee Option), attached.
- B. **Terms of Payment of the Entrance Fee.** If an Entrance Fee is to be paid, the terms of payment of the Entrance Fee shall be as follows:

1. **10 Percent Deposit.** To reserve Your Residence, You will make application to Givens Highland Farms, pay a deposit equal to ten percent (10%) of the total Entrance Fee for Your Residence (less any Application Fee if previously paid, of one thousand dollars (\$1,000.00)), and enter into this Agreement. You will receive notice of Your approval within fourteen (14) days of submitting Your application.
 2. **Balance of the Entrance Fee.** The Balance of the total Entrance Fee for the Residence will be due and payable prior to or on the Date of Occupancy, unless otherwise agreed to in writing by Givens Highland Farms.
- C. **Monthly Fee.** In addition to the Entrance Fee (or if the No Entrance Fee Option is chosen), You agree to pay a Monthly Fee upon Occupancy for the term of this Agreement. The Monthly Fee shall be payable in advance by the tenth (10th) business day of each month. Your Monthly Fee will be as set forth in Schedule I, attached.
- D. **Adjustments in the Monthly Fee.** The Monthly Fee is paid to provide the facilities, programs, and services described in this Agreement, and is intended to cover costs of the expenses associated with the operation and management of Givens Highland Farms. Givens Highland Farms, with the approval of its Board of Directors, may increase the Monthly Fee from time to time during the term of this Agreement. Monthly Fees will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. You will receive a thirty (30) day advance notice of increases in the Monthly Fee or other charges.
- E. **Monthly Statements.** Givens Highland Farms will furnish You a Monthly Statement showing the Monthly Fee payable for the month in advance, and any additional charges from the previous month, payable by the tenth (10th) business day of the current month. Givens Highland Farms may charge, and You agree to pay promptly, interest at a rate of one and one-half percent per month on any unpaid balance owed by You thirty 30 days after the monthly statement is dated.
- F. **Health Care Charges.**
1. **Fee for Services.** Upon permanently occupying a Health Care Residence, You will surrender the Residence herein and will no longer pay the Monthly Fee for the Residence. Instead You will pay the published current per diem fee for such Health Care Residence. Upon temporarily occupying a Health Care Residence, You will continue to pay the Monthly Fee for the Residence herein and You will pay the published current per diem fee for such Health Care Residence for the period of time that You occupy same. Such per diem fee shall cover the cost of services described in Paragraph I.G. You may pay additional charges for ancillary services as described in Paragraph III.F.3.
 2. **Use of Refundable Portion of the Entrance Fee.** Should You move permanently to a Health Care Residence, the remaining refundable portion of an Entrance Fee due to You as a refund can be applied to the cost of care in the

Health Care Residence. Entrance Fee refunds will not be paid directly to any other health care facility besides Givens Highland Farms.

3. **Additional Charges for Ancillary Health Care Services.** You will be responsible for prompt payment of all additional charges for ancillary health care services provided at Givens Highland Farms. Ancillary services will include all services not provided by the staff of Givens Highland Farms and not included in the per diem fee. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs and other medical equipment and supplies.
4. **Care in Another Facility.** Should You need a level of care or health services beyond that provided at Givens Highland Farms, as determined by Givens Highland Farms, and require transfer to another facility, You will be responsible for all expenses of such transfer and services.

IV. **ADMISSION REQUIREMENTS AND PROCEDURES**

- A. **Age.** Residents shall be fifty-five (55) years of age or older. If Resident is a couple, at least one member of the couple must be fifty-five (55) years of age at the time of Occupancy.
- B. **Application Forms.** You will provide an Application for Admission, a Personal Health History and a Confidential Financial Statement, all on forms furnished by Givens Highland Farms for initial approval by Givens Highland Farms.
- C. **Personal Interview.** You shall have an interview with a Marketing Representative and the Home Care Coordinator from Givens Highland Farms prior to Occupancy. Upon review of all information required to be furnished herein, additional personal interviews may be requested by You or Givens Highland Farms.
- D. **Approval Process.** Upon receipt of the completed Application Forms and the personal interview with both Marketing Representative and the Home Care Coordinator, Givens Highland Farms will review Your information and Your Physician's Examination Report as a basis for initial acceptance. Givens Highland Farms will approve or deny the application for initial admission within fourteen (14) days after receiving the completed forms and will provide You with a decision thereafter.
- E. **Health Requirements.** Within thirty (30) days of the date of this agreement, You will provide Givens Highland Farms with a Physician's Examination Report completed by Your personal physician. Such report shall include a statement by the physician that You are able to live independently and undertake ongoing activities of daily living. Givens Highland Farms may now or in the future additionally require a history and physical from Your physician to include physician progress notes. Givens Highland Farms may require You to have another physical examination by a physician approved by Givens Highland Farms if

additional information is necessary. You shall be responsible for the cost of such physical examinations. If You do not meet the criteria for independent living established by Givens Highland Farms, You may move to other accommodations within Givens Highland Farms more suitable to Your needs, or terminate this Agreement.

- F. **Financial Requirements.** You must have assets and income sufficient to pay Your financial obligations under this Agreement and to meet Your ordinary living expenses. Givens Highland Farms may require You to furnish additional or updated financial information prior to Occupancy. Supplemental financial assistance may be available to Residents who qualify, as determined by Givens Highland Farms.
- G. **Representations.** You affirm that the representations made in all information furnished by You to Givens Highland Farms, including the Application for Waiting List, Personal Health History, Confidential Financial Statement and Physician's Examination Report, are true and correct and may be relied upon by Givens Highland Farms as a basis for entering into this Agreement.
- H. **Statement as to Non-Discrimination.** Givens Highland Farms shall not limit residency to persons on the basis of gender, gender identity, age, marital status, sexual orientation, race, color, religion, national origin, disability or military status. We are committed to providing an inclusive and welcoming environment for all members of our residents, staff, volunteers, subcontractors and vendors.

V. **TERMS OF RESIDENCY**

- A. **Rights of Resident.** This Agreement is and shall be construed only as a revocable license. Subject to the terms and provisions of this Agreement, You have the right to occupy, use, and enjoy the Residence, common areas, amenities, programs and services of Givens Highland Farms during the term of this Agreement. It is understood that this Agreement does not transfer or grant any right, title or interest in the real or personal property owned or administered by Givens Highland Farms other than the rights and privileges as described in this Agreement. Nothing in this Agreement shall be construed to create a lease or the relationship of landlord and tenant between Givens Highland Farms and You.
- B. **Policies and Procedures.** All residents shall abide by Givens Highland Farms policies and procedures, including such amendments, modifications and changes to Guidelines for Living and Policies and Procedures Handbook as may be adopted by Givens Highland Farms. Such Guidelines shall be made readily available to You.
- C. **Changes in the Residence and the Agreement.** Givens Highland Farms has the right to change the Residence and/or the Agreement when and to the limited extent required to comply with the requirements of any applicable statutes, laws or regulations. The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- D. **Visitors.** Short-term visitors and guests may stay in Your Residence for limited stays. No

person other than You may reside in the Residence without the approval of Givens Highland Farms.

- E. Occupancy by Two Residents.** When two (2) Residents occupy a Residence and one of them no longer resides in the Residence, whether as a result of death or otherwise, or in the event of the termination of this Agreement with respect to one of the Residents, this Agreement shall continue in effect for the remaining Resident. The remaining Resident will thereafter pay the Single Person Monthly Fee associated with the Residence. No Entrance Fee refunds, if due, shall be paid to the remaining Resident until the Residence is vacated as described in Paragraph VII.F.
- F. Request by You for Change in Residence.** You may request a change in Residence at any time. Givens Highland Farms carefully considers such requests, including but not limited to such factors as Resident's health, Resident's finances, availability of requested type of Residence and waiting lists. Resident must agree to pay the difference in the Entrance Fee and Monthly Fee between the requested Residence and the current Residence. Givens Highland Farms may require You to enter into a new or amended Residence and Services Agreement for the new Residence. The Entrance Fee refund percentage selected at initial occupancy remains in effect during a change in residence and is applicable to any additional amounts paid as a result of the change.
- 1. Move to Another Residence.** Should You be approved by Givens Highland Farms to move to a subsequent Residence, You will pay the Monthly Fee associated with the subsequent Residence. Even if the Entrance Fee for the original Residence, when You began to occupy it, was greater than the current Entrance Fee for the subsequent Residence, You will not be entitled to a refund as a result of the difference between such Entrance Fees. If, however, the Entrance Fee for the original Residence, when You began to occupy it, was less than the current Entrance Fee for the subsequent Residence, You will pay an amount equal to the difference between the Entrance Fee of the original Residence that You paid and the current Entrance Fee of the subsequent Residence.
- G. Change in Residence at Option of Givens Highland Farms.** If Givens Highland Farms reasonably determines that Your Residence needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the Residence, or as a result of any other circumstances reasonably determined by Givens Highland Farms to justify such transfer, Givens Highland Farms may move You to a new Residence of a similar size provided that Givens Highland Farms (i) advises You prior to undertaking any such move, (ii) gives You reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of Your personal furnishings, and (v) either provides in such new Residence optional custom improvements comparable to those provided in Your original Residence or, at Your option, reimburses You for the depreciated value of such improvements.

- H. **Loss of Property.** Givens Highland Farms shall not be responsible for the loss of any property belonging to You due to theft, mysterious disappearance, fire or any other cause. You will be responsible for securing personal property insurance.
- I. **Medical Insurance.** You shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Givens Highland Farms and shall furnish Givens Highland Farms with evidence of such coverage (e.g. Federal Government employees who subscribe to Federal Blue Cross Blue Shield).
- J. **Marriage or Adding a Second Person During Occupancy.** Should You marry or add a second person who is also a Resident of Givens Highland Farms, the two of You may occupy either Residence and shall surrender the unoccupied Residence. You will pay the Double Person Monthly Fee upon Occupancy by both of You in the chosen Residence. No Entrance Fee refunds, if due, shall be paid until Givens Highland Farms receives a replacement Entrance Fee for the vacated Residence or twenty-four (24) months after Termination by Resident (whichever occurs first), and removal of all personal belongings. Refunds are made in accordance with this Agreement.

If You should marry a person or add a second person who is not a resident of Givens Highland Farms, they may become a resident if they meet all the requirements for admission, enters into a Residence and Services Agreement with Givens Highland Farms, and pays an Entrance Fee equal to the then-current Double Person Entrance Fee (if You paid an Entrance Fee) and shall pay the Double Person Monthly Fee. If they do not meet the requirements of Givens Highland Farms for admission as a resident, You may terminate this Agreement in the same manner as provided in Paragraph VII. B. with respect to a voluntary termination, or they may be approved for admission under special circumstances as agreed to in writing by Givens Highland Farms and You. Refunds are made in accordance with this Agreement.

- K. **Right of Entry.** You authorize employees or agents of Givens Highland Farms to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency. Givens Highland Farms will always endeavor to maintain Your privacy and the privacy of the Residence. For Your safety, You agree not to replace or add any locks to the Residence.
- L. **Residents' Organizations.** Residents of Givens Highland Farms are free to join a Residents' Corporation that is open to all residents. Such organization will elect representatives, officers, and other positions to engage in activities of interest to all residents.

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

- A. **Transfer to a Health Care Residence.** Givens Highland Farms recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. Givens Highland Farms shall have authority to determine whether You should be transferred from Your Residence to a Health Care Residence, or from one level of care to another within Givens Highland Farms, in cases of potential harm to Yourself or others, to assure the health

and wellbeing of You and others, or to provide for the highest quality of life possible. Such determination shall be based on the opinion of the Givens Highland Farms administration and/or the Givens Highland Farms Medical Director and shall be made after consultation with You and Your representative and Your attending physician. Such decisions shall be made only in Your best interest and in the best interest of the larger community as determined by Givens Highland Farms.

- B. Transfer to Other Facility.** If it is determined by Givens Highland Farms that You need care beyond that which can be provided by Givens Highland Farms, You may be transferred to a hospital or institution equipped to give such care at Your expense. Such transfer will be made only after consultation with You and/or Your representative and attending physician.

- C. Surrender of Residence.** If a reasonable determination is made by Givens Highland Farms that any transfer described in Paragraph VI.A. is or is highly likely to be permanent; You agree to surrender Your Residence. You will have priority to move to such Health Care Residences, determined to best meet your needs, as soon as such is available.

VII. TERMINATION AND REFUND PROVISIONS

A. Termination by Resident Prior to Occupancy.

- 1. Termination During First 30 Days.** This Agreement may be terminated by You for any reason within thirty (30) days following the later of the execution of this contract or the receipt of a disclosure statement and You are not required to move into the facility during this period. Any monies paid by You shall be refunded in full less any non-standard costs incurred at Your request. Any such refund shall be paid by Givens Highland Farms within ten (10) business days following receipt of written notification of such termination by You to:

Director of Marketing
Givens Highland Farms
200 Tabernacle Road
Black Mountain, NC 28711

- 2. Termination After First 30 days and Before Occupancy.** This Agreement may be terminated by You for any reason after thirty (30) Days from entering into this Agreement and prior to Occupancy by giving written notice to Givens Highland Farms. In the event of such termination, You will receive a refund of Your ten percent (10%) Deposit, less a nonrefundable fee equal to two percent (2%) of the total amount of the Entrance Fee chosen for Your Residence, and any non-standard costs requested by You. The Agreement will be automatically cancelled to comply with NCGS 58-64-25(a)(2) and the nonrefundable fee will not be charged to You if such termination is due to death, death of Your spouse or second person, or because Your physical, mental or financial condition makes You ineligible for admission to Givens Highland Farms. Any such refund shall be paid by Givens Highland Farms within ten (10) business days following

receipt of written notification of such termination.

- B. Termination by Resident During the First 30 Days After Occupancy.** Within the first 30 days after occupancy, the resident may terminate this Agreement by giving Givens Highland Farms written notice of such termination. For rescinded or cancelled agreements the resident or resident's legal representative shall receive a refund of all money or property transferred to Givens Highland Farms, less (i) periodic charges specified in the agreement and applicable only to the period the residence was actually occupied by the resident; (ii) those nonstandard costs specifically incurred by Givens Highland Farms at the request of the resident and described in the agreement or any agreement amendment signed by the resident; (iii) nonrefundable fees as set out in paragraph VII.E of the agreement; and (iv) a reasonable service charge, as set out in the agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee.
- C. Termination Upon Death After Occupancy.** In the event of death of a single Resident, or of the survivor of two Residents, at any time after Occupancy, this Agreement shall terminate and the refund of the Entrance Fee (if due) shall be determined according to Paragraph VII.E. below.
- D. Termination by Givens Highland Farms After Occupancy.** Givens Highland Farms may terminate this Agreement at any time if there has been a material misrepresentation or omission made by You in Your Application for Waiting List, Personal Health History, Confidential Financial Statement, or Physician's Examination Report; if You fail to make payment to Givens Highland Farms of any fees or charges due within sixty (60) days of the date when due; or if You do not abide by the rules and regulations adopted by Givens Highland Farms, or breach any of the terms and conditions of this Agreement. In the event of termination due to any of such causes, the refund of the Entrance Fee paid to You, if due, shall be determined according to Paragraph VII.E. below.
- E. Amortization of the Entrance Fee.** If an Entrance Fee Option is chosen, Your Entrance Fee may be partially refundable. The portion of the Entrance Fee that is refundable to You will decline over time, at a specific percentage upon the date of Occupancy of the Residence and the balance declining on the first (1st) day of each calendar month thereafter at a rate based upon the Entrance Fee Option chosen until Your selected refund percentage remains at zero percent (0%), fifty percent (50%) or ninety (90%). The rate at which the Entrance Fee declines is outlined in Schedule I. Regardless of the reason for termination, you are entitled to Your Entrance Fee refund, less any non-standard costs requested by You, except as otherwise provided by this Agreement.
- F. Payment of Refunds.** Entrance Fee refunds, if due, will be paid upon Your vacating the Residence or in case of dual occupancy both vacating the Residence; the removal of all personal property; and upon the receipt by Givens Highland Farms of a replacement resident for the Residence or the expiration of twenty-four (24) months after Termination of this Agreement by the Resident (whichever occurs first).
- G. Condition of Residence.** Upon vacating the Residence, You shall leave it in good condition except for normal wear and tear. You or Your estate shall be liable to Givens Highland Farms

for costs required to restore the Residence to good condition or standard condition, except for normal wear and tear, and for the removal and disposition of abandoned personal belongings. Such costs will be deducted from the refundable portion of the Entrance Fee due to You (if due), or added to your final statement if no refund is due.

- H. **Changes to Residence.** After the Date of Occupancy, any structural or physical changes to the Residence directed by you (including alterations such as construction of bookshelves or redecoration such as painting or wallpapering) will require the prior approval of Givens Highland Farms and will be made only under Givens Highland Farms' supervision and direction. The cost of any change requested by You shall be at Your expense. Givens Highland Farms may require, as a condition of approval of a requested change, that You either (i) agree to bear the cost of restoring the Residence to its original condition upon termination of Your occupancy of the Residence or (ii) prepay the estimated cost of restoring the Residence to its original condition. All structural improvements shall belong to Givens Highland Farms.

VIII. **FINANCIAL ASSISTANCE**

Givens Highland Farms has established a Supplemental Assistance Fund to allow a limited number of residents to continue to live at Givens Highland Farms after their assets may have been depleted. The policies relating to financial assistance are determined by the Board of Directors. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident.

IX. **GENERAL**

- A. **Tobacco-free Campus.** The Givens Highland Farms campus and residences are tobacco-free, which includes vaping.
- B. **Assignment.** Your rights and privileges under this Agreement to the Residence, common areas and amenities, services and programs of Givens Highland Farms are personal to You and may not be transferred or assigned by You.
- C. **Management of Givens Highland Farms.** The absolute rights of management are reserved by Givens Highland Farms, its Board of Directors, and its administrators as delegated by the Board of Directors. Givens Highland Farms reserves the right to accept or reject any person for residency. Residents do not have the right to determine admission or terms of admission for any other Resident.
- D. **Entire Agreement.** This Agreement constitutes the entire contract between Givens Highland Farms and You. Givens Highland Farms shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Givens Highland Farms, unless such statements, representations, or promises are set forth in this Agreement or its duly executed Schedules and Addenda.
- E. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Givens Highland Farms and Your heirs, executors, administrators, and assigns.

- F. Subordination to Financing.** The Resident's rights under this Agreement shall at all times be subordinate to the rights of any bona fide lender under any mortgage, deed of trust or other security interest, now existing or hereafter created, on any of the property of Givens Highland Farms and to all amendments, modifications, replacements or refinancing thereof. The Resident shall execute and deliver any documents reasonably required by Givens Highland Farms or by the holder of any mortgage, deed of trust or other security agreement to evidence or effect such subordination.
- G. Transfer of Property.** You agree not to make any gift or other transfer of property for the purpose of evading Your obligations under this Agreement or if such gift or transfer would render You unable to meet such obligations. You also agree to comply with all of Givens Highland Farms' policies prohibiting and/or regarding the making of gifts or donations to or for the benefit of Givens Highland Farms' employees or such employees' spouses and/or relatives.
- H. Affiliation with Religious Organization.** Givens Highland Farms is a wholly owned subsidiary of The Givens Estates, Inc., which is affiliated with the Western North Carolina Conference of the United Methodist Church. Such Conference has no responsibility for any of the obligations of Givens Highland Farms under this Agreement.
- I. Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- J. Ad Valorem Taxes.** Should Givens Highland Farms ever be required to pay ad valorem property taxes that may be assessed in the future, the applicable pro rata amount of such taxes may be added to the Monthly Fee for Your Residence.
- K. Rights of the Resident** Under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.

IN WITNESS WHEREOF, Givens Highland Farms and the Resident have executed this Agreement and the Resident has received a copy of the current Givens Highland Farms Disclosure Statement and the Entrance Fee has been paid by the Resident.

Addenda Attached: Schedule I and Schedule II

Resident Date

Resident Date

GIVENS HIGHLAND FARMS, LLC

Executive Director Date

RESIDENCE AND SERVICES AGREEMENT
SCHEDULE I – page 1 of 2

Givens Highland Farms
Black Mountain, North Carolina

Resident(s) Name _____

Type of Residence _____

Residence Number _____

Occupancy Date _____

ENTRANCE FEE

No Entrance Fee Option

(Administrative Fee - non-refundable)

Single Person Admin Fee \$

Double Person Admin Fee \$

Zero Percent (0%) Refund Option

Single Person Entrance Fee \$

Double Person Entrance Fee \$

Fifty Percent (50%) Refund Option

Single Person Entrance Fee \$

Double Person Entrance Fee \$

Ninety Percent (90%) Refund Option

Single Person Entrance Fee \$

Double Person Entrance Fee \$

Total Entrance Fee \$ 0.00

10 Percent Deposit \$ 0.00

Less Previous Deposit (if applicable) \$

Amount of 10 Percent Deposit Payable \$ 0.00

Balance of 90 Percent of Entrance Fee \$ 0.00

(payable prior to Date of Occupancy)

RESIDENCE AND SERVICES AGREEMENT
SCHEDULE I – page 2 of 2

Givens Highland Farms
Black Mountain, North Carolina

MONTHLY FEE

2020 Monthly Fee:

Monthly Fees are subject to annual increases regardless of scheduled occupancy.

Single Person \$

Double Person \$

Resident Signature: _____ Date: _____

Resident Signature: _____ Date: _____

Zero Percent Refund Option: The portion of this Entrance Fee that is refundable to you will decline at a rate of six percent (6%) upon the Date of Occupancy of the Residence and two percent (2%) on the first (1st) day of each calendar month thereafter until Your refund percentage remains at zero percent (0%).

Fifty Percent Refund Option: The portion of this Entrance Fee that is refundable to you will decline at a rate of six percent (6%) upon the Date of Occupancy of the Residence and two percent (2%) on the first (1st) day of each calendar month thereafter until Your refund percentage remains at fifty percent (50%).

Ninety Percent Refund Option: The portion of this Entrance Fee that is refundable to you will decline at a rate of six percent (6%) upon the Date of Occupancy of the Residence and two percent (2%) on the first (1st) day of each calendar month thereafter until Your refund percentage remains at Ninety percent (90%).

**RESIDENCE AND SERVICES AGREEMENT
SCHEDULE II**

**Givens Highland Farms
Black Mountain, North Carolina**

Monthly Declining-Balance Meal Allowance:

The monthly declining balance meal allowance may change from time to time during the term of this Agreement. Monthly declining balance meal allowances will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. You will receive a thirty (30) day advance notice of changes in the Monthly Declining Balance Meal Allowance.

Effective January 1, 2019, the Monthly Declining Balance Meal Allowance is:

- | | |
|--|------------------------------|
| -Apartments | \$265 per month per resident |
| -Cluster Homes, Condominium Homes, Twin Oaks Homes
Meadowmont Homes, The Cottages | \$155 per month per resident |
| -Prentice Lodge Apartments | 3 meals per day |

RESIDENCE AND SERVICES AGREEMENT RENTAL AGREEMENT

Givens Highland Farms Black Mountain, North Carolina

This Residence and Services Agreement (hereinafter called the "Agreement") is made this ____ day of _____, 2020, by and between Givens Highland Farms, LLC., a North Carolina non-profit corporation (hereinafter called "Givens Highland Farms"), and _____ (hereinafter called "Resident", "You", or "Your") for occupancy of the residence located at _____ (hereinafter called the "Residence").

Residences in Givens Highland Farms consist of Garden Apartments, Prentice Lodge Apartments, Cluster Homes, Condominium Homes, Twin Oaks Homes, Meadowmont Homes and The Cottages. Community amenities include dining rooms, deli/cafe, multi-purpose room, craft room, exercise room, spa, library, living rooms and administrative space.

You and Givens Highland Farms agree as follows:

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

- A. **Your Residence.** You shall have the exclusive right to occupy, use, and enjoy the Residence described above and in Schedule I, attached.
- B. **Furnishings in Your Residence.** Givens Highland Farms will provide in most Residences wall-to-wall carpeting, vinyl flooring in kitchen and bath(s), refrigerator with ice maker, stove, oven, microwave, hood vent, dishwasher, washer and dryer, garbage disposal, prewiring for telephone and cable services, and other features and fixtures as described in Givens Highland Farms' current literature. All other furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided by You.

Garden Apartments may not include dishwasher, hood vent or washer and dryer. Prentice Lodge apartments may not include stove, oven, dishwasher, hood vent or washer and dryer.

- C. **Options and Custom Features in Your Residence.** You may select certain options and custom features in Your Residence for an additional charge. Givens Highland Farms will present you with a written quote specific to your options and custom feature request detailing the prices. The cost of options and custom features selected will be paid by You at the time of selection and will become part of the Residence and the property of Givens Highland Farms. The value of such improvements will not be considered in computing Entrance Fee refunds, unless specifically agreed to in an Addendum to this Agreement. All options and custom features must be approved by Givens Highland Farms

administration in advance of the changes made. Options and custom features must be selected and agreed upon within fourteen (14) days of the date of this agreement or once all quotes have been received, whichever is later. If changes to options and custom features occur after that time, Your obligation to take Occupancy of the Residence and begin paying the Monthly Fee as of the Date of Occupancy (in Paragraph II.A) do not change, even if the options and custom features are not completed at the Date of Occupancy.

- D. Common Areas and Amenities.** Givens Highland Farms common areas and amenities are for the use and benefit of all residents and include a central dining room, café/deli, library, mail boxes, multi-purpose room, lounges, activity areas, arts and crafts room, woodworking shop, beauty/barber shop, walking areas, exercise areas and community garden.
- E. Parking.** Givens Highland Farms will provide parking areas for Your personal vehicle (a minimum of one space for each Residence). There is no “reserved” parking for apartments.
- F. Services and Programs.**
- 1. Utilities.** The monthly fee includes the cost of heating, air conditioning, electricity, water, sewer, trash removal, basic cable TV, internet, phone and standard municipal services. You are responsible for any costs related to telephone, internet and cable television service beyond that provided by Givens Highland Farms.
 - 2. Meals.** Givens Highland Farms will make available to each resident a monthly declining dining amount as stated in Schedule II. A maximum carryover of one (1) month’s dining dollars per person is allowed from month to month (except in Prentice Lodge); any dining dollar amount in excess of the maximum allowed will expire at the month’s end. Any additional charged amounts above the monthly allowance will be added to your monthly fee.
 - 3. Housekeeping Services.** The Monthly Fee includes housekeeping services. Services that include vacuuming, light dusting, dusting and mopping hard surface flooring, wipe-down of kitchen counter tops, cleaning of bathrooms and changing of bed linens provided by you. The amount of time allotted for each residence is determined by the size of residence. Additional housekeeping is available for an extra fee.
 - 4. Groundskeeping.** Givens Highland Farms will furnish basic grounds keeping service, including lawn, tree and shrubbery care as part of the Monthly Fee. Subject to prior approval by Givens Highland Farms, You may plant and maintain certain garden areas adjacent to Your Residence and elsewhere as designated by Givens Highland Farms.
 - 5. Maintenance and Repairs.** Givens Highland Farms will maintain and repair

improvements, furnishings, appliances, and equipment owned by Givens Highland Farms as part of the Monthly Fee. You will be responsible for the cost of repairing damage to property of Givens Highland Farms caused by You or any of Your guests, ordinary wear and tear excepted.

6. **Transportation.** The Monthly Fee will include local group transportation for residents on a regular, scheduled basis for shopping and activities. Transportation for medical, personal or special group trips is available for an extra fee.
7. **Security.** Givens Highland Farms will provide security, emergency response by trained Givens Highland Farms staff, smoke detectors in each Residence, a fire alarm system (Apartments Only), and an emergency call system.
8. **Activities.** Givens Highland Farms will provide scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts; exercise and health programs; and other activities designed to meet residents' interests. Some activities may require an extra fee.
9. **Other Services and Programs at Additional Charge.** Other services and programs will be available to You at Your expense, including, but not limited to those previously mentioned, beauty and barber services, home care services, personal laundry, special transportation, repairs of personal property, and other special services performed for You beyond the normal scope of services offered by Givens Highland Farms. The availability and charges for some additional services are itemized in Givens Highland Farms' current literature.
10. **Notice of Change in Scope of Services.** Except for changes required by law, Givens Highland Farms will notify You of any proposed change in the scope of services. Select the group of residents and/or staff that you want to receive the Send Word Now message provided in this Agreement at least thirty (30) days before such change is effective. No change relating to a service included in the Monthly Fee under the terms of this Agreement shall be effective unless (a) consented to by Resident or

G. **Health Services** (A reasonable adjustment is made in the Monthly Fee.

1. **Health Care Accommodations and Services.** Givens Highland Farms may choose to provide accommodations, equipment, staffing, programs, services and supervision necessary for licensed adult care and licensed nursing care (collectively, the "Health Care Residences"). The Health Care Residences and services, if and when provided by Givens Highland Farms, are available to You either temporarily or permanently on a space available basis, if needed, as determined by Givens Highland Farms. Charges will be in accordance with Paragraph III.F.1. Residents of Givens Highland Farms have priority access to all Health Care Residences and services before non-residents.
2. **Wellness Clinic.** A wellness clinic for certain consultations, screenings, and

appointments is available to You as scheduled and provided by Givens Highland Farms.

3. **Staffing.** Nursing care appropriate to your needs may be provided by Givens Highland Farms.
4. **Medical Director.** The overall coordination and supervision of health care services within Givens Highland Farms will be provided by a Medical Director, who will be a licensed physician selected by Givens Highland Farms.
5. **Charges.** Charges for the Health Care Residences and services described above in this Paragraph shall be as set forth in Paragraph III. F. 1. of this Agreement.
6. **Health Care Services for an Additional Fee.** Other health services may be available to You at Your expense, including but not limited to pharmacy services, home care services, laboratory tests, physical therapy, occupational therapy, speech therapy, therapeutic activities, rehabilitative treatments, and wheelchairs and other medical equipment and supplies. The costs of such services are in addition to the charges described in Paragraph III. F. 1.
7. **Personal Physician.** You will choose a personal physician who has admission privileges at a local hospital, in the event that You need to be hospitalized. You are responsible for the cost of physician services and all related medical and non-medical expenses.

II. DATE OF OCCUPANCY AND OCCUPANCY

- A. **Date of Occupancy.** The Date of Occupancy will be the date established by Givens Highland Farms based on when the Residence chosen by You is available for occupancy and You make Your ten percent (10%) reservation and sign this Agreement. The Date of Occupancy will be no later than sixty (60) days from the date of this agreement unless otherwise noted. You will be expected to take Occupancy of the Residence and begin paying the Monthly Fee as of the Date of Occupancy. The Balance of the Entrance Fee is due on or prior to the Date of Occupancy.
- B. **Occupancy.** As used in this Agreement, "Occupancy" will have occurred when You have signed the Residence and Services Agreement and have paid the Entrance Fee in full as described in Paragraph III.B.2. Upon Occupancy, Givens Highland Farms will be obligated to provide You with the services outlined in this Agreement.

III. FINANCIAL ARRANGEMENTS

- A. **Entrance Fee.** As a condition of becoming a Resident, You agree to pay to Givens Highland Farms an Entrance Fee for the Residence as set forth in Schedule I (unless You have chosen the No Entrance Fee Option), attached.
- B. **Terms of Payment of the Entrance Fee.** If an Entrance Fee is to be paid, the terms of payment

of the Entrance Fee shall be as follows:

1. **10 Percent Deposit.** To reserve Your Residence, You will make application to Givens Highland Farms, pay a deposit equal to ten percent (10%) of the total Entrance Fee for Your Residence (less any Application Fee if previously paid, of one thousand dollars (\$1,000.00)), and enter into this Agreement. You will receive notice of Your approval within fourteen (14) days of submitting Your application.
 2. **Balance of the Entrance Fee.** The Balance of the total Entrance Fee for the Residence will be due and payable prior to or on the Date of Occupancy, unless otherwise agreed to in writing by Givens Highland Farms.
- C. **Monthly Fee.** In addition to the Entrance Fee (or if the No Entrance Fee Option is chosen), You agree to pay a Monthly Fee upon Occupancy for the term of this Agreement. The Monthly Fee shall be payable in advance by the tenth (10th) business day of each month. Your Monthly Fee will be as set forth in Schedule I, attached.
- D. **Adjustments in the Monthly Fee.** The Monthly Fee is paid to provide the facilities, programs, and services described in this Agreement, and is intended to cover costs of the expenses associated with the operation and management of Givens Highland Farms. Givens Highland Farms, with the approval of its Board of Directors, may increase the Monthly Fee from time to time during the term of this Agreement. Monthly Fees will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. You will receive a thirty (30) day advance notice of increases in the Monthly Fee or other charges.
- E. **Monthly Statements.** Givens Highland Farms will furnish You a Monthly Statement showing the Monthly Fee payable for the month in advance, and any additional charges from the previous month, payable by the tenth (10th) business day of the current month. Givens Highland Farms may charge, and You agree to pay promptly, interest at a rate of one and one-half percent per month on any unpaid balance owed by You thirty 30 days after the monthly statement is dated.
- F. **Health Care Charges.**
1. **Fee for Services.** Upon permanently occupying a Health Care Residence, You will surrender the Residence herein and will no longer pay the Monthly Fee for the Residence. Instead You will pay the published current per diem fee for such Health Care Residence. Upon temporarily occupying a Health Care Residence, You will continue to pay the Monthly Fee for the Residence herein and You will pay the published current per diem fee for such Health Care Residence for the period of time that You occupy same. Such per diem fee shall cover the cost of services described in Paragraph I.G. You may pay additional charges for ancillary services as described in Paragraph III.F.3.
 2. **Use of Refundable Portion of the Entrance Fee.** Should You move permanently to a Health Care Residence, the remaining refundable portion of an

Entrance Fee due to You as a refund can be applied to the cost of care in the Health Care Residence. Entrance Fee refunds will not be paid directly to any other health care facility besides Givens Highland Farms.

3. **Additional Charges for Ancillary Health Care Services.** You will be responsible for prompt payment of all additional charges for ancillary health care services provided at Givens Highland Farms. Ancillary services will include all services not provided by the staff of Givens Highland Farms and not included in the per diem fee. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs and other medical equipment and supplies.
4. **Care in Another Facility.** Should You need a level of care or health services beyond that provided at Givens Highland Farms, as determined by Givens Highland Farms, and require transfer to another facility, You will be responsible for all expenses of such transfer and services.

G. Security Deposit

On the Date of Occupancy You shall pay to Givens Highland Farms a Tenant Security Deposit (the "Security Deposit") in the amount of one thousand dollars (\$1,000). The Security Deposit shall be held in a deposit account at First Tennessee Bank, P.O. Box 84, Memphis, TN 38101. Notwithstanding anything to the contrary, the Security Deposit shall be held in compliance with the North Carolina Tenant Security Deposit Act (NCGS Chapter 42-50 et. seq.) The security deposit may, at the discretion of Givens Highland Farms, be deposited in an interest-bearing account with the bank or savings institution named above. Any interest earned upon the tenant security deposit shall accrue for the benefit of, and shall be paid to, Givens Highland Farms, or as Givens Highland Farms directs. Such interest, if any, may be withdrawn by Givens Highland Farms from such account as it accrues as often as is permitted by the terms of the account. Upon any termination of the tenancy herein created, Givens Highland Farms may deduct from the Security Deposit amounts sufficient to pay: (1) any damages sustained by Givens Highland Farms as a result of Your nonpayment of the Monthly Rental Fee; (2) any damages to the Residence for which You are responsible; (3) any unpaid bills which become a lien against the Residence due to the Your occupancy; (4) any costs of re-renting the Residence after a breach of this Agreement by You; (5) any court costs incurred by Givens Highland Farms in connection with terminating this Agreement; and (6) any other damages of Givens Highland Farms which may then be a permitted use of the Security Deposit under the laws of this State. After having deducted the above amounts, Givens Highland Farms shall, if Your address is known, refund to You, within thirty (30) days after the termination and Your delivery of possession of the Residence

IV. ADMISSION REQUIREMENTS AND PROCEDURES

- A. **Age.** Residents shall be fifty-five (55) years of age or older. If Resident is a couple, at least one member of the couple must be fifty-five (55) years of age at the time of Occupancy.
- B. **Application Forms.** You will provide an Application for Admission, a Personal Health History and a Confidential Financial Statement, all on forms furnished by Givens Highland Farms for initial approval by Givens Highland Farms.
- C. **Personal Interview.** You shall have an interview with a Marketing Representative and the Home Care Coordinator from Givens Highland Farms prior to Occupancy. Upon review of all information required to be furnished herein, additional personal interviews may be requested by You or Givens Highland Farms.
- D. **Approval Process.** Upon receipt of the completed Application Forms and the personal interview with both Marketing Representative and the Home Care Coordinator, Givens Highland Farms will review Your information and Your Physician's Examination Report as a basis for initial acceptance. Givens Highland Farms will approve or deny the application for initial admission within fourteen (14) days after receiving the completed forms and will provide You with a decision thereafter.
- E. **Health Requirements.** Within thirty (30) days of the date of this agreement, You will provide Givens Highland Farms with a Physician's Examination Report completed by Your personal physician. Such report shall include a statement by the physician that You are able to live independently and undertake ongoing activities of daily living. Givens Highland Farms may now or in the future additionally require a history and physical from Your physician to include physician progress notes. Givens Highland Farms may require You to have another physical examination by a physician approved by Givens Highland Farms if additional information is necessary. You shall be responsible for the cost of such physical examinations. If You do not meet the criteria for independent living established by Givens Highland Farms, You may move to other accommodations within Givens Highland Farms more suitable to Your needs, or terminate this Agreement.
- F. **Financial Requirements.** You must have assets and income sufficient to pay Your financial obligations under this Agreement and to meet Your ordinary living expenses. Givens Highland Farms may require You to furnish additional or updated financial information prior to Occupancy. Supplemental financial assistance may be available to Residents who qualify, as determined by Givens Highland Farms.
- G. **Representations.** You affirm that the representations made in all information furnished by You to Givens Highland Farms, including the Application for Waiting List, Personal Health History, Confidential Financial Statement and Physician's Examination Report, are true and correct and may be relied upon by Givens Highland Farms as a basis for entering into this Agreement.
- H. **Statement as to Non-Discrimination.** Givens Highland Farms shall not limit residency to

persons on the basis of gender, gender identity, age, marital status, sexual orientation, race, color, religion, national origin, disability or military status. We are committed to providing an inclusive and welcoming environment for all members of our residents, staff, volunteers, subcontractors and vendors.

V. **TERMS OF RESIDENCY**

- A. **Rights of Resident.** This Agreement is and shall be construed only as a revocable license. Subject to the terms and provisions of this Agreement, You have the right to occupy, use, and enjoy the Residence, common areas, amenities, programs and services of Givens Highland Farms during the term of this Agreement. It is understood that this Agreement does not transfer or grant any right, title or interest in the real or personal property owned or administered by Givens Highland Farms other than the rights and privileges as described in this Agreement. Nothing in this Agreement shall be construed to create a lease or the relationship of landlord and tenant between Givens Highland Farms and You.
- B. **Policies and Procedures.** All residents shall abide by Givens Highland Farms policies and procedures, including such amendments, modifications and changes to Guidelines for Living and Policies and Procedures Handbook as may be adopted by Givens Highland Farms. Such Guidelines shall be made readily available to You.
- C. **Changes in the Residence and the Agreement.** Givens Highland Farms has the right to change the Residence and/or the Agreement when and to the limited extent required to comply with the requirements of any applicable statutes, laws or regulations. The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- D. **Visitors.** Short-term visitors and guests may stay in Your Residence for limited stays. No person other than You may reside in the Residence without the approval of Givens Highland Farms.
- E. **Occupancy by Two Residents.** When two (2) Residents occupy a Residence and one of them no longer resides in the Residence, whether as a result of death or otherwise, or in the event of the termination of this Agreement with respect to one of the Residents, this Agreement shall continue in effect for the remaining Resident. The remaining Resident will thereafter pay the Single Person Monthly Fee associated with the Residence. No Entrance Fee refunds, if due, shall be paid to the remaining Resident until the Residence is vacated as described in Paragraph VII.F.
- F. **Request by You for Change in Residence.** You may request a change in Residence at any time. Givens Highland Farms carefully considers such requests, including but not limited to such factors as Resident's health, Resident's finances, availability of requested type of Residence and waiting lists. Resident must agree to pay the difference in the Entrance Fee and Monthly Fee between the requested Residence and the current Residence. Givens Highland Farms may require You to enter into a new or amended Residence and Services Agreement for the new Residence. The Entrance Fee refund percentage selected at initial

occupancy remains in effect during a change in residence and is applicable to any additional amounts paid as a result of the change.

1. **Move to Another Residence.** Should You be approved by Givens Highland Farms to move to a subsequent Residence, You will pay the Monthly Fee associated with the subsequent Residence. Even if the Entrance Fee for the original Residence, when You began to occupy it, was greater than the current Entrance Fee for the subsequent Residence, You will not be entitled to a refund as a result of the difference between such Entrance Fees. If, however, the Entrance Fee for the original Residence, when You began to occupy it, was less than the current Entrance Fee for the subsequent Residence, You will pay an amount equal to the difference between the Entrance Fee of the original Residence that You paid and the current Entrance Fee of the subsequent Residence.
- G. **Change in Residence at Option of Givens Highland Farms.** If Givens Highland Farms reasonably determines that Your Residence needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the Residence, or as a result of any other circumstances reasonably determined by Givens Highland Farms to justify such transfer, Givens Highland Farms may move You to a new Residence of a similar size provided that Givens Highland Farms (i) advises You prior to undertaking any such move, (ii) gives You reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of Your personal furnishings, and (v) either provides in such new Residence optional custom improvements comparable to those provided in Your original Residence or, at Your option, reimburses You for the depreciated value of such improvements.
- H. **Loss of Property.** Givens Highland Farms shall not be responsible for the loss of any property belonging to You due to theft, mysterious disappearance, fire or any other cause. You will be responsible for securing personal property insurance.
- I. **Medical Insurance.** You shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Givens Highland Farms and shall furnish Givens Highland Farms with evidence of such coverage (e.g. Federal Government employees who subscribe to Federal Blue Cross Blue Shield).
- J. **Marriage or Adding a Second Person During Occupancy.** Should You marry or add a second person who is also a Resident of Givens Highland Farms, the two of You may occupy either Residence and shall surrender the unoccupied Residence. You will pay the Double Person Monthly Fee upon Occupancy by both of You in the chosen Residence. No Entrance Fee refunds, if due, shall be paid until Givens Highland Farms receives a replacement Entrance Fee for the vacated Residence or twenty-four (24) months after Termination by Resident (whichever occurs first), and removal of all personal belongings. Refunds are made in accordance with this Agreement.

If You should marry a person or add a second person who is not a resident of Givens Highland Farms, they may become a resident if they meet all the requirements for admission, enters into a Residence and Services Agreement with Givens Highland Farms, and pays an Entrance Fee equal to the then-current Double Person Entrance Fee (if You paid an Entrance Fee) and shall pay the Double Person Monthly Fee. If they do not meet the requirements of Givens Highland Farms for admission as a resident, You may terminate this Agreement in the same manner as provided in Paragraph VII. B. with respect to a voluntary termination, or they may be approved for admission under special circumstances as agreed to in writing by Givens Highland Farms and You. Refunds are made in accordance with this Agreement.

- K. **Right of Entry.** You authorize employees or agents of Givens Highland Farms to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency. Givens Highland Farms will always endeavor to maintain Your privacy and the privacy of the Residence. For Your safety, You agree not to replace or add any locks to the Residence.
- L. **Residents' Organizations.** Residents of Givens Highland Farms are free to join a Residents' Corporation that is open to all residents. Such organization will elect representatives, officers, and other positions to engage in activities of interest to all residents.

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

- A. **Transfer to a Health Care Residence.** Givens Highland Farms recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. Givens Highland Farms shall have authority to determine whether You should be transferred from Your Residence to a Health Care Residence, or from one level of care to another within Givens Highland Farms, in cases of potential harm to Yourself or others, to assure the health and wellbeing of You and others, or to provide for the highest quality of life possible. Such determination shall be based on the opinion of the Givens Highland Farms administration and/or the Givens Highland Farms Medical Director and shall be made after consultation with You and Your representative and Your attending physician. Such decisions shall be made only in Your best interest and in the best interest of the larger community as determined by Givens Highland Farms.
- B. **Transfer to Other Facility.** If it is determined by Givens Highland Farms that You need care beyond that which can be provided by Givens Highland Farms, You may be transferred to a hospital or institution equipped to give such care at Your expense. Such transfer will be made only after consultation with You and/or Your representative and attending physician.
- C. **Surrender of Residence.** If a reasonable determination is made by Givens Highland Farms that any transfer described in Paragraph VI.A. is or is highly likely to be permanent; You agree to surrender Your Residence. You will have priority to move to such Health Care Residences, determined to best meet your needs, as soon as such is available.

VII. TERMINATION AND REFUND PROVISIONS

A. Termination by Resident Prior to Occupancy.

1. **Termination During First 30 Days.** This Agreement may be terminated by You for any reason within thirty (30) days following the later of the execution of this contract or the receipt of a disclosure statement and You are not required to move into the facility during this period. Any monies paid by You shall be refunded in full less any non-standard costs incurred at Your request. Any such refund shall be paid by Givens Highland Farms within ten (10) business days following receipt of written notification of such termination by You to:

Director of Marketing
Givens Highland Farms
200 Tabernacle Road
Black Mountain, NC 28711

2. **Termination After First 30 days and Before Occupancy.** This Agreement may be terminated by You for any reason after thirty (30) Days from entering into this Agreement and prior to Occupancy by giving written notice to Givens Highland Farms. In the event of such termination, You will receive a refund of Your ten percent (10%) Deposit, less a nonrefundable fee equal to two percent (2%) of the total amount of the Entrance Fee chosen for Your Residence, and any non-standard costs requested by You. The Agreement will be automatically cancelled to comply with NCGS 58-64-25(a)(2) and the nonrefundable fee will not be charged to You if such termination is due to death, death of Your spouse or second person, or because Your physical, mental or financial condition makes You ineligible for admission to Givens Highland Farms. Any such refund shall be paid by Givens Highland Farms within ten (10) business days following receipt of written notification of such termination.

- B. Termination by Resident During the First 30 Days After Occupancy.** Within the first 30 days after occupancy, the resident may terminate this Agreement by giving Givens Highland Farms written notice of such termination. For rescinded or cancelled agreements the resident or resident's legal representative shall receive a refund of all money or property transferred to Givens Highland Farms, less (i) periodic charges specified in the agreement and applicable only to the period the residence was actually occupied by the resident; (ii) those nonstandard costs specifically incurred by Givens Highland Farms at the request of the resident and described in the agreement or any agreement amendment signed by the resident; (iii) nonrefundable fees as set out in paragraph VII.E of the agreement; and (iv) a reasonable service charge, as set out in the agreement, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee.

- C. Termination Upon Death After Occupancy.** In the event of death of a single Resident, or of the survivor of two Residents, at any time after Occupancy, this Agreement shall terminate and the refund of the Entrance Fee (if due) shall be determined according to Paragraph VII.E. below.

- D. Termination by Givens Highland Farms After Occupancy.** Givens Highland Farms may terminate this Agreement at any time if there has been a material misrepresentation or omission made by You in Your Application for Waiting List, Personal Health History, Confidential Financial Statement, or Physician's Examination Report; if You fail to make payment to Givens Highland Farms of any fees or charges due within sixty (60) days of the date when due; or if You do not abide by the rules and regulations adopted by Givens Highland Farms, or breach any of the terms and conditions of this Agreement. In the event of termination due to any of such causes, the refund of the Entrance Fee paid to You, if due, shall be determined according to Paragraph VII.E. below.
- E. Condition of Residence.** Upon vacating the Residence, You shall leave it in good condition except for normal wear and tear. You or Your estate shall be liable to Givens Highland Farms for costs required to restore the Residence to good condition or standard condition, except for normal wear and tear, and for the removal and disposition of abandoned personal belongings. Such costs will be deducted from the refundable portion of the Entrance Fee due to You (if due), or added to your final statement if no refund is due.
- F. Changes to Residence.** After the Date of Occupancy, any structural or physical changes to the Residence directed by you (including alterations such as construction of bookshelves or redecoration such as painting or wallpapering) will require the prior approval of Givens Highland Farms and will be made only under Givens Highland Farms' supervision and direction. The cost of any change requested by You shall be at Your expense. Givens Highland Farms may require, as a condition of approval of a requested change, that You either (i) agree to bear the cost of restoring the Residence to its original condition upon termination of Your occupancy of the Residence or (ii) prepay the estimated cost of restoring the Residence to its original condition. All structural improvements shall belong to Givens Highland Farms.

VIII. FINANCIAL ASSISTANCE

Givens Highland Farms has established a Supplemental Assistance Fund to allow a limited number of residents to continue to live at Givens Highland Farms after their assets may have been depleted. The policies relating to financial assistance are determined by the Board of Directors. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident.

IX. GENERAL

- A. Tobacco-free Campus.** The Givens Highland Farms campus and residences are tobacco-free, which includes vaping.
- B. Assignment.** Your rights and privileges under this Agreement to the Residence, common areas and amenities, services and programs of Givens Highland Farms are personal to You and may not be transferred or assigned by You.

- C. **Management of Givens Highland Farms.** The absolute rights of management are reserved by Givens Highland Farms, its Board of Directors, and its administrators as delegated by the Board of Directors. Givens Highland Farms reserves the right to accept or reject any person for residency. Residents do not have the right to determine admission or terms of admission for any other Resident.
- D. **Entire Agreement.** This Agreement constitutes the entire contract between Givens Highland Farms and You. Givens Highland Farms shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Givens Highland Farms, unless such statements, representations, or promises are set forth in this Agreement or its duly executed Schedules and Addenda.
- E. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Givens Highland Farms and Your heirs, executors, administrators, and assigns.
- F. **Subordination to Financing.** The Resident's rights under this Agreement shall at all times be subordinate to the rights of any bona fide lender under any mortgage, deed of trust or other security interest, now existing or hereafter created, on any of the property of Givens Highland Farms and to all amendments, modifications, replacements or refinancing thereof. The Resident shall execute and deliver any documents reasonably required by Givens Highland Farms or by the holder of any mortgage, deed of trust or other security agreement to evidence or effect such subordination.
- G. **Transfer of Property.** You agree not to make any gift or other transfer of property for the purpose of evading Your obligations under this Agreement or if such gift or transfer would render You unable to meet such obligations. You also agree to comply with all of Givens Highland Farms' policies prohibiting and/or regarding the making of gifts or donations to or for the benefit of Givens Highland Farms' employees or such employees' spouses and/or relatives.
- H. **Affiliation with Religious Organization.** Givens Highland Farms is a wholly owned subsidiary of The Givens Estates, Inc., which is affiliated with the Western North Carolina Conference of the United Methodist Church. Such Conference has no responsibility for any of the obligations of Givens Highland Farms under this Agreement.
- I. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- J. **Ad Valorem Taxes.** Should Givens Highland Farms ever be required to pay ad valorem property taxes that may be assessed in the future, the applicable pro rata amount of such taxes may be added to the Monthly Fee for Your Residence.
- K. **Rights of the Resident** Under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.

IN WITNESS WHEREOF, Givens Highland Farms and the Resident have executed this Agreement and the Resident has received a copy of the current Givens Highland Farms Disclosure Statement and the Entrance Fee has been paid by the Resident.

Addenda Attached: Schedule I and Schedule II

Resident Date

Resident Date

GIVENS HIGHLAND FARMS, LLC

Executive Director Date

**RESIDENCE AND SERVICES AGREEMENT
RENTAL AGREEMENT
SCHEDULE I – page 1 of 2**

**Givens Highland Farms
Black Mountain, North Carolina**

Resident(s) Name _____

Type of Residence _____

Residence Number _____

Occupancy Date _____

ADMINISTRATIVE FEE

Single Person Administrative Fee \$

Double Person Administrative Fee \$

MONTHLY FEE

2020 Monthly Fee:

Monthly Fees are subject to annual increases regardless of scheduled occupancy.

Single Person \$

Double Person \$

Resident Signature: _____ Date: _____

Resident Signature: _____ Date: _____

**RESIDENCE AND SERVICES AGREEMENT
SCHEDULE II**

**Givens Highland Farms
Black Mountain, North Carolina**

Monthly Declining-Balance Meal Allowance:

The monthly declining balance meal allowance may change from time to time during the term of this Agreement. Monthly declining balance meal allowances will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. You will receive a thirty (30) day advance notice of changes in the Monthly Declining Balance Meal Allowance.

Effective January 1, 2019, the Monthly Declining Balance Meal Allowance is:

- | | |
|--|------------------------------|
| -Apartments | \$265 per month per resident |
| -Cluster Homes, Condominium Homes, Twin Oaks Homes
Meadowmont Homes, The Cottages | \$155 per month per resident |
| -Prentice Lodge Apartments | 3 meals per day |

Attachment 4



EXTRA SERVICES

Housekeeping	\$25.00 per hour
Carpet Cleaning.....	\$30.00 per hour
Maintenance/Grounds.....	\$30.00 per hour

GUEST ROOMS

- 1 Bedroom Guest Room with Queen Bed and Breakfast Voucher...\$110.00 per night
- 2 Bedroom Guest Room with Queen Bed & Twin Beds and Breakfast Voucher....\$125.00 per night

- 10% discount for 2 consecutive nights
- 20% discount for 3 or more consecutive nights

ADULT CARE FEES

Semi-Private.....	\$205/day
Private	\$251/day

HEALTH CARE CENTER FEES

Semi-Private.....	\$282/day
Private	\$325/day

TRANSPORTATION SERVICE FEES

24-hour notice is requested. No appointments should be scheduled before 8:00 a.m. or after 4:00 p.m., in order to allow for pick-up before 4:30 p.m.

Tuesday/Thursday Doctor Destinations.....	\$12.00 per trip
Friday Shopping Black Mountain/Swannanoa.....	No Charge
Regular Transportation.....	\$23.00 per hour
Asheville Airport Mon-Fri.....	\$50.00
After Hours.....	\$70.00

Givens Highland Farms, LLC - 2020 Health Care Rate Sheet

The following rates will be effective January 1, 2020

Basic Daily Rates for Room, Board and Nursing Care

Skilled care

Semi-private room \$282.

Private room \$325.

Adult Care

Semi-private room \$205.

Private room \$251.

Short-term Medicare Co-Insurance for 2020

\$176.00 per day, beginning with the 21st day through the 100th day of covered care.

Medicare and Medicaid covered residents will have no additional charges beyond the monthly liability, except for specially requested personal items and services. The below list represents a partial list of items for which additional charges may be added.

The following charges apply to the patients whose physician orders, or whose condition demands services, medications and/or supplies:

Laboratory

Laboratory services are provided by the contracted laboratories in Asheville, NC. Charges are billed by them directly to Medicare or Medicaid, if qualified, or to the resident representative. Charges for laboratory services will not appear on your monthly bill from Givens Highland Farms, LLC.

Medications, Supplies, and Equipment

Drug charges will generally be charged directly to the resident by our pharmacy provider. Supplies such as incontinent supplies, nutrition supplements, wound care supplies, and specialized equipment used for individual resident care, will be billed to the resident.

Oxygen

Concentrators \$11 per day with a maximum of \$220 per month

E tanks \$28 each

Physical, Occupational, and Speech Therapies

Private pay therapies will be billed at the same rates as those approved for Medicare/Medicaid fee schedules.

Wander Guard Sensor \$38 per month

Air Mattress \$50 per month

Slings \$50 per month

Laundry (personal clothing-up to twice weekly) \$52 per month

Transportation: Monday - Friday, 7:30 am - 4:30 pm: \$23 per hour plus \$1 per mile
Additional NA or CNA: \$25 per hour

In Room Phone Service: \$28 per month

Guest Meals

As tray service in the Health Care Center: \$9.25 plus NC sales tax

As guest in Main Dining Room or Lodge: \$14.75 plus NC sales tax

Thank you for trusting us with your loved one.

To maintain the lowest possible rates for all residents, we must receive payments promptly at the time of billing. We will assist residents in filing insurance or other claims, which then can be paid directly to the resident, or we will reimburse over-payments made to Givens Highland Farms, LLC. However, we reserve the right to impose a late penalty on all accounts receivable balances older than 30 days.

For more details and to schedule a tour, contact our Admission Coordinator at (828) 357-2010

Attachment 5

THE GIVENS ESTATES, INC. AND SUBSIDIARIES

**Consolidated Financial Statements and
Supplementary Information**

Years Ended December 31, 2019 and 2018

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Independent Auditors' Report

The Board of Directors
The Givens Estates, Inc. and Subsidiaries
Asheville, North Carolina

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Givens Estates, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, 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 Givens Estates, Inc. and Subsidiaries as of December 31, 2019 and 2018, and the results of operations, changes in net assets and 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 Pronouncement

As discussed in Note 1 to the consolidated financial statements, during the year ended December 31, 2019, the Company implemented the provisions of Financial Accounting Standards Board Accounting Standards Update ASU 2015-14, Revenue from Contracts with Customers (Topic 606). As a result of adopting this new standard, the Company restated amounts previously reported as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplemental information listed in the foregoing table of contents is presented for purposes of additional analysis rather than to present the financial position and results of operations, and cash flows of the individual organizations, and is not a required part of the basic 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.

Sincerely,

Dixon Hughes Goodman LLP

**Greenville, South Carolina
April 21, 2020**

The Givens Estates, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u> <u>(As adjusted)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,533,091	\$ 9,052,772
Assets limited as to use, current portion	27,436	33,739
Accounts receivable, net	1,777,565	1,392,265
Contributions receivable net, current portion	65,357	55,802
Other receivables	1,895,544	1,843,827
Prepaid expenses	580,806	585,455
	<u>25,879,799</u>	<u>12,963,860</u>
Non-current assets:		
Property and equipment, net	153,785,643	153,700,698
Assets limited as to use, less current portion	2,428,778	2,262,366
Investments restricted for statutory operating reserve	11,548,000	11,265,000
Investments	40,425,393	33,340,820
Contributions receivable net, less current portion	178,092	122,732
Other assets	806,961	902,992
Intangibles, net	6,110,965	8,227,243
Interest rate swap asset	-	56,128
	<u>215,283,832</u>	<u>209,877,979</u>
Total current assets	<u>25,879,799</u>	<u>12,963,860</u>
Total non-current assets	<u>215,283,832</u>	<u>209,877,979</u>
Total assets	<u>\$ 241,163,631</u>	<u>\$ 222,841,839</u>

See accompanying notes.

The Givens Estates, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

(Continued)

	2019	2018 (As adjusted)
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 3,714,423	\$ 3,229,846
Payroll accruals and related withholdings	2,546,221	2,214,869
Interest payable	167,115	186,286
Agency funds	27,436	33,739
Estimated resident refunds payable, current portion	4,928,000	4,938,000
Long-term debt, current portion	5,916,371	3,811,680
	<u>17,299,566</u>	<u>14,414,420</u>
Total current liabilities		
Long-term liabilities:		
Long-term debt, net	61,563,164	65,450,191
Resident refunds payable, net of current portion	48,800,633	47,920,540
Deferred revenue from entrance fees	67,374,191	61,818,522
Interest rate swap liability	305,722	-
Advance admission deposits	999,434	879,684
	<u>179,043,144</u>	<u>176,068,937</u>
Total long-term liabilities		
	<u>196,342,710</u>	<u>190,483,357</u>
Total liabilities		
Net assets:		
Without donor restrictions	36,015,347	24,729,397
With donor restrictions	8,805,574	7,629,085
	<u>44,820,921</u>	<u>32,358,482</u>
Total net assets		
	<u>\$ 241,163,631</u>	<u>\$ 222,841,839</u>
Total liabilities and net assets		

See accompanying notes.

The Givens Estates, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u> <u>(As adjusted)</u>
Revenues, gains and other support:		
Long-term care revenue, net	\$ 14,709,317	\$ 14,157,041
Residential revenue, including amortization of entrance fees of \$9,040,000 and \$7,994,000 in 2019 and 2018, respectively	33,152,863	29,953,559
Assisted living revenue, net	5,428,721	5,358,317
Residential food service revenue	2,735,202	2,680,805
Contributions and bequests	406,381	851,974
Interest and dividend income	1,105,294	888,128
Realized gain on investments	121,334	89,139
Net assets released from restrictions—operations	512,908	496,987
Other revenue	2,364,757	2,981,348
	<u>60,536,777</u>	<u>57,457,298</u>
Total revenues, gains and other support		
Expenses:		
Long-term care	14,240,743	13,465,915
Residential	23,275,548	21,369,239
Assisted living	3,905,094	3,730,559
Outreach	1,108,035	950,438
Bad debts	34,160	144,005
Depreciation	7,015,670	6,565,093
Amortization	2,135,633	1,206,232
Interest	2,175,240	2,151,365
	<u>53,890,123</u>	<u>49,582,846</u>
Total expenses		
Operating income	<u>6,646,654</u>	<u>7,874,452</u>
Non-operating gain (loss):		
Unrealized gain (loss) on investments	4,481,738	(3,386,840)
Gain on disposal of property and equipment	34,521	-
Change in interest rate swap value	(361,850)	56,128
	<u>4,154,409</u>	<u>(3,330,712)</u>
Total non-operating gain (loss), net		
Excess of revenues over expenses	10,801,063	4,543,740
Other changes in net assets without donor restrictions:		
Net assets released from restrictions—capital projects	484,887	13,126
	<u>484,887</u>	<u>13,126</u>
Change in net assets without donor restrictions	<u>\$ 11,285,950</u>	<u>\$ 4,556,866</u>

See accompanying notes.

The Givens Estates, Inc. and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u> <u>(As adjusted)</u>
Net assets without donor restrictions:		
Excess of revenues over expenses	\$ 10,801,063	\$ 4,543,740
Net assets released from restrictions—capital projects	484,887	13,126
	<u>11,285,950</u>	<u>4,556,866</u>
Change in net assets without donor restrictions		
Net assets with donor restrictions:		
Contributions	992,719	685,674
Net investment income (loss)	1,134,534	(444,511)
LifeMinistries income	47,031	65,335
Net assets released from restrictions—operating	(512,908)	(496,987)
Net assets released from restrictions—capital	(484,887)	(13,126)
	<u>1,176,489</u>	<u>(203,615)</u>
Change in net assets with donor restrictions		
Change in net assets	12,462,439	4,353,251
Net assets, beginning of year	<u>32,358,482</u>	<u>28,005,231</u>
Net assets, end of year	<u>\$ 44,820,921</u>	<u>\$ 32,358,482</u>

See accompanying notes.

The Givens Estates, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u> <u>(As adjusted)</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,462,439	\$ 4,353,251
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,015,670	6,565,093
Amortization of deferred financing costs	44,143	80,615
Amortization of intangible assets	2,116,278	1,206,232
Realized and unrealized (gain) loss on investments	(4,603,072)	3,297,701
Gain on disposal of property and equipment	(34,521)	-
Change in swap value	361,850	(56,128)
Proceeds from entrance fees	13,647,585	11,791,258
Amortization of entrance fees	(9,037,822)	(7,994,314)
Bad debts	34,160	144,005
Contributions restricted for capital projects	129,616	148,527
Net change in assets and liabilities:		
Change in receivables, prepaids and other assets	(531,443)	(73,093)
Change in accounts payable, other accrued liabilities, payroll accruals, and admission deposits	305,363	(343,358)
Net cash provided by operating activities	<u>21,910,246</u>	<u>19,119,789</u>
Cash flows from investing activities:		
Property and equipment purchases	(7,299,806)	(17,269,085)
Proceeds from sale of property and equipment	9,730	-
Reimbursement of development costs paid for related parties	96,031	(902,992)
Change in assets limited as to use and investments	<u>(2,924,610)</u>	<u>(11,360,965)</u>
Net cash used by investing activities	<u>(10,118,655)</u>	<u>(29,533,042)</u>

See accompanying notes.

The Givens Estates, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

(Continued)

	<u>2019</u>	<u>2018</u> <u>(As adjusted)</u>
Cash flows from financing activities:		
Repayment of long-term debt	\$ (3,811,680)	\$ (13,606,753)
Proceeds from long-term debt	2,029,691	11,060,124
Financing costs incurred	(44,490)	-
Refunds of entrance fees	(4,453,857)	(7,193,232)
Refundable portion of entrance fees received	2,832,100	586,353
Entrance fee received from initial units	4,266,580	13,502,410
Contributions restricted for capital projects	(129,616)	(148,527)
	<u>688,728</u>	<u>4,200,375</u>
Change in cash and cash equivalents	12,480,319	(6,212,878)
Cash and cash equivalents, beginning of year	<u>9,052,772</u>	<u>15,265,650</u>
Cash and cash equivalents, end of year	<u>\$ 21,533,091</u>	<u>\$ 9,052,772</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 2,194,411</u>	<u>\$ 2,152,865</u>
Non-cash activities:		
Purchase of property and equipment in accounts payable at year-end	<u>\$ 545,445</u>	<u>\$ 769,427</u>
Resident refunds in accounts payable at year-end	<u>\$ 828,824</u>	<u>\$ 977,014</u>

See accompanying notes.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Organization

The Givens Estates, Inc. is a non-profit, North Carolina corporation. The Company owns and operates two continuing care retirement communities (“CCRC”) which includes Givens Estates and Givens Highland Farms. Givens Estates consists of 409 independent living units (cottages, villas, houses, duplexes, and apartments), a 47 unit assisted living facility, and an 84 bed health care facility, as well as a wellness center, on a 215 acre campus in Asheville, North Carolina. Givens Highland Farms (Givens Highland Farms, LLC) consists of 265 independent living units (homes and apartments), 30 assisted living beds, and a 60 bed health care facility on 75 acres in Black Mountain, North Carolina. The Company also owns and operates Givens Gerber Park II, LLC, which consists of 82 apartment homes with supportive services for seniors with modest incomes located on Gerber Road in Asheville, North Carolina.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of The Givens Estates, Inc. and its wholly owned subsidiaries: Givens Highland Farms, LLC (“Givens Highland Farms”), LifeMinistries Outreach, LLC, and Givens Gerber Park II, LLC, collectively “The Company.” All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the consolidated financial statements in accordance 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 reporting date. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts on deposit in banks, and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited.

Assets limited as to use

These assets include resident funds and assets set aside by the board of directors to provide supplemental assistance to residents for payment of the residents’ initial contribution and monthly rentals for the life occupancy residential complex, over which the board retains control and may at its discretion subsequently use for other purposes.

Accounts receivable

Accounts receivable arise from the sale of residential and healthcare services and products, for which the Company grants credit on an unsecured basis. Accounts are considered past due after 30 days. The Company estimates allowance for doubtful accounts by evaluating the collectability of accounts greater than 120 days past due. Once a charge has been determined to be uncollectible, it is charged-off.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Contributions receivable

Unconditional contributions are recorded at net present value as contributions in the consolidated balance sheets or direct additions to net assets with restrictions, if restricted by the donor or time, net of any allowances for uncollectible pledges.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses.

Fair value measurements

Fair value as defined under generally accepted accounting principles (“GAAP”) 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. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used when measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company has adopted the provisions of the fair value option for financial assets and financial liabilities, which permits entities to choose to measure eligible items at fair value at specified election dates. The fair value option (i) may be applied instrument by instrument, with certain exceptions, (ii) is irrevocable (unless a new election date occurs), and (iii) is applied only to entire instruments and not to portions of instruments. The Company has elected the fair value option for investments and assets limited as to use, and as such these securities are treated as trading securities. Unrealized gains or losses are reported within the performance indicator, excess of revenues over expenses.

Property and equipment

Property and equipment is stated at cost or at fair value at date of donation. The Company capitalizes all assets over \$1,000 and depreciates the assets using the straight-line method over their estimated useful lives as follows:

Land improvements	10-20 years
Buildings	15-40 years
Furniture and equipment	3-10 years
Vehicles	3-5 years

Expenditures for repairs and maintenance are charged to expenses as incurred. The costs 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 any related gain or loss is recorded. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Buildings for Givens Highland Farms include condominiums, cluster homes (which are groups of individual residences connected by adjoining walls), houses (collectively referred to as “housing units”), and rental property. Givens Highland Farms’ contracts with the residents provide that either upon death or at the resident’s option, Highland Farms has the option to purchase; and the resident or his estate must sell the housing unit at a specified price. It is the intention of Givens Highland Farms to always choose the option to repurchase the housing units and once repurchased to not resale them. The repurchase price (the “Repurchase Obligation”) is 94% of the resident’s original purchase price, reduced 3% per year for each year beyond the first year that the resident occupies the unit. The minimum repurchase price after seven years of occupancy is 76% of the original purchase price.

The Givens Estates, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Because Givens Highland Farms maintains an active role in the management of housing units, placing significant restrictions on purchasers that limit the privileges of ownership, and has the option to repurchase the units upon relocation or death of the resident, the housing units are recorded in a manner similar to rental property. The units are carried as assets on the Company's consolidated balance sheet at their historical cost and are depreciated on a 15-year, straight-line basis.

Intangibles

In connection with the recording of the assets and liabilities as part of the purchase of Highland Farms, intangibles of \$15,440,665 were recorded with this transaction. Givens Highland Farms obtained approximately \$14.8 million of deferred revenue and refundable entrance fee contracts. The projected net future cash flows to be generated from these resident contracts are recorded as an intangible asset and are being amortized over the average life expectancy of those residents, or approximately 8 years. The remainder has been recorded as goodwill. In 2019, the Company began amortizing goodwill over the average life expectancy of those residents whose contracts the goodwill was based, or approximately 6.5 years. Prior to 2019, the Company analyzed goodwill for impairment annually. There was no impairment recorded in 2018. See further discussion under New Accounting Pronouncements.

Deferred revenue from entrance fees

Givens Estates, Inc. operates two Life Plan communities. In exchange for an entrance fee, which ranges from approximately \$39,400 to \$1,400,800 at Givens Estates and approximately \$34,500 to \$758,800 at Givens Highland Farms, residents are granted a lifetime occupancy interest in the residential unit. The entrance fee will vary due to the size of the residence and the contract option selected by the resident.

The nonrefundable portion of the entrance fee paid by a resident upon entering into a lifetime occupancy contract is recorded as deferred revenue. In 2008, Givens Estates began offering three types of contracts: a 90% refundable option, which the refund declines to 90% over a three month period, a 0% refund option, which the refund declines to 0% over a four year period, and a 50% refundable option, which the refund declines to 50% over a two year period. For contracts signed before 2003, the refundable balance declined to 50% over an eight year period.

Givens Highland Farms offered two types of contracts for the apartments and the lodge: a 50% refundable option, with the refund declining to 50% over a 23 month period, and a 0% refund option, with the refund declining to 0% over a 46 month period. For contracts signed before 2006 for the apartments or the lodge, the 50% refundable option declines to 50% over a 46 month period, and the 0% refundable option declines to 0% over a 60 month period. In 2015, Givens Highland Farms began offering a 65% refundable contract option for the cluster homes, condominiums and homes with the refund declining to 65% over a 16 month period. In 2014, Givens Highland Farms began offering a 75% refundable contract option for the cluster homes, condominiums and homes with the refund declining to 75% over an 11 month period. In addition, the initial contracts for the Meadowmont homes are 75% refundable contracts. The refundable portion of contracts signed before 2014 for the cluster homes, condominiums and homes declines to 76% over a seven year period. In 2017, Givens Highland Farms also began offering three types of contracts: a 90% refundable option, which the refund declines to 90% over a three month period, a 50% refundable option, which the refund declines to 50% over a two year period, and a 0% refundable option, which the refund declines to 0% over a four year period.

The nonrefundable portion of the Givens Highland Farms Repurchase Obligation that is not required to be paid back to the resident (of original purchase price) is recorded as part of deferred revenue from entrance fees. Revenue is recognized each year to the extent that Givens Highland Farms' repurchase obligation is reduced over the estimated average life expectancy of the resident.

The non-refundable portion of deferred revenue is amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted annually.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Resident refunds payable

Resident refunds payable include estimated entrance fee refunds due to residents that have the 50%, 65%, 75%, 76% or 90% refundable contracts. Givens Estates contract stipulates that the entrance fee is refundable within two years or when a replacement occupant has been secured, whichever is sooner. Refunds are made within 30 days for Givens Highland Farms apartment contracts signed before December 1, 2012. Based on historical experience, the estimated amount of the resident refunds that are expected to be refunded in the coming year are \$4,928,000 and \$4,938,000 at December 31, 2019 and 2018, respectively, and are classified as a current liability on the consolidated balance sheet. Total contractual refund obligations in the event of move-out, death, or termination (that is if all residents with a refundable balance were to have withdrawn) at December 31, 2019 and 2018 were approximately \$78,982,000 and \$73,229,000, respectively.

The refundable portion of the Givens Highland Farms Repurchase Obligation required to be paid back to the resident (76% of original purchase price) within 120 days, is recorded as part of resident refunds payable.

Advance admission deposits

The Company collects an initial deposit of \$1,000 as part of the application process. Once the unit becomes occupied, these fees are transferred to deferred revenue.

Net assets

The Company reports its net assets using the following classes; net assets without restrictions and net assets with restrictions depending on the presence and type of donor-imposed restrictions limiting the Company's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Net assets with restrictions are those net assets whose use by the Company has been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes.

Contributions and donor-imposed restrictions

All contributions are considered to be available for use unless specifically restricted by the donor. The Company reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statement of operations as net assets released from restriction.

Statements of operations

The consolidated statements of operations include excess of revenues over expenses. Changes in net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include 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). The Company considers excess of revenues over expenses to be its performance indicator.

Interest rate swap

The Company utilizes an interest rate swap to manage the variability in interest rates on certain variable rate debt. The Company accounts for its interest rate swap under GAAP, which requires companies to recognize all derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation. For derivative instruments not designated as hedging instruments, the changes in fair value are recognized in excess of revenue over expenses. The Company's interest rate swap is not designated as a hedging instrument and the change in fair value is included in excess of revenue over expenses.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Income taxes

The Company is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue code; accordingly, the accompanying consolidated 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 December 31, 2019.

Benevolent assistance

The Company has a policy of providing benevolent assistance to residents who are unable to pay the full cost of care and services. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Company does not expect to collect the normal charges for services provided, charges for benevolent assistance are not included in revenue.

Continuing-care contracts

The Company enters into fee-for-service continuing-care contracts with various residents. A fee-for-service 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 fee-for-service contracts, the Company has the ability to increase fees as deemed necessary. For the year ended December 31, 2019 and 2018, the Company calculated the present value of the net costs of future services and the use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from entrance fees. If this calculated value exceeds the deferred revenue from entrance fees, a liability is recorded, with a corresponding charge to income. The obligation is discounted at 2.9% for December 31, 2019 and 3.1% at December 31, 2018 based on management's estimate of interest earnings. At December 31, 2019 and 2018, the calculated value did not exceed the balance of deferred revenue from entrance fees; therefore, no liability for the obligation to provide future services is required to be recorded.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, accounts receivable and investments. The Company maintains its cash in bank accounts which, at times, may exceed federally depository insurance (FDIC) limits. Management believes the credit risk associated with these deposits is minimal.

Methods used for allocation of expenses among programs and supporting services

The Company has presented a schedule of expenses by both function and nature in Note 19. The Company allocates expenses on a functional basis among its various programs and supporting services. The schedule of expenses in Note 19 reports certain categories of expenses that are attributable to one or more program or supporting services of the retirement community. These expenses include advertising, administration, insurance, and other.

New accounting pronouncements

Intangibles-Goodwill and Other: Accounting for Goodwill

Goodwill represents the excess of the cost over the fair value of the net assets of the acquired businesses. Effective January 1, 2019, the Company adopted the provisions of Accounting Standards Update ("ASU") No. 2019-06, *Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities.*, which extends the alternative to accounting for goodwill for private companies to non-profit entities. The alternative allows an entity to amortize goodwill over a period not to exceed 10 years. Under the alternative, goodwill is tested for impairment only when a triggering event occurs or circumstances change that indicate that the fair value of the entity (or reporting unit) may be less than its carrying amount.

The Givens Estates, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Company adopted the accounting alternative for goodwill as of January 1, 2019 and is amortizing goodwill on a straight-line basis over 6.5 years.

Revenue from Contracts with Customers

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 management determined that the effect of applying the guidance to the Company’s portfolios of contracts within the scope of ASC Topic 606 on the consolidated financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or the Company’s performance obligations within that portfolio. The five-step model defined by ASC Topic 606 requires the Company to: (1) identify contracts with customers, (2) identify the Company’s performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction prices to the Company’s 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. The adoption of ASC Topic 606 did not result in an adjustment to our net assets except for the write-off of deferred marketing costs that are not considered incremental costs as defined in ASC Topic 606 and did not have a material impact on the amount and timing of revenue recognition for the year ended December 31, 2019.

The promised goods or services in the resident agreement are that the entity 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 entity recognizes the nonrefundable entrance fee in an equal amount allocated to each month, given the nature of the entity’s performance is that of having the various residential, social or other services available to the resident on a when-and-if needed basis each month for as long as the resident resides in the facility.

Upon adoption of ASC Topic 606, entities should evaluate 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 an entity 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.

As such, the entity has retrospectively adjusted the prior year consolidated financial statements for the removal of deferred marketing costs previously recorded on the balance sheets.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

	<u>2018</u> <u>Previously</u> <u>Presented</u>	<u>Adjustment</u>	<u>2018</u> <u>(As Adjusted)</u>
<u>Balance Sheet:</u>			
Deferred marketing costs, net	\$ 629,125	\$ (629,125)	\$ -
Total non-current assets	210,507,104	(629,125)	209,877,979
Total assets	223,470,964	(629,125)	222,841,839
Long-term debt, net	65,431,360	18,831	65,450,191
Total long-term liabilities	176,050,106	18,831	176,068,937
Total liabilities	190,464,526	18,831	190,483,357
Net assets:			
Without donor restriction	25,377,353	(647,956)	24,729,397
Total net assets	33,006,438	(647,956)	32,358,482
Total liabilities and net assets	223,470,964	(629,125)	222,841,839
<u>Statements of Operations and Changes in Net Assets:</u>			
Residential	\$ 20,993,548	\$ 375,691	21,369,239
Amortization	1,246,581	(40,349)	1,206,232
Interest	2,156,073	(4,708)	2,151,365
Total expenses	49,252,212	330,634	49,582,846
Operating income	8,205,086	(330,634)	7,874,452
Excess of revenues over expenses	4,874,374	(330,634)	4,543,740
Change in net assets without donor restrictions	4,887,500	(330,634)	4,556,866
Change in net assets	4,683,885	(330,634)	4,353,251
Net assets, beginning of year	28,322,553	(317,322)	28,005,231
Net assets, end of year	33,006,438	(647,956)	32,358,482
<u>Cash Flows:</u>			
Change in net assets	\$ 4,683,885	\$ (330,634)	\$ 4,353,251
Amortization of deferred financing costs	85,323	(4,708)	80,615
Amortization of intangible assets	1,246,581	(40,349)	1,206,232
Net cash provided by operating activities	19,495,480	(375,691)	19,119,789
Marketing costs incurred	(352,152)	352,152	-
Net cash used by investing activities	(29,885,194)	352,152	(29,533,042)
Finance costs incurred	(23,539)	23,539	-
Net cash used by financing activities	4,176,836	23,539	4,200,375

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 service fees

The contracts that residents select require an advanced fee and monthly fees based upon the type of accommodation 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 other services and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate services is the predominate component and does not contain a lease component under ASC Topic 840. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance fees

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheet 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 sheet. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents access to services 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 that are covered by government and commercial payers. Otherwise, these residents pay a per diem rate that is generally billed monthly in advance. The Company is paid fixed daily rates from government and commercial payers. The per diem daily rates and other fees billed to government and commercial payers 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. In the table below, residential revenue consists of the monthly service fee charged to each resident. The monthly service fee charge includes an allocated portion of dining and communication charges. The allocated portions of dining and communication charges are included with Residential food service and Other revenue on the Consolidated Statement of Operations. Cumulative dining revenues amount to \$2,512,916 and \$2,474,191, and cumulative communications revenue amounts to \$131,890 and \$62,483, as of December 31, 2019 and 2018, respectively. Additionally, residential revenue in the table below excludes revenue from the amortization of entrance fees which amounts to \$9,030,222 and \$7,994,314, as of December 31, 2019 and 2018, respectively. Assisted living revenue consists of the private pay per diem rate charged to each resident. Long-term care revenue consists of the private pay per diem rate charged to each resident, as well as the fixed daily rates from government and commercial payers on behalf of certain residents. Assisted living revenue and Long-term care revenue includes additional revenue from ancillary services that are billed in arrears on the Consolidated Statement of Operations. For assisted living the amount of the ancillary services as they appear on the Consolidated Statement of Operations are \$360,566 and \$317,357 as of December 31, 2019 and 2018, respectively. For long-term care the amount of ancillary services as they appear on the Consolidated Statement of Operations are \$1,369,992 and \$1,540,990 as of December 31, 2019 and 2018, respectively.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

	December 31, 2019			Total
	Residential	Assisted Living	Long-term Care	
Private pay	\$ 26,767,447	\$ 5,068,155	\$ 9,022,972	\$ 40,858,574
Medicare and Medicare Advantage	-	-	3,201,795	3,201,795
Medicaid	-	-	1,114,558	1,114,558
Total	\$ 26,767,447	\$ 5,068,155	\$ 13,339,325	\$ 45,174,927

	December 31, 2018			Total
	Residential	Assisted Living	Long-term Care	
Private pay	\$ 24,495,919	\$ 5,040,960	\$ 8,780,129	\$ 38,317,008
Medicare and Medicare Advantage	-	-	2,438,751	2,438,751
Medicaid	-	-	1,397,171	1,397,171
Total	\$ 24,495,919	\$ 5,040,960	\$ 12,616,051	\$ 42,152,930

3. Fair Value of Financial Assets

Prices for certain investments are readily available in active markets in which those securities are traded, and the resulting fair values are categorized as Level 1. Prices for certain investments are determined on a recurring basis based on inputs readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2. There is limited or no observable market data for the prices of other funds that are held by the Company and the resulting fair values of these securities are categorized as Level 3. There were no investments valued as Level 3 investments during 2019 or 2018.

The Company invests in certain investments for which quoted prices are not available in active markets for identical instruments. The Company utilizes the net asset value (NAV) provided by the administrator of the fund as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported NAV. These investments are not required to be classified within a level on the fair value hierarchy.

The following tables set forth by level within the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of December 31, 2019 and 2018. Assets 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.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Assets at fair value as of December 31, 2019 and 2018 consist of the following:

	December 31, 2019			Fair Value
	Level 1	Level 2	Level 3	
Stocks ⁽¹⁾	\$ 14,130,651	\$ -	\$ -	\$ 14,130,651
Exchange traded funds	10,769,576	-	-	10,769,576
Mutual funds	7,048,436	-	-	7,048,436
Corporate bonds	-	7,547,654	-	7,547,654
Government securities	<u>1,696,916</u>	-	-	<u>1,696,916</u>
	<u>\$ 33,645,579</u>	<u>\$ 7,547,654</u>	<u>\$ -</u>	<u>41,193,233</u>
Investments at NAV (a)				<u>7,149,495</u>
Total investments at fair value				<u>\$ 48,342,728</u>
Interest rate swap	<u>\$ -</u>	<u>\$ (305,722)</u>	<u>\$ -</u>	<u>\$ (305,722)</u>

⁽¹⁾These assets combined are held with Morgan Stanley and at December 31, 2019 consist of the following approximate concentrations: 35% Cyclical (basic materials, consumer goods, financial services, and real estate), 41% Sensitive (community services, energy, industrials, and technology), and 24% Defensive (consumer defense, healthcare, and utilities).

	December 31, 2018			Fair Value
	Level 1	Level 2	Level 3	
Stocks ⁽¹⁾	\$ 12,471,598	\$ -	\$ -	\$ 12,471,598
Exchange traded funds	4,306,521	-	-	4,306,521
Mutual funds	9,930,432	-	-	9,930,432
Corporate bonds	-	5,063,975	-	5,063,975
Government securities	<u>1,062,973</u>	-	-	<u>1,062,973</u>
	<u>\$ 27,771,524</u>	<u>\$ 5,063,975</u>	<u>\$ -</u>	<u>32,835,499</u>
Investments at NAV (a)				<u>5,701,972</u>
Total investments at fair value				<u>\$ 38,537,471</u>
Interest rate swap	<u>\$ -</u>	<u>\$ 56,128</u>	<u>\$ -</u>	<u>\$ 56,128</u>

⁽¹⁾These assets combined are held with Morgan Stanley and at December 31, 2018 consist of the following approximate concentrations: 35% Cyclical (basic materials, consumer goods, financial services, and real estate), 43% Sensitive (community services, energy, industrials, and technology), and 22% Defensive (consumer defense, healthcare, and utilities).

The Company has \$6,086,879 and \$8,364,454 of cash and cash equivalents included in investments and assets limited as to use on the consolidated balance sheets at December 31, 2019 and 2018, respectively, which was not classified as a level as prescribed within the provision.

- (a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Consolidated Balance Sheets.

The Company recognizes transfers between the levels as of the beginning of the reporting period. There were no gross transfers between the levels for the years ended December 31, 2019 and 2018.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of:

	<u>Fair Value at December 31, 2019</u>	<u>Fair Value at December 31, 2018</u>	<u>Unfunded Commitments</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
UMF Diversified Fund	\$ 7,149,495	\$ 5,701,972	None	None	Daily

4. Assets Limited as to Use

Assets limited as to use are recorded at fair value based upon quoted market rates and consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
By Board	\$ 2,156,212	\$ 2,018,013
Other funds	272,566	244,353
Held on behalf of others	<u>27,436</u>	<u>33,739</u>
	2,456,214	2,296,105
Less current portion	<u>27,436</u>	<u>33,739</u>
	<u>\$ 2,428,778</u>	<u>\$ 2,262,366</u>

5. Property and Equipment

Property and equipment consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 8,522,121	\$ 9,949,269
Buildings	187,755,226	193,797,662
Furniture and equipment	13,251,527	20,653,358
Vehicles	386,163	987,747
Construction in progress	<u>6,360,669</u>	<u>1,130,547</u>
	216,275,706	226,518,583
Less accumulated depreciation	<u>(62,490,063)</u>	<u>(72,817,885)</u>
	<u>\$ 153,785,643</u>	<u>\$ 153,700,698</u>

Several large construction projects were started in 2019. Construction commitments at December 31, 2019 consisted of approximately \$8,360,000 to the project contractors.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

6. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Supplemental assistance	\$ 7,186,346	\$ 5,951,366
Capital projects	9,928	345,127
General services	704,856	538,741
Outreach	<u>904,444</u>	<u>793,851</u>
	<u>\$ 8,805,574</u>	<u>\$ 7,629,085</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Supplemental assistance	\$ 264,021	\$ 205,156
Outreach expenses	49,955	66,240
General services	<u>198,932</u>	<u>225,591</u>
Used for operations	512,908	496,987
Used for capital projects	<u>484,887</u>	<u>13,126</u>
	<u>\$ 997,795</u>	<u>\$ 510,113</u>

7. Related Party Transactions

The Company is an income beneficiary of the Marion Jackson Givens Trust, subject to the discretion of the trustee. Revenue recorded from the trust totaled \$244,199 in 2019 and \$344,479 in 2018.

There are two board members affiliated with the two law firms that serve as legal counsel for the Company. Related legal expenses incurred during 2019 and 2018 were \$40,336 and \$53,136, respectively.

The Company has funds invested with the United Methodist Foundation (“UMF”). The CFO of the Company serves on the UMF Investment Committee and the Development Director of the Company serves on the board of the UMF. During 2017, the Company invested \$2,700,000 in a new development fund with UMF. The UMF development fund used these proceeds to make a loan to Givens Gerber Park, LLC.

During 2006, the Company was invited to work with the Southeastern Jurisdictional Administrative Council (“SEJAC”) and the Southeastern Methodist Association for Rehabilitation (“SEMAR”) in developing an affordable housing project for seniors in Haywood County. The project, the Great Laurels of Junaluska, is located on 6.3 acres across from the main entrance to Lake Junaluska Assembly and consists of 36 apartments funded through a grant from the HUD and 64 apartments funded primarily through tax credits. The President and CEO of the Company serves as President of the Great Laurels, Inc. and the CFO of the Company serves as Finance Director.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The Company is a member of Gerber Park of Asheville, LLC (49% interest). Gerber Park of Asheville, LLC is the managing member of Givens Gerber Park, LLC (.01% interest). Givens Estates has an investment in Givens Gerber Park, LLC in the amount of approximately \$717,000. This amount relates to unreimbursed development and construction costs of Givens Gerber Park, LLC that will be reimbursed through Givens Gerber Park loans and developer fees. The Company has entered into a lease with Givens Gerber Park, LLC, where the Company owns the land that Givens Gerber Park, LLC is constructed. The Company leases this land to Givens Gerber Park, LLC for \$1 per year. This lease expires in 2065.

The Company is a managing member of Gerber Park of Asheville III, LLC (49% interest). Gerber Park of Asheville III, LLC is the managing member of Givens Gerber Park III, LLC (.01% interest). Givens Estates has an investment in Givens Gerber Park III, LLC in the amount of approximately \$185,813. This amount relates to unreimbursed development and construction costs of Givens Gerber Park III, LLC that will be reimbursed through Givens Gerber Park loans and developer fees. The Company has entered into a lease with Givens Gerber Park of Asheville III, LLC, where the Company owns the land that Givens Gerber Park of Asheville III, LLC is constructed. The Company leases this land to Givens Gerber Park of Asheville III, LLC for \$1 per year. This lease expires in 2081.

Givens Affordable Communities, Inc. an affiliate of Givens Estates, manages and provides on-site employees for the Givens Gerber Park and Givens Great Laurels Communities.

8. Intangible Assets

Intangible assets presented on the consolidated balance sheets at December 31, 2019 and 2018 consist of the following:

<u>2019</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortized intangible assets:		
Resident contracts	\$ 9,649,855	\$ 8,544,143
Amortized intangible assets:		
Goodwill	\$ 5,915,299	\$ 910,046
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
<u>2018</u>		
Amortized intangible assets:		
Resident contracts	\$ 9,649,855	\$ 7,337,911
Unamortized intangible assets:		
Goodwill	\$ 5,915,299	\$ -

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The estimated amortization expense for future periods at December 31, 2019, are as follows:

2020	\$ 2,015,759
2021	910,046
2022	910,046
2023	910,046
2024	910,046
2025	<u>455,022</u>
	<u>\$ 6,110,965</u>

It is the intent of the Company to find replacement residents and deferred revenue entrance fee contracts as each resident leaves the community.

9. Long-Term Debt

Long-term debt at December 31, 2019 and 2018 consists of:

	<u>2019</u>	<u>2018</u>
Public Finance Authority Retirement Facilities Revenue Refunding Bonds Series 2017. Interest payable on each June 25 and December 25, at a rate of 2.84% at December 31, 2019 and 2018. Principal payments began in 2017 with final payment due in 2033.	\$ 45,760,000	48,535,000
Note payable to a bank, monthly payments of \$48,333 plus interest at a variable rate of 1.25% over the 30-day LIBOR, final payment due December 2022; collateralized by real estate.	10,440,027	11,020,024
Note payable to a bank, total available principal of \$8,500,000 due December 2026. This note converted from a construction loan to permanent debt effective April 2018 with a swap, which fixed the rate at 3.88%.	7,247,068	7,576,480
Note payable to a bank, the total available principal of \$8,600,000, payments were interest only at a variable rate of 0.75% over the 30-day LIBOR beginning in September 2019 until principal and accrued interest due August 2021; collateralized by real estate.	1,991,281	-
Note payable to a bank, the total available principal of \$18,000,000, payments were interest only at a variable rate of 0.75% over the 30-day LIBOR beginning in September 2019 until principal and accrued interest due February 2023; collateralized by real estate.	38,410	-
Note payable to a bank, total available principal of \$2,800,000, payments were interest only at a variable rate of 1.25% over the 30-day LIBOR until principal payments began in September 2016, final payment due November 2022; collateralized by real estate.	<u>2,375,759</u>	<u>2,503,030</u>
	67,852,545	69,634,534
Less current portion	(5,916,371)	(3,811,680)
Less unamortized debt issuance costs	<u>(373,010)</u>	<u>(372,663)</u>
	<u>\$ 61,563,164</u>	<u>\$ 65,450,191</u>

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The Series 2017 bonds are collateralized by certain pledged assets of the Company including the Company's deed of trust. The bond agreement and loan agreements with the bank contains various covenants, the most restrictive being provisions related to long-term debt service coverage and operating ratios. Changes in tax rates could result in higher interest rates under the terms of the debt agreements.

The aggregate annual principal maturities of long-term debt at December 31, 2019, are as follows:

2020	\$ 5,916,371
2021	3,958,971
2022	14,746,080
2023	3,409,412
2024	3,489,412
Thereafter	<u>36,332,299</u>
	<u>\$ 67,852,545</u>

10. Retirement Plan

The Company participates in a 403(b) plan. The 403(b) plan provides that the Company will match employee contributions up to a maximum of 6% of their annual compensation. The Company's contribution to the plan for 2019 and 2018 was \$684,048 and \$561,030, respectively.

11. Self-Insurance Plan

The Company has a medical self-insurance plan (the "Plan") for essentially all employees. Under the Plan, the Company is responsible for maximum plan costs of approximately \$3,799,000 for the plan year. The plan year is the period from October 1st through September 30th. Any claims in excess of this limitation are covered by a reinsurance policy.

Included in accrued expenses at December 31, 2019 and 2018 were \$595,098 and \$506,230, respectively, for unpaid claims. Claims of \$2,400,326 and \$3,017,901 were paid during the 2019 and 2018 plan years, respectively.

12. Professional Liability Insurance

The Company has an insurance policy for possible litigation in the ordinary course of business related to professional liability claims. Management believes if any claims were asserted, they would be settled within the limits of coverage, which is on an occurrence basis, with insurance limits of \$1,000,000 per claim and \$3,000,000 in the aggregate. No claims were outstanding during the year or at year-end, and the Company has made no accrual for unasserted claims.

13. Benevolent Assistance

The Company maintains records to identify and monitor benevolent assistance provided. Records include costs to assist residents of Givens Estates Inc. and Subsidiaries with entrance and monthly fees, medical expenses, meals, transportation, housekeeping, clothing, home care, health care, and programs and activities. Benevolent assistance costs were \$488,054 (\$356,812 for the Givens Estates campus and \$131,242 for the Givens Highland Farms campus) and \$369,508 for the years ended December 31, 2019 and 2018, respectively. Direct charitable cost is discounted by the operating margin percentage (operating revenues less realized gains/losses on investments divided by operating expenses).

The Company also provides leadership and support with several community outreach projects: Givens Great Laurels, MemoryCare, WNC UMAR, and Mountain Area Health Education Center (MAHEC).

Givens LifeMinistries is a volunteer and church-based outreach ministry which endeavors to help churches and other non-profit organizations reach out into the community to assist those in need. The program educates low-income seniors on how to access needed medications, food, transportation, housing, clothing, and works alongside agencies that provide health and aging services. Givens LifeMinistries is currently working with the Vanderbilt Apartments, Battery Park Apartments, Council on Aging, Mills River Life Enrichment Center, MY Meds (medication assistance ministry in the Toe River Valley communities), Francis Asbury Welcome Table, Hominy Valley Welcome Table, Haywood Street Congregation Welcome Table, Leicester Community Center Welcome Table, Groce UMC Welcome Table, Hope UMC Welcome Table, Saluda Welcome Table, Selica UMC Welcome Table, Skyland Welcome Table, Swannanoa Welcome Table, Black Mountain Open Table, Rutherford Welcome Table, and Seven Baby Equipment Resources Ministries. LifeMinistries also helped initiate three medical equipment loan closets.

The Company has a supportive relationship with MemoryCare, a 501(c)(3) corporation. By providing clinic and office space on the Givens Estates campus, the Company has been able to help retain and strengthen a vital memory disorders health care program in Western North Carolina. The program includes a family care resource center which helps family members cope with the daily impact of memory diseases.

The services and funds provided to these outreach programs from the Company were \$1,428,070 (\$1,233,151 for the Givens Estates campus and \$194,919 for the Givens Highland Farms campus) and \$1,254,786 for the years ended December 31, 2019 and 2018, respectively.

14. Operating Reserve

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care facilities licensed in North Carolina. At December 31, 2019, Givens Estates, Inc. and Subsidiaries were in compliance with this statute. The operating reserve is approximately \$11,548,000 (\$7,457,000 and \$4,091,000 for Givens Estates and Givens Highland Farms, respectively) and \$11,265,000 at December 31, 2019 and 2018, respectively.

15. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts and notes payables are a reasonable estimate of their fair values. The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2019 and 2018. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of the consolidated financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The Series 2017 bonds are private placement bonds. Fair value of the private placement bonds approximate carrying value. The fair value of the fixed-rate or adjustable-rate bonds payable is based on quoted market prices.

16. Interest Rate Swap Agreement

In March 2018, the Company entered into an interest rate swap agreement with an original notional amount of \$7,800,000. The swap expires December 2026 and effectively fixes the variable interest rate of the \$7,800,000 loan at 3.88 percent.

The fair value the interest rate swap is reported as a long-term asset or liability in the consolidated balance sheets. The change in fair value of the interest rate swap is included in excess of revenues over expenses in the accompanying consolidated statements of operations and changes in net assets.

Absent an early termination, subsequent changes in the interest rate swap will continue to be reflected in excess of revenues over expenses, which has no cash flow impact to the Company. The cash flow settlements of the interest rate swap agreement are reflected annually in interest expense as the Company pays interest to the swap counterparty at the rate noted above.

17. 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 investment grade corporate bonds and money market funds.

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. Board designated amounts have been included in the schedule below as the board could release these funds for liquidity purposes if needed.

The Company seeks to maintain sufficient liquid assets to cover at least three months' operating and capital expenses.

<u>Asset Categories</u>	<u>2019</u>
Cash and cash equivalents	\$ 21,533,091
Accounts receivable, net	1,777,565
Investments	40,425,393
Assets limited as to Use – board designated	2,156,212
Less: donor restricted amounts	(8,805,574)
	<u>\$ 57,086,687</u>

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

<u>Asset Categories</u>	<u>2018</u>
Cash and cash equivalents	\$ 9,052,772
Accounts receivable, net	1,392,265
Investments	33,340,820
Assets limited as to Use – board designated	2,018,013
Less: donor restricted amounts	(7,629,085)
	<u>\$ 38,174,785</u>

18. Subsequent events

The Company has evaluated its subsequent events through April 21, 2020, which represents the date the consolidated financial statements were available to be issued and, with the exception of the event noted below, concluded that there are no additional items requiring disclosure in the consolidated financial statements.

Subsequent to the balance sheet date, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak may disrupt our business as well as our ability to acquire new residents going forward. The extent of the impact of the outbreak on the Organization's performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company's residents, employees and vendors, and governmental, regulatory and private sector responses. The consolidated financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

The Company carries a significant balance of marketable equity securities. As of the date the consolidated financial statements were available to be issued, the economic uncertainty caused by the outbreak has resulted in a severe decline in the value of marketable securities, including many of those held by the Company.

19. Schedule of Expenses by Nature and Function

The following is a schedule of expenses by both nature and function for the year ended December 31, 2019:

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Marketing and Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 19,995,458	\$ 4,658,895	\$ 693,830	\$ 25,348,183
Medical and personal care	4,205,667	-	-	4,205,667
Food service	3,042,560	-	-	3,042,560
Facility services	4,317,211	-	-	4,317,211
Administration	-	986,041	-	986,041
Marketing & development	-	-	737,341	737,341
Utilities & insurance	3,204,888	721,689	-	3,926,577
Depreciation	7,015,670	-	-	7,015,670
Amortization	2,135,633	-	-	2,135,633
Interest	<u>2,175,240</u>	<u>-</u>	<u>-</u>	<u>2,175,240</u>
Total expenses included in the expenses section on the consolidated statement of operations and changes in net assets	<u>\$ 46,092,327</u>	<u>\$ 6,366,625</u>	<u>\$ 1,431,171</u>	<u>\$ 53,890,123</u>

The Givens Estates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The following is a schedule of expenses by both nature and function for the year ended December 31, 2018:

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Marketing and Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 19,598,776	\$ 4,105,050	\$ 633,517	\$ 24,337,343
Medical and personal care	3,858,908	-	-	3,858,908
Food service	2,723,654	-	-	2,723,654
Facility services	3,718,399	-	-	3,718,399
Administration	-	1,035,351	-	1,035,351
Marketing & development	-	-	819,860	819,860
Utilities & insurance	2,632,515	534,126	-	3,166,641
Depreciation	6,565,093	-	-	6,565,093
Amortization	1,206,232	-	-	1,206,232
Interest	<u>2,151,365</u>	<u>-</u>	<u>-</u>	<u>2,151,365</u>
Total expenses included in the expenses section on the consolidated statement of operations and changes in net assets	<u>\$ 42,454,942</u>	<u>\$ 5,674,527</u>	<u>\$ 1,453,377</u>	<u>\$ 49,582,846</u>

Supplementary Information

The Givens Estates, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2019

	ESTATES		
	Operating Fund	Special Use Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,494,920	\$ 953,102	\$ 15,448,022
Assets limited as to use, current portion	21,356	-	21,356
Accounts receivable, net of allowances	976,043	-	976,043
Contributions receivable net, current portion	-	65,357	65,357
Interfund receivable (payable)	2,552	(2,552)	-
Other receivables	1,060,057	17,809	1,077,866
Prepaid expenses	361,001	-	361,001
	<u>16,915,929</u>	<u>1,033,716</u>	<u>17,949,645</u>
Total current assets			
Non-current assets:			
Property and equipment, net	106,035,737	-	106,035,737
Due from affiliate	6,028,014	-	6,028,014
Assets limited as to use, less current portion	2,156,212	-	2,156,212
Investments restricted for statutory operating reserve	7,457,000	-	7,457,000
Investments	33,433,353	7,321,200	40,754,553
Contributions receivable net, less current portion	-	178,092	178,092
Other assets	806,961	-	806,961
Intangibles, net	-	-	-
	<u>155,917,277</u>	<u>7,499,292</u>	<u>163,416,569</u>
Total non-current assets			
	<u>\$ 172,833,206</u>	<u>\$ 8,533,008</u>	<u>\$ 181,366,214</u>
Total assets			

See independent auditors' report.

The Givens Estates, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2019

<u>LifeMinistries</u>	<u>Highland</u>	<u>Gerber Park II</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ 176,108	\$ 5,610,920	\$ 298,041	\$ -	\$ 21,533,091
-	6,080	-	-	27,436
-	799,171	2,351	-	1,777,565
-	-	-	-	65,357
-	-	-	-	-
6,550	660,585	150,543	-	1,895,544
-	219,805	-	-	580,806
<u>182,658</u>	<u>7,296,561</u>	<u>450,935</u>	<u>-</u>	<u>25,879,799</u>
-	36,144,004	11,605,902	-	153,785,643
120,806	-	-	(6,148,820)	-
-	272,566	-	-	2,428,778
-	4,091,000	-	-	11,548,000
-	(329,160)	-	-	40,425,393
-	-	-	-	178,092
-	-	-	-	806,961
-	6,110,965	-	-	6,110,965
<u>120,806</u>	<u>46,289,375</u>	<u>11,605,902</u>	<u>(6,148,820)</u>	<u>215,283,832</u>
<u>\$ 303,464</u>	<u>\$ 53,585,936</u>	<u>\$ 12,056,837</u>	<u>\$ (6,148,820)</u>	<u>\$ 241,163,631</u>

See independent auditors' report.

Givens Estates, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2019

	ESTATES		
	Operating Fund	Special Use Funds	Total
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 2,055,619	\$ -	\$ 2,055,619
Payroll accruals and related withholdings	1,688,354	-	1,688,354
Interest payable	111,909	-	111,909
Agency funds	21,356	-	21,356
Estimated resident refunds payable, current portion	3,690,000	-	3,690,000
Long-term debt, current portion	2,888,410	-	2,888,410
Total current liabilities	10,455,648	-	10,455,648
Long-term liabilities:			
Long-term debt, net	42,575,410	-	42,575,410
Due to affiliate	803	-	803
Resident refunds payable, net of current portion	19,138,014	-	19,138,014
Deferred revenue from entrance fees	52,906,176	-	52,906,176
Interest rate swap	-	-	-
Advance admission deposits	798,650	-	798,650
Total long-term liabilities	115,419,053	-	115,419,053
Total liabilities	125,874,701	-	125,874,701
Net assets (deficit):			
Without donor restrictions	46,958,505	-	46,958,505
With donor restrictions	-	8,533,008	8,533,008
Total net assets (deficit)	46,958,505	8,533,008	55,491,513
Total liabilities and net assets	\$ 172,833,206	\$ 8,533,008	\$ 181,366,214

See independent auditors' report.

<u>LifeMinistries</u>	<u>Highland</u>	<u>Gerber Park II</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ 8,904	\$ 1,622,390	\$ 27,510	\$ -	\$ 3,714,423
23,293	824,752	9,822	-	2,546,221
-	55,206	-	-	167,115
-	6,080	-	-	27,436
-	1,238,000	-	-	4,928,000
-	2,698,549	329,412	-	5,916,371
<u>32,197</u>	<u>6,444,977</u>	<u>366,744</u>	<u>-</u>	<u>17,299,566</u>
-	12,070,098	6,917,656	-	61,563,164
1,251,576	4,869,348	27,093	(6,148,820)	-
-	29,662,619	-	-	48,800,633
-	14,417,111	50,904	-	67,374,191
-	-	305,722	-	305,722
-	200,784	-	-	999,434
<u>1,251,576</u>	<u>61,219,960</u>	<u>7,301,375</u>	<u>(6,148,820)</u>	<u>179,043,144</u>
<u>1,283,773</u>	<u>67,664,937</u>	<u>7,668,119</u>	<u>(6,148,820)</u>	<u>196,342,710</u>
(980,309)	(14,351,567)	4,388,718	-	36,015,347
-	272,566	-	-	8,805,574
<u>(980,309)</u>	<u>(14,079,001)</u>	<u>4,388,718</u>	<u>-</u>	<u>44,820,921</u>
<u>\$ 303,464</u>	<u>\$ 53,585,936</u>	<u>\$ 12,056,837</u>	<u>\$ (6,148,820)</u>	<u>\$ 241,163,631</u>

See independent auditors' report.

The Givens Estates, Inc. and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	<u>Estates</u>	<u>LifeMinistries</u>	<u>Highland</u>	<u>Gerber Park II</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues, gains and other support:						
Long-term care revenue, net	\$ 9,366,191	\$ -	\$ 5,343,126	\$ -	\$ -	\$ 14,709,317
Residential revenue, including amortization	22,476,013	-	8,934,474	1,742,376	-	33,152,863
Assisted living revenue, net	3,586,859	-	1,841,862	-	-	5,428,721
Residential food service revenue	1,628,823	-	1,106,379	-	-	2,735,202
Contributions and bequests	307,997	-	4,319	94,065	-	406,381
Interest and dividend income	1,021,294	-	84,000	-	-	1,105,294
Realized gain	95,698	-	25,636	-	-	121,334
Net assets released - operations	418,287	167,031	47,590	-	(120,000)	512,908
Other revenue	3,779,800	-	666,201	121,841	(2,203,085)	2,364,757
Total revenues, gains and other support	42,680,962	167,031	18,053,587	1,958,282	(2,323,085)	60,536,777
Expenses:						
Administration	4,005,630	-	1,752,329	218,360	-	5,976,319
Assisted living	1,333,853	-	567,461	-	-	1,901,314
Long-term care	5,774,386	-	3,845,087	-	-	9,619,473
Home care	205,228	-	588,344	-	-	793,572
Maintenance	4,142,417	-	2,223,657	89,829	-	6,455,903
Dining services	3,942,108	-	2,505,446	288,375	-	6,735,929
Housekeeping	1,603,407	-	991,861	10,409	-	2,605,677
Laundry	31,698	-	163,389	-	-	195,087
Management fees	1,159,346	-	894,602	149,137	(2,203,085)	-
Marketing	834,188	-	447,387	57,151	-	1,338,726
Resident services	2,588,361	-	226,825	59,689	-	2,874,875
Utilities	1,481,086	-	688,826	183,336	-	2,353,248
Insurance	267,949	-	275,804	27,509	-	571,262
Outreach	791,933	252,919	183,183	-	(120,000)	1,108,035
Bad debts	3,329	-	30,831	-	-	34,160
Depreciation	4,837,081	-	1,870,419	308,170	-	7,015,670
Amortization	-	-	2,135,633	-	-	2,135,633
Interest	1,414,354	-	468,486	292,400	-	2,175,240
Total expenses	34,416,354	252,919	19,859,570	1,684,365	(2,323,085)	53,890,123
Operating income (loss)	8,264,608	(85,888)	(1,805,983)	273,917	-	6,646,654

See independent auditors' report.

The Givens Estates, Inc. and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

(Continued)

	<u>Estates</u>	<u>LifeMinistries</u>	<u>Highland</u>	<u>Gerber Park II</u>	<u>Eliminations</u>	<u>Consolidated</u>
Non-operating gain (loss):						
Unrealized gain on investments	\$ 4,032,389	\$ -	\$ 449,349	\$ -	\$ -	\$ 4,481,738
Gain on disposal of property and equipment	34,521	-	-	-	-	34,521
Change in interest rate swap value	-	-	-	(361,850)	-	(361,850)
Total non-operating gain (loss), net	<u>4,066,910</u>	<u>-</u>	<u>449,349</u>	<u>(361,850)</u>	<u>-</u>	<u>4,154,409</u>
Excess (deficit) of revenues over expenses	12,331,518	(85,888)	(1,356,634)	(87,933)	-	10,801,063
Other changes in net assets without donor restrictions:						
Net assets released –capital projects	<u>464,815</u>	<u>-</u>	<u>20,072</u>	<u>-</u>	<u>-</u>	<u>484,887</u>
Change in net assets without donor restrictions	<u>\$ 12,796,333</u>	<u>\$ (85,888)</u>	<u>\$ (1,336,562)</u>	<u>\$ (87,933)</u>	<u>\$ -</u>	<u>\$ 11,285,950</u>
Net assets with donor restrictions:						
Contributions	\$ 913,939	\$ -	\$ 78,780	\$ -	\$ -	\$ 992,719
Net investment income	1,117,439	-	17,095	-	-	1,134,534
LifeMinistries income	-	167,031	-	-	(120,000)	47,031
Net assets released –operating	(418,287)	(167,031)	(47,590)	-	120,000	(512,908)
Net assets released –capital	<u>(464,815)</u>	<u>-</u>	<u>(20,072)</u>	<u>-</u>	<u>-</u>	<u>(484,887)</u>
	<u>1,148,276</u>	<u>-</u>	<u>28,213</u>	<u>-</u>	<u>-</u>	<u>1,176,489</u>
Change in net assets (deficit)	13,944,609	(85,888)	(1,308,349)	(87,933)	-	12,462,439
Net assets (deficit), beginning of year as adjusted	<u>41,546,904</u>	<u>(894,421)</u>	<u>(12,770,652)</u>	<u>4,476,651</u>	<u>-</u>	<u>32,358,482</u>
Net assets (deficit), end of year	<u>\$ 55,491,513</u>	<u>\$ (980,309)</u>	<u>\$ (14,079,001)</u>	<u>\$ 4,388,718</u>	<u>\$ -</u>	<u>\$ 44,820,921</u>

See independent auditors' report.

The Givens Estates, Inc. and Subsidiaries
Consolidating Statement of Cash Flows
Year Ended December 31, 2019

	<u>Estates</u>	<u>LifeMinistries</u>	<u>Highland</u>	<u>Gerber Park II</u>	<u>Consolidated</u>
Cash flows from operating activities:					
Change in net assets	\$ 13,944,609	\$ (85,888)	\$ (1,308,349)	\$ (87,933)	\$ 12,462,439
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Depreciation	4,837,081	-	1,870,419	308,170	7,015,670
Amortization of deferred financing costs	24,788	-	19,355	-	44,143
Amortization of intangible assets	-	-	2,116,278	-	2,116,278
Realized and unrealized gains on investments	(4,128,087)	-	(474,985)	-	(4,603,072)
Gain on disposal of property and equipment	(34,521)	-	-	-	(34,521)
Change in swap value	-	-	-	361,850	361,850
Proceeds from entrance fees	10,654,342	-	2,975,089	18,154	13,647,585
Amortization of entrance fees	(7,390,848)	-	(1,646,974)	-	(9,037,822)
Bad debts	3,329	-	30,831	-	34,160
Contributions restricted for capital	129,616	-	-	-	129,616
Net change in assets and liabilities:					
Change in receivables, prepaids and other assets	(97,543)	(5,986)	(426,419)	(1,495)	(531,443)
Change in accounts payable, other accrued liabilities, payroll accruals, and admission deposits	217,838	6,274	180,098	(98,847)	305,363
Net cash provided (used) by operating activities	<u>18,160,604</u>	<u>(85,600)</u>	<u>3,335,343</u>	<u>499,899</u>	<u>21,910,246</u>
Cash flows from investing activities:					
Property and equipment purchases	(3,859,804)	-	(3,315,568)	(124,434)	(7,299,806)
Proceeds from sale of property and equipment	9,730	-	-	-	9,730
Change in due to/from affiliates	(533,422)	224,360	191,223	117,839	-
Reimbursement of development costs paid for related parties	96,031	-	-	-	96,031
Change in assets limited as to use and investments	<u>(2,823,026)</u>	<u>-</u>	<u>(101,584)</u>	<u>-</u>	<u>(2,924,610)</u>
Net cash provided (used) by investing activities	<u>(7,110,491)</u>	<u>224,360</u>	<u>(3,225,929)</u>	<u>(6,595)</u>	<u>(10,118,655)</u>

See independent auditors' report.

The Givens Estates, Inc. and Subsidiaries
Consolidating Statement of Cash Flows
Year Ended December 31, 2019

(Continued)

	<u>Estates</u>	<u>LifeMinistries</u>	<u>Highland</u>	<u>Gerber Park II</u>	<u>Consolidated</u>
Cash flows from financing activities:					
Repayment of long-term debt	\$ (2,775,000)	\$ -	\$ (707,268)	\$ (329,412)	\$ (3,811,680)
Proceeds from long-term debt	38,410	-	1,991,281	-	2,029,691
Financing costs incurred	-	-	(44,490)	-	(44,490)
Refunds of entrance fees	(3,162,155)	-	(1,291,702)	-	(4,453,857)
Refundable entrance fees received	2,142,080	-	690,020	-	2,832,100
Entrance fee received from initial units	1,046,090	-	3,220,490	-	4,266,580
Contributions restricted for capital	(129,616)	-	-	-	(129,616)
	<u>(2,840,191)</u>	<u>-</u>	<u>3,858,331</u>	<u>(329,412)</u>	<u>688,728</u>
Net cash provided (used) by financing activities					
Change in cash and cash equivalents	8,209,922	138,760	3,967,745	163,892	12,480,319
Cash and cash equivalents, beginning of year	<u>7,238,100</u>	<u>37,348</u>	<u>1,643,175</u>	<u>134,149</u>	<u>9,052,772</u>
Cash and cash equivalents, end of year	<u>\$ 15,448,022</u>	<u>\$ 176,108</u>	<u>\$ 5,610,920</u>	<u>\$ 298,041</u>	<u>\$ 21,533,091</u>
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	<u>\$ 1,421,140</u>	<u>\$ -</u>	<u>\$ 480,871</u>	<u>\$ 292,400</u>	<u>\$ 2,194,411</u>
Non-cash activities:					
Purchase of property and equipment in accounts payable at year-end	<u>\$ 155,444</u>	<u>\$ -</u>	<u>\$ 390,001</u>	<u>\$ -</u>	<u>\$ 545,445</u>
Resident refunds in accounts payable at year-end	<u>\$ 419,912</u>	<u>\$ -</u>	<u>\$ 408,912</u>	<u>\$ -</u>	<u>\$ 828,824</u>

See independent auditors' report.

Givens Highland Farms
Balance Sheet
April 30, 2020

ASSETS

	Unrestricted	Restricted	Total
Current Assets:			
Cash and cash equivalents	\$ 4,488,569	\$ -	\$ 4,488,569
Assets limited as to use, current	6,279		6,279
Accounts receivable, net	745,991		745,991
Other receivables	407,698		407,698
Prepaid expenses	221,785		221,785
Total current assets	5,870,323	-	5,870,323
Non-current assets:			
Property and equipment, net	37,585,964		37,585,964
Assets whose use is limited	-	541,042	541,042
Investments	3,474,726		3,474,726
Assets held for deferred compensation	15,950		15,950
Intangibles	5,405,540		5,405,540
Total non-current assets	46,482,179	541,042	47,023,222
Total assets	\$ 52,352,502	\$ 541,042	\$ 52,893,545

LIABILITIES AND NET ASSETS

Current liabilities:			
Accounts payable and other accrued liabilities	\$ 1,331,337	\$ -	\$ 1,331,337
Payroll accruals and related withholdings	863,053		863,053
Interest payable	73,702		73,702
Agency funds	6,279		6,279
Current portion of Loan payable	707,268		707,268
Total current liabilities	2,981,639	-	2,981,639
Long-term liabilities:			
Long-term debt, net	14,969,244		14,969,244
Deferred compensation	15,950		15,950
Deferred revenue- refundable	30,400,719		30,400,719
Deferred revenue- nonrefundable	13,754,257		13,754,257
Advance admission deposits	220,438		220,438
Due to Affiliate	4,773,596		4,773,596
Total Long-term liabilities	64,134,204	-	64,134,204
Total liabilities	67,115,843	-	67,115,843
Net assets:			
Without donor restrictions	(14,763,340)	-	(14,763,340)
With donor restrictions	-	541,042	541,042
Total net assets	(14,763,340)	541,042	(14,222,298)
Total liabilities and net assets	\$ 52,352,502	\$ 541,042	\$ 52,893,545

Givens Highland Farms
Statement of Operations for the Period Ending
April 30, 2020

Revenues:	Actual	Budget	Variance	%
Long-Term care revenue	\$ 1,862,370	\$ 1,843,951	\$ 18,420	1.0%
Residential revenue	2,543,343	2,513,800	29,543	1.2%
Amortization income	810,752	488,867	321,886	65.8%
Assisted living revenue	549,665	672,339	(122,674)	-18.2%
Residential food service revenue	427,802	419,367	8,435	2.0%
Contributions and bequests	200	-	200	N/A
Assets released from restriction	51,262	-	51,262	N/A
Interest Income	28,000	30,867	(2,867)	-9.3%
Realized gains (losses)	(42,983)	-	(42,983)	N/A
Other revenue	252,855	234,813	18,042	7.7%
Total Revenues	6,483,267	6,204,003	279,265	4.5%
Expenses:				
Long-term care	1,964,009	1,919,875	44,134	2.3%
Residential	2,426,460	2,502,642	(76,183)	-3.0%
Assisted Living	396,766	439,354	(42,588)	-9.7%
Management Fee	311,167	311,167	-	0.0%
Outreach	50,665	40,000	10,665	26.7%
Bad Debts	4,415	11,667	(7,252)	-62.2%
Depreciation	612,851	614,387	(1,536)	-0.2%
Amortization expense	719,293	719,843	(551)	-0.1%
Interest	145,800	145,800	-	0.0%
Total Expenses	6,631,425	6,704,735	(73,310)	-1.1%
Operating Income (Loss)	(148,158)	(500,732)	352,574	-70.4%
Non-operating gain (loss):				
Unrealized gains (losses) on investments	(263,618)	-	(263,618)	N/A
Total non-operating gain (loss)	(263,618)	-	(263,618)	N/A
Change in net assets without donor restrictions	\$ (411,776)	\$ (500,732)	\$ 88,957	-17.8%

Givens Highland Farms
Statement of Cash Flows for the Period Ending
April 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ (411,776)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	612,851
Amortization	719,293
Unrealized (gains) losses on investments	263,618
Proceeds from residential living entrance fees	349,160
Amortization of entrance fees	(810,752)
Bad debts	4,415
Change in operational receivables and prepaids	29,563
Change in operational payables and other liabilities	(225,363)
Net cash provided by operating activities	<u>531,008</u>
Cash flows from investing activities:	
Property and equipment purchases	(2,419,056)
Change in assets limited as to use and investments	23,496
Net cash used by investing activities	<u>(2,395,560)</u>
Cash flows from financing activities:	
Principal payments - bank loan	(193,332)
Principal payments - line of credit	(42,424)
Proceeds from cottages loan	1,129,755
Refunds of entrance fees	(775,627)
Refundable portion of entrance fees received	227,570
Meadowmont entrance fees	270,110
Cottage Deposits	88,070
Net cash provided (used) by financing activities	<u>742,201</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,122,351)</u>
Cash and cash equivalents at beginning of year	5,610,920
Cash and cash equivalents at end of period	<u>\$ 4,488,569</u>
Supplemental disclosure of cash flow information -	
Cash paid during the year for interest	<u>\$ 141,279</u>
Non-cash activities:	
Purchase of property and equipment in accounts payable	<u>\$ 25,756</u>
Entrance fee recorded in accounts payable	<u>\$ 687,883</u>
Nonrefundable Entrance fee recorded in accounts receivable	<u>\$ 141,720</u>
Capitalized interest	<u>\$ 13,975</u>

Attachment 6

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Compilation of a Financial Projection

For Each of the Five Years Ending
December 31, 2024

(with Independent Accountants'
Compilation Report thereon)

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Compilation of a Financial Projection

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Independent Accountants' Compilation Report

The Board of Directors
The Givens Estates, Inc. & Subsidiaries
Asheville, North Carolina

Management of The Givens Estates, Inc. & Subsidiaries (the "Corporation") ("Management") is responsible for the accompanying financial projection of the Corporation, which comprises the consolidated projected balance sheets as of and for each of the five years ending December 31, 2024 and the related consolidated projected statements of operations, changes in net assets, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial 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, or provide any form of assurance on this financial projection. The projected results may not be achieved as 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.

Furthermore, even if the hypothetical assumption occurs during the projection period that the Corporation's newly constructed and yet to be constructed independent living units are successfully marketed and achieve and maintain projected occupancy levels, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

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

Dixon Hughes Goodman LLP

Atlanta, Georgia
May 27, 2020

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Projected Consolidated Statements of Operations For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Unrestricted revenues, gains and other support:					
Amortization of entrance fees	\$ 8,117	\$ 8,663	\$ 10,050	\$ 9,833	\$ 9,622
Residential revenue	25,069	26,401	29,714	30,696	31,714
Assisted living revenue	5,740	5,923	6,110	6,305	6,505
Long-term care revenue, net	15,013	15,340	15,739	16,152	16,576
Residential food service revenue	2,933	3,024	3,078	3,134	3,191
Contributions and bequests	541	548	556	563	571
Net assets released from restrictions-operations	210	216	223	229	236
Other revenue	2,449	2,499	2,577	2,657	2,740
Investment income	893	1,356	1,514	1,831	2,124
Total unrestricted revenues, gains and other support	60,965	63,970	69,561	71,400	73,279
Expenses:					
Administration	5,424	5,591	5,757	5,928	6,102
Assisted living	2,106	2,168	2,232	2,299	2,367
Long-term care	9,339	9,614	9,899	10,192	10,493
Home care	826	851	876	901	928
Maintenance	6,548	6,817	7,019	7,228	7,442
Dining services	7,039	7,273	7,539	7,763	7,993
Housekeeping	3,003	3,137	3,231	3,327	3,426
Laundry	48	49	50	52	53
Marketing	1,222	1,263	1,301	1,340	1,380
Resident services	2,900	2,991	3,080	3,172	3,266
Utilities	2,511	2,625	2,753	2,835	2,920
Outreach	953	980	1,010	1,041	1,072
Bad debts	66	67	68	69	70
Insurance	594	618	637	655	674
Depreciation	7,056	7,853	8,595	8,459	8,354
Amortization of intangible assets	2,017	910	910	910	910
Interest expense:					
Amortization of deferred financing costs	57	28	28	25	25
Interest-Bank Loan	437	294	276	259	241
Interest-Gerber Bank Loan	280	262	249	236	224
Interest-Series 2017 Bonds	1,300	1,181	1,097	1,010	922
Total expenses	53,726	54,572	56,607	57,701	58,862
Operating income	7,239	9,398	12,954	13,699	14,417
Net assets released from restrictions--capital projects	1,270	20	20	20	20
Change in net assets without donor restrictions	\$ 8,509	\$ 9,418	\$ 12,974	\$ 13,719	\$ 14,437

**See accompanying Independent Accountants' Compilation Report and Summary of
Significant Projection Assumptions and Rationale**

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Projected Consolidated Statements of Changes in Net Assets
For Each of the Five Years Ending December 31,
(in thousands of dollars)

	2020	2021	2022	2023	2024
Net assets without donor restrictions:					
Operating income	\$ 7,239	\$ 9,398	\$ 12,954	\$ 13,699	\$ 14,417
Net assets released from restrictions-capital projects	1,270	20	20	20	20
Change in net assets without donor restrictions	8,509	9,418	12,974	13,719	14,437
Net assets with donor restrictions:					
Contributions	900	300	300	300	300
Net assets released from restrictions	(1,480)	(236)	(243)	(249)	(256)
Change in net assets with donor restrictions	(580)	64	57	51	44
Change in net assets	7,929	9,482	13,031	13,770	14,481
Net assets, beginning of year	44,821	52,750	62,232	75,263	89,033
Net assets, end of year	\$ 52,750	\$ 62,232	\$ 75,263	\$ 89,033	\$ 103,514

See accompanying Independent Accountants' Compilation Report and Summary of Significant Projection Assumptions and Rationale

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Projected Consolidated Statements of Cash Flows For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net assets	\$ 7,929	\$ 9,482	\$ 13,031	\$ 13,770	\$ 14,481
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Amortization of entrance fees	(8,117)	(8,663)	(10,050)	(9,833)	(9,622)
Depreciation	7,056	7,853	8,595	8,459	8,354
Amortization of intangible assets	2,017	910	910	910	910
Amortization of deferred financing costs	57	28	28	25	25
Bad debts	66	67	68	69	70
Contributions restricted for capital projects	(1,270)	(20)	(20)	(20)	(20)
Proceeds from entrance fees - routine turnover, non-refundable portion	8,178	8,374	8,577	8,793	9,008
Net change in working capital:					
Change in receivables and prepaid expenses	707	(208)	(318)	(193)	(198)
Change in accounts payable, other accrued liabilities, and payroll accruals	(230)	195	179	181	187
Net cash provided by operating activities	16,393	18,018	21,000	22,161	23,195
Cash flows from investing activities:					
Capital additions	(33,583)	(17,665)	(2,331)	(2,332)	(2,332)
Change in investments	(16,267)	1,999	(17,464)	(14,202)	(15,105)
Change in assets limited as to use - operating reserve	(345)	(323)	(340)	(328)	(337)
Change in assets limited as to use - other	(85)	(90)	(93)	(97)	(101)
Net cash used by investing activities	(50,280)	(16,079)	(20,228)	(16,959)	(17,875)
Cash flows from financing activities:					
Proceeds from entrance fees - routine turnover, refundable portion	3,205	3,290	3,378	3,471	3,564
Proceeds from initial entrance fees - Friendship Park	-	17,647	4,314	-	-
Proceeds from initial entrance fees-Cottages Project	7,685	-	-	-	-
Payment of refundable entrance fees	(4,015)	(4,099)	(4,186)	(4,276)	(4,368)
Principal payments-Bank Loan	(707)	(707)	(707)	(707)	(707)
Principal payments-Gerber Bank Loan	(329)	(328)	(328)	(328)	(328)
Proceeds from Friendship Park Note Payable	14,569	3,392	-	-	-
Proceeds from Meadowmont Note Payable	6,609	-	-	-	-
Payments of Friendship Park Note Payable	-	(18,000)	-	-	-
Payments of Cottages Project Note Payable	(8,600)	-	-	-	-
Principal payments-Series 2017 Bonds	(2,850)	(2,930)	(3,000)	(3,080)	(3,160)
Contributions restricted for capital projects	1,270	20	20	20	20
Net cash provided (used) by financing activities	16,837	(1,715)	(509)	(4,900)	(4,979)
Change in cash and cash equivalents	(17,050)	224	263	302	341
Cash and cash equivalents, beginning of year	21,533	4,483	4,707	4,970	5,272
Cash and cash equivalents, end of year	\$ 4,483	\$ 4,707	\$ 4,970	\$ 5,272	\$ 5,613

**See accompanying Independent Accountants' Compilation Report and Summary of
Significant Projection Assumptions and Rationale**

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Projected Consolidated Balance Sheets At December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Assets					
Current assets:					
Cash and cash equivalents	\$ 4,483	\$ 4,707	\$ 4,970	\$ 5,272	\$ 5,613
Assets limited as to use, current portion	26	26	26	26	26
Accounts receivable, net	1,900	1,982	2,175	2,239	2,305
Other receivables	1,170	1,208	1,247	1,288	1,330
Contributions receivable, current portion	25	25	25	25	25
Prepaid expenses and inventory	579	600	618	637	656
Total current assets	8,183	8,548	9,061	9,487	9,955
Non-current assets:					
Property and equipment, net	180,313	190,125	183,862	177,736	171,714
Goodwill, intangible assets	4,094	3,184	2,274	1,364	454
Investments	56,693	54,694	72,158	86,360	101,465
Assets limited as to use, less current portion:					
Operating reserve-Givens Estates	7,693	7,883	8,110	8,321	8,538
Operating reserve-Givens Highland Farms	4,200	4,333	4,446	4,563	4,683
Other	2,515	2,605	2,698	2,795	2,896
Contributions receivable, net of current portion	50	50	50	50	50
Other assets	807	807	807	807	807
Total assets	\$ 264,548	\$ 272,229	\$ 283,466	\$ 291,483	\$ 300,562
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 6,051	\$ 6,264	\$ 6,462	\$ 6,653	\$ 6,849
Interest payable	148	130	112	102	94
Agency funds	26	26	26	26	26
Resident refunds payable	4,924	4,936	4,964	5,010	5,072
Bank Loan, current portion	707	707	707	707	707
Gerber Bank Loan, current portion	328	328	328	328	328
Series 2017 Bonds, current maturities	2,930	3,000	3,080	3,160	3,240
Total current liabilities	15,114	15,391	15,679	15,986	16,316
Long-term liabilities:					
Bank Loan, net of current portion	11,401	10,694	9,987	9,280	8,572
Friendship Park Note Payable	14,608	-	-	-	-
Gerber Bank Loan, less current portion	6,590	6,261	5,934	5,606	5,278
Series 2017 Bonds, less current maturities	39,980	36,980	33,900	30,740	27,500
Deferred financing costs, net	(316)	(288)	(260)	(235)	(211)
Refundable entrance fees, net of current portion	55,642	54,882	54,206	53,618	53,116
Deferred revenue from entrance fees	67,473	84,771	87,451	86,149	85,171
Interest rate swap	306	306	306	306	306
Advance admission deposits	1,000	1,000	1,000	1,000	1,000
Total liabilities	211,798	209,997	208,203	202,450	197,048
Net assets					
Without donor restrictions	44,524	53,942	66,916	80,635	95,072
With donor restrictions	8,226	8,290	8,347	8,398	8,442
Total net assets	52,750	62,232	75,263	89,033	103,514
Total liabilities and net assets	\$ 264,548	\$ 272,229	\$ 283,466	\$ 291,483	\$ 300,562

See accompanying Independent Accountants' Compilation Report and Summary of Significant Projection Assumptions and Rationale

THE GIVENS ESTATES, INC. & SUBSIDIARIES

Summary of Significant Projection Assumptions and Rationale

For Each of the Five Years Ending December 31, 2024

General

The accompanying consolidated financial projection presents, to the best of the knowledge and belief of the management of The Givens Estates, Inc. & Subsidiaries (the “Corporation”) (“Management”) the expected financial position, results of operations, and cash flows of the Corporation as of and for each of the five years ending December 31, 2024. Accordingly, the accompanying projection reflects Management’s judgment as of May 27, 2020, the date of this report, of the expected conditions and its course of action during the projection period assuming that the hypothetical assumptions defined below occur. However, even if the hypothetical assumptions stated below were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management’s purpose in releasing this financial projection is for inclusion in the Corporation’s annual 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 prospective financial statements.

Basis of Presentation – The prospective consolidated financial statements included in the projection have been prepared in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective consolidated financial statements. The assumptions described are not all-inclusive.

Hypothetical Assumptions – 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. Hypothetical assumptions are not derived from sources, which are based upon supporting documentation such as contracts, agreements, or other empirical data. Management has prepared its financial projection assuming the hypothetical assumption that the Corporation’s newly constructed and yet to be constructed independent living units are successfully marketed and achieve and maintain projected occupancy levels.

Background of the Corporation – The Givens Estates, Inc., a non-profit, North Carolina corporation, and Givens Highland Farms, LLC, a non-profit, North Carolina limited liability corporation were formed as continuing care retirement communities (“CCRCs”) committed to providing the full continuum of care to seniors within the communities in which they serve.

Principles of Consolidation – The accompanying projected financial statements include the accounts of The Givens Estates, Inc. and its wholly owned subsidiaries: Givens Highland Farms, LLC (“Givens Highland Farms”); Life Ministries Outreach, LLC (“Life Ministries Outreach”) and Givens Gerber Park II, LLC (“Givens Gerber Park II”), collectively the “Corporation”.

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Related Parties

The Corporation is an income beneficiary of the Marion Jackson Givens Trust, subject to the discretion of the trustee. There are two board members that are affiliated with one law firm that serve as legal counsel for the Corporation.

The Corporation has funds invested with the United Methodist Foundation (“UMF”). The Chief Financial Officer of the Corporation serves on the UMF Investment Committee and the Development Director of the Corporation serves on the board of the UMF.

During 2006, the Corporation was invited to work with the Southeastern Jurisdictional Administrative Council (SEJAC) and the Southeastern Methodist Association for Rehabilitation (SEMAR) in developing an affordable housing project for seniors in Haywood County. The project, the Great Laurels of Junaluska, is located on 6.3 acres across from the main entrance to Lake Junaluska Assembly and consists of 36 apartments funded through a grant from the Department of Housing and Urban Development (HUD), and 64 apartments funded primarily through tax credits. The President and Chief Executive Officer of the Corporation serves as President of the Great Laurels, Inc. and the Chief Financial Officer of the Corporation serves as Finance Director.

The Corporation is a member of Gerber Park of Asheville, LLC (49% interest). Gerber Park of Asheville, LLC is the managing member of Givens Gerber Park, LLC (.01% interest). Givens Estates has an investment in Givens Gerber Park, LLC in the amount of approximately \$717,000. This amount relates to unreimbursed development and construction costs of Givens Gerber Park, LLC that will be reimbursed through Givens Gerber Park loans and developer fees. The Corporation has entered into a lease with Givens Gerber Park, LLC, where the Corporation owns the land that Givens Gerber Park, LLC is constructed. The Corporation leases this land to Givens Gerber Park, LLC for \$1 per year. This lease expires in 2065.

The Corporation is a managing member of Gerber Park of Asheville III, LLC (49% interest). Gerber Park of Asheville III, LLC is the managing member of Givens Gerber Park III, LLC (.01% interest). Givens Estates has an investment in Givens Gerber Park III, LLC in the amount of approximately \$185,000. This amount relates to unreimbursed development and construction costs of Givens Gerber Park III, LLC that will be reimbursed through Givens Gerber Park III loans and developer fees. The Corporation has entered into a lease with Givens Gerber Park of Asheville III, LLC, where the Corporation owns the land where Givens Gerber Park of Asheville III, LLC will be constructed. The Corporation leases this land to Givens Gerber Park of Asheville III, LLC for \$1 per year. This lease expires in 2081.

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The Givens Estates

The Corporation owns and operates a CCRC known as Givens Estates (“Givens Estates”) in Asheville, North Carolina. Givens Estates is licensed as a CCRC by the North Carolina Department of Insurance and is affiliated with the Western North Carolina Conference of the United Methodist Church.

Givens Estates is located on an approximately 215-acre campus and currently consists of 260 independent living apartment units, 23 independent living villa units (the “Villas”), 126 independent living homes, duplex and cottage units, a 47-unit assisted living facility, an 84-bed health care facility, related common spaces and a wellness center.

The following table summarizes Givens Estates’ unit configuration, entrance fees (“Entrance Fees”), monthly service fees (“Monthly Service Fees”), and assumed occupancy throughout the projection period:

Type of Unit	Total Units	Occupancy Percentage	Entrance Fees- 100 Percent Amortization Plan⁽¹⁾⁽²⁾	Monthly Service Fees⁽¹⁾
<i>Independent Living Units:</i>				
Apartments – Asbury Commons	52	95%	\$ 96,458	\$ 2,152
Apartments – Oxford Commons	136	95%	286,121	3,744
Apartments – Creekside	72	95%	353,775	3,860
Villas	23	95%	113,233	2,208
Houses and Duplexes	67	95%	278,527	3,351
Cottages	59	95%	451,225	4,334
Total / Weighted Average	409	95%	\$ 286,768	\$ 3,496
Assisted Living Units	47	95%	\$ 9,000	\$ 5,759
Health Center beds	84	92%	N/A	9,510
Total Units / Beds	540	95%		

Source: Management

- (1) Entrance Fees and Monthly Service Fees indicated are the weighted averages of fees by unit type and are effective January 1, 2020.
- (2) Direct admit Residents of the Assisted Living Units pay a non-refundable refurbishment fee ranging from \$8,000 to \$15,000 depending on the unit selected.

See Independent Accountants’ Compilation Report

Friendship Park Project Description

Management is constructing a multi-phased project at Givens Estates, which includes the construction of 80 independent living apartments (the “Friendship Park Apartments”) contained in two buildings (the “Friendship Park Project”). Management intends to complete the Friendship Park Project in phases as follows:

- Phase I: Construction of 35 Friendship Park Apartments, assumed to be completed in August 2021; and
- Phase II: Construction of 45 Friendship Park Apartments, assumed to be completed in October 2021;

The following table summarizes Friendship Park Apartment’s unit configuration, approximate square footages, Entrance Fees, and Monthly Service Fees.

Type of Unit	Total Units	Square Footage	Entrance Fees – 100 Percent Amortization Plan ⁽¹⁾	Monthly Service Fees ⁽²⁾
<i>Friendship Park Apartments:</i>				
Aspen	17	917	\$ 222,301	\$ 2,700
Birch	7	919	217,861	2,700
Buckeye	2	947	211,605	2,700
Cedar	13	1,111	275,802	2,700
Chestnut	3	1,109	258,416	2,900
Elm	3	1,114	280,356	2,900
Hickory	8	1,283	317,706	3,200
Maple	3	1,293	307,551	3,200
Walnut	11	1,336	332,386	3,200
Whistlewood	6	1,329	323,288	3,200
Winterberry	7	1,349	336,724	3,200
Total/Weighted Average	80	1,141	\$ 279,330	\$ 2,966

Source: Management

(1) Entrance Fees and Monthly Fees indicated are assumed to be effective upon opening of Friendship Park beginning in September 2021.

See Independent Accountants’ Compilation Report

The following table summarizes the assumed timeline for construction completion and fill-up of the Friendship Park Project.

Table 3
The Givens Estates
Assumed Friendship Park Project Construction and Fill-Up Timeline

Event	Phase I	Phase II
Commenced construction	August 2019	August 2019
Complete construction	August 2021	October 2021
Available for occupancy	September 2021	November 2021
Achieve stabilized occupancy of 95%	November 2021	January 2022

Source: Management

Total construction and related project costs for the Friendship Park Project are assumed to approximate \$33,389,000 and be financed with proceeds from initial entrance fees and a loan from Capital Bank (the “Friendship Park Note Payable”).

Oxford Dining Renovation

Management is renovating the dining amenities at Givens Estates (the “Oxford Dining Renovation”). The Oxford Dining Renovation began in September 2019 and is anticipated to be completed in March 2021. Total costs for the Oxford Dining Renovation are assumed to approximate \$9,500,000 and be funded with cash from Corporation.

See Independent Accountants’ Compilation Report

Givens Highland Farms

Givens Highland Farms is located on 75 acres of land in Black Mountain, North Carolina and consists of 91 residential garden apartments, 161 cluster homes, condominium units, and free-standing homes, 28 independence-plus apartment units, 30 assisted living (adult care home) beds, and 60 skilled nursing beds. The following table summarizes Givens Highland Farms unit configuration, Entrance Fees, Monthly Service Fees, and assumed occupancy throughout the projection period:

Type of Unit	Total Units	Occupancy Percentage	Entrance Fee- 100 Percent Amortization Plan⁽¹⁾	Monthly Service Fees⁽¹⁾
<i>Independent Living Units:</i>				
Apartments – Garden	91	95%	\$ 152,800	\$ 2,881
Apartments – Prentice Lodge	28	89%	64,500	4,060
Condominiums	32	97%	238,000	3,133
Cluster Homes	45	92%	208,200	2,992
Freestanding Homes	4	95%	319,000	3,613
Meadowmont	64	99%	283,700	3,315
Cottages	16	94%	316,500	3,550
Total / weighted average	280	95%	\$ 204,252	\$ 3,194
Assisted living units	30	79%	N/A	\$ 6,886
Skilled nursing beds	60	79%	N/A	8,718
Total / weighted average	370	91%		

Source: Management

(1) Entrance Fees and Monthly Service Fees indicated are effective January 1, 2020.

The Cottages Project

Management is planning an expansion project at Givens Highland Farms for the construction of 16 independent free-standing living units to be built in one phase (the “Cottages Project”). Total construction and related project costs for the Cottages Project are assumed to approximate \$8,600,000 and be financed with proceeds from initial entrance fees and a loan from Capital Bank (the “Cottages Note Payable”). The following table summarizes the assumed timeline for construction completion and fill-up of The Cottages Project:

See Independent Accountants’ Compilation Report

Table 5
Givens Highland Farms
Assumed Project Construction and Fill-Up Timeline for The Cottages Project

Commenced Construction	August 2019
Complete Construction	September 2020
Available for Occupancy	October 2020
Achieve Stabilized Occupancy of 95%	November 2020

Source: Management

The following table summarizes the Cottages' unit configuration, approximate square footages, Entrance Fees, and Monthly Service Fees.

Table 6
Givens Highland Farms
The Cottages Project – Unit Configuration, Entrance Fees, and Monthly Service Fees

Type of Unit	Total Units	Square Footage	Entrance Fees- 50 Percent Amortization Plan ⁽¹⁾	Entrance Fees- 75 Percent Amortization Plan ⁽¹⁾	Monthly Service Fees ⁽¹⁾
<i>The Cottages Project:</i>					
One Bedroom with Den	2	1,326	\$377,000	\$474,000	\$3,212
Two Bedroom	5	1,510	\$445,000	\$553,300	\$3,455
Two Bedroom with Den	9	1,708	\$498,000	\$626,100	\$3,678
Total/Weighted Average:	16	1,598	\$466,313	\$584,338	\$3,550

Source: Management

(1) Monthly Service Fees and Entrance Fees are stated in 2020 dollars.

Givens Gerber Park II

Management formed Givens Gerber Park II, LLC as a subsidiary of the Corporation to own and operate Givens Gerber Park II, consisting of 60 one-bedroom and 22 two-bedroom apartments. Residents of Givens Gerber Park II pay a non-refundable Entrance Fee of approximately \$12,000 and a Monthly Service Fee ranging from \$1,366 to \$2,419 on a sliding scale based on income.

See Independent Accountants' Compilation Report

Table 7
Givens Gerber Park II
Unit Configuration

Type of Unit	Total Units	Square Footage	Monthly Service Fees ⁽¹⁾⁽²⁾
One Bedroom	60	750	\$ 1,366 - \$2,241
Two Bedroom	22	1,100	\$ 1,536 - \$2,419
Total/Weighted Average:	82	844	\$1,824

Source: Management

(1) Monthly Service Fees and Entrance Fees are stated in 2020 dollars.

(2) Second person Monthly Service Fees are \$265 in 2020 dollars.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. The Centers for Disease Control and Prevention has confirmed the spread of COVID-19 to the United States, including North Carolina. In response, the federal government and a large number of state governments, including North Carolina, have imposed strict measures to curtail certain aspects of public life in an effort to contain COVID-19.

In addition to the direct impact to the health care industry, global investment and financial markets (including in the United States) have experienced substantial volatility, with significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, the Corporation expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Corporation’s service area, could result in an abnormally high demand for health care services. Further, the changing global economic conditions or global health concerns surrounding the COVID-19 pandemic may also affect the Corporation’s partners, suppliers, distributors and payors, potentially disrupting or delaying the Corporation’s supply chain, project construction progress and reimbursement by private payors.

The extent of COVID-19’s effect on the Corporation’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, the potential impact of the COVID-19 pandemic could materially adversely impact the Corporation’s financial condition, liquidity and results of operations, as well as national and local economies. As a result, Management has not estimated the potential impact of COVID-19 on the Corporation in its projection.

See Independent Accountants’ Compilation Report

Residency and Services Agreement

Prior to taking occupancy of a selected Independent Living Unit, a prospective resident shall execute a residency and services agreement (the “Residency and Services Agreement”). The terms of the Residency and Services Agreement require the Corporation accepts persons at least 55 years of age at the time of occupancy, who demonstrate the ability to live independently, and meet the financial obligations as a Resident.

Payment of the Entrance Fee and a Monthly Service Fee entitles the Resident to occupy the selected Independent Living Unit and to receive the following services and amenities:

- Utilities, including telephone, cable, and internet services;
- Declining balance meal plan;
- Weekly housekeeping services;
- Interior unit and appliance maintenance;
- Maintenance of common area and the grounds;
- Use of common areas and wellness center;
- Uncovered parking;
- Scheduled transportation; and
- 24-hour emergency response system.

In addition to items included in the Monthly Service Fee, certain services are available to Residents at an additional cost. Optional services, including guest rooms, beauty and barber services, home care services, personal laundry or dry cleaning, special transportation, catering, guest meals, repairs of personal property, are available for an extra charge.

Termination by the Resident Prior to Occupancy

The Resident may cancel at any time and for any reason during the 30-day rescission period as defined in the Residency and Services Agreement (the “Rescission Period”) and shall receive a refund of any fees paid less a service charge. After the Rescission Period, the Resident may terminate the Residency and Services Agreement prior to moving into the Givens Estates or Givens Highland Farms for any reason at any time before moving into the Givens Estates or Givens Highland Farms by giving prior written notice. Under this circumstance, the Resident shall receive a refund of the 10% Deposit, less a nonrefundable fee equal to the greater of One Thousand Dollars (\$1,000) or two percent (2%) of the total amount of the Entrance Fee after the Rescission Period.

See Independent Accountants’ Compilation Report

Termination by the Resident After Occupancy

The Resident may terminate the Residency and Services Agreement after moving into Givens Estates or Givens Highland Farms by giving prior written notice of termination, which shall be effective and irrevocable upon delivery. If the Resident terminates the Residency and Services Agreement during the Rescission Period, but after occupancy then the Resident shall be liable for a service charge equal to the greater of one thousand dollars (\$1,000) or two percent (2%) of the total amount of the Entrance Fee. If the Resident terminates after the Rescission Period then they will receive a refund less i) periodic charges applicable only to the period the Resident actually occupied the Independent Living Unit; (ii) nonstandard costs incurred at the Resident's request, and (iii) nonrefundable Entrance Fees.

The Residency and Services Agreement shall automatically terminate upon death of the resident (unless there is a surviving joint Resident).

Termination by the Corporation

The Corporation may terminate the Residency and Services Agreement for just cause to include: (i) breach of agreement; (ii) misrepresenting information in the admission process; (iii) failure to pay any charges; or (iv) violation of any reasonable procedures at Givens Estates or Givens Highland Farms.

Residents may reside in an Independent Living Unit for as long as he or she is capable of meeting the requirements of occupancy, in the opinion of the Corporation, after consultation with the Resident, the Resident's attending physician and/or the Corporation's appointed medical director. If the Resident is no longer able to meet the requirements of residing in the Independent Living Unit, higher levels of health care are provided in assisted living and skilled nursing.

Services Provided for the Assisted Living Beds

Residents of the assisted living beds receive three meals per day; assisted living and care services in accordance with the Resident's written plan of care; laundering of linens and bedding; housekeeping and maintenance; utilities, emergency call service; daily observation of Resident's general health, safety, physical and emotional well-being; scheduled transportation; social services; and planned recreational activities. The Resident is required to pay any additional charges for additional services and supplies that are not covered in the applicable base fees.

Services Provided for the Skilled Nursing Beds

Residents of the skilled nursing beds receive three meals per day; nursing care, personal care or custodial care services in accordance with the Resident's written plan of care; laundered linens and bedding; housekeeping and maintenance; social services; and planned recreational activities. The Resident is required to pay any additional charges for services that are not covered in the applicable base fees for the skilled nursing beds.

See Independent Accountants' Compilation Report

Summary of Significant Accounting Policies

Basis of Accounting – The Corporation maintains its accounting and financial records according to the accrual basis of accounting.

Use of Estimates – The preparation of prospective financial statements in accordance with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents includes cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited.

Assets Limited as to Use – These assets include assets set aside by the Board of Directors (the “Board”) to provide supplemental assistance to residents for payment of the residents’ initial contribution and monthly rentals for the life occupancy residential complex, over which the Board retains control and may at its discretion subsequently use for other purposes. Assets limited as to use also include amounts held by a trustee that are limited as to use in accordance with the bond order and resident funds.

North Carolina General Statute Section 58-64-33 requires CCRC’s to maintain an operating reserve equal to 50 percent of the total operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if independent and assisted living occupancy exceeds 90 percent.

Accounts Receivable – Accounts receivable arise from the sale of residential and healthcare services and products, for which the Corporation grants credit on an unsecured basis. Accounts are considered past due after 30 days. The Corporation estimates allowance for doubtful accounts by evaluating the collectability of accounts greater than 120 days past due. Once a charge has been determined to be uncollectible, it is charged-off.

Contributions Receivable – Contributions receivable include unconditional promises of cash, charitable remainder unitrusts, and charitable gift annuities. The charitable remainder unitrusts and charitable gift annuities are held in trust by another organization. Upon the death of the donors, the remaining investment will be transferred to the Corporation. The balance is net of projected allowances for doubtful accounts and discounts for present value.

Investments – Investments include cash and cash equivalents, common stock, comingled funds, corporate and government bonds, government securities, money market funds and a fixed income fund. Investments in equity securities with readily determinable fair value and all investments in debt securities are measured at fair value based on quoted market prices in the balance sheet. For purposes of the projection, Management has not projected realized or unrealized gains or losses on investments.

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Property and Equipment – Property and equipment is stated at cost or at fair value at date of donation. The Corporation capitalizes all assets over \$1,000 and depreciates them using the straight-line method over their estimated useful lives as follows:

Land improvements	10-20 years
Buildings	40 years
Furniture and equipment	5-10 years
Vehicles	3-5 years

Expenditures for repairs and maintenance are charged to expenses as incurred. The costs 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 any related gain or loss is credited or charged to non-operating gains or losses. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Buildings for Givens Highland Farms include condominiums, cluster homes (which are groups of individual residences connected by adjoining walls), houses (collectively referred to as “housing units”), and rental property. Givens Highland Farms’ contracts with the residents provide that either upon death or at the resident’s option, Givens Highland Farms has the option to purchase; and the resident or his estate must sell the housing unit at a specified price. It is the intention of Givens Highland Farms to always choose the option to repurchase the housing units and once repurchased to not resale them. The repurchase price (the “Repurchase Obligation”) is 94% of the resident’s original purchase price, reduced 3% per year for each year beyond the first year that the resident occupies the unit. The minimum repurchase price after seven years of occupancy is 76% of the original purchase price. There are currently 34 housing units remaining to be repurchased by Givens Highland Farms.

Intangible Asset – In connection with the recording of the assets and liabilities as part of the purchase of Highland Farms, intangibles of \$15,440,665 were recorded with this transaction. Givens Highland Farms obtained approximately \$14,800,000 of deferred revenue and refundable entrance fee contracts. The projected net future cash flows to be generated from these resident contracts are recorded as an intangible asset and are being amortized over the average life expectancy of those residents, or approximately 8 years. The remainder has been recorded as goodwill. In 2019, the Corporation began amortizing goodwill over the average life expectancy of those residents whose contracts the goodwill was based, or approximately 6.5 years. The intangible asset will be fully amortized in 2025.

Deferred Costs – Deferred financing costs associated with the issuance of debt is capitalized and amortized over the expected life of the debt instrument using the effective interest method. The debt issuance costs are netted against the related debt on the balance sheet and the amortization is included in interest expense on the statement of operations.

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Resident Refunds Payable – Resident refunds payable include estimated Entrance Fee refunds due to Residents that have the 50 percent, 65 percent, 75 percent, 76 percent or 90 percent refundable contracts. The Corporation’s contract stipulates that the Entrance Fee is refundable within two years of vacancy or when a replacement occupant has been secured, whichever is sooner. Refunds are made within 30 days for Givens Highland Farms apartment contracts and within 120 days for Givens Highland Farms cluster homes, condominium units or free-standing homes signed before December 1, 2012. Based on historical experience, the estimated amount of the Resident refunds that are expected to be refunded in a subsequent year are classified as a current liability on the balance sheet.

Deferred Revenue from Entrance Fees – In exchange for an Entrance Fee, residents are granted a lifetime occupancy interest in the residential unit. The Entrance Fee will vary due to the size of the residence and the contract option selected by the resident. The nonrefundable portion of the Entrance Fee paid by a resident upon entering into a lifetime occupancy contract is recorded as deferred revenue. In 2008, Givens Estates began offering three types of contracts: a 90 percent refundable option, under which the refund declines to 90 percent over a three month period; a zero percent refund option, under which the refund declines to zero percent over a four year period; and a 50 percent refundable option, under which the refund declines to 50 percent over a two year period.

In 2017, Givens Highland Farms began offering three types of contracts: a 90 percent refundable option, under which the refund declines to 90 percent over a three month period; a zero percent refund option, under which the refund declines to zero percent over a four year period; and a 50 percent refundable option, under which the refund declines to 50 percent over a two year period. Prior to 2017, Givens Highland Farms offered two types of contracts for the apartments and the lodge: a 50 percent refundable option, with the refund declining to 50 percent over a 23-month period; or a zero percent refund option, with the refund declining to zero percent over a 46-month period. In 2015, Givens Highland Farms began offering a 65 percent refundable contract option for the cluster homes, condominiums and homes with the refund declining to 65 percent over a 16-month period. In 2014, Givens Highland Farms began offering a 75 percent refundable contract option for the cluster homes, condominiums and homes with the refund declining to 75 percent over an 11-month period. In addition, the initial contracts for the Meadowmont homes and the Cottages are 75% refundable contracts. The refundable portion of contracts signed before December 1, 2012 for the cluster homes, condominiums and homes declines to 76 percent over a seven-year period.

The nonrefundable portion of the Givens Highland Farms Repurchase Obligation that is not required to be paid back to the resident (of original purchase price) is recorded as part of deferred revenue from Entrance Fees. Revenue is recognized each year to the extent that Givens Highland Farms’ repurchase obligation is reduced over the estimated average life expectancy of the resident. The non-refundable portion of deferred revenue is amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted annually.

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

Advance Admission Deposits – For existing units, the Corporation collects an initial deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue.

Net Assets – The Corporation reports its net assets using the following classes; net assets without donor restrictions and net assets with donor restrictions depending on the presence and type of donor-imposed restrictions limiting the Corporation’s ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Net assets with donor restrictions are those net assets whose use by the Corporation has been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes.

Contributions and Donor-Imposed Restrictions – All contributions are considered to be available without restrictions unless specifically restricted by the donor. The Corporation reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from restriction.

Concentration of Credit Risk – Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash, accounts receivable and investments. The Corporation maintains its cash in bank accounts which, at times, may exceed federally depository insurance (FDIC) limits. Management believes the credit risk associated with these deposits is minimal.

Long-Term Care and Assisted Living Revenue – Long-term care and assisted living revenue represents the estimated net realizable amounts from residents, third-party payors, and others for services rendered while in the long-term care or assisted living units. It also includes estimated retroactive revenue adjustments due to future audits, review, 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 Corporation have been immaterial in relation to the financial statements taken as a whole.

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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.

Residential Revenue – In addition to the amortization of deferred revenue as described above, the residents are also subject to a continuing Monthly Service Fee, which varies with the type of unit and with the level of health care the resident receives. The Monthly Service Fee can be changed from time to time, as deemed necessary by the Corporation, with 30 days written notice to residents.

Income Taxes – The Corporation is exempt from federal income taxes under Section 501c(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. For purposes of the projection, the Corporation has assumed no material unrecognized tax benefits or obligations during the projection period.

Benevolent Assistance – The Corporation has a policy of providing benevolent assistance to residents who are unable to pay the full cost of care and services. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Corporation does not expect to collect the normal charges for services provided, charges for benevolent assistance are not included in revenue.

Revenue from Contracts with Customers – During 2019, the Corporation 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 management determined that the effect of applying the guidance to the Corporation’s portfolios of contracts within the scope of ASC Topic 606 on the consolidated financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or the Corporation’s performance obligations within that portfolio. The five-step model defined by ASC Topic 606 requires the Corporation to: (1) identify contracts with customers, (2) identify the Corporation’s performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction prices to the Corporation’s 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. The adoption of ASC Topic 606 did not have a material impact on the amount and timing of revenue recognition.

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The promised goods or services in the resident agreement are that the entity 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 entity recognizes the nonrefundable entrance fee in an equal amount allocated to each month, given the nature of the entity's performance is that of having the various residential, social or other services available to the resident on a when-and-if needed basis each month for as long as the resident resides in the facility.

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

Monthly Service Fees – The contracts that Residents select require an Entrance Fee and Monthly Service Fees based upon the type of accommodation with which the Residents are applying. 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 other services and these performance obligations are earned each month. Under ASU 2015-14, Revenue from Contracts with Customers (Topic 606), Management has determined that the performance obligation for the standing obligation to provide the appropriate services is the predominate component and does not contain a lease component under ASC Topic 840, Leases. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance Fees – Non-refundable Entrance 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 access to services 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 – The Corporation provides assisted and nursing care to residents that are covered by government and commercial payers. Otherwise, these residents pay a per diem rate that is generally billed monthly in advance. The Corporation is paid fixed daily rates from government and commercial payers. The per diem daily rates and other fees billed to government and commercial payers 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.

Summary of Significant Statement of Operations Assumptions

Long-Term Care and Assisted Living Revenue – Management assumes long-term care revenue and assisted living revenues at Givens Estates to increase approximately 3.0 percent annually, and 3.5 percent at Givens Highland Farms.

Residential Revenue – Management assumes residential revenues at Givens Estates and Givens Gerber Park II to increase approximately 3.0 percent annually, and 3.3 percent at Givens Highland Farms.

Operating Expenses – Management assumes operating expenses will increase approximately 3.0 percent annually at Givens Estates and Givens Gerber Park II, and 2.9 percent at Givens Highland Farms.

Earnings on Investments, Debt Service Fund, Operating Reserve and Excess Cash – Earnings on investments, operating reserve and excess cash available are assumed to be approximately 2.0 percent throughout the projection period.

Contributions and Bequests – Management assumes contributions and bequests without donor restrictions to Givens Estates to increase approximately 1.0 percent annually throughout the projection period.

Summary of Significant Balance Sheet Assumptions

Current Assets and Current Liabilities – Operating revenue, as used below, includes long-term care revenue, residential revenue, assisted living revenue and residential food service revenue. Operating expenses exclude amortization, depreciation and interest expense.

Management has assumed the following working capital components based on the Corporation's historical trends:

Table 8		
Working Capital – Days on Hand		
Accounts receivable	15	days of resident revenues
Other receivables	176	days of resident revenues
Prepaid expenses	5	days of operating expenses
Accounts payable	38	days of operating expenses
Other accrued liabilities	13	days of operating expenses

Source: Management

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Assets Limited as to Use – Management assumes assets limited as to use, other than the Givens Estates and Given-Highland Farms statutory operating reserves, to be as follows during the projection period:

	2020	2021	2022	2023	2024
Board designated:					
Assistance endowment ⁽¹⁾	\$ 2,242	\$ 2,332	\$ 2,425	\$ 2,522	\$ 2,623
Agency funds	20	20	20	20	20
Assistance endowment ⁽²⁾	279	279	279	279	279
Total – other	2,541	2,631	2,724	2,821	2,922
Less current portion	(26)	(26)	(26)	(26)	(26)
Assets limited as to use,					
Less current portion – other	\$ 2,515	\$ 2,605	\$ 2,698	\$ 2,795	\$ 2,896

Source: Management

(1) Assistance endowment funds for Givens Estates.

(2) Assistance endowment funds for Givens Highland Farms.

Management assumes the statutory operating reserve requirement to be 25 percent of each year's operating expenses (adjusted for non-cash items) based on an assumed independent and assisted living occupancy rate in excess of ninety percent (90%) throughout the projection period.

Property and Equipment – Management assumes disposal of property and equipment and capital additions as follows:

	2020	2021	2022	2023	2024
Beginning balance	\$216,277	\$249,859	\$267,524	\$269,856	\$272,188
Capital additions–Friendship Park ⁽¹⁾	24,222	15,334	-	-	-
Capital additions–The Cottages ⁽¹⁾	6,081	-	-	-	-
Routine Capital additions	3,279	2,331	2,332	2,332	2,331
Total capital costs	249,859	267,524	269,856	272,188	274,519
Less accumulated depreciation	(69,546)	(77,399)	(85,994)	(94,452)	(102,805)
Property and equipment, net	\$180,313	\$190,125	\$183,862	\$177,736	\$171,714

Source: Management

(3) Includes interest costs capitalized during construction.

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Long-Term Debt – Management assumes long-term debt to consist of the following:

Table 11
Schedule of Long-Term Debt
(in thousands of dollars)

Balances at December 31,	2020	2021	2022	2023	2024
Bank Loan	\$ 12,108	\$ 11,401	\$ 10,694	\$ 9,987	\$ 9,279
Gerber Bank Loan	6,918	6,589	6,262	5,934	5,606
Friendship Park Note Payable	14,608	-	-	-	-
Series 2017 Bonds	42,910	39,980	36,980	33,900	30,740
Long-term debt	76,544	57,970	53,936	49,821	45,625
Less current portion	(3,965)	(4,035)	(4,115)	(4,195)	(4,275)
Long-term debt, net	\$ 72,579	\$ 53,935	\$ 49,821	\$ 45,626	\$ 41,350

Source: Management

Bank Loan

On December 1, 2012, the Corporation purchased the assets of Highland Farms, Inc. and Mirafel, LLC, a taxable entity. The purchase and capital additions have been financed with proceeds from a bank loan (the “Bank Loan”). The Bank Loan has a 30-year amortization with an annual interest rate of 30 Day LIBOR plus 1.25 percent per annum. For purposes of the projection, the Bank Loan interest rate is assumed to be 3.50 percent per annum for fiscal year 2020 and 2.50 percent per annum for fiscal years 2021 through 2024. The following table shows the principal and interest payments for the Bank Loan:

Table 12
Bank Loan Schedule of Principal and Interest Payments
(in thousands of dollars)

Year Ending December 31,	Principal	Interest	Total Payments
2020	\$ 707	\$ 447	\$ 1,154
2021	707	306	1,013
2022	707	278	985
2023	707	260	967
2024	707	243	950
Thereafter	9,279	1,246	10,525
Total	\$ 12,814	\$ 2,780	\$ 15,594

Source: Management

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Gerber Bank Loan

Construction costs for Givens Gerber Park II are funded with the Gerber Bank Loan, which commenced in April 2018. As of December 31, 2019, the Gerber Bank Loan balance was approximately \$7.2 million. The Gerber Bank Loan converted from a construction loan to permanent debt effective April 2018 with a swap, which fixed the interest rate of 3.88 percent per annum. The following table shows the assumed principal and interest payments for the Gerber Bank Loan:

Table 13
Gerber II Bank Loan Schedule of Principal and Interest Payments
(in thousands of dollars)

Year Ending December 31,	Principal	Interest	Total Payments
2020	\$ 328	\$ 275	\$ 603
2021	328	262	590
2022	328	249	577
2023	328	236	564
2024	328	224	552
Thereafter	5,605	409	6,014
Total	\$ 7,245	\$ 1,655	\$ 8,900

Source: Management

The Cottages Project Note Payable

Capital additions for the Cottages Project are funded with the initial Entrance Fees and the Cottages Project Note Payable. The interest rate on the Cottages Project Note Payable is assumed to be 3.50 percent per annum. The Cottages Project Note Payable is anticipated to be repaid by December 2020.

Table 14
The Cottages Note Payable Schedule of Principal and Interest Payments
(in thousands of dollars)

Year Ending December 31,	Principal	Interest	Total Payments
2020	\$ 8,600	\$ 204	\$ 8,804
Total	\$ 8,600	\$ 204	\$ 8,804

Source: Management

See Independent Accountants' Compilation Report

Series 2017 Bonds

The North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds Series 2007 were refunded in April 2017 with \$52,980,000 Series 2017 Refunding Bonds. Interest is payable monthly at 2.84 percent. Monthly principal payments began May 1, 2017 with the final payment due July 1, 2033. The following table shows the principal and interest payments for the Series 2017 Refunding Bonds:

Table 15
Series 2017 Refunding Bonds Schedule of Principal and Interest Payments
(in thousands of dollars)

Year Ending December 31,	Principal	Interest	Total Payments
2020	\$ 2,850	\$ 1,263	\$ 4,113
2021	2,930	1,181	4,111
2022	3,000	1,097	4,097
2023	3,080	1,010	4,090
2024	3,160	831	3,991
Thereafter	30,740	3,090	33,830
Total	\$ 45,760	\$ 8,472	\$ 54,232

Source: Management

Friendship Park Note Payable

Capital additions for the Friendship Park Project are funded with the initial Entrance Fees and the Friendship Park Note Payable. The interest rate on the Friendship Park Note Payable is estimated to be 5.00 percent per annum. The Friendship Park Note Payable is anticipated to be repaid with initial Entrance Fees by December 2021.

Table 16
Friendship Park Note Payable Schedule of Principal and Interest
(in thousands of dollars)

Year Ending December 31,	Principal	Interest	Total Payments
2020	\$ -	\$ 250	\$ 250
2021	18,000	750	18,750
Total	\$ 18,000	\$ 1,000	\$ 19,000

Source: Management

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Deferred Revenue from Entrance Fees – Management assumes that Entrance Fees will increase approximately 3.0 percent annually depending on unit type.

The assumed turnover of the independent living units for Givens Estates, Givens Highland Farms and Givens Gerber Park II and initial Entrance Fees received for Friendship Park and the Cottages are presented in the following table:

Year Ending December 31,	Cottages Project Initial Entrance Fees	Friendship Park Initial Entrance Fees	Turnover Entrance Fees	Total
2020	16	-	60	76
2021	-	65	60	125
2022	-	15	60	75
2023	-	-	60	60
2024	-	-	60	60

Source: Management

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**INDEPENDENT ACCOUNTANTS' REPORT ON
SUPPLEMENTAL INFORMATION**

The Board of Directors
The Givens Estates, Inc. & Subsidiaries
Asheville, North Carolina

We have compiled the accompanying consolidated projected balance sheets and related projected statements of operations, changes in net assets and cash flows of Givens Estates, Inc. & Subsidiaries, as of and for the each of the five years ending December 31, 2024, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The projected balance sheets and related projected statements of operations, changes in net assets and cash flows of The Givens Estates, Inc., Givens Highland Farms, LLC, Givens Gerber Park II, LLC, and Life Ministries Outreach, LLC are presented for purposes of additional analysis and are not a required part of the consolidated projected 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 projected financial statements.

Dixon Hughes Goodman LLP

Atlanta, Georgia
May 27, 2020

THE GIVENS ESTATES, INC.

Projected Statements of Operations For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Unrestricted revenues, gains and other support:					
Amortization of entrance fees	\$ 6,650	\$ 6,795	\$ 8,217	\$ 8,034	\$ 7,856
Residential revenue	15,660	16,582	19,516	20,101	20,704
Assisted living revenue	3,706	3,818	3,932	4,050	4,172
Long-term care revenue	9,440	9,724	10,015	10,316	10,625
Residential food service revenue	1,675	1,725	1,777	1,830	1,885
Contributions and bequests	449	453	458	462	467
Net assets released from restrictions-operations	210	216	223	229	236
Management fee	1,110	1,119	1,148	1,178	1,210
Other revenue	1,612	1,660	1,710	1,761	1,814
Investment income	800	1,261	1,415	1,729	2,018
Total unrestricted revenues, gains and other support	41,312	43,353	48,411	49,690	50,987
Expenses:					
Administration	3,621	3,730	3,842	3,957	4,075
Assisted living	1,422	1,464	1,508	1,554	1,600
Long-term care	5,326	5,485	5,650	5,820	5,994
Home care	321	331	341	351	362
Maintenance	4,301	4,431	4,564	4,701	4,842
Dining services	4,191	4,317	4,497	4,632	4,771
Housekeeping	1,912	1,969	2,028	2,089	2,152
Laundry	5	5	5	5	5
Marketing	582	599	617	636	655
Resident services	2,396	2,468	2,542	2,618	2,697
Utilities	1,641	1,690	1,791	1,844	1,900
Outreach	563	579	597	615	633
Bad debts	28	29	30	31	32
Insurance	314	324	334	344	354
Depreciation	4,866	5,510	6,201	6,031	5,895
Interest expense:					
Amortization of deferred financing costs	25	25	25	25	25
Interest-Series 2017 Bonds	1,300	1,181	1,097	1,010	922
Total expenses	32,814	34,137	35,669	36,263	36,914
Operating income	8,498	9,216	12,742	13,427	14,073
Net assets released from restrictions-capital projects	1,270	20	20	20	20
Change in net assets without donor restrictions	\$ 9,768	\$ 9,236	\$ 12,762	\$ 13,447	\$ 14,093

Supplemental Disclosure

THE GIVENS ESTATES, INC.

Projected Statements of Changes in Net Assets
For Each of the Five Years Ending December 31,
(in thousands of dollars)

	2020	2021	2022	2023	2024
Net assets without donor restrictions:					
Operating income	\$ 8,498	\$ 9,216	\$ 12,742	\$ 13,427	\$ 14,073
Net assets released from restrictions-capital projects	1,270	20	20	20	20
Change in net assets without donor restrictions	9,768	9,236	12,762	13,447	14,093
Net assets with donor restrictions:					
Contributions	900	300	300	300	300
Net assets released from restrictions	(1,480)	(236)	(243)	(249)	(256)
Change in net assets with donor restrictions	(580)	64	57	51	44
Change in net assets	9,188	9,300	12,819	13,498	14,137
Net assets, beginning of year	55,492	64,680	73,980	86,799	100,297
Net assets, end of year	\$ 64,680	\$ 73,980	\$ 86,799	\$ 100,297	\$ 114,434

Supplemental Disclosure

THE GIVENS ESTATES, INC.

Projected Statements of Cash Flows For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net assets	\$ 9,188	\$ 9,300	\$ 12,819	\$ 13,498	\$ 14,137
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Amortization of entrance fees	(6,650)	(6,795)	(8,217)	(8,034)	(7,856)
Depreciation	4,866	5,510	6,201	6,031	5,895
Amortization of deferred financing costs	25	25	25	25	25
Bad debts	28	29	30	31	32
Contributions restricted for capital projects	(1,270)	(20)	(20)	(20)	(20)
Proceeds from entrance fees - routine turnover, non-refundable portion	6,555	6,751	6,954	7,170	7,385
Net change in working capital:					
Change in receivables and prepaid expenses	729	(108)	(219)	(91)	(93)
Change in accounts payable, other accrued liabilities, and payroll accruals	(258)	99	114	104	107
Net cash provided by operating activities	13,213	14,791	17,687	18,714	19,612
Cash flows from investing activities:					
Capital additions	(25,522)	(16,634)	(1,300)	(1,300)	(1,300)
Change in investments	(12,605)	2,202	(17,188)	(13,829)	(14,631)
Change in assets limited as to use - operating reserve	(236)	(190)	(227)	(211)	(217)
Change in assets limited as to use - other	(85)	(90)	(93)	(97)	(101)
Investment in LLCs	(215)	(222)	(228)	(235)	(242)
Net cash used by investing activities	(38,663)	(14,934)	(19,036)	(15,672)	(16,491)
Cash flows from financing activities:					
Proceeds from entrance fees - routine turnover, refundable portion	2,828	2,913	3,001	3,094	3,187
Proceeds from initial entrance fees - Friendship Park	-	17,647	4,314	-	-
Payment of refundable entrance fees	(2,815)	(2,899)	(2,986)	(3,076)	(3,168)
Proceeds from Friendship Park Note Payable	14,569	3,392	-	-	-
Payments of Friendship Park Note Payable	-	(18,000)	-	-	-
Principal payments on Series 2017 Bonds	(2,850)	(2,930)	(3,000)	(3,080)	(3,160)
Contributions restricted for capital projects	1,270	20	20	20	20
Net cash provided (used) by financing activities	13,002	143	1,349	(3,042)	(3,121)
Change in cash and cash equivalents	(12,448)	-	-	-	-
Cash and cash equivalents, beginning of year	15,448	3,000	3,000	3,000	3,000
Cash and cash equivalents, end of year	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

Supplemental Disclosure

THE GIVENS ESTATES, INC.

Projected Balance Sheets At December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Assets					
Current assets:					
Cash and cash equivalents	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Assets limited as to use, current portion	20	20	20	20	20
Accounts receivable, net	1,002	1,056	1,219	1,252	1,286
Other receivables	459	473	487	502	517
Contributions receivable, current portion	25	25	25	25	25
Prepaid expenses	365	376	388	400	412
Total current assets	4,871	4,950	5,139	5,199	5,260
Non-current assets:					
Property and equipment, net	126,692	137,816	132,915	128,184	123,589
Investments	53,360	51,158	68,346	82,175	96,806
Assets limited as to use, less current portion:					
Operating reserve	7,693	7,883	8,110	8,321	8,538
Other	2,242	2,332	2,425	2,522	2,623
Contributions receivable, net of current portion	50	50	50	50	50
Other assets	807	807	807	807	807
Due from affiliates	6,243	6,465	6,693	6,928	7,170
Total assets	\$ 201,958	\$ 211,461	\$ 224,485	\$ 234,186	\$ 244,843
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 3,497	\$ 3,602	\$ 3,724	\$ 3,835	\$ 3,950
Interest payable	102	95	88	80	73
Agency funds	20	20	20	20	20
Resident refunds payable	3,686	3,698	3,726	3,772	3,834
Series 2017 Bonds, current maturities	2,930	3,000	3,080	3,160	3,240
Total current liabilities	10,235	10,415	10,638	10,867	11,117
Long-term liabilities:					
Friendship Park Note payable	14,608	-	-	-	-
Series 2017 Bonds, less current maturities	39,980	36,980	33,900	30,740	27,500
Deferred financing costs, net	(310)	(285)	(260)	(235)	(211)
Refundable entrance fees, net of current portion	19,117	19,180	19,327	19,562	19,883
Deferred revenue from entrance fees	52,849	70,392	73,282	72,156	71,321
Advance admission deposits	799	799	799	799	799
Total liabilities	137,278	137,481	137,686	133,889	130,409
Net assets					
Without donor restrictions	56,727	65,963	78,725	92,172	106,265
With donor restrictions	7,953	8,017	8,074	8,125	8,169
Total net assets	64,680	73,980	86,799	100,297	114,434
Total liabilities and net assets	\$ 201,958	\$ 211,461	\$ 224,485	\$ 234,186	\$ 244,843

Supplemental Disclosure

GIVENS HIGHLAND FARMS, LLC.

Projected Statements of Operations For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Unrestricted revenues, gains and other support:					
Amortization of entrance fees	\$ 1,467	\$ 1,868	\$ 1,833	\$ 1,799	\$ 1,766
Residential revenue	7,621	7,977	8,301	8,641	8,997
Assisted living revenue	2,034	2,105	2,178	2,255	2,333
Long-term care revenue	5,573	5,616	5,724	5,836	5,951
Residential food service revenue	1,258	1,299	1,301	1,304	1,306
Contributions and bequests	-	-	-	-	-
Net assets released from restrictions-operations	-	-	-	-	-
Other revenue	715	739	764	790	817
Investment income	93	95	99	102	106
Total unrestricted revenues, gains and other support	18,761	19,699	20,200	20,727	21,276
Expenses:					
Administration	1,577	1,628	1,675	1,724	1,773
Assisted living	684	704	724	745	767
Skilled nursing	4,013	4,129	4,249	4,372	4,499
Home care	505	520	535	550	566
Maintenance	2,156	2,292	2,358	2,427	2,497
Dining services	2,594	2,694	2,772	2,853	2,936
Housekeeping	1,074	1,150	1,184	1,218	1,253
Laundry	43	44	45	47	48
Marketing	553	574	591	608	626
Resident services	429	446	459	473	486
Utilities	695	755	777	800	823
Outreach	120	123	127	131	135
Bad debts	35	35	35	35	35
Management fees	934	980	1,005	1,031	1,059
Insurance	244	256	264	271	279
Depreciation	1,879	2,031	2,080	2,112	2,141
Amortization of intangible assets	2,017	910	910	910	910
Interest expense:					
Amortization of deferred financing costs	32	3	3	-	-
Interest-Bank Loan	437	294	276	259	241
Total expenses	20,021	19,568	20,069	20,566	21,074
Operating income	\$ (1,260)	\$ 131	\$ 131	\$ 161	\$ 202
Change in net deficit without donor restrictions	\$ (1,260)	\$ 131	\$ 131	\$ 161	\$ 202

Supplemental Disclosure

GIVENS HIGHLAND FARMS, LLC.

Projected Statements of Operations and Changes in Net Deficits
For Each of the Five Years Ending December 31,
(in thousands of dollars)

	2020	2021	2022	2023	2024
Net deficit without donor restrictions					
Operating income	\$ (1,260)	\$ 131	\$ 131	\$ 161	\$ 202
Net assets released from restrictions-capital projects	-	-	-	-	-
Unrealized gain on investments	-	-	-	-	-
Change in net deficit without donor restrictions	(1,260)	131	131	161	202
Net assets with donor restrictions:					
Contributions	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-
Change in net deficit	\$ (1,260)	\$ 131	\$ 131	\$ 161	\$ 202
Net deficit, beginning of year	\$ (14,079)	\$ (15,339)	\$ (15,208)	\$ (15,077)	\$ (14,916)
Net deficit, end of year	\$ (15,339)	\$ (15,208)	\$ (15,077)	\$ (14,916)	\$ (14,714)

Supplemental Disclosure

GIVENS HIGHLAND FARMS, LLC.

Projected Statements of Cash Flows For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net deficit	\$ (1,260)	\$ 131	\$ 131	\$ 161	\$ 202
Adjustments to reconcile net income to net cash provided by operating activities:					
Amortization of entrance fees	(1,467)	(1,868)	(1,833)	(1,799)	(1,766)
Depreciation	1,879	2,031	2,080	2,112	2,141
Amortization of intangible assets	2,017	910	910	910	910
Amortization of deferred financing costs	32	3	3	-	-
Bad debts	35	35	35	35	35
Proceeds from entrance fees - routine turnover, non-refundable portion	1,623	1,623	1,623	1,623	1,623
Net change in working capital:					
Change in receivables and prepaid expenses	(113)	(95)	(94)	(97)	(99)
Change in accounts payable, other accrued liabilities, and payroll accruals	31	96	64	75	78
Net cash provided by operating activities	2,777	2,866	2,919	3,020	3,124
Cash flows from investing activities:					
Capital additions	(8,031)	(1,000)	(1,000)	(1,000)	(1,000)
Change in investments	(3,662)	(203)	(276)	(373)	(474)
Change in assets limited as to use - operating reserve	(109)	(133)	(113)	(117)	(120)
Net cash used by investing activities	(11,802)	(1,336)	(1,389)	(1,490)	(1,594)
Cash flows from financing activities:					
Proceeds from entrance fees - routine turnover, refundable portion	377	377	377	377	377
Proceeds from initial entrance fees-Cottages	7,685	-	-	-	-
Payment of refundable entrance fees	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Principal payments-Bank Loan	(707)	(707)	(707)	(707)	(707)
Principal payments-Cottages Note Payable	(8,600)	-	-	-	-
Proceeds from Cottages Note Payable	6,609	-	-	-	-
Net cash provided (used) by financing activities	4,164	(1,530)	(1,530)	(1,530)	(1,530)
Change in cash and cash equivalents	(4,861)	-	-	-	-
Cash and cash equivalents, beginning of year	5,611	750	750	750	750
Cash and cash equivalents, end of year	750	750	750	750	750

Supplemental Disclosure

GIVENS HIGHLAND FARMS, LLC.

Projected Balance Sheets At December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Assets					
Current assets:					
Cash and cash equivalents	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Assets limited as to use, current portion	6	6	6	6	6
Accounts receivable, net	834	860	888	917	947
Other receivables	709	733	758	784	810
Prepaid expenses and inventory	214	224	230	237	244
Total current assets	2,513	2,573	2,632	2,694	2,757
Non-current assets:					
Property and equipment	54,273	55,273	56,273	57,273	58,273
Less: accumulated depreciation	(11,977)	(14,008)	(16,088)	(18,200)	(20,341)
Property and equipment, net	42,296	41,265	40,185	39,073	37,932
Intangible assets	4,094	3,184	2,274	1,364	454
Assets limited as to use	273	273	273	273	273
Investments	3,333	3,536	3,812	4,185	4,659
Statutory Operating Reserve Fund	4,200	4,333	4,446	4,563	4,683
Total assets	\$ 56,709	\$ 55,164	\$ 53,622	\$ 52,152	\$ 50,758
Liabilities and Net Deficit					
Current liabilities:					
Accounts payable and other accrued liabilities	2,488	2,595	2,670	2,747	2,826
Interest payable	46	35	24	22	21
Agency funds	6	6	6	6	6
Resident refunds payable	1,238	1,238	1,238	1,238	1,238
Bank Loan, current portion	707	707	707	707	707
Total current liabilities	4,485	4,581	4,645	4,720	4,798
Long-term liabilities:					
Bank Loan, net of current portion	11,401	10,694	9,987	9,280	8,572
Deferred financing costs	(6)	(3)	-	-	-
Due To Givens Estates	4,869	4,869	4,869	4,869	4,869
Refundable entrance fees, net of current portion	36,525	35,702	34,879	34,056	33,233
Deferred revenue from entrance fees	14,573	14,328	14,118	13,942	13,799
Advance admission deposits	201	201	201	201	201
Total liabilities	72,048	70,372	68,699	67,068	65,472
Net deficit					
Without donor restrictions	(15,612)	(15,481)	(15,350)	(15,189)	(14,987)
With donor restrictions	273	273	273	273	273
Total net deficit	(15,339)	(15,208)	(15,077)	(14,916)	(14,714)
Total liabilities and net deficit	\$ 56,709	\$ 55,164	\$ 53,622	\$ 52,152	\$ 50,758

Supplemental Disclosure

GIVENS GERBER PARK II, LLC.

Projected Statements of Operations and Changes in Net Assets For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Unrestricted revenues, gains and other support:					
Residential revenue	\$ 1,788	\$ 1,842	\$ 1,897	\$ 1,954	\$ 2,013
Contributions and bequests	38	39	40	41	42
Other revenue	97	100	103	106	109
Total unrestricted revenues, gains and other support	1,923	1,981	2,040	2,101	2,164
Expenses:					
Administration	226	233	240	247	254
Maintenance	91	94	97	100	103
Dining services	254	262	270	278	286
Housekeeping	17	18	19	20	21
Marketing	87	90	93	96	99
Residential	75	77	79	81	83
Utilities	175	180	185	191	197
Bad debts	3	3	3	3	3
Management fees	151	139	143	147	151
Insurance	37	38	39	40	41
Depreciation	311	312	314	316	318
Gerber Bank Loan interest	280	262	249	236	224
Total expenses	1,707	1,708	1,731	1,755	1,780
 Operating income	 216	 273	 309	 346	 384
 Change in net assets without donor restrictions	 \$ 216	 \$ 273	 \$ 309	 \$ 346	 \$ 384
Net assets without donor restrictions					
Operating income	\$ 216	\$ 273	\$ 309	\$ 346	\$ 384
Change in net assets without donor restrictions	216	273	309	346	384
 Change in net assets	 \$ 216	 \$ 273	 \$ 309	 \$ 346	 \$ 384
 Net assets, beginning of year	 \$ 4,389	 \$ 4,605	 \$ 4,878	 \$ 5,187	 \$ 5,533
 Net assets, end of year	 \$ 4,605	 \$ 4,878	 \$ 5,187	 \$ 5,533	 \$ 5,917

Supplemental Disclosure

GIVENS GERBER PARK II, LLC.

Projected Statements of Cash Flows For Each of the Five Years Ending December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net assets	\$ 216	\$ 273	\$ 309	\$ 346	\$ 384
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	311	312	314	316	318
Net change in working capital:					
Change in receivables and prepaid expenses	89	(2)	(2)	(2)	(2)
Change in accounts payable, other accrued liabilities, and payroll accruals	(5)	(1)	-	1	1
Net cash provided by operating activities	611	582	621	661	701
Cash flows from investing activities:					
Capital additions	(30)	(31)	(31)	(32)	(32)
Net cash used by investing activities	(30)	(31)	(31)	(32)	(32)
Cash flows from financing activities:					
Principal payments-Gerber Bank Loan	(329)	(328)	(328)	(328)	(328)
Net cash used by financing activities	(329)	(328)	(328)	(328)	(328)
Change in cash and cash equivalents	252	223	262	301	341
Cash and cash equivalents, beginning of year	298	550	773	1,035	1,336
Cash and cash equivalents, end of year	\$ 550	\$ 773	\$ 1,035	\$ 1,336	\$ 1,677

Supplemental Disclosure

GIVENS GERBER PARK II, LLC.

Projected Balance Sheets At December 31, (in thousands of dollars)

	2020	2021	2022	2023	2024
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 550	\$ 773	\$ 1,035	\$ 1,336	\$ 1,677
Accounts receivable, net	64	66	68	70	72
Total current assets	614	839	1,103	1,406	1,749
Non-current assets:					
Property and equipment	12,122	12,153	12,184	12,216	12,248
Less: accumulated depreciation	(797)	(1,109)	(1,422)	(1,737)	(2,055)
Property and equipment, net	11,325	11,044	10,762	10,479	10,193
Total assets	\$ 11,939	\$ 11,883	\$ 11,865	\$ 11,885	\$ 11,942
<u>Liabilities and Net Deficit</u>					
Current liabilities:					
Accounts payable and other accrued liabilities	32	32	32	34	35
Gerber Bank Loan, current portion	328	328	328	328	328
Total current liabilities	360	360	360	362	363
Long-term liabilities:					
Gerber Bank Loan, less current portion	6,590	6,261	5,934	5,606	5,278
Due To Givens Estates	27	27	27	27	27
Deferred revenue from entrance fees	51	51	51	51	51
Interest Rate Swap	306	306	306	306	306
Total liabilities	7,334	7,005	6,678	6,352	6,025
Net assets					
Without donor restrictions	4,605	4,878	5,187	5,533	5,917
Total net assets	4,605	4,878	5,187	5,533	5,917
Total liabilities and net assets	\$ 11,939	\$ 11,883	\$ 11,865	\$ 11,885	\$ 11,942

Supplemental Disclosure

LIFE MINISTRIES OUTREACH, LLC.

Projected Statements of Operations and Changes in Net Deficits
For Each of the Five Years Ending December 31,
(in thousands of dollars)

	2020	2021	2022	2023	2024
Unrestricted revenues, gains and other support:					
Amortization of entrance fees	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and bequests	54	56	58	60	62
Net assets released from restrictions-operations	-	-	-	-	-
Total unrestricted revenues, gains and other support	54	56	58	60	62
Expenses:					
Outreach	270	278	286	295	304
Total expenses	270	278	286	295	304
Operating income	\$ (216)	\$ (222)	\$ (228)	\$ (235)	\$ (242)
Change in net deficit without donor restrictions	\$ (216)	\$ (222)	\$ (228)	\$ (235)	\$ (242)
Change in net deficit	\$ (216)	\$ (222)	\$ (228)	\$ (235)	\$ (242)
Net deficit, beginning of year	\$ (980)	\$ (1,196)	\$ (1,418)	\$ (1,646)	\$ (1,881)
Net deficit, end of year	\$ (1,196)	\$ (1,418)	\$ (1,646)	\$ (1,881)	\$ (2,123)

Supplemental Disclosure

LIFE MINISTRIES OUTREACH, LLC.

Projected Statements of Cash Flows
For Each of the Five Years Ending December 31,
(in thousands of dollars)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net deficit	\$ (216)	\$ (222)	\$ (228)	\$ (235)	\$ (242)
Adjustments to reconcile net income to net cash provided by operating activities:					
Net change in working capital:					
Change in receivables and prepaid expenses	5	-	-	-	(1)
Change in accounts payable, other accrued liabilities, and payroll accruals	2	1	1	1	1
Net cash used by operating activities	(209)	(221)	(227)	(234)	(242)
Cash flows from investing activities:					
Change in due to Givens Estates	216	222	228	235	242
Net cash provided by investing activities	216	222	228	235	242
Cash flows from financing activities:					
Net cash provided (used) by financing activities	-	-	-	-	-
Change in cash and cash equivalents	7	1	1	1	-
Cash and cash equivalents, beginning of year	176	183	184	185	186
Cash and cash equivalents, end of year	\$ 183	\$ 184	\$ 185	\$ 186	\$ 186

Supplemental Disclosure

LIFE MINISTRIES OUTREACH, LLC.

Projected Balance Sheets
At December 31,
(in thousands of dollars)

	2020	2021	2022	2023	2024
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 183	\$ 184	\$ 185	\$ 186	\$ 186
Other receivables	2	2	2	2	3
Total current assets	185	186	187	188	189
Due from affiliate	120	120	120	120	120
Total assets	\$ 305	\$ 306	\$ 307	\$ 308	\$ 309
<u>Liabilities and Net Deficit</u>					
Current liabilities:					
Accounts payable and other accrued liabilities	34	35	36	37	38
Total current liabilities	34	35	36	37	38
Long-term liabilities:					
Due To Givens Estates	1,467	1,689	1,917	2,152	2,394
Total liabilities	1,501	1,724	1,953	2,189	2,432
Net deficit					
Without donor restrictions	(1,196)	(1,418)	(1,646)	(1,881)	(2,123)
Total net deficit	(1,196)	(1,418)	(1,646)	(1,881)	(2,123)
Total liabilities and net deficit	\$ 305	\$ 306	\$ 307	\$ 308	\$ 309

Supplemental Disclosure

Attachment 7

Givens Highland Farms
Comparison of 2019 Audited Financial Statements to the 2019 Forecast
Statement of Operations
December 31, 2019

	2019 Audited	2019 Forecast	Variance	%
Unrestricted revenues, gains and other support:				
Amortization of entrance fees	\$ 1,646,974	\$ 1,503,000	\$ 143,974	10%
Residential revenue	7,287,500	7,356,000	(68,500)	-1%
Assisted living revenue	1,841,862	1,929,000	(87,138)	-5%
Long-term care revenue	5,343,126	5,312,000	31,126	1%
Other revenue	1,824,489	1,806,000	18,489	1%
Investment income	109,636	93,000	16,636	18%
Total unrestricted revenues, gains and other support	18,053,587	17,999,000	54,587	0%
Expenses:				
Administration	1,752,329	1,465,000	287,329	20% 1
Assisted living	567,461	606,000	(38,539)	-6%
Long-term care	3,845,087	3,767,000	78,087	2%
Home care	588,344	477,000	111,344	23%
Maintenance	2,223,657	2,041,000	182,657	9%
Dining services	2,505,446	2,431,000	74,446	3%
Housekeeping	991,861	1,025,000	(33,139)	-3%
Laundry	163,389	105,000	58,389	56%
Marketing	447,387	383,000	64,387	17%
Resident services	226,825	362,000	(135,175)	-37%
Utilities	688,826	688,000	826	0%
Outreach	183,183	120,000	63,183	53%
Bad debt expense	30,831	35,000	(4,169)	-12%
Management fees	894,602	895,000	(398)	0%
Insurance	275,804	268,000	7,804	3%
Depreciation	1,870,419	1,883,000	(12,581)	-1%
Interest	468,486	604,000	(135,514)	-22%
Amortization	2,135,633	1,206,000	929,633	77% 2
Total expenses	19,859,570	18,361,000	1,498,570	8%
Operating income (loss)	(1,805,983)	(362,000)	(1,443,983)	399%
Non-operating income (expense)				
Unrealized gains (losses) on investments	449,349	-	449,349	N/A 3
Net assets released--capital projects	20,072	-	20,072	N/A
Total non-operating income (expense)	469,421	-	449,349	N/A
Change in net assets without donor restrictions	(1,336,562)	(362,000)	(974,562)	269%
Net assets with donor restrictions:				
Contributions	95,875	-	95,875	N/A
Net assets released from restrictions	(67,662)	-	(67,662)	N/A
Change in temporarily restricted net assets	28,213	-	28,213	N/A
Change in net assets	\$ (1,308,349)	\$ (362,000)	\$ (946,349)	261%

Givens Highland Farms
Balance Sheet
Comparison of 2019 Audited Financial Statements to the 2019 Forecast
December 31, 2019

	2019 Audited	2019 Forecast	Variance	%	
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 5,610,920	\$ 750,000	\$ 4,860,920	648%	4
Assets limited as to use, current	6,080	8,000	(1,920)	-24%	
Accounts receivable, net	1,459,756	1,188,000	271,756	23%	
Prepaid expenses and inventory	219,805	201,000	18,805	9%	
Total current assets	7,296,561	2,147,000	5,149,561	240%	
Non-current assets:					
Property and equipment, net	36,144,004	38,343,000	(2,198,996)	-6%	5
Intangible assets	6,110,965	7,021,000	(910,035)	-13%	6
Assets limited as to use	272,566	244,000	28,566	12%	
Investments	(329,160)	2,563,000	(2,892,160)	-113%	4
Statutory operating reserve fund	4,091,000	4,091,000	-	0%	4
Deferred costs, net	-	-	-	N/A	
Total noncurrent assets	46,289,375	52,262,000	(5,972,625)	-11%	
Total assets	\$ 53,585,936	\$ 54,409,000	\$ (823,064)	-2%	
<u>Liabilities and net assets</u>					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 2,508,428	\$ 938,000	\$ 1,570,428	167%	7
Note payable, current portion	2,698,549	707,000	1,991,549	282%	8
Refundable entrance fees, current portion	1,238,000	1,238,000	-	0%	9
Total current liabilities	6,444,977	2,883,000	3,561,977	124%	
Long-term liabilities:					
Note payable, net of current portion	12,070,098	16,272,000	(4,201,902)	-26%	8
Due to Givens Estates	4,869,348	4,678,000	191,348	4%	
Refundable entrance fees, net of current portion	29,662,619	30,318,000	(655,381)	-2%	9
Deferred revenue from entrance fees	14,417,111	13,180,000	1,237,111	9%	9
Resident deposits	200,784	212,000	(11,216)	-5%	
Total long-term liabilities	61,219,960	64,660,000	(3,440,040)	-5%	
Net Assets	(14,079,001)	(13,134,000)	(945,001)	7%	
Total Liabilities & Net Assets	\$ 53,585,936	\$ 54,409,000	\$ (823,064)	-2%	

Givens Highland Farms
Statement of Cash Flows
Comparison of 2019 Audited Financial Statements to the 2019 Forecast
December 31, 2019

	2019 Audited	2019 Forecast	Variance	%	
Cash flows from operating activities:					
Change in net assets	\$ (1,308,349)	\$ (362,000)	\$ (946,349)	261%	
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	4,006,052	3,135,000	871,052	28%	
Unrealized (gain) losses on investments	(474,985)	-	(474,985)	N/A	
Proceeds from entrance fees	2,975,089	2,103,000	872,089	41%	10
Proceeds from entrance fees - initial units	-	-	-	N/A	
Amortization of entrance fees	(1,646,974)	(1,503,000)	(143,974)	10%	
Bad Debts	30,831	35,000	(4,169)	-12%	
Net change in working capital:					
Change in receivables and prepaid expenses	(426,419)	(141,000)	(285,419)	202%	
Change in accounts payable, other accrued liabilities, and payroll accruals	180,098	(1,246,000)	1,426,098	-114%	11
Net cash provided by operating activities	3,335,343	2,021,000	1,314,343	65%	
Cash flows from investing activities:					
Property and equipment purchases					
Capital additions	(3,315,568)	(5,250,000)	1,934,432	-37%	12
Change in due to/from affiliates	191,223	-	191,223	N/A	
Marketing costs incurred	-	-	-	N/A	
Change in investments and statutory operating reserve	(101,584)	(3,442,000)	3,340,416	-97%	13
Net cash provided (used) by investing activities	(3,225,929)	(8,692,000)	5,466,071	-63%	
Cash flows from financing activities:					
Refundable portion of entrance fees received	690,020	526,000	164,020	31%	10
Payment of refundable fees	(1,291,702)	(1,505,000)	213,298	-14%	10
Principal payments of long-term debt	(707,268)	(707,000)	(268)	0%	
Proceeds from debt	1,991,281	4,200,000	(2,208,719)	-53%	14
Entrance fees received from initial units	3,220,490	3,335,000	(114,510)	-3%	
Financing costs incurred	(44,490)	(70,000)	25,510	N/A	
Net cash provided (used) by financing activities	3,858,331	5,779,000	(2,208,987)	-38%	
Change in cash and cash equivalents	3,967,745	(892,000)	4,859,745	-545%	
Cash and cash equivalents, beginning of year	1,643,175	1,642,000	1,175	0%	
Cash and cash equivalents, end of year	\$ 5,610,920	\$ 750,000	\$ 4,860,920	648%	

Notes to Comparison of 2019 Audited Financial Statements to 2019 Forecast

For the Statement of Operations any variances greater than 5% and \$268,000 (.5% of assets) are highlighted on the comparison and explained below. For the Balance Sheet and Statement of Cash Flows, any variances greater than 5% and \$536,000 (1% of assets) are highlighted on the comparison and explained below.

Statement of Operations

1. Administrative expenses – The audit was \$287,329 above the forecast. There were some administrative positions added in 2019 that were not in the forecast
2. Amortization expenses – The audit was \$929,633 above the forecast. During 2019, we implemented Accounting Standards Update 2019-06 that allows the amortization of goodwill. Amortization expense of goodwill was unbudgeted in 2019 and was \$910,046.
3. Unrealized gain on investments – Unrealized gains and losses are unpredictable, and we really do not have any control over how the market will perform, so we do not include unrealized gains in the forecast.

Balance Sheet

4. Cash and cash equivalents, Investments and Statutory operating reserve fund - The forecast assumes that any cash in excess of \$750,000 will be invested. The operating reserve is covered by the sum of cash and cash equivalents plus investments. However, the operating reserve is shown separately on the balance sheet to show compliance with the statutes which can cause the investment line item on the balance sheet to have a negative balance. Therefore, the best way to evaluate these accounts is to review them in the aggregate. When combining the results of cash and cash equivalents, investments, and the statutory operating reserve fund, the combined total on the audit was \$1,968,760 above the forecast. Most notably net proceeds from entrance fee turnover was \$1,249,407 over budget which is further explained below in number 11 in the cash flow section. In addition, the change in accounts payable, other accrued liabilities and payroll accruals was \$1,426,098 over budget and is explained below in number 12 in the cash flow section.
5. Property and equipment, net - The audit was \$2,198,996 below budget. The Cottage project was budgeted to begin construction in June 2019 but did not begin until August 2019. As a result, planned construction costs for 2019 were approximately \$2.2 million under budget.
6. Intangible assets – The audit was \$910,035 below the forecast. During 2019, we implemented Accounting Standards Update 2019-06 that allows the amortization of goodwill. Amortization expense of goodwill was unbudgeted in 2019 and was \$910,046
7. Accounts payable and other accrued liabilities – The audit was \$1,570,428 above the forecast and if explained below in number 12 in the cash flow section.

8. Notes payable – The audit \$2,210,353 below the forecast. The Cottage project was budgeted to begin construction in June 2019 but did not begin until August 2019. As a result, planned construction costs for 2019 were approximately \$2.2 million under budget.
9. Refundable entrance fees and Deferred revenue from entrance fees – When combined the audit was \$581,730 or only 1% above forecast.

Cash Flows

10. Proceeds from entrance fee, Refundable portion of entrance fees received and Payment of refundable entrance fees – The audit was \$1,249,407 above the forecast. Entrance fee turnover was slow in 2018 with the moves initiated by the master plan. In 2019, entrance fee turnover increased as these homes were occupied causing a higher than budgeted collection of net entrance fees. In addition, more residents are choosing the nonrefundable entrance fee which is lowering the amount of refunds paid.
11. Change in accounts payable, other accrued liabilities and payroll accruals – The audit was \$1,426,098 above the forecast. The budgeted days in accounts payable of 22 days was underestimated while the actual days in accounts payable of 58 days was higher because of the Cottages project.
12. Capital additions – The audit was \$1,934,432 below budget. The Cottage project was budgeted to begin construction in June 2019 but did not begin until August 2019. As a result, planned construction costs for 2019 were approximately \$2.2 million under budget.
13. Change in investments and statutory operating reserve – The audit was \$3,340,416 below the forecast. The forecast assumes that any cash more than \$750,000 will be invested. Entrance fee turnover was \$1,249,407 over budget which is further explained above in number 11. In addition, the change in accounts payable, other accrued liabilities and payroll accruals was \$1,426,098 over budget and is explained above in number 12.
14. Proceeds from debt - The Cottage project was budgeted to begin construction in June 2019 but did not begin until August 2019. As a result, planned construction costs for 2019 were approximately \$2.2 million under budget.