

DISCLOSURE STATEMENT

Dated: February 27, 2021

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

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

Telephone Number: 336.759.1044

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

- **This Disclosure Statement may be delivered until revised, but not after July 26, 2022;**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to insure accuracy or completeness of the information set out.**

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DISCLOSURE STATEMENT of

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

I. ORGANIZATION INTRODUCTION AND INFORMATION

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

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

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

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

Terms Expiring 2021

Perry H. Bailey	100 E. Tryon Rd. Raleigh, NC 27603 Occupation: Banker
Betty Lynne Johnson	166 McLemore Road Clayton, NC 27520 Occupation: PA Program Chair and Director
Mary Beth Johnston	430 Davis Drive, Ste 400 Research Triangle Park, NC 27560 Occupation: Attorney

Richard P. Murray
546 Trillium Place Drive
Kernersville, NC 27284
Occupation: Businessman

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

Terms Expiring 2022

A. Edward Beddingfield, Jr.
PO Box 485
Buies Creek, NC 27506
Occupation: Minister

Jeffrey L. Cobb
4400 Six Forks Road
Raleigh, NC 28609
Occupation: Banker

Clarence R. Lambe, Jr.
PO Box 1785
Kernersville, NC 27285
Occupation: Businessman

Michael R. Taylor
325 Cape Fear Loop
Emerald Isle, NC 28594
Occupation: Retired Educator

Bobby F. Watson
2127 Jack Wilson Road
Shelby, NC 28150
Occupation: Retired Businessman

Terms Expiring 2023

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

Rhonda Lowe
2836 Wycliff Road
Raleigh, NC 27607
Occupation: Learning & Organization
Development

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

Daniel Rice
1607 Sabra Drive
Kinston, NC 28504
Occupation: Nonprofit Consultant

Wanda J. Rose
Post Office Box 2243
Morganton, NC 28680
Occupation: Retired Insurance Professional

Franklin S. Watkins
J. Paul Sticht Center on Aging
1 Medical Center Blvd.
Winston-Salem, NC 27157
Occupation: Geriatrician/Internal Medicine
Physician

Terms Expiring 2024

Carolyn D. Helms
415 Broadmeade Drive
Southern Pines, NC 28387
Occupation: Interim Minister to Children and
Families

Dave Horne
1118 Marlowe Road
Raleigh, NC 27607
Occupation: Attorney

Charles D. Mast
Post Office Box 119
Smithfield, NC 27577
Occupation: Attorney

John S. Pond, Jr.
One University Place
Murfreesboro, NC 27855
Occupation: Educator

OFFICERS

Jeffrey L. Cobb
Chair
4400 Six Forks Road
Raleigh, NC 27609

Clarence R. Lambe, Jr. Post Office Box 1785
Vice Chair Kernersville, NC 27285

A. Edward Beddingfield, Jr. Post Office Box 485
Corporate Secretary Buies Creek, NC 27506

MANAGEMENT STAFF

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

Jessica P. McCollum 1912 Bethabara Road
Vice President of Operations Winston-Salem, NC 27106

Richard J. Simpson 1912 Bethabara Road
Vice President of Clinical Services Winston-Salem, NC 27106

Scott M. Farkas 1912 Bethabara Road
Chief Financial Officer Winston-Salem, NC 27106

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

TRUSTEES

Perry H. Bailey has served as a Trustee since 2018.
Edward Beddingfield, Jr. has served as a Trustee since 2010.
Jeffrey L. Cobb has served as a Trustee since 2010.
Carolyn D. Helms has served as a Trustee since 2009.
Dave Horne began serving as a Trustee in 2020.
Betty Lynne Johnson has served as a Trustee since 2019.
Mary Beth Johnston has served as a Trustee since 2018.
Clarence R. Lambe, Jr. has served as a Trustee since 2006.
Rhonda Lowe began serving as a Trustee in 2020.
Charles D. Mast has served as a Trustee since 2010.
Nathaniel P. Leonard has served as a Trustee since 2020.
James L. McCoy, III has served as a Trustee since 2020.
Richard P. Murray has served as a Trustee since 2013.
John S. Pond, Jr. has served as a Trustee since 2016.
Daniel Rice began serving as a Trustee in 2021.
Wanda J. Rose has served as a Trustee since 2020.
Henry M. Skinner, Jr. has served as a Trustee since 2009.
Michael R. Taylor has served as a Trustee since 2007.
Bobby F. Watson has served as a Trustee since 2017.
Franklin Watkins began serving as a Trustee in 2020.

OFFICERS

Jeffrey L. Cobb has been a member of the Board of Trustees for 11 years and is serving his first term as Chair of the Board.

Clarence R. Lambe has been a member of the Board of Trustees for 15 years and is serving his first term as Vice Chair of the Board.

A. Edward Beddingfield, Jr. has been a member of the Board of Trustees for 11 years and is serving his first term as Corporate Secretary.

MANAGEMENT STAFF

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

Jessica P. McCollum was promoted to Vice President of Operations for Baptist Retirement Homes in July of 2020. She served as Brookridge Retirement Community's Administrator in August 2019. Jessica has over 10 years experience in the healthcare industry and has a Master's Degree in Healthcare Administration.

Richard J. Simpson joined Baptist Retirement Homes in June of 2018 as a Clinical Quality Specialist and began his current role of Vice President of Clinical Services in July of 2020. Jason has over 30 years experience in healthcare and he has a Master's Degree in Healthcare Administration.

Scott M. Farkas has been employed as the Chief Financial Officer of the Baptist Retirement Homes since January 2021. Prior to employment with Baptist Retirement Homes, he served in Financial leadership roles in the long term care industry for 13 years. Mr. Farkas' credentials include a CPA.

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

Perry H. Bailey, Customer Solutions Advisor of First Citizens Bank and Jeffrey L. Cobb, Senior Vice President of First Citizens Bank are employed by financial institutions with which Baptist Retirement Homes transacts business. (The "banks" provide commercial banking and investment services to the organization). The two Trustees mentioned above are not involved in the provision of those services to the

Baptist Retirement Homes organization. Due to the changing nature of the services provided by those institutions, it is not possible to estimate how much those services cost the organization on an annual basis. Mary Beth Johnston is a Partner with the K&L Gates LLP Law Firm, a firm which BRH also does business. On average, estimated payments to the firm are \$45,000 a year. Dave Horne is a Partner with the Smith Anderson Law Firm that Baptist Retirement Homes does business with averaging \$20,000 per year. None of the other individuals named as Trustees, Officers, or Management Staff above are currently providing nor in the foreseeable future shall provide goods, leases, or services to the organization, or the residents of the organization, of an aggregate value of five hundred dollars (\$500) or more except for services rendered in their respective capacity as a Trustee or Officer or Management Staff member of the corporation. None of the Trustees, Officers, or Management Staff named above has ownership in any professional service, association, trust, partnership, or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the facility, of an aggregate value of five hundred dollars (\$500) or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility, provider, or residents or a statement that the cost cannot presently be estimated.

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

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

Brookridge Retirement Community, Winston-Salem, North Carolina

Total Occupancy as of September 30, 2020 – 69%

Brookridge Retirement Community (Brookridge Health Care Center)

77-bed nursing care center

Occupancy as of September 30, 2020 – 75%

Brookridge Retirement Community (Adult Care Home Residence)

26 adult care home residences

10 memory-enhanced residences

Occupancy as of September 30, 2020 – 92%

Brookridge Retirement Community (Independent Living Apartments)

137 independent living apartments
Occupancy as of September 30, 2020 – 60%

CCRC Resident Contracts – 115
-Covering 95 Single Residents and 19 Double Occupancies for a total of 133 Residents

The Gardens of Taylor Glen Retirement Community, Concord, North Carolina
Total Occupancy as of September 30, 2020 – 76%

The Gardens of Taylor Glen Retirement Community (Gardens of Taylor Glen Health Care Center)

24-bed nursing care center
Occupancy as of September 30, 2020 – 54%

The Gardens of Taylor Glen Retirement Community (Adult Care Home Residences)
12 adult care home residences / 12 memory-enhanced residences
Occupancy as of September 30, 2020 – 88%

The Gardens of Taylor Glen Retirement Community (Independent Living Apartments)
125 independent living apartments
Occupancy as of September 30, 2020 – 78%

CCRC Resident Contracts – 128
-Covering 100 Single Residents and 28 Double Occupancies for a total of 156 Residents

The Taylor House, Albemarle, North Carolina

30 adult care home residences
Occupancy as of September 30, 2020 – 50%

Western North Carolina Baptist Home, Asheville, North Carolina
Total Occupancy as of September 30, 2020 – 43%

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

100-bed nursing care center
Occupancy as of September 30, 2020 – 38%

Western North Carolina Baptist Home (Adult Care Home Residences)
50 adult care home residences
Occupancy as of September 30, 2020 – 56%

II. FACILITY INTRODUCTION AND INFORMATION

The Brookridge Retirement Community is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in northwest Winston-Salem. It consists of 137 independent living apartments (46 detached residences, 91 congregative residences) and 113 health care beds (26 adult care residences, 10 memory-enhanced residences, and 77 intermediate and skilled nursing care beds). It also contains the

following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, a swimming pool and exercise area, dining rooms, a café, beauty/barber shops, a convenience store, a mail area, parlors, a kitchen, and service areas for environmental services, maintenance and laundry. Construction began in October 1987, and the project was completed in the summer of 1989. In 1997, construction began on five two-bedroom deluxe apartments, and this project was completed in the summer of 1998. Construction was completed in September 1999 on an indoor swimming pool and exercise area. A special residence for Older Adults with dementia was opened in October 2001. A café dining option was opened for operation in September 2006 for independent living residents. In 2010, the Prince Center main entry area was renovated. In 2014, major renovation of the Brookridge Community was completed.

The Gardens of Taylor Glen Retirement Community is a continuing care retirement community that is located on a 124 plus-acre tract of land located in southwest Concord. It includes 125 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. It also incorporates administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a lake and walking paths, dining areas, beauty/barber shops, a mail area, a convenience store, parlors, a café, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance, and laundry. Construction began in September 2001, and the Community was opened for residency in November 2002.

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

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

Care provided at The Taylor House Community is currently confined to the custodial level of care (Adult Care Home). Care provided at the Western North Carolina Community is confined to the custodial level of care (Adult Care Home) and nursing care. No Continuing Care Agreements involving independent living residences are currently provided for residents at these Communities. Continuing care contracts, involving independent living, are provided only for those residents entering independent living apartments at the Brookridge Retirement Community and The Gardens of Taylor

Glen Retirement Community. The contracts for independent living apartments and adult care home and nursing care beds at the Brookridge Retirement Community are attached as Attachments IV through VI-A.

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

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

III. **POLICIES – ADMISSION**

A. **Independent Living**

1. In order for an individual to be accepted as a RESIDENT of the Brookridge Retirement Community, the individual must be a minimum of fifty-five (55) years of age and in reasonable health sufficient to be capable of maintaining an independent living arrangement as determined by Baptist Retirement Homes. After the acceptance of a RESIDENT, but prior to occupancy, if Baptist Retirement Homes should determine that the RESIDENT has become incapable of independent living, the Agreement shall be canceled. After occupancy, the RESIDENT'S right to occupy an independent living residence shall terminate upon Baptist Retirement Homes' determination that the RESIDENT is no longer capable of independent living. When it is determined by the Baptist Retirement Homes organization that a RESIDENT can no longer live safely in an independent living environment and his/her right to occupy an independent living apartment has been terminated, he/she can elect to leave the community and if his/her occupancy has lasted for less than twenty four (24) months, receive a partial refund of the "fee" paid by him/her to the organization at the time of admission. The RESIDENT can also, if he/she elects this option, enter the organization's health care center at the health care center's current rates if the Baptist Retirement Homes organization concludes that the health care center can provide the level of

services the RESIDENT'S condition requires. If the RESIDENT elects the above mentioned option, he/she will not be required to pay an entrance fee for admission to the health care center nor will he/she receive a partial refund of the "fee" paid to the organization at the time of admission.

2. In general, the individual must pay the admission fees and be capable of paying the reasonable periodic fees as determined by Baptist Retirement Homes in order to be accepted as a RESIDENT. The RESIDENT agrees to prudently conserve and maintain current and future income and assets in order to provide for payment of services to be provided by Baptist Retirement Homes under this Agreement or otherwise. Upon verification satisfactory to Baptist Retirement Homes that RESIDENT has complied with this obligation and that RESIDENT'S income and assets are no longer sufficient to pay for services required, Baptist Retirement Homes will endeavor to provide assistance to RESIDENT by prudent use of finite funds available to it for such purposes. Baptist Retirement Homes has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to RESIDENT. In any event, such assistance as may be available will be provided only after RESIDENT has applied for and taken all necessary steps to qualify for any public benefit program, or private funds or programs through which benefits may be available for payment of services required by RESIDENT.

Baptist Retirement Homes offers three (3) options for entrance fee payments to the residents. The RESIDENT may choose between a Traditional Payment Program, a Fifty-Percent Refund Program, and a Ninety-Percent Refund Program. The Traditional program provides for a twenty-four (24) month amortization of the RESIDENT'S entrance fee (after twenty-four (24) months, there is no remaining equity). The Fifty-Percent Refund Program provides for a fifty-percent refund of the entrance fee paid at admission and the Ninety-Percent Refund Program provides for a ninety percent refund of the entrance fee paid at admission. The Fifty-Percent Refund Program is offered to RESIDENTS at the Brookridge Retirement Community at a cost of 1.4 times the Traditional Program entrance fees. The Ninety-Percent Refund Program is offered to RESIDENTS at the Brookridge Retirement Community at a cost of 1.8 times the Traditional Program entrance fees.

3. If a RESIDENT marries while at the Community, the RESIDENT must have the advance written permission of Baptist Retirement Homes for the non-resident spouse to live in an apartment unit with the RESIDENT. Such permission is conditioned upon the non-resident spouse's ability and willingness to pay an entrance fee equal to the difference between the "single" and "double" entrance fee rate, and he/she must also be capable of paying the difference between the "single" and "double" monthly fee. The non-resident spouse must also agree to prudently conserve and maintain

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

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

The RESIDENT may rescind the contract by giving written notice to Baptist Retirement Homes within thirty (30) days following the later of the execution of the contract or the receipt of a disclosure statement that meets the requirements of this section. The RESIDENT is not required to move into the facility during the thirty (30) day automatic rescission period. If such action is taken, the RESIDENT shall receive a full refund of any entrance fees paid within sixty (60) days following the receipt of the written notice. The RESIDENT to whom the contract pertains is not required to move into the community before the expiration of the thirty (30) day period. After the initial (30) day period following the payment of the full entrance fee but prior to occupancy, the RESIDENT may cancel the Agreement by giving thirty (30) days written notice to the Homes and receive a refund of the entrance

fees paid less five percent (5%). The refund will be paid within sixty (60) days following receipt of the written notice. Should a RESIDENT die before occupying an independent living unit in the facility, or if, on account of illness, injury, or incapacity, a RESIDENT would be precluded from occupying an independent living unit in the facility under the terms of the contract for continuing care, the contract is automatically cancelled and the RESIDENT is entitled to a full refund of the Entrance fee paid. During the first 24 months of occupancy, the RESIDENT may cancel his/her "Agreement" with the organization by giving thirty (30) days written notice to the Baptist Retirement Homes organization. The Baptist Retirement Homes will refund to the RESIDENT all amounts paid to the organization as an entrance fee less four percent (4%) of the "fee" for each month of occupancy, or part thereof, which will be retained by the organization. The RESIDENT will receive his/her entrance fee "refund" when RESIDENT'S unit has been occupied by another RESIDENT or within two (2) years of his/her termination of their Agreement, whichever event occurs sooner. If the RESIDENT who purchased the Traditional Payment Program cancels the Agreement after twenty-four (24) months of occupancy, there shall be no refund of the entrance fee. The RESIDENT who purchased the Fifty-Percent Refund Program has a fifty percent refund option for life and the Resident who purchased the Ninety-Percent Refund Program has a ninety percent refund option for life. Baptist Retirement Homes may cancel the Apartment Residence Agreement prior to or following occupancy by the RESIDENT, upon determining that the RESIDENT has either become incapable of independent living or has failed to comply with the obligations assumed pursuant to the Agreement. In the event of such cancellation, the RESIDENT shall receive a full refund if cancellation occurs prior to occupancy; a partial refund if cancellation occurs during the first twenty-four (24) months of occupancy; and, no refund if cancellation occurs thereafter.

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

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

RESIDENT at an appropriate level of care within the Baptist Retirement Homes' system. If a contract is terminated by Baptist Retirement Homes, a refund of the unamortized entrance fee will be made to the RESIDENT as soon as the RESIDENT'S residence has been re-leased.

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

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

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

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

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

B. **Adult Care Home**

1. In order for an individual to be accepted as a RESIDENT, the individual must be a minimum of fifty-five (55) years of age and in the mental and physical condition to be able to adequately function at the Adult Care Home level of care, which is determined by the Homes' Admissions Committee. After the acceptance of a RESIDENT, if Baptist Retirement Homes should determine that the RESIDENT has become incapable of functioning at an Adult Care Home level of care, the Agreement shall be canceled pursuant to Sections 7 and 8 of the Resident Care Agreement.
2. Also, in general, the individual must be capable of paying the reasonable periodic fees as determined by Baptist Retirement Homes in order to be

accepted as a RESIDENT. The RESIDENT agrees to prudently conserve and maintain current and future income and assets in order to provide for payment of services to be provided by the Homes under this Agreement or otherwise. Upon verification satisfactory to the Homes that the RESIDENT has complied with this obligation, and that the RESIDENT'S income and assets are no longer sufficient to pay for services required, the Homes will endeavor to provide financial assistance to the RESIDENT, by prudent use of finite funds available to it for such purposes. The Homes has no legal obligation to provide such assistance, and is unable to represent or guarantee with certainty that such assistance will be available to the RESIDENT. In any event, such assistance as may be available will be provided only after the RESIDENT has applied for and taken all necessary steps to qualify for any available public benefit program, or private funds or programs through which benefits may be available for payment of services required by the RESIDENT.

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

Baptist Retirement Homes may cancel the Resident Care Agreement prior to or following occupancy by the RESIDENT, upon determining that the RESIDENT has either become incapable of living at the Adult Care Home

level of care or has failed to comply with the obligations assumed pursuant to the Agreement.

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

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

IV. **SERVICES**

A. **Independent Living**

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

1. UTILITIES: Including heat, electricity, air conditioning, telephone and television outlets, water and sewer services, and trash disposal.
2. FURNISHINGS:

- a. Independent Living Apartments located in the Main Building are furnished with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher, and disposal.
 - b. Independent Living Apartments designated as Garden Homes are furnished as indicated above with the addition of a washer/dryer.
3. INSURANCE: Baptist Retirement Homes provides fire and casualty insurance. The insurance provided by Baptist Retirement Homes does not cover personal contents of the Apartments.
4. MEAL SERVICE: Baptist Retirement Homes in its standard contract provides at no additional charge to RESIDENT, one meal each day to be served in its dining room. Garden Home residents have three options for dining services:
The Platinum Plan- 30 meals a month
The Gold Plan- 20 meals a month
The Silver Plan- 0 meals a month
5. HEALTH SERVICE: If required by RESIDENT'S health status, Baptist Retirement Homes will provide without additional charge a cumulative total of thirty (30) days residential care in its Health Care Center while the Residency Agreement is in force. Such care, as appropriate, will be at either the adult care home level, or at the nursing care level. If for any reason such care is temporarily unavailable when required by the RESIDENT, it will be provided at the expense of Baptist Retirement Homes at other comparable facilities. During provision of such care, the RESIDENT will be charged for medicines, physician's services, and for supplies not normally included in the base fee for such services. The RESIDENT will pay for health care services in excess of the thirty (30) day cumulative total provided by this Agreement at the rate established for such care by Baptist Retirement Homes at the time such care is required. All other medical care, services and supplies provided to the RESIDENT by Baptist Retirement Homes or others, will be at the RESIDENT'S expense.
6. MAINTENANCE of all common areas and grounds, and furnishings and equipment owned by Baptist Retirement Homes.
7. PARKING: More than adequate parking located in three parking areas adjacent to the main building on the Brookridge campus is provided for residents living in independent living apartments. Every resident is guaranteed a parking place for his/her vehicle, and no parking fee is charged to the resident for that service. Every resident living in a garden home located on the Brookridge campus has access to covered parking

adjacent to his/her garden home. No parking fee is charged to the resident for that service.

8. RECREATIONAL, SOCIAL, AND RELIGIOUS ACTIVITIES and other life enrichment programs are provided. Space and equipment to facilitate various hobbies and crafts are furnished. An indoor swimming pool and exercise area, the West Water Therapy Center, is also available on site.
9. HOUSEKEEPING:
 - a. Congregate Building apartments are provided biweekly housekeeping (general vacuuming, dusting, and cleaning of bath) and weekly changes of white sheets and pillowcases.
 - b. Garden home apartments are provided twice-monthly housekeeping (general vacuuming, dusting, and cleaning of bath).
10. LAUNDRY: For Residents living in Congregate Building Apartments, Baptist Retirement Homes furnishes and maintains washers and dryers for RESIDENT'S use.
11. SCHEDULED TRANSPORTATION: Baptist Retirement Homes provides scheduled transportation to local shopping areas, churches, and social activities.
12. STAFF: Baptist Retirement Homes has staff on duty at all times to be responsive to the needs of the RESIDENTS and to assist in case of emergencies.

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

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

B. Adult Care Home

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

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

12. STAFF: Baptist Retirement Homes has staff on duty at all times to be responsive to the needs of the RESIDENTS and to assist in case of emergencies.

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

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

V. **FEES**

A. **Independent Living**

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

ENTRANCE FEES

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

Independent Living 0% Refundable Entrance Fees

Garden Homes

Single residence – single	\$153,286 - \$188,615
Single residence – double	\$169,113 - \$206,024
Duplex residence – single	\$ 94,936 - \$129,930
Duplex residence – double	\$110,763 - \$147,339

Apartments

Studio	\$ 40,967
One bedroom – single	\$ 64,835
One bedroom – double	\$ 79,014
Deluxe one bedroom – single	\$ 86,104

Deluxe one bedroom – double	\$101,572
Two bedroom – single	\$ 86,104
Two bedroom – double	\$101,572
Two bedroom Classic – single	\$ 93,421
Two bedroom Classic – double	\$109,165
Deluxe two bedroom – single	\$154,805
Deluxe two bedroom – double	\$170,788

MONTHLY FEES

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

<u>Type of Unit</u>	<u>Monthly Fee</u>		
Independent Living			
Garden Homes			
	<u>Platinum</u>	<u>Gold</u>	<u>Silver</u>
Single residence – single	\$2,962.62	\$2,832.62	\$2,442.62
Single residence – double	\$3,785.68	\$3,525.68	\$2,845.68
Duplex residence – single	\$2,692.21	\$2,562.21	\$2,172.21
Duplex residence – double	\$3,511.33	\$3,251.33	\$2,571.33
Apartments			
Studio	\$1,470.91		
One bedroom – single	\$1,907.56		
One bedroom – double	\$2,750.69		
Two bedroom – single	\$2,353.93		
Two bedroom – double	\$3,203.24		
Two bedroom Classic – single	\$2,589.30		
Two bedroom Classic – double	\$3,523.55		
Deluxe two bedroom – single	\$2,962.32		
Deluxe two bedroom – double	\$3,785.08		

Fees for Additional Services Available

Transportation expense	\$30.00 Trip
------------------------	--------------

- The monthly service fee may be adjusted from time to time by Baptist Retirement Homes by giving sixty days written notice of any increase or decrease to the RESIDENT in accordance with Section 2 of the Apartment Residence Agreement. The frequency and dollar amount of each average increase during the past five years at the Brookridge Retirement Community,

owned and operated by Baptist Retirement Homes, as it relates to independent living apartments is as follows:

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/16	\$47.92 (garden homes/apartments)	1 time per year
10/1/17	\$68.33 (garden homes/apartments)	1 time per year
10/1/18	\$70.09 (garden homes/apartments)	1 time per year
10/1/19	\$66.13 (garden homes/apartments)	1 time per year
10/1/20	\$76.01 (garden homes/apartments)	1 time per year

B. Adult Care Home

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

Regular – entrance fee paid	\$4,732.08
Regular – no entrance fee	\$5,608.39
Memory-Enhanced residence	\$6,991.11

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

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

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/16	\$126.59	1 time per year
10/1/17	\$153.25	1 time per year
10/1/18	\$157.84	1 time per year
10/1/19	\$162.58	1 time per year
10/1/20	\$195.36	1 time per year

C. Skilled Nursing

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

<u>Nursing Care</u>	<u>Daily Rate</u>
Private room	\$303.87
Semi-private room	\$284.59

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

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

<u>DATE</u>	<u>AVERAGE AMOUNT OF INCREASE</u>	<u>FREQUENCY</u>
10/1/16	Daily Rate \$ 6.23	1 time per year
10/1/17	Daily Rate \$ 7.67	1 time per year
10/1/18	Daily Rate \$ 7.90	1 time per year
10/1/19	Daily Rate \$ 8.14	1 time per year
10/1/20	Daily Rate \$14.81	1 time per year

VI. FINANCIAL INFORMATION

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

- A. The Brookridge Retirement Community has a fully funded Statutory Operating Reserve Fund of \$6.112 million, in addition to resident entrance fees in funding the Brookridge Retirement Community. If unforeseen financial need is ever experienced in connection with the operation of the Brookridge Retirement Community, Baptist Retirement Homes will, in the same manner utilize any funds that may be available to it from gifts or contributions to enable it to perform its obligations fully under contracts to provide continuing care at the Community.
- B. Baptist Retirement Homes of North Carolina, Incorporated operates on a fiscal year of October 1 through September 30. From 1986 to 1990, D.E. Gatewood and Company, Certified Public Accountants, audited the financial records of the organization. From 1991 to 1993, Coopers and Lybrand, Certified Public Accountants audited the financial statements of the organization. From 1994 through 2000, Ernst and Young, LLP audited the financial statements of the organization. From 2001 to 2006, the financial statements of the organization were audited by McGladrey & Pullen, LLP. From 2007 to 2009, LarsonAllen LLP audited the financial statements of the organization. From 2010-2015, RSM/McGladrey, LLP audited the financial statements of the organization. For 2016 to 2020, Clifton Larson Allen, LLP audited the financial statements of the organization. Certified consolidated financial statements covering all facilities are attached hereto as follows:

Interim Financial Statements as of
 January 2021 (unaudited)
 2020 Audit Report

Attachment VIII
 Attachment I

- C. Pro-forma financial statements are attached hereto as Attachment III.

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

- A. Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of various trusts administered by the North Carolina Baptist Foundation. These trusts have a market value of approximately \$5,410,846. Income received from these trusts is approximately \$181,955 per year.

Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of a trust under the Will of John Alonzo Bolich, Jr. The trust, being administered by Wells Fargo Bank, has a market value of approximately \$2,369,444. Annual income from the trust is approximately \$109,931.

Baptist Retirement Homes of North Carolina, Incorporated is the income beneficiary of a trust under the Will of Clyde Little. The trust is being held in an account at Wells Fargo Charitable Funds Department, and has a market value of \$663,516. Annual income from the trust is approximately \$27,272.

In 1994, Baptist Retirement Homes of North Carolina, Incorporated established a memorial fund for the benefit of supplementing the cost of care for residents who do not have the financial resources to pay for their care. The funds have a balance of \$3,166,693. Annual income from the fund is approximately \$136,160.

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

<u>Fund</u>	<u>Manager</u>	<u>Years of Experience</u>
Dodge & Cox Income Fund	Mgmt Team	Avg 24.5 for Group
Western Asset Core Bond Fund	Mgmt Team	Avg 28.6 for Group
Federated Treasury Obligation	Susan Hill Deborah Cunningham	Avg 32 for Group
Vanguard Short Term Bond ETF	Passive Strategy – No Mgr.	N/A
Vanguard Short Term Bond Fund	Mgmt Team	Avg 6 for Group
Vanguard Short-Term Invest Grd Fund	Mgmt Team	Avg 8.3 for Group
Doubleline Total Return Bond Fund	Mgmt Team	Avg 17 for Group
John Hancock Bond Fund	Mgmt Team	Avg 35 for Group
Metwest Total Return Bond Fund	Mgmt Team	Avg 31.3 for Group
PGIM Total Return Bond Fund	Mgmt Team	Avg 32 for Group
PIMCO Income Fund	Mgmt Team	Avg 16.3 for Group
PIMCO High Yield Income Fund	Mgmt Team	Avg 25.5 for Group
PGIM Global Total Return Fund	Mgmt Team	Avg 29.3 for Group
Fidelity Advisors New Mkts. Income Z Fund	Mgmt Team	Avg 22 Years
TCW Emerging Markets Fund	Mgmt Team	Avg 33 for Group
MFS Emerging Markets Debt Fund	Mgmt Team	Avg 23.6 for Group
Federated Hermes Strat Value Dividend Fund	Mgmt Team	Avg 19 for Group
MFS Value Fund	Mgmt Team	Avg 21.5 for Group
Vanguard Dividend Appreciation ETF	Passive Strategy – No Mgr.	N/A
Vanguard Growth Viper ETF	Passive Strategy – No Mgr.	N/A
Vanguard Information Technology ETF	Passive Strategy – No Mgr.	N/A
Vanguard Sector Index Fds ETF	Passive Strategy – No Mgr.	N/A
Vanguard Wellesley Income Fund	Mgmt Team	Avg 27 for Group
T Rowe Price Blue Chip Growth Fund	Larry J. Puglia	32 Years
Vanguard 500 Index Fund	Mgmt Team	Avg 14 for Group
Vangaurd Large Cap Index Fund	Mgmt Team	Avg 9 for Group
JPMorgan Mid Cap Value Fund	Mgmt Team	Avg 30 for Group

Artisan Mid Cap Fund	Mgmt Team	Avg 24.5 for Group
Principal Mid Cap Fund	Mgmt Team	Avg 24.5 for Group
American Century Small Cap Growth Fund	Mgmt Team	Avg 16 for Group
Sterling Capital Stratton Small Cap Value Fund	Mgmt Team	Avg 19.7 for Group
Vanguard Small Cap Index Fund	Mgmt Team	Avg 17 for Group
Artisan International Fund	Mgmt Team	Avg 29.3 for Group
Dodge & Cox International Stock Fund	Mgmt Team	Avg 19.25 for Group
American Europacific Growth Fund	Mgmt Team	Avg 25.4 for Group
Oppenheimer Dev. Markets Fund	Justin M. Leverenz	28 Years
MFS Global Real Estate Fund	Richard R. Gable	21 Years
Wells Fargo Specialized Fixed Income	Mgmt Team	Avg 18.4 for Group
		Strategies Team
Vanguard Small Cap Viper ETF	Passive Strategy – No Mgr.	N/A
iShares Russell 2000 ETF	Passive Strategy – No Mgr.	N/A
iShares Russell Midcap Growth ETF	Passive Strategy – No Mgr.	N/A
iShares Russell Midcap ETF	Passive Strategy – No Mgr.	N/A
Vanguard FTSE Emerging Markets ETF	Passive Strategy – No Mgr.	N/A
Blackrock Global Long/Short Credit Fund	Mgmt Team	Avg 7 for Group
Abbey Capital Futures Strategy	Mgmt Team	Avg 19.5 for Group
Eaton Vance Global Macro Absolute Return Advantage Fund	Mgmt Team	Avg 17.3
Neuberger Berman Long Short Fund	Mgmt Team	Avg 10 for Group

The asset managers of First Citizens invest the reserve portfolio managed by First Citizens Bank. The funds on deposit with First Citizens are invested seventy percent (70%) in equities and thirty percent (30%) in fixed income funds. The short-term time horizon funds on deposit with First Citizens are invested approximately twenty percent (20%) in equities and eighty percent (80%) in fixed income funds/cash. The following is a list of the investment management professionals that are overseeing the investment decisions and their professional investment experience for each fund.

<u>Fund</u>	<u>Manager</u>	<u>Years of Experience</u>
Equities/Fixed Income/Asset Allocation (CIO)	Brent Ciliano	26

Asset Allocation/Manager Due Diligence	Brian Storey	18
Equities	Steve Eubanks	36
Fixed Income	Joe Mirsky	30

VIII. **FACILITY DEVELOPMENT/EXPANSION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2014, the Brookridge Independent Living Lobby was renovated.

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

IX. OTHER MATERIAL INFORMATION

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

X. RESIDENT AGREEMENT/CONTRACT

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

XI. ATTACHMENTS TO DISCLOSURE STATEMENT

Attachment I	9/30/20 Audit Report
Attachment II	Financial Data – Actual Compared to Forecasted
Attachment III	Pro-Forma Financial Statements
Attachment IV	Apartment Resident Agreement – Independent Living Apartments
Attachment V	Resident Care Agreement – Adult Care Home Residence
Attachment VI	Nursing Care Agreement
Attachment VI-A	Nursing Care Agreement - Medicare A

Attachment VII	Life Expectancy Table
Attachment VIII	October 2020 – January 2021 Interim Financial Statements (unaudited)

ATTACHMENT I

9/30/20 Audit Report

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019



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**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate (collectively, the Organization), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Trustees
Baptist Retirement Homes of North Carolina, Incorporated

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of September 30, 2020 and 2019, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
December 21, 2020

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,743,004	\$ 7,728,106
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$135,161 and \$142,231 in 2020 and 2019, Respectively	1,688,402	1,404,373
Investments	50,786,318	45,135,706
Contributions Receivable	132,500	137,018
Prepaid Expenses and Other Assets	432,863	398,997
Total Current Assets	<u>62,783,087</u>	<u>54,804,200</u>
ASSETS LIMITED AS TO USE		
Internally Designated for Capital Development	1,554,891	1,433,538
Internally Designated for Statutory Operating Reserve	7,734,500	7,579,542
Restricted Under Debt Agreements	-	3,401,927
Total Assets Limited as to Use	<u>9,289,391</u>	<u>12,415,007</u>
INVESTMENTS AND OTHER ASSETS		
Assets in Split-Interest Agreements:		
Charitable Remainder Trusts	1,734,404	1,473,146
Beneficial Interest in Perpetual Trusts	7,056,907	6,898,851
Other Assets	15,000	15,000
Total Investments and Other Assets	<u>8,806,311</u>	<u>8,386,997</u>
PROPERTY AND EQUIPMENT, NET	<u>44,442,871</u>	<u>46,659,800</u>
Total Assets	<u><u>\$ 125,321,660</u></u>	<u><u>\$ 122,266,004</u></u>

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2020 AND 2019**

LIABILITIES AND NET ASSETS	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,689,627	\$ 2,962,049
Accounts Payable	501,900	485,709
Accrued Expenses	396,077	341,210
Accrued Employee Compensation	1,575,182	1,706,347
Other Current Liabilities	71,093	43,312
Current Portion of Refundable Advance Fees	118,567	127,566
CARES Act - Provider Relief Funds	937,270	-
Refundable Advance	2,273,300	-
Total Current Liabilities	<u>7,563,016</u>	<u>5,666,193</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	29,294,040	30,160,314
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	11,307,278	10,785,697
Refundable Advance Fees on Occupied Units, Net of Current Portion	<u>2,055,973</u>	<u>2,190,886</u>
Total Deferred Revenue and Other Liabilities	<u>13,363,251</u>	<u>12,976,583</u>
Total Liabilities	50,220,307	48,803,090
NET ASSETS		
Without Donor Restrictions	48,667,822	47,722,101
With Donor Restrictions	<u>26,433,531</u>	<u>25,740,813</u>
Total Net Assets	<u>75,101,353</u>	<u>73,462,914</u>
Total Liabilities and Net Assets	<u>\$ 125,321,660</u>	<u>\$ 122,266,004</u>

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
REVENUES, GAINS, AND OTHER SUPPORT		
Net Resident Service Revenue, including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$1,877,813 in 2020 and \$2,060,787 in 2019	\$ 24,116,745	\$ 24,539,033
Gifts, Including Gifts from Churches and Special Offerings	436,578	386,476
Income from Grants	331,050	284,584
Income from Estates and Trusts	435,191	277,675
Investment Income and Realized Gains	2,023,444	2,501,068
Net Assets Released from Restrictions	425,917	296,221
Other	702,103	444,859
Total Revenues, Gains, and Other Support	28,471,028	28,729,916
OPERATING EXPENSES		
Resident Care	11,602,569	11,368,400
Dietary	2,736,883	2,801,281
Maintenance and Housekeeping	4,307,988	4,326,013
General and Administrative	5,227,025	4,414,670
Depreciation	3,759,442	3,511,610
Interest	1,291,194	1,481,511
Total Operating Expenses	28,925,101	27,903,485
OPERATING INCOME (LOSS)	(454,073)	826,431
NONOPERATING INCOME (LOSS)		
Loss on Extinguishment of Debt	(531,715)	-
Unrealized Gains (Losses) on Investments	1,931,509	(1,474,970)
Total Nonoperating Income (Loss)	1,399,794	(1,474,970)
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	945,721	(648,539)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	345
Investment Income	449,696	474,584
Change in Value of Charitable Remainder Trusts	261,258	418,401
Unrealized Gains (Losses) on Investments	249,625	(178,011)
Change in Value of Beneficial Interest in Perpetual Trusts	158,056	(185,687)
Net Assets Released from Restrictions	(425,917)	(296,221)
Increase in Net Assets With Donor Restrictions	692,718	233,411
INCREASE (DECREASE) IN NET ASSETS	1,638,439	(415,128)
Net Assets - Beginning of Year	73,462,914	73,878,042
NET ASSETS - END OF YEAR	\$ 75,101,353	\$ 73,462,914

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 1,638,439	\$ (415,128)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,759,442	3,511,610
Loss on Extinguishment of Debt	531,715	-
Unrealized (Gains) Losses on Investments	(2,181,134)	1,652,981
Change in Value of Charitable Remainder Trusts	(261,258)	(418,401)
Change in Value of Beneficial Interest in Perpetual Trusts	(158,056)	185,687
Amortization of Deferred Revenue from Advance Fees	(1,877,813)	(2,060,787)
Amortization of Deferred Costs	93,177	74,359
Bad Debt Expense	141,407	160,307
Advance Fees Received	2,397,390	2,653,891
Advance Fees Refunded	(141,908)	(487,517)
Realized Gains on Investments	(1,018,871)	(1,518,599)
(Gain) Loss on Disposal of Asset	(7,048)	8,715
(Increase) Decrease in Assets:		
Accounts Receivable	(425,436)	(350,603)
Contributions Receivable	4,518	(6,596)
Prepaid Expenses and Other Current Assets	(33,866)	30,077
Increase (Decrease) in Liabilities:		
Accounts Payable, Accrued Expenses, Accrued Compensation, and Other Current Liabilities	(32,326)	449,768
CARES Act - Provider Relief Funds	937,270	-
Proceeds from Refundable Advance	2,273,300	-
Net Cash Provided by Operating Activities	5,638,942	3,469,764
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	1,178,485	905,573
Net Change of Assets Limited as to Use	(670,672)	136,910
Purchases of Property and Equipment	(1,556,764)	(1,171,028)
Proceeds from Sale of Property and Equipment	21,299	83,600
Net Cash Used by Investing Activities	(1,027,652)	(44,945)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	31,753,569	-
Refunding of Long-Term Debt	(31,753,569)	-
Payments of Long-Term Debt	(2,378,189)	(2,823,216)
Payment of Financing Costs	(385,399)	-
Net Cash Used by Financing Activities	(2,763,588)	(2,823,216)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,847,702	601,603
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	9,915,394	9,313,791
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 11,763,096	\$ 9,915,394

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 9,743,004	\$ 7,728,106
Restricted Cash and Cash Equivalents Included in Assets Limited as to Use	<u>2,020,092</u>	<u>2,187,288</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 11,763,096</u>	<u>\$ 9,915,394</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Payments for Interest	<u>\$ 1,294,728</u>	<u>\$ 1,482,741</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchases of Equipment included in Accounts Payable	<u>\$ 44,953</u>	<u>\$ 31,863</u>

See accompanying Notes to Consolidated Financial Statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

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

Principles of Consolidation

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

Adoption of New Accounting Principle

During the year ended September 30, 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The adoption of ASU 2018-08 did not impact previously reported revenue or the net assets of the Organization.

In November 2016, FASB issued ASU 2016-08, *Statement of Cash Flows*. The update addresses the diversity in the classification and presentation of changes in restricted cash on the consolidated statement of cash flows. The Organization has implemented ASU 2016-08 and has adjusted the presentation in the consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented and has no effect of previously reported changes in net assets.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Basis of Presentation

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance, which approximates fair value as of September 30, 2020 and 2019. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. The Organization provides an allowance for uncollectible accounts using management's judgment. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be uncollectible are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Contributions and Support

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their future cash flows. Contributions receivable was approximately \$133,000 and \$137,000 at September 30, 2020 and 2019, respectively.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated balance sheets. The Organization received cost-reimbursable grants that have not been recognized of approximately \$2,273,000 for the year ended September 30, 2020 because qualifying expenditures have not yet been incurred, as further described in Note 17. The Organization received no advance payments for the year ended September 30, 2019.

Assets Limited as to Use

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Investments

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

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

Assets in Split-Interest Agreements

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

Deferred Financing Costs

Deferred financing costs represent expenses incurred in connection with the permanent financing of the Homes and are deferred and amortized over the life of the related indebtedness using the straight-line method, which approximates the effective interest method. Deferred financing costs are net of accumulated amortization of approximately \$26,000 and \$534,000 at September 30, 2020 and 2019, respectively.

Property and Equipment

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

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Property and Equipment (Property)

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

Deferred Revenue from Advance Fees

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

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income (obligation to provide future services and use of facilities). There was no liability recognized at September 30, 2020 and 2019. The discount rate used in calculating the present value of the net cost of future services was 4.00% for 2020 and 2019, respectively, and was based on the expected long-term rate of return on governmental obligations.

Net Resident Service Revenue

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

Excess (Deficit) of Revenues Over (Under) Expenses

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Income Taxes

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

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

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

Functional Expenses

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

Fair Value of Financial Instruments

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

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

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

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Fair Value of Financial Instruments (Continued)

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

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

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

Risks and Uncertainties

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

Upcoming Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers*, which was further codified under Accounting Standards Codification (ASC) 606-10. The standard attempts to create a global, consistent revenue recognition model to be applied to all industries, including health care. The amendments in the ASU are currently effective for the Organization for the year ending September 30, 2021. Management does not believe this standard will have a material impact on the financial statements.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

Upcoming Accounting Standards (Continued)

In February 2016, the FASB issued ASU 2016-02 – *Leases*, which adds ASC 842 and updates various other sections throughout the ASC. The standard attempts to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet while disclosing relevant information regarding leasing arrangements. The ASU is currently effective for the Organization for the year ending September 30, 2023. Management does not believe this standard will have a material impact on the financial statements.

Reclassifications

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

Subsequent Events

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

The Organization has evaluated its subsequent events through December 21, 2020, the date the consolidated financial statements were available to be issued.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS

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

	<u>2020</u>	<u>2019</u>
Internally Designated for Capital Development:		
Cash and Cash Equivalents	\$ 1,554,891	\$ 1,433,538
Internally Designated for Statutory Operating Reserve:		
Cash and Cash Equivalents	465,201	445,863
Mutual Funds, Equities	5,046,837	4,320,138
Mutual Funds, Bonds	1,313,952	1,539,863
Equity Securities	905,741	1,269,530
Real Estate Investment Trusts	2,769	3,400
Other Various Investments	-	748
Total	<u>7,734,500</u>	<u>7,579,542</u>
Restricted Under Debt Agreements:		
Cash and Cash Equivalents	-	307,887
Mutual Funds, Equities	-	643,756
Mutual Funds, Bonds	-	2,450,284
Total	<u>-</u>	<u>3,401,927</u>
 Total Assets Limited as to Use	 <u>\$ 9,289,391</u>	 <u>\$ 12,415,007</u>

Two of Homes' facilities are required by NC General Statute Chapter 58, Article 64 to fund an operating reserve account. The operating reserve must be an amount at least equal to 25% or 50% (depending on occupancy) of forecasted operating expenses (net of depreciation and amortization), plus annual debt service. The operating reserve requirement for Brookridge Retirement Community was \$5,171,500 and \$5,124,068 as of September 30, 2020 and 2019. The operating reserve requirement for The Gardens of Taylor Glen was \$2,563,000 and \$2,455,474 as of September 30, 2020 and 2019.

Other investments, stated at fair value, at September 30 include:

	<u>2020</u>	<u>2019</u>
Other Investments:		
Cash and Cash Equivalents	\$ 532,837	\$ 487,835
Mutual Funds, Equities	30,034,236	26,025,900
Mutual Funds, Bonds & Government Bond Funds	16,331,808	13,840,343
Equity Securities	3,839,264	4,713,412
Real Estate Investment Trusts	48,173	55,142
Other Various Investments	-	13,074
Total	<u>\$ 50,786,318</u>	<u>\$ 45,135,706</u>

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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

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

	<u>2020</u>	<u>2019</u>
Investment Income and Realized and Unrealized Gains:		
Interest and Dividend Income	\$ 1,454,269	\$ 1,665,743
Net Realized Gains on Sales of Securities	1,018,871	1,309,909
Total	<u>2,473,140</u>	<u>2,975,652</u>
Unrealized Gains (Losses) on Investments	<u>\$ 2,181,134</u>	<u>\$ (1,652,981)</u>

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

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS

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

Charitable Remainder Trusts

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

Upon receipt of a beneficial interest in a charitable remainder trust, the present value of such interest is recorded as contribution revenue. The annual change in the present value of the beneficial interest is recorded as a change in value of charitable remainder trusts on the consolidated statements of activities. Such valuations are based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculations were 0.69% and 1.68% for the fiscal years 2020 and 2019, respectively.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS (CONTINUED)

Beneficial Interest in Perpetual Trust

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

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

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2020</u>	<u>2019</u>
Land and Land Improvements	\$ 7,045,638	\$ 7,039,848
Buildings and Improvements	91,759,820	90,774,013
Furniture, Fixtures, and Equipment	5,493,714	5,427,549
Vehicles	765,658	748,691
Total	<u>105,064,830</u>	<u>103,990,101</u>
Less: Accumulated Depreciation	61,411,083	57,691,779
Total	<u>43,653,747</u>	<u>46,298,322</u>
Construction in Progress	789,124	361,478
Total Property and Equipment	<u><u>\$ 44,442,871</u></u>	<u><u>\$ 46,659,800</u></u>

Construction in progress as of September 30, 2020 and 2019 related mainly to renovations at the Taylor Glen and Brookridge locations.

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NOTE 5 LONG-TERM DEBT

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
Term Loan at 4.1%, Maturing in 2028	\$ -	\$ 21,724,755
Permanent Loan at 4.28%, Maturing in 2027	-	11,978,896
Term Loan at 3.22%, Maturing in 2035	19,973,792	-
Permanent Loan at 3.22%, Maturing in 2035	<u>11,369,377</u>	<u>-</u>
Total	31,343,169	33,703,651
Less: Current Maturities	1,689,627	2,962,049
Less: Unamortized Deferred Financing Costs	<u>359,502</u>	<u>581,288</u>
Long-Term Debt, Net	<u>\$ 29,294,040</u>	<u>\$ 30,160,314</u>

In 2013, the Organization entered into a Term Loan Agreement for \$34,650,000 to refinance the remaining balances on the Organization's North Carolina Medical Care Commission term bonds. During the year ended September 30, 2020 the Organization refinanced this loan and recognized a loss on the early extinguishment of debt of approximately \$258,000 related to the write-off of unamortized deferred financing costs. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$142,416. The refinanced term loan carries an interest rate of 3.22%.

In 2012, the Organization entered into a Construction and Permanent Loan Agreement to finance construction and renovations at Brookridge Retirement Community with a maximum borrowing of \$16,500,000. Interest only was due and payable for the first 12 months under the agreement and then principal and interest based on the bank's amortization schedule. On October 25, 2014, the Loan Agreement was finalized upon the completion of the construction project to adjust the principal and interest payments based on the actual borrowings. During the year ended September 30, 2020 the Organization refinanced this loan and recognized a loss on the early extinguishment of debt of approximately \$274,000 related to the write-off of unamortized deferred financing costs. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$81,065. The refinanced permanent loan carries an interest rate of 3.22%.

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

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NOTE 5 LONG-TERM DEBT (CONTINUED)

The debt agreements contain certain payments and covenants, which include the maintenance of a long-term debt service coverage ratio, cash-to-debt ratio and restricts, among other things, incurrence of indebtedness, existence of liens on property, consolidations and mergers, disposition of assets and changes in members of the obligated group. As part of the refinancing that occurred during fiscal year 2020, the debt agreements were modified to remove the requirement for a debt service reserve to be set aside by the Organization in assets limited as to use. At September 30, 2020 and 2019, management has determined the Organization is in compliance with these requirements.

Aggregate maturities required on long-term debt as of September 30, 2020 are due in future years as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 1,689,627
2022	1,753,088
2023	1,810,378
2024	1,869,540
2025	1,930,636
Thereafter	<u>22,289,900</u>
Total	<u><u>\$ 31,343,169</u></u>

NOTE 6 DEFERRED REVENUE FROM ADVANCE FEES AND REFUNDABLE ADVANCES

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

At September 30, 2020 and 2019, the portion of advance fees subject to refund provisions was approximately \$2,175,000 and \$2,318,000, respectively. The amount expected to be refunded to current residents within the next year, based on the Organization's experience, is approximately \$119,000.

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NOTE 7 NET RESIDENT SERVICE REVENUE

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from established rates. Under the Medicare and Medicaid programs, the Organization is entitled to reimbursement for certain resident charges at rates determined by federal and state governments. Differences between established billing rates and reimbursements from these programs are recorded as contractual adjustments to reduce resident service revenue. Approximately 10% and 8% of the Homes' net resident service revenue for the years ended September 30, 2020 and 2019, respectively, was derived from Medicare. Approximately 11% and 8% of Homes' net resident service revenue for the years ended September 30, 2020 and 2019, respectively, was derived from Medicaid.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term; however, there were no adjustments to net patient service revenue in either 2020 or 2019 as a result of changes in the estimated reimbursement.

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

	<u>2020</u>	<u>2019</u>
Gross Resident Service Charges	\$ 25,453,817	\$ 25,684,562
Contractual Adjustments and Benevolent Care	<u>(3,214,885)</u>	<u>(3,206,316)</u>
Net Resident Service Charges	22,238,932	22,478,246
Amortization of Deferred Revenue	<u>1,877,813</u>	<u>2,060,787</u>
Total	<u>\$ 24,116,745</u>	<u>\$ 24,539,033</u>

The Organization maintains records, and the Board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. These include reduced rates for Medicare, Medicaid, and other governmental programs. The charges foregone, based on established rates, were approximately \$2,537,000 and \$2,612,000 during the years ended September 30, 2020 and 2019, respectively.

The Organization has estimated the costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculated a ratio by comparing the charges foregone to total operating revenue and applying this ratio to expenses to estimate the costs of providing benevolent assistance. Using this methodology, the Organization has estimated the costs for services under the Organization's benevolent assistance policy to be approximately \$795,000 and \$662,000 for the years ended September 30, 2020 and 2019, respectively. In addition, the amount of direct benevolent assistance provided by Homes was approximately \$678,000 and \$594,000 during the years ended September 30, 2020 and 2019, respectively.

The total foregone charges and direct benevolent assistance totaled approximately \$3,215,000 and \$3,206,000 during the years ended September 30, 2020 and 2019, respectively.

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NOTE 8 RETIREMENT PLAN

The Organization has a defined contribution annuity plan (the Plan) with Guidestone Financial Resources. The Plan has a contributory feature and participation in the Plan is optional at the election of the employees. To qualify for the employer matching contribution, employees must have been employed with the Organization for two years and must contribute 3% of their compensation to the Plan. Employer contributions to the Plan are made after each pay period at an amount equal to 100% match of the first 3% of employees' contributions and a 50% match of the next 2% contributed by employees. Employer contributions to the Plan were approximately \$147,000 and \$145,000 for the years ended September 30, 2020 and 2019, respectively.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Restricted for Purpose:		
Charitable Remainder Trusts	\$ 1,734,404	\$ 1,473,146
Geneva Stroupe Support	179,248	175,557
Employee Benefit Account	12,656	12,656
New Residential Development	5,583,484	5,564,633
Taylor House Benevolence and Operating Support	<u>5,173,475</u>	<u>4,922,613</u>
Total Restricted for Purpose	<u>12,683,267</u>	<u>12,148,605</u>
Restricted in Perpetuity:		
Beneficial Interest in Perpetual Trusts	7,056,907	6,898,851
Endowments	<u>6,693,357</u>	<u>6,693,357</u>
Total Restricted in Perpetuity	<u>13,750,264</u>	<u>13,592,208</u>
Total Net Assets With Donor Restrictions	<u>\$ 26,433,531</u>	<u>\$ 25,740,813</u>

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

	<u>2020</u>	<u>2019</u>
New Residential Development	\$ 10,914	\$ 81,376
Taylor House Benevolence and Operating Support	<u>415,003</u>	<u>214,845</u>
Total	<u>\$ 425,917</u>	<u>\$ 296,221</u>

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NOTE 10 ENDOWMENT FUNDS

Interpretation of Relevant Law

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

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

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

Funds with Deficiencies

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

Return Objectives and Risk Parameters

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

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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

At September 30, 2020 and 2019, the Organization had approximately \$13,750,000 and \$13,592,000 in net assets with donor restrictions-restricted in perpetuity, respectively. Of these respective totals, approximately \$7,057,000 and \$6,899,000 relates to split-interest agreements that are administered and managed by third parties as trustees at September 30, 2020 and 2019, respectively. The remaining \$6,693,000 of net assets restricted in perpetuity at September 30, 2020 and 2019, respectively, are managed by two different investment brokers within the Organization's Investment Policy Statement. The Organization had no board-designated endowment funds as of September 30, 2020 or 2019.

The following is the change in endowment net assets for the years ended September 30, 2020 and 2019:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, September 30, 2018	\$ -	\$ 247,818	\$ 6,693,357	\$ 6,941,175
Unrealized Gains on Investments	-	(176,669)	-	(176,669)
Contributions	-	-	-	-
Net Assets Released from Restrictions	-	(71,149)	-	(71,149)
Endowment Net Assets, September 30, 2019	-	-	6,693,357	6,693,357
Unrealized Loss on Investments	-	243,145	-	243,145
Contributions	-	-	-	-
Net Assets Released from Restrictions	-	(96,771)	-	(96,771)
Endowment Net Assets, September 30, 2020	\$ -	\$ 146,374	\$ 6,693,357	\$ 6,839,731

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NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

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

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

	2020	2019
Medicare	24 %	26 %
Medicaid	13	17
Other Third-Party Payers	52	52
Self-Pay	11	5
Total	100 %	100 %

NOTE 12 FUNCTIONAL EXPENSES

The functional classification of expenses for the years ended September 30, 2020 and 2019 consist of the following:

	2020			Total
	Program Services	Management and General	Fundraising	Expenses
Salaries and Wages	\$ 10,232,344	\$ 2,633,151	\$ 89,124	\$ 12,954,619
Benefits	1,522,632	377,344	17,825	1,917,801
Advertising	26,317	91,850	-	118,167
Insurance	-	373,094	-	373,094
Professional Services	2,332,005	384,367	-	2,716,372
Dues and Subscriptions	437	40,779	-	41,216
Occupancy	1,017,870	240,697	-	1,258,567
Meals and Entertainment	837,025	29,629	-	866,654
Interest	1,291,194	-	-	1,291,194
IT	-	243,879	-	243,879
Travel	812	3,835	-	4,647
Medical Supplies	338,148	-	-	338,148
Supplies	263,181	451,443	-	714,624
Pharmaceuticals	43,251	-	-	43,251
Equipment	31,481	6,750	-	38,231
Maintenance & Repair	709,623	80,704	-	790,327
Depreciation and Amortization	3,749,203	10,239	-	3,759,442
Development	29,741	17,862	71,409	119,012
Other	207,508	893,826	93,115	1,194,449
Bad Debt	141,407	-	-	141,407
Total	\$ 22,774,179	\$ 5,879,449	\$ 271,473	\$ 28,925,101

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NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)

	2019			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 10,065,303	\$ 2,681,865	\$ 104,961	\$ 12,852,129
Benefits	1,510,572	456,687	15,744	1,983,003
Advertising	14,829	85,149	-	99,978
Insurance	-	358,070	-	358,070
Professional Services	2,211,918	102,270	-	2,314,188
Dues and Subscriptions	379	42,598	-	42,977
Occupancy	1,086,225	202,945	-	1,289,170
Meals and Entertainment	971,011	36,005	-	1,007,016
Interest	1,481,511	-	-	1,481,511
IT	-	234,694	-	234,694
Travel	498	330	-	828
Medical Supplies	268,650	-	-	268,650
Supplies	255,346	122,641	-	377,987
Pharmaceuticals	42,004	-	-	42,004
Equipment	33,957	3,162	-	37,119
Maintenance & Repair	685,719	100,819	-	786,538
Depreciation and Amortization	3,501,712	9,898	-	3,511,610
Development	40,551	18,642	95,103	154,296
Other	254,047	556,562	90,801	901,410
Bad Debt	160,307	-	-	160,307
Total	<u>\$ 22,584,539</u>	<u>\$ 5,012,337</u>	<u>\$ 306,609</u>	<u>\$ 27,903,485</u>

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NOTE 13 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Nature of Organization and Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the consolidated balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of September 30, 2020 and 2019:

	Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments and Assets Limited as to Use:				
Mutual Funds, Equities:				
Stock Funds	\$ 333,384	\$ -	\$ -	\$ 333,384
Small Cap	4,120,081	-	-	4,120,081
Mid Cap	6,083,644	-	-	6,083,644
Large Cap	7,505,616	-	-	7,505,616
Emerging Markets	2,462,600	-	-	2,462,600
Growth Funds	3,775,576	-	-	3,775,576
International Stock Funds	6,144,441	-	-	6,144,441
Real Estate Funds	4,479,174	-	-	4,479,174
Specialty Funds	176,558	-	-	176,558
Mutual Funds, Bonds:				
Aggregate Bond Fixed				
Income Institutional	13,854,948	-	-	13,854,948
Corporate Bond Funds	1,703,072	-	-	1,703,072
Governmental Bond Funds	1,265,665	-	-	1,265,665
High Yield Corporate Bond Funds	27,610	-	-	27,610
Short-Term Bond Funds	626,114	-	-	626,114
Foreign Bond Funds	35,319	-	-	35,319
Mortgage Back	133,032	-	-	133,032
Equity Securities:				
Industrial Goods	168,030	-	-	168,030
Health Care	422,855	-	-	422,855
Services	1,033,231	-	-	1,033,231
Financials	982,523	-	-	982,523
Technology	768,164	-	-	768,164
Consumer Goods and Services	477,318	-	-	477,318
Consumer Staples	190,443	-	-	190,443
Energy	109,902	-	-	109,902
Utilities	28,758	-	-	28,758
Materials	50,930	-	-	50,930
Real Estate	289,190	-	-	289,190
Communications	223,661	-	-	223,661
Real Estate Investment Trusts	-	50,942	-	50,942
Total Investments	57,471,838	50,942	-	57,522,780
Charitable Remainder Trusts	-	1,712,309	-	1,712,309
Charitable Gift Annuities Fund	-	22,095	-	22,095
Beneficial Interest in Perpetual Trusts	-	-	7,056,907	7,056,907
Total	<u>\$ 57,471,838</u>	<u>\$ 1,785,346</u>	<u>\$ 7,056,907</u>	<u>\$ 66,314,091</u>

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

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

The Organization had \$2,552,929 and \$2,675,123 of cash and cash equivalents included with investments as of September 30, 2020 and 2019, respectively, which is not included in the fair value hierarchy.

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the years ended September 30, 2020 and 2019:

	Beneficial Interest in Perpetual Trusts
Balance at October 1, 2018	\$ 7,084,538
Changes in Value of Beneficial Interest in Perpetual Trusts	(185,687)
Contributions	-
Balance at September 30, 2019	6,898,851
Changes in Value of Beneficial Interest in Perpetual Trusts	158,056
Contributions	-
Balance at September 30, 2020	<u>\$ 7,056,907</u>

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

Mutual Funds and Equity Securities

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

Other Various Investments

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

Beneficial Interest in Perpetual Trusts

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

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Charitable Remainder Trusts

Valued using the income approach based on estimated mortality and discount rates. The discount rates used in the valuation calculations were 0.69% and 1.68% for fiscal years 2020 and 2019, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

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

Self-Insured Health Insurance

The Organization self-insures its employees' health plan. It has contracted with an administrative service company to supervise and administer the program and act as its representative. Provisions for expected future payments are accrued based on the Organization's experience and include amounts for claims filed and claims incurred but not reported. The Organization has stop loss insurance for excessive and unexpected health claims with an individual deductible of \$70,000 and an aggregate deductible of approximately \$926,000. The Organization reserved approximately \$161,000 and \$80,000 related to its self-insured health insurance at September 30, 2020 and 2019, respectively.

NOTE 15 LINES OF CREDIT

During the year ended September 30, 2020, the Organization obtained two revolving lines of credit (LOCs) with maximum borrowing limits of \$2,000,000 and \$800,000, respectively, which expire June 25, 2022. Interest on the LOCs is based upon one-month LIBOR plus 1.75%, with a floor of 2.00%. As of September 30, 2020, the interest rate on the LOCs was 2.00%. As of September 30, 2020, there were no outstanding balances on the LOCs.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 16 PROVIDER RELIEF FUNDS

As a result of the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Provider Relief Fund (PRF). Total grant funds approved and received by the Organization was \$1,180,354. The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. The Organization recognized \$243,084 as other operating revenue in the consolidated statement of operations and changes in net assets in fiscal year 2020 and \$937,270 is recorded as a contract liability in the consolidated balance sheet as of September 30, 2020. Management believes the amounts have been recognized appropriately as of September 30, 2020.

NOTE 17 REFUNDABLE ADVANCE

On April 23, 2020, the Organization received proceeds in the amount of \$2,273,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized no revenue related to this agreement during the year ended September 30, 2020 on the consolidated statement of operations and changes in net assets. As of September 30, 2020, the PPP Loan is presented on the consolidated balance sheet as a Refundable Advance. The SBA has not formally forgiven any portion of the Organization's obligation under this PPP Loan. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, the Organization would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of 2 years, with interest payments deferred for the first six months.

NOTE 18 LIQUIDITY AND AVAILABILITY

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

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 18 LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the Organization's liquid financial assets as of September 30:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 9,743,004	\$ 7,728,106
Accounts Receivable, Net of Allowance for Doubtful		
Accounts	1,688,402	1,404,373
Investments	50,786,318	45,135,706
Contributions Receivable	132,500	137,018
Assets Limited as to Use:		
Internally Designated for Capital Development	1,554,891	1,433,538
Internally Designated for Statutory Operating Reserve	<u>7,734,500</u>	<u>7,579,542</u>
	71,639,615	63,418,283
Less: Net Assets with Donor Restrictions (Not Included in Charitable Remainder Trusts or Beneficial Interest in Perpetual Trusts)	<u>(17,642,220)</u>	<u>(17,368,816)</u>
Financial Assets Available to Meet Liquidity Needs	<u>\$ 53,997,395</u>	<u>\$ 46,049,467</u>

NOTE 19 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared COVID-19 a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Organization's results are dependent on the breadth and duration of the pandemic and could be affected by other factors currently unable to be predicted. These impacts may include, but are not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and Affiliate as of and for the year ended September 30, 2020, and our report thereon dated December 21, 2020, which contains an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
December 21, 2020

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2020**

	Homes	Foundation	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 8,574,297	\$ 1,168,707	-	\$ 9,743,004
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$135,161	1,688,402	-	-	1,688,402
Investments	13,753,452	37,032,866	-	50,786,318
Contributions Receivable	132,500	-	-	132,500
Prepaid Expenses and Other Assets	427,863	5,000	-	432,863
Due from Foundation	2,650,397	-	(2,650,397)	-
Total Current Assets	27,226,911	38,206,573	(2,650,397)	62,783,087
ASSETS LIMITED AS TO USE				
Internally Designated for Capital Development	1,554,891	-	-	1,554,891
Internally Designated for Statutory Operating Reserve	7,734,500	-	-	7,734,500
Total Assets Limited as to Use	9,289,391	-	-	9,289,391
INVESTMENTS AND OTHER ASSETS				
Assets in Split-Interest Agreements:				
Charitable Remainder Trusts	1,712,309	22,095	-	1,734,404
Beneficial Interest in Perpetual Trust	4,881,180	2,175,727	-	7,056,907
Other Assets	15,000	-	-	15,000
Total Investments, Deferred Costs, and Other Assets	6,608,489	2,197,822	-	8,806,311
PROPERTY AND EQUIPMENT, NET	43,315,825	1,127,046	-	44,442,871
Total Assets	\$ 86,440,616	\$ 41,531,441	\$ (2,650,397)	\$ 125,321,660

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2020**

	Homes	Foundation	Eliminations	Consolidated
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 1,689,627	-	-	\$ 1,689,627
Accounts Payable	501,900	-	-	501,900
Accrued Expenses	396,077	-	-	396,077
Accrued Employee Compensation	1,575,182	-	-	1,575,182
Due to Obligated Group	-	2,650,397	(2,650,397)	-
Other Current Liabilities	71,093	-	-	71,093
Current Portion of Refundable Advance Fees	118,567	-	-	118,567
CARES Act - Provider Relief Funds	937,270	-	-	937,270
Refundable Advance	2,273,300	-	-	2,273,300
Total Current Liabilities	7,563,016	2,650,397	(2,650,397)	7,563,016
LONG-TERM DEBT, LESS CURRENT MATURITIES	29,294,040	-	-	29,294,040
DEFERRED REVENUE AND OTHER LIABILITIES				
Deferred Revenue from Advance Fees	11,307,278	-	-	11,307,278
Refundable Advance Fees on Occupied Units, Net of Current Portion	2,055,973	-	-	2,055,973
Total Deferred Revenue and Other Liabilities	13,363,251	-	-	13,363,251
Total Liabilities	50,220,307	2,650,397	(2,650,397)	50,220,307
NET ASSETS				
Without Donor Restrictions	27,272,716	21,395,106	-	48,667,822
With Donor Restrictions	8,947,593	17,485,938	-	26,433,531
Total Net Assets	36,220,309	38,881,044	-	75,101,353
Total Liabilities and Net Assets	\$ 86,440,616	\$ 41,531,441	\$ (2,650,397)	\$ 125,321,660

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

	Homes	Foundation	Eliminations	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT				
Net Resident Service Revenue, Including Amortization of Deferred Revenue from Nonrefundable Advance Fees of \$1,877,813	\$ 24,116,745	\$ -	\$ -	\$ 24,116,745
Gifts, including Gifts from Churches and Special Offerings	426,489	10,089	-	436,578
Income from Grants	331,050	-	-	331,050
Income from Estates and Trusts	434,982	209	-	435,191
Investment Income and Realized Gains (Losses)	2,548,305	(524,861)	-	2,023,444
Net Assets Released from Restrictions	381,144	44,773	-	425,917
Other	702,103	-	-	702,103
Total Revenues, Gains, and Other Support	28,940,818	(469,790)	-	28,471,028
OPERATING EXPENSES				
Resident Care	11,602,569	-	-	11,602,569
Dietary	2,736,883	-	-	2,736,883
Maintenance and Housekeeping	4,307,988	-	-	4,307,988
General and Administrative	4,884,783	342,242	-	5,227,025
Depreciation	3,749,203	10,239	-	3,759,442
Interest	1,291,194	-	-	1,291,194
Total Operating Expenses	28,572,620	352,481	-	28,925,101
OPERATING INCOME (LOSS)	368,198	(822,271)	-	(454,073)
NONOPERATING INCOME (LOSS)				
Loss on Extinguishment of Debt	(531,715)	-	-	(531,715)
Unrealized Gains on Investments	531,779	1,399,730	-	1,931,509
Total Nonoperating Income	64	1,399,730	-	1,399,794
EXCESS OF REVENUES OVER EXPENSES AND INCREASE IN UNRESTRICTED NET ASSETS	368,262	577,459	-	945,721

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

	Homes	Foundation	Eliminations	Consolidated
Investment Income	\$ -	\$ 449,696	\$ -	\$ 449,696
Change in Value of Charitable Remainder Trusts	258,014	3,244	-	261,258
Change in Unrealized Gains on Investments	243,145	6,480	-	249,625
Change in Value of Beneficial Interest in Perpetual Trusts	79,555	78,501	-	158,056
Net Assets Released from Restrictions	(381,144)	(44,773)	-	(425,917)
Increase in Temporarily Restricted Net Assets	199,570	493,148	-	692,718
INCREASE IN NET ASSETS	567,832	1,070,607	-	1,638,439
Net Assets - Beginning of Year	35,652,477	37,810,437	-	73,462,914
NET ASSETS - END OF YEAR	<u>\$ 36,220,309</u>	<u>\$ 38,881,044</u>	<u>\$ -</u>	<u>\$ 75,101,353</u>

ATTACHMENT II

Financial Data – Actual Compared to Forecasted

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Statements of Operations and Changes in Net Assets
FYE 9/30/2020 (In Thousands of Dollars)

	2020 Actual (Audited)	2020 Forecasted	Variance	%	
Revenues, gains and other support:					
Net resident service revenue, including amortization of deferred revenue from nonrefundable advance fees of \$1,877,813 in 2020	\$ 24,117	\$ 27,264	\$ (3,147)	-11.5%	A
Gifts, including gifts from churches and special day	437	314	123	39.2%	
Income from Grants	331	275	56	20.4%	
Income from Estates and Trusts	435	426	9	2.1%	
Investment Income and Realized Gains	2,023	1,939	84	4.3%	
Net Assets Released from Restrictions	426	400	26	6.5%	
Other	702	26	676	2600.0%	B
Total revenues, gains and other support	28,471	30,644	(2,173)	-7.1%	
Operating expenses:					
Resident care	11,603	11,628	25	0.2%	
Dietary	2,737	3,016	279	9.3%	
Maintenance & Housekeeping	4,308	4,103	(205)	-5.0%	
General & administrative	5,227	4,872	(355)	-7.3%	
Depreciation	3,759	3,634	(125)	-3.4%	
Interest	1,291	1,421	130	9.1%	
Total operating expenses	28,925	28,674	(251)	-0.9%	
Operating Income	(454)	1,970	(2,424)	-123.0%	
Nonoperating Income					
Loss on extinguishment of debt	(532)				
Unrealized Gains (Losses) on Investments	1,932	-	1,932	N/A	C
Total Nonoperating income	1,400	-	1,932	N/A	
Excess (Deficit) of Revenues Over Expenses and Increase (Decrease) in Unrestricted Net Assets	946	1,970	(1,024)	-52.0%	
Changes in Net Assets with Donor Restrictions					
Contributions	-	200	(200)	-100.0%	
Investment Income	450	-	450	N/A	
Change in Value of Charitable Remainder Trusts	261	-	261	N/A	
Change in Unrealized Gains(Losses) on Investments	250	-	250	N/A	
Transfer to Permanently Restricted Net Assets	158	-	158	N/A	
Net Assets Released from Restrictions	(426)	(400)	(26)	6.5%	
Change in temporarily restricted net assets	693	(200)	893	-446.5%	
Change in net assets	1,639	1,770	(131)	-7.40%	

Baptist Retirement Homes Of North Carolina, Incorporated
Comparison of Actual Net Income Results to Forecasted Projected
Balance Sheet
FYE 9/30/2020 (In Thousands of Dollars)

	2020 Actual (Audited)	2020 Forecasted	Variance	%	
Assets					
Current Assets					
Cash and Cash Equivalents	9,743	8,671	1,072	12.4%	
Accounts receivable, net	1,688	1,296	392	30.2%	
Investments	50,786	45,158	5,628	12.5%	D
Contributions receivable	133	150	(17)	-11.3%	
Prepaid expenses and other current assets	433	475	(42)	-8.8%	
Total Current Assets	62,783	55,750	7,033	12.6%	
Assets whose Use is Limited, Net					
Internally designated for capital development	1,555	1,434	121	8.4%	
Internally designated for statutory operating reserve	7,734	7,735	(1)	0.0%	
Restricted under debt agreements	-	3,108	(3,108)	-100.0%	E
Total assets limited to use	9,289	12,277	(2,988)	-24.3%	
Investments, Deferred Costs and Other Assets					
Assets in split-interest agreements:					
Charitable remainder trusts	1,734	1,473	261	17.7%	
Beneficial interest in perpetual trust	7,057	6,899	158	2.3%	
Other assets	15	15	-	0.0%	
	8,806	8,387	419	5.0%	
Property and equipment, Net	44,443	45,329	(886)	-2.0%	
Total assets	125,321	121,743	3,578	2.9%	
Liabilities and Net Assets					
Current Liabilities					
Current maturities of long-term debt	1,690	3,088	(1,398)	-45.3%	F
Accounts payable	502	497	5	1.0%	
Accrued expenses	396	367	29	7.9%	
Accrued employee compensation	1,575	1,553	22	1.4%	
Other current liabilities	71	65	6	9.2%	
Current portion of refundable advance fees	119	128	(9)	-7.0%	
CARES Act - Provider Relief Fund	937	-	937	N/A	
Refundable Advance	2,273	-	2,273	N/A	G
Total current liabilities	7,563	5,698	1,865	32.7%	
Long-Term Debt, Less Current Maturities	29,294	27,145	2,149	7.9%	H
Deferred Revenue and Other Liabilities					
Deferred revenue from advance fees	11,307	10,966	341	3.1%	
Refundable advance fees on occupied units, net of current portion	2,056	2,701	(645)	-23.9%	
Total Deferred Revenue and Other Liabilities	13,363	13,667	(304)	-2.2%	
Total liabilities	50,220	46,510	3,710	8.0%	
Net Assets					
Unrestricted	48,668	49,692	(1,024)	-2.1%	
With Donor Restrictions	26,433	25,541	892	3.5%	
Total net assets	75,101	75,233	(132)	-0.2%	
Total liabilities and net assets	125,321	121,743	3,578	2.9%	

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

STATEMENT OF CASH FLOWS

FYE 09/30/2020 (In Thousands of Dollars)

	2020 Actual (Audited)	2020 Forecasted	Variance	%
Cash Flows From Operating Activities				
Increase (decrease) in net assets	\$ 1,638	\$ 1,770	\$ (132)	-7.5%
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
Depreciation	3,759	3,634	125	3.4%
Loss on extinguishment of debt	532	-	532	N/A
Unrealized gains on investments	(2,181)	-	(2,181)	N/A
Change in value of charitable remainder trusts	(261)	-	(261)	N/A
Change in value of beneficial interest in perpetual trusts	(158)	-	(158)	N/A
Amortization of deferred revenue from advance fees	(1,878)	(1,725)	(153)	8.9%
Amortization of deferred costs and bond discount	93	74	19	25.7%
Bad debt expense	141	-	141	N/A
Advance fees received	2,397	2,973	(576)	-19.4%
Advance fees refunded	(141)	(558)	417	-74.7%
Realized Gains on Investments	(1,019)	-	(1,019)	N/A
(Gain) Loss on Disposal of Assets	(7)	-	(7)	N/A
Contributions restricted for long-term purposes	-	-	-	N/A
Change in assets and liabilities:				
(Increase) decrease in Assets:				
Accounts receivable	(425)	108	(533)	-493.5%
Contributions receivable	5	(13)	18	-138.5%
Prepaid expenses and other current assets	(34)	(76)	42	-55.3%
Accounts payable, accrued expenses, accrued compensation, and other current liabilities	(32)	(95)	63	-66.3%
CARES Act - Provider Relief Fund	937	-	-	N/A
Refundable advance	2,273	-	-	N/A
Net cash provided by operating activities	5,639	6,092	(453)	-7.4%
Cash Flows From Investing Activities				
Net change in investments	1,178	(22)	1,200	-5454.5%
Net purchases of assets whose use is limited	(671)	139	(810)	-582.7%
Purchase of property and equipment	(1,535)	(2,303)	768	-33.3%
Net cash provided in investing activities	(1,028)	(2,186)	1,158	-53.0%
Cash Flows From Financing Activities				
Payments of long-term debt	(2,378)	(2,963)	585	-19.7%
Payment of financing costs	(385)	-	-	N/A
Net cash used in financing activities	(2,763)	(2,963)	200	-6.7%
Net increase in cash and cash equivalents	1,848	943	905	96.0%
Cash and cash equivalents:				
Beginning	9,915	7,728	2,187	28.3%
Ending	\$ 11,763	\$ 8,671	\$ 3,092	35.7%

Notes to the Comparison of Actual Net Income Results to Forecasted Projected

For the Statement of Operations, any variances greater than 5% and \$626,000 (.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 \$1,253,000 (1% of assets) are highlighted on the comparison and explained below.

Statement of Operations

- A. Actual Net Resident Revenue was \$3,147,000 or 11.5% below the forecast. The variance was due to lower actual occupancy compared to forecasted occupancy in all levels of care.
- B. Actual other income was \$676,000 or 2600% above the forecast. The variance was primarily due to recognition of a portion of the CARES Act – Provider Relief Funds into revenue.
- C. Actual unrealized gains on investments were \$1,932,000. Because the market is not predictable, there are no unrealized gains included in the forecast.

Balance Sheet

- D. Actual investments were \$5,628,000 or 12.5% above the forecast. The refinancing noted in E. below moved \$3,108,000 of restricted funds to investments. Market performance was also better than forecasted.
- E. Actual restricted under debt agreements was \$3,108,000 or 100% below the forecast. During the year, two debt agreements were refinanced and these funds were no longer restricted.
- F. Actual current maturities of long-term debt was \$1,398,000 or 45.3% below the forecast. As noted in E. above, two debt agreements were refinanced which lowered the current maturities due to a change in the amortization timelines.
- G. Refundable advance was \$2,273,000 and was not forecasted as this was a PPP Loan granted due to the COVID Pandemic.
- H. Actual long-term debt less current maturities was \$2,149,000 or 7.9% above the forecast. As noted in E and F above, two debt agreements were refinanced which lowered the current maturities but increased long-term debt, less current maturities due to a change in the amortization timelines.

Statement of Cash Flows

- I. Unrealized gains on investments are not forecasted as the market is not predictable and we have limited control on outcomes.

ATTACHMENT III

Pro-Forma Financial Statements

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

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

**FOR THE YEARS ENDING
SEPTEMBER 30, 2021 THROUGH SEPTEMBER 30, 2025**



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**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
AND ITS CONSOLIDATED AFFILIATE
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FOR THE YEARS ENDING
SEPTEMBER 30, 2021 THROUGH SEPTEMBER 30, 2025**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying projected consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated and its consolidated affiliate (the Organization), which comprise the projected consolidated balance sheets as of September 30, 2021, 2022, 2023, 2024 and 2025, and the related projected consolidated statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these projected consolidated financial statements or the assumptions. Furthermore, 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.

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

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

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 17, 2021

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

	2021	2022	2023	2024	2025
REVENUES, GAINS, AND OTHER SUPPORT					
Net Resident Service Revenue	\$ 24,955	\$ 27,582	\$ 29,808	\$ 31,996	\$ 34,482
Amortization of Deferred Revenue from Nonrefundable Advance Fees	2,379	2,578	2,656	2,656	2,683
Gifts, Including Gifts from Churches and Special Day Offerings	314	317	320	324	327
Income from Grants	275	278	281	283	286
Income from Estates and Trusts	426	430	435	439	443
Investment Income	2,258	1,593	1,659	1,768	1,937
Net Assets Released from Restrictions	-	-	-	-	-
Income from Provider Relief Funds	937	-	-	-	-
Income from Refundable Advance - Paycheck Protection Program	2,273	-	-	-	-
Other	43	44	46	47	48
Total Revenues, Gains, and Other Support	33,860	32,822	35,205	37,513	40,206
OPERATING EXPENSES					
Health Care	13,846	14,073	14,838	15,631	16,558
Dietary	3,452	3,492	3,666	3,845	4,056
Maintenance and Housekeeping	4,002	4,063	4,291	4,527	4,805
Laundry	283	292	301	310	319
General and Administrative	5,441	5,307	5,563	5,838	6,170
Depreciation	3,541	3,893	4,052	4,197	4,339
Interest Expense	1,010	955	897	838	777
Total Expenses	31,575	32,075	33,608	35,186	37,024
OPERATING INCOME	2,285	747	1,597	2,327	3,182
EXCESS OF REVENUES OVER EXPENSES AND INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,285	747	1,597	2,327	3,182
Donor Restricted Contributions	-	-	-	-	-
Net Assets Released from Restrictions	-	-	-	-	-
Change in Net Assets with Donor Restrictions	-	-	-	-	-
Increase in Net Assets	2,285	747	1,597	2,327	3,182
Net Assets - Beginning of Year	75,101	77,386	78,133	79,730	82,057
Net Assets - End of Year	\$ 77,386	\$ 78,133	\$ 79,730	\$ 82,057	\$ 85,239

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

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

	2021	2022	2023	2024	2025
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase in Net Assets	\$ 2,285	\$ 747	\$ 1,597	\$ 2,327	\$ 3,182
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	3,541	3,893	4,052	4,197	4,339
Amortization of Deferred Revenue from Advance Fees	(2,379)	(2,578)	(2,656)	(2,656)	(2,683)
Amortization of Deferred Issuance Costs	26	26	26	26	26
Advance Fees Received	4,103	3,965	4,321	4,248	4,240
Advance Fees Refunded	(645)	(657)	(668)	(681)	(693)
(Increase) Decrease in Current Assets					
Accounts Receivable	113	(163)	(132)	(126)	(145)
Contributions Receivable	(17)	(16)	(12)	(12)	(14)
Prepaid Expenses and Other Current Assets	(36)	(3)	(25)	(26)	(31)
Increase (Decrease) in Current Liabilities					
Accounts Payable	65	4	30	31	37
Accrued Expenses	24	3	22	23	27
Accrued Employee Compensation	227	13	96	99	117
Other Current Liabilities	3	1	4	4	4
Change in Provider Relief Funds	(937)	-	-	-	-
Change in Refundable Advance - Paycheck Protection Program	(2,273)	-	-	-	-
Net Cash Provided by Operating Activities	4,100	5,235	6,655	7,454	8,406
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in Investments	3,212	(1,773)	(2,416)	(5,266)	(7,446)
(Increase) Decrease in Assets Limited as to Use	(2,101)	15	(390)	1,633	3,061
Acquisition of Property and Equipment	(3,335)	(1,649)	(1,514)	(1,403)	(1,445)
Net Cash Used in Investing Activities	(2,224)	(3,407)	(4,320)	(5,036)	(5,830)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(1,698)	(1,753)	(1,810)	(1,870)	(1,931)
Net Cash Used in Investing Activities	(1,698)	(1,753)	(1,810)	(1,870)	(1,931)
INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	178	75	525	548	645
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	11,763	11,941	12,016	12,541	13,089
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 11,941	\$ 12,016	\$ 12,541	\$ 13,089	\$ 13,734
Cash and Cash Equivalents	\$ 9,921	\$ 9,996	\$ 10,521	\$ 11,069	\$ 11,714
Restricted Cash and Cash Equivalents Included in Assets Limited as to Use	2,020	2,020	2,020	2,020	2,020
Total Cash, Cash Equivalents, and Restricted Cash	\$ 11,941	\$ 12,016	\$ 12,541	\$ 13,089	\$ 13,734
Supplementary Disclosure: Interest Paid During the Year	\$ 998	\$ 943	\$ 885	\$ 826	\$ 765

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

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

	2021	2022	2023	2024	2025
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 9,921	\$ 9,996	\$ 10,521	\$ 11,069	\$ 11,714
Accounts Receivable, Net	1,575	1,738	1,870	1,996	2,141
Investments	47,574	49,347	51,763	57,029	64,475
Contributions Receivable	150	166	178	190	204
Prepaid Expenses and Other Assets	469	472	497	523	554
Total Current Assets	59,689	61,719	64,829	70,807	79,088
ASSETS LIMITED AS TO USE					
Internally Designated for Capital Development	1,555	1,555	1,555	1,555	1,555
Internally Designated for Statutory Operating Reserve	9,836	9,821	10,211	8,578	5,517
Total Assets Limited as to Use	11,391	11,376	11,766	10,133	7,072
INVESTMENTS AND OTHER ASSETS					
Investments Under Split-Interest Agreements:					
Charitable Remainder Trusts	1,734	1,734	1,734	1,734	1,734
Beneficial Interest in Perpetual Trust	7,057	7,057	7,057	7,057	7,057
Other Assets	15	15	15	15	15
Total Investments and Other Assets	8,806	8,806	8,806	8,806	8,806
PROPERTY AND EQUIPMENT, NET	44,237	41,993	39,454	36,661	33,767
Total Assets	\$ 124,123	\$ 123,894	\$ 124,856	\$ 126,407	\$ 128,733
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 1,753	\$ 1,810	\$ 1,870	\$ 1,931	\$ 1,994
Accounts Payable	568	572	602	633	670
Accrued Expenses	420	423	445	468	495
Accrued Employee Compensation	1,802	1,815	1,911	2,010	2,127
Other Current Liabilities	74	75	79	83	87
Current Portion of Refundable Advance Fees	119	119	119	119	119
Total Current Liabilities	4,736	4,814	5,026	5,244	5,492
LONG-TERM DEBT, LESS CURRENT MATURITIES, NET OF ISSUANCE COSTS	27,559	25,775	23,931	22,026	20,058
DEFERRED REVENUE AND OTHER LIABILITIES					
Deferred Revenue from Advance Fees	11,675	12,265	13,071	13,808	14,506
Refundable Advance Fees On Occupied Units, Net of Current Portion	2,767	2,907	3,098	3,272	3,438
Total Deferred Revenue and Other Liabilities	14,442	15,172	16,169	17,080	17,944
Total Liabilities	46,737	45,761	45,126	44,350	43,494
NET ASSETS					
Net Assets Without Donor Restrictions	50,953	51,700	53,297	55,624	58,806
Net Assets With Donor Restrictions	26,433	26,433	26,433	26,433	26,433
Total Net Assets	77,386	78,133	79,730	82,057	85,239
Total Liabilities and Net Assets	\$ 124,123	\$ 123,894	\$ 124,856	\$ 126,407	\$ 128,733

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION

Basis of Presentation

This financial projection presents, to the best of management's knowledge and belief, the Baptist Retirement Homes of North Carolina, Incorporated (the "Homes") and its consolidated affiliate, Baptist Retirement Homes Foundation (the "Foundation") (collectively, the "Organization"), expected consolidated balance sheets, statements of operations and changes in net assets and cash flows as of September 30, 2021, 2022, 2023, 2024, and 2025 and for each of the years then ending. As used herein, management of the Organization is referred to as "Management."

Accordingly, the projection reflects Management's judgment as of February 17, 2021, the date of this projection, of the expected conditions and its expected course of action during the projection period. The financial projection is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the projection or are key factors upon which the financial results of the Organization depend.

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 does not intend to revise this projection to reflect changes in present circumstances or the occurrence of unanticipated events.

A projection is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be a "Hypothetical Assumption" as defined by the American Institute of Certified Public Accountants' *Guide for Prospective Financial Information*. A Hypothetical Assumption is defined as follows: "An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation."

Management has prepared its financial projection with the following Hypothetical Assumptions:

- The World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results including, but not limited to, additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. The full impact of COVID-19 is unknown and cannot be reasonably estimated as of the date of this Projection. While COVID-19 did impact the Home's occupancies in fiscal year 2020, Management has projected occupancy recoveries, as presented in fiscal year 2021. In addition, Management has projected utilizing the remaining \$937,000 of provider relief funds in fiscal year 2021 on expenses related to preventing, preparing for, or responding to the COVID-19 pandemic.
- Management has projected receiving forgiveness in the amount of \$2,273,000 related to funds received in fiscal year 2020 related to the Paycheck Protection Program from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Management is able to achieve projected occupancies as a result of increased marketing efforts and strategic initiatives.

Background of the Organization

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

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

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

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

Principles of Consolidation

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

The Homes' Facilities

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

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

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

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION (CONTINUED)

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

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

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net Assets without Donor Restrictions

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

Net Assets with Donor Restrictions

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Contributions and Support

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

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated balance sheets. The Organization has projected recognizing approximately \$2,273,000 of contribution income on the projected consolidated statements of operations and changes in net assets for the year ending September 30, 2021 as Management has projected qualifying expenditures to be incurred in this year.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

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

Investments

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

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

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

Assets in Split-Interest Agreements

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

Property and Equipment

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

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

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

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Costs

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

Deferred Revenue from Advance Fees

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

Obligation to Provide Future Services

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

Increase in Net Assets Without Donor Restrictions from Operations

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

Net Resident and Health Care Service Revenue

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

Income Taxes

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE

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

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

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

Health Center Free Days

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

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

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

Projected Occupancy Levels

Projected occupancy for the Organization's independent living units is based upon the historical experience of Management as well as marketing efforts and strategies aimed at improving occupancy through a build-up of brand awareness of the Organization and upgrades to the product standards within the Organization.

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

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

Table 2
Homes
Projected Occupancy In The Years Ending September 30,

	2021	2022	2023	2024	2025
Brookridge					
Independent Living Units	62.5%	68.9%	76.8%	84.1%	91.2%
Assisted Living Units	90.0%	91.7%	91.7%	91.7%	91.7%
Nursing Units	74.8%	76.0%	78.6%	81.2%	83.8%
Gardens:					
Independent Living Units	81.5%	83.9%	86.8%	89.2%	91.2%
Assisted Living Units	88.4%	91.7%	95.8%	95.8%	95.8%
Nursing Units	66.0%	70.8%	75.0%	79.2%	83.3%
Taylor:					
Assisted Living Units	48.1%	50.0%	53.3%	56.7%	60.0%
Western:					
Assisted Living Units	48.1%	58.0%	64.0%	70.0%	76.0%
Nursing Units	47.5%	52.6%	57.6%	62.6%	70.0%

Source: Management

The projected double occupancy percentages in the independent living units of Gardens and Brookridge are approximately 29 percent and 32 percent, respectively, based upon assumptions provided by Management.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Projected Entrance and Monthly Service Fees

The following tables summarize the entrance fees, monthly service fees and daily rates for the Organization's facilities. Note that these fees became effective during fiscal year 2021.

Brookridge Retirement Community offers three options for entrance fee payments for residents living in the garden home units. The resident may choose between a traditional entrance fee plan (the "Standard Plan – 24 Month"), a Fifty Percent Refund Plan, and a Ninety Percent Refund Plan. The Standard Plan – 24 Month provides for a twenty-four-month amortization of the resident's entrance fee, and after 24 months, no refund balance remains. The Fifty Percent Refund Plan provides for a fifty-percent refund of the entrance fee paid at admission and the Ninety Percent Refund Plan provides for a ninety percent refund of the entrance fee paid at admission.

The Gardens of Taylor Glen Retirement Community offers three options for entrance fee payments for residents. The traditional entrance fee plan (the "Standard Plan – 60 Month") provides for a sixty-month amortization of the resident's entrance fee, and after 60 months, no refund balance remains. The Gardens of Taylor Glen also offers the Fifty Percent Refund Plan and the Ninety Percent Refund Plan.

Management assumes that all units sold are under the Standard Refund Plan – 24 Month for Brookridge Retirement Community and Standard Plan – 60- Month for The Gardens of Taylor Glen Retirement Community, based on historical experience.

Table 3
Homes
Monthly Fees / Daily Fees - 2021

	Brookridge	Gardens	Taylor	Western
Independent Living Units (Monthly Rates):				
Single Rates:				
Studio	\$ 1,471	\$ -	\$ -	\$ -
One Bedroom	1,908	2,044	-	-
One Bedroom, Deluxe	2,354	2,362	-	-
Two Bedrooms	2,354	3,422	-	-
Two Bedrooms, Deluxe	2,962	3,783	-	-
Two Bedrooms, Classic	2,590	3,945	-	-
Two Bedroom, Combo	-	4,287	-	-
Garden Homes, Single Unit	2,963	-	-	-
Garden Homes, Duplex	2,693	-	-	-
Second Person Fees	823 - 934	776	-	-
Assisted Living Units (Monthly Rates):				
Large Room	\$ -	\$ -	\$ 2,926	\$ -
Regular Room	5,608	5,040	2,827	4,344
Regular Room, Entrance Fee	4,732	-	-	-
Suites	7,808	-	4,523	6,950
Memory-Enhanced Residence	6,991	6,490	-	6,430
Nursing Beds (Daily Rates):				
Semi-Private	\$ 285	\$ -	\$ -	\$ 283
Private	304	292	-	294

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

As previously noted, Management has projected all units sold under the Standard Refund Plan (Brookridge) and the Standard Plan (Gardens). The below table reflects those respective entrance fee pricings:

Table 4
Homes
Entrance Fees – 2021

	Brookridge	Gardens	Taylor	Western
Independent Living Units:				
Studio	\$ 40,967	\$ -	\$ -	\$ -
One Bedroom	64,835	75,313	-	-
One Bedroom, Deluxe	86,104	86,900	-	-
Two Bedrooms	86,104	120,555	-	-
Two Bedrooms, Deluxe	154,805	154,079	-	-
Two Bedrooms, Classic	93,421	186,891	-	-
Two Bedroom Combo	-	211,200	-	-
Garden Homes, Single Unit	188,615	-	-	-
Garden Homes, Duplex	124,430 - 129,930	-	-	-
Second Person Fees	14,179-15,983	-	-	-
Assisted Living Units:				
Large Room	\$ -	\$ -	\$ -	\$ -
Regular Room	-	30,000	-	-
Suites	-	-	-	-
Memory-Enhanced Residence	-	38,000	-	-
Nursing Beds:				
Semi-Private	\$ -	\$ -	\$ -	\$ -
Private	-	-	-	-

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

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

	2021	2022	2023	2024	2025
Independent Living Monthly					
Fee Increases	**	3%	3%	3%	3%
Entrance Fee Increases	**	3%	3%	3%	3%
Assisted Living Rate					
Increases	**	3%	3%	3%	3%
Nursing Rate Increases					
Private	**	3%	3%	3%	3%
Medicare	**	1%	1%	1%	1%
Medicaid	**	0%	0%	0%	0%

Source: Management

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

** The 2021 pricing is noted in the two preceding tables.

Entrance Fee Receipts

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

	2021	2022	2023	2024	2025
Advance Fees from Turnover	\$ 4,103	\$ 3,965	\$ 4,321	\$ 4,248	\$ 4,240
Advance Fees Refunded	(645)	(657)	(668)	(681)	(693)
Total Advance Fees, Net	\$ 3,458	\$ 3,308	\$ 3,653	\$ 3,567	\$ 3,547

Source: Management

Investment Income

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

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

Table 7
Projected Investment Earning Rates
For The Years Ending September 30,

	2021	2022	2023	2024	2025
Cash and Cash Equivalents	0.25%	0.25%	0.25%	0.25%	0.25%
Investments	3.00%	3.00%	3.00%	3.00%	3.00%
Assets Limited as to Use	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Management

Other Revenue Items

Management projects income from gifts, grants, estates, and trusts based upon past experience. For fiscal year 2021, Management projects that income from gifts will be approximately \$1,015,000 and Management has assumed a 1.0 percent increase throughout the projection period.

Other revenue items include food service income from additional meals, guest meals, guest house, catering, etc., for the Organization. Management assumes that charges for other revenues will increase approximately 3.0 percent annually throughout the projection period.

During the year ending September 30, 2020, Management received approximately \$1,180,000 in Public Health Social Services Emergency Funds ("PHSSEF") as a result of the CARES Act during the COVID-19 pandemic. Management recognized approximately \$243,000 into income in the fiscal year ending September 30, 2020. Management has projected that it will utilize the remaining \$937,000 as allowed under the CARES Act and has projected income from Provider Relief Funds in the projected consolidated statements of operations and changes in net assets during the year ending September 30, 2021.

On April 23, 2020, the Organization received proceeds in the amount of \$2,273,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Management expects to have met the performance barriers and has projected income from Paycheck Protection Program in the projected consolidated statements of operations and changes in net assets during the year ending September 30, 2021.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OPERATING EXPENSES

Operating Expenses

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

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

Salaries and Related Benefits

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

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

Resident and Health Care

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

Dietary

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

Maintenance, Housekeeping and Laundry

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

General and Administrative

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS

Assets Limited as to Use

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

Internally Designated for Capital Development

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

Internally Designated for Statutory Operating Reserve

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

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

Table 8
Projected Operating Reserve Requirements
For The Years Ending September 30,

Brookridge	2021	2022	2023	2024	2025
Total Operating Expenses ⁽¹⁾	\$ 12,937	\$ 12,929	\$ 13,456	\$ 14,007	\$ 14,581
Include:					
Bond Principal Payments	789	815	842	869	897
Exclude:					
Depreciation	(1,493)	(1,642)	(1,709)	(1,770)	(1,830)
Amortization of Issuance Costs included in Interest Expense	(9)	(9)	(9)	(9)	(9)
Debt Service Portion, if provided for by way of a separate reserve account	-	-	-	-	-
Total Operating Costs	<u>\$ 12,224</u>	<u>\$ 12,093</u>	<u>\$ 12,580</u>	<u>\$ 13,097</u>	<u>\$ 13,639</u>
Operating Reserve Percentage	50%	50%	50%	50%	25%
Operating Reserve at 9/30	<u>\$ 6,112</u>	<u>\$ 6,046</u>	<u>\$ 6,289</u>	<u>\$ 6,547</u>	<u>\$ 3,409</u>
Forecasted Occupancy Level ⁽²⁾	<u>68.2%</u>	<u>73.7%</u>	<u>79.9%</u>	<u>85.7%</u>	<u>91.3%</u>
Gardens	2021	2022	2023	2024	2025
Total Operating Expenses ⁽¹⁾	\$ 7,950	\$ 8,161	\$ 8,487	\$ 8,792	\$ 9,122
Include:					
Bond Principal Payments	887	916	946	977	1,009
Exclude:					
Depreciation	(1,373)	(1,510)	(1,572)	(1,628)	(1,683)
Amortization of Issuance Costs included in Interest Expense	(17)	(17)	(17)	(17)	(17)
Debt Service Portion, if provided for by way of a separate reserve account	-	-	-	-	-
Total Operating Costs	<u>\$ 7,447</u>	<u>\$ 7,550</u>	<u>\$ 7,844</u>	<u>\$ 8,124</u>	<u>\$ 8,431</u>
Operating Reserve Percentage	50%	50%	50%	25%	25%
Operating Reserve at 9/30	<u>\$ 3,724</u>	<u>\$ 3,775</u>	<u>\$ 3,922</u>	<u>\$ 2,031</u>	<u>\$ 2,108</u>
Forecasted Occupancy Level ⁽²⁾	<u>82.6%</u>	<u>85.2%</u>	<u>88.3%</u>	<u>90.3%</u>	<u>91.9%</u>

Source: Management

Notes:

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

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

Property and Equipment

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

Management has projected the following major property and equipment categories:

Table 9
Projected Property and Equipment Major Categories
For The Years Ending September 30,
(In Thousands of Dollars)

	2021	2022	2023	2024	2025
Land and Land Improvements	\$ 7,046	\$ 7,046	\$ 7,046	\$ 7,046	\$ 7,046
Buildings and Improvements	93,094	93,754	94,359	94,920	95,498
Furniture, Fixtures, and Equipment	7,494	8,483	9,391	10,234	11,101
Vehicles	766	766	766	766	766
Total	108,400	110,049	111,562	112,966	114,411
Less: Accumulated Depreciation	(64,952)	(68,845)	(72,897)	(77,094)	(81,433)
Add: Construction in Process	789	789	789	789	789
Net Property and Equipment	\$ 44,237	\$ 41,993	\$ 39,454	\$ 36,661	\$ 33,767

Source: Management

Assets in Split-Interest Agreements

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

Long-Term Debt and Interest Expense

Projected interest expense and long-term debt for 2021 and subsequent years were based on the construction loan and the commercial loan associated with the improvements at Brookridge.

In 2013, the Homes entered into a Term Loan Agreement for \$34,650,000 to refinance North Carolina Medical Care Commission term bonds outstanding. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$142,416. The refinanced term loan carries an interest rate of 3.22%.

Management made draws under a Construction and Permanent Loan Agreement that closed in 2012 for the purpose of improvements at the Homes' Brookridge Retirement Community. The total amount financed was \$16,018,000. The financing required interest-only payments until March 2013 when the Homes began making principal payments on this loan. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$81,065. The refinanced permanent loan carries an interest rate of 3.22%.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

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

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

<u>Year Ending September 30,</u>	<u>Permanent</u> <u>Loan</u>	<u>Term</u> <u>Loan</u>	<u>Total</u> <u>Debt</u>
2021	\$ 616	\$ 1,082	\$ 1,698
2022	636	1,117	1,753
2023	657	1,153	1,810
2024	678	1,192	1,870
2025	700	1,231	1,931
2026	723	1,271	1,994
2027	747	1,312	2,059
2028	771	1,355	2,126
Thereafter	5,841	10,261	16,102
Total Projected Long-Term Debt	\$ 11,369	\$ 19,974	\$ 31,343

Source: Management

Current Assets and Current Liabilities

Cash and Cash Equivalents

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

Net Accounts Receivable

Net accounts receivable is projected based on historical levels throughout the projection period.

Contributions Receivable

Contributions receivable is projected based on historical levels throughout the projection period.

Prepaid Expenses and Other Current Assets

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

Accounts Payable

Accounts payable has been projected based on historical levels.

Accrued Expenses

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

Accrued Employee Compensation

Accrued employee compensation has been projected based on historical levels.

Other Current Liabilities

Other current liabilities have been projected based on historical levels.

ATTACHMENT IV

Apartment Resident Agreement – Independent Living Apartments

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

**APARTMENT RESIDENT AGREEMENT
BROOKRIDGE RETIREMENT COMMUNITY**

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

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

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

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

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

1. Resident shall pay to Baptist Homes the sum of \$_____ as an admission fee for _____, Winston-Salem, NC 27106 in the following manner:
 - a. The percent upon execution of this Agreement by Resident, including \$_____ credit for reservation fee previously paid and \$_____ paid herewith
 - b. Balance of \$_____ to be paid in full not less than 30 days prior to the "date of occupancy" as described in Paragraph 2.

2. In addition to the admission fee, Resident agrees to pay a service fee of \$_____ per month, or such amount as may be established from time to time by Baptist Homes. Payment of the monthly service fee shall begin on the Resident's "date of occupancy." The "date of occupancy" is either the date on which the Resident actually occupies the

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

3. The Independent Living Apartment is owned by Baptist Homes and Resident in signing this agreement does not obtain or assume ownership rights in regard to the apartment. For so long as Resident is capable of independent living (see Paragraphs 15 & 16) and complies with the terms of this Agreement, Resident may occupy solely for residential purposes the Apartment designated in Paragraph 1. In addition, Baptist Homes shall provide for Resident the following facilities and services.
 - (a) UTILITIES: Baptist Homes will furnish heat, electricity, air conditioning, telephone and television outlets, water and sewer services, and trash disposal.
 - (b) FURNISHINGS:
 - i. The Independent Living Apartments located in the Main Building will be furnished by Baptist Homes with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher and disposal.
 - ii. The Independent Living Apartments designated as Garden Homes and located on sites detached from the Main Building will be furnished by Baptist Homes with carpeting, window covering, electric range with hood, frost-free refrigerator, dishwasher, disposal and washer/dryer.
 - (c) INSURANCE: Baptist Homes will carry fire, casualty and extended coverage insurance adequate to allow it to repair or replace the facilities owned by Baptist Homes in the event of fire or other casualty.
 - (d) MEAL SERVICE: Baptist Homes will provide, at no additional charge to Resident, one meal each day to be served in its dining room.
 - (e) HEALTH SERVICE: If required by Resident's health status, Baptist Homes will provide without additional charge a cumulative total of 30 days residential care in its Health Center while this Agreement is in force. Such care, as appropriate, will be at either the Assisted Living level, or at the SNF or ICF nursing care level. If for any reason such care is temporarily unavailable when required by the Resident, it will be provided at the expense of Baptist Homes at other comparable facilities. During provision of such care, Resident will be charged for medicines, physician's services and for supplies not included in the base fee for such services. Resident will pay for residential health care services in excess of the 30 day cumulative total provided by this Agreement at the rate established for such care by Baptist Homes at the time such care is required. All other medical care,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Baptist Homes agrees to:

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

B. Resident and Responsible Party agree:

- (1) To provide complete information regarding Resident as requested and to authorize release of necessary information to appropriate agencies if requested.
 - (2) To pay all fees and charges described in this Agreement with Resident's income, assets, or other resources.
 - (3) To provide or be responsible for personal items of clothing, toiletries, and other personal property.
 - (4) To accept full responsibility for and absolve Baptist Homes, its personnel and attending physician of responsibility for any event, accident, or deterioration of medical condition while the Resident is away from and not under the direct care and supervision of the Health Care Center facility.
 - (5) To authorize Baptist Homes to effect Resident's move from room to room for reasons involving nursing, compatibility and the convenience of Baptist Homes.
 - (6) To abide by Baptist Homes' policies and regulations regarding visiting hours, the welfare of Resident and conduct of Health Center operations.
 - (7) With Resident's income, assets, or other resources, to pay all costs, expenses, and reasonable attorney's fees, whether or not suit be brought, in the event same must be expended in the collection of any sums due and owing by Resident to Baptist Homes.
18. If Resident, within the first twenty-four (24) months of occupancy, transfers to the Health Care Unit of Baptist Homes to receive residential care in an Assisted Living or Nursing Care Bed (excluding 30 days of free care for temporary illness as provided by Paragraph 3(e)), and without regard to whether such care is at the Resident's election or as a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living, Resident shall receive no refund of any admission fee paid according to this Agreement at that time, and Baptist Homes shall continue to retain four percent (4%) of the admission fee for each month of occupancy or part thereof in the Health Care Unit.
19. If Resident, after the first twenty-four (24) months of occupancy, transfers to the Health Care Unit of Baptist Homes to receive care in an Assisted Living or Nursing Care Bed, and without regard to whether such care is at the Resident's election or as a consequence of a determination by Baptist Homes that the Resident is no longer capable of independent living, Resident shall receive no refund of any admission fee paid according to this Agreement.

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

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

This the ____ day of ____, 20__.

Witness Resident (SEAL)

Witness Resident (SEAL)

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

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

BAPTIST RETIREMENT HOMES
OF NORTH CAROLINA, INCORPORATED

By: _____
President

County of Forsyth

State of North Carolina

I certify that the following person(s) personally appeared before me this the ____ day of _____, 20____, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident(s)].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENTS

**Apartment Residence Agreement
Brookridge Retirement Community**

Exhibit A Application(s) for Residency

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

OR

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

Exhibit C Disclosure

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

EXHIBIT D

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

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

Nancy Wise
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

North Carolina Department of Insurance
Financial Analysis and Receivership Division
Special Entities Section
1203 Mail Service Center
Raleigh, NC 27699-1203

Telephone (919)807-6140

By: _____
President
Baptist Retirement Homes
Of North Carolina, Incorporated

Resident

Resident

Responsible Party

County of Forsyth

State of North Carolina

I certify that the following person(s) personally appeared before me this the ____ day of _____, 20__, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident(s)].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT V

Resident Care Agreement –

Adult Care Home Residence

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A studio with private bath/shower.

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

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

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

This the ___ day of _____, **20**__.

Witness

Resident (SEAL)

Witness

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

BAPTIST RETIREMENT HOMES
OF NORTH CAROLINA, INCORPORATED

By: _____
President

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENTS

Resident Care / Assisted Living Agreement Brookridge Retirement Community

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

EXHIBIT B

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

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

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

and

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

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

Nancy Wise
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

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

By: _____
President
Baptist Retirement Homes
of North Carolina, Incorporated

Resident

Responsible Party

County of _____

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT VI

Nursing Care Agreement

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

**NURSING CARE AGREEMENT
BROOKRIDGE RETIREMENT COMMUNITY**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Resident and the Responsible Party agree:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of _____

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Responsible Party].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENTS

Nursing Care Agreement Brookridge Retirement Community

Exhibit A Application for Residency

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

EXHIBIT B

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

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

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

and

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

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

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

Nancy Wise
Manager – Special Entities
1203 Mail Service Center
Raleigh, NC 27699-1203

By:

President
Baptist Retirement Homes
of North Carolina, Incorporated

Resident

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

County of Forsyth

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * *

County of _____

State of North Carolina

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT VI-A

Nursing Care Agreement – Medicare A

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

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

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

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

- g. The PATIENT shall have the following obligations under this Agreement:

 - i. To make timely payment of the charges described in the preceding provisions of paragraph 3;
 - ii. To comply with the policies, rules and regulations adopted by BRH regarding the operation of its facility;
 - iii. To pay BRH the cost of repair for damages to property of BRH due to the negligence or willful conduct of the PATIENT or his or her guests;
 - iv. To supply documentation from the PATIENT'S attending physician upon admission that the nature of the PATIENT'S health care needs are such that he or she will no longer need BRH services for more than on a short-term basis.

- h. It is understood and agreed that the PATIENT'S continuing status as a PATIENT in BRH' Brookridge Nursing Care/Medicare Part A Unit is conditioned upon a continuing determination by the Medical Director of BRH that the PATIENT is in need of, can benefit from, and can have his or her medical needs appropriately met by the skilled care services provided by BRH. In making any such determination, the Medical Director will attempt to consult with the PATIENT, the PATIENT'S family and/or legal representative, and the professional medical personnel involved in providing services to the PATIENT at BRH, but the final decision is delegated solely to the discretion of the BRH Medical Director. Should the Medical Director determine at any time that the PATIENT'S condition is such that he or she needs care at an acute hospital in-patient level, the PATIENT hereby authorizes BRH to promptly make arrangements for a transfer to an in-patient hospital setting, and the PATIENT agrees to cooperate fully in effectuating such a transfer. Conversely, should the Medical Director determine at any time that the PATIENT no longer requires the skilled level of care provided by BRH, the PATIENT hereby agrees (subject to such procedures, right, and limitations as may be provided by applicable state or federal law or regulation) to promptly vacate the BRH Brookridge Nursing Care/Medicare Part A Unit so that the skilled services provided by this Unit can be offered to other residents who require such services. In such a case, BRH and its personnel will cooperate with and assist the PATIENT and the PATIENT'S family and representatives in identifying and making arrangements for any follow-up services that may be required by the PATIENT after discharge from the BRH Prince Nursing Care Center, but BRH is not responsible for successfully concluding or implementing any such arrangements.

- i. The PATIENT acknowledges and agrees that by virtue of his or her execution of this short-term Nursing Care/Medicare Part A Unit Agreement, he or she has not been required to meet general BRH admission criteria, financial or otherwise.

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

supersedes all prior negotiations, understandings and agreements between them.

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

(The remainder of this page intentionally left blank.)

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

BY: _____
President Date
Baptist Retirement Homes of North Carolina, Incorporated

PATIENT Date

Attorney-in-Fact Date

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

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * * *

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 20____, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [Baptist Retirement Homes of North Carolina, Incorporated].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

EXHIBIT A

Initial Plan of Care:

Base Rate Services:

Itemization of Additional Services and Charges:

EXHIBIT B

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

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

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

and

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

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

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

Nancy Wise
 Manager – Special Entities
 1203 Mail Service Center
 Raleigh, NC 27699-1203

PATIENT

Date

Attorney-in-Fact for PATIENT

Date

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

* * * * *

STATE OF NORTH CAROLINA

COUNTY OF Forsyth

I certify that the following person personally appeared before me this the ____ day of _____, 20__, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ [name of Attorney-in-fact for Resident].

Date: _____

(Official Signature of Notary)

(Official Seal)

_____, Notary Public
(Print/Type Name)

My commission expires: _____.

ATTACHMENT VII

Life Expectancy Table

LIFE EXPECTANCY IN YEARS

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

ATTACHMENT VIII
October 2020 –
January 2021
Interim Financial
Statements
(Unaudited)

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED

Balance Sheet

September 30, 2020 & January 31, 2021

	<u>Audited</u> <u>9/30/2020</u>	<u>Unaudited</u> <u>1/31/2021</u>	<u>Change</u>
Assets			
Current Assets			
Cash & Cash Equivalents	9,743,005	8,457,569	(1,285,436)
Resident Accounts Receivable, Net of All	1,688,401	1,870,500	182,099
Contributions Receivable	132,500	265,000	132,500
Prepaid Expenses & Other Current Assets	423,457	425,795	2,337
Investments	50,786,318	55,438,546	4,652,228
Total Current Assets	62,773,681	66,457,409	3,683,729
Assets Whose Use is Limited			
Internally Designated for Capital Development	1,554,891	2,959,437	1,404,546
Internally Designated for Statutory Operating Reserve	7,734,501	7,734,501	0
Total Assets Whose Use is Limited	9,289,392	10,693,938	1,404,546
Investments, Deferred Costs and Other Assets			
Charitable Remainder Trusts	1,734,195	1,738,890	4,695
Beneficial Interest in Perpetual Trusts	7,056,907	7,780,291	723,383
Other Assets	20,000	20,000	0
Total Investments, Deferred Cost and Other Assets	8,811,103	9,539,181	728,078
Property and Equipment, Net	44,447,274	44,182,596	(264,678)
Total Assets	125,321,450	130,873,124	5,551,674
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	501,900	1,193,743	691,842
Accrued Expenses	396,186	558,040	161,855
Accrued Employee Compensation	1,575,072	1,194,550	(380,523)
Other Current Liabilities	66,690	53,810	(12,880)
Current Maturities of Long Term Debt	1,689,627	1,709,516	19,889
Current Portion of Refundable Fees	127,566	127,566	0
Total Current Liabilities	4,357,041	4,837,225	480,184
Long-Term Debt, Less Current Maturities	31,567,340	31,001,708	(565,632)
Deferred Revenue and Other Liabilities			
Deferred Revenue	12,239,954	12,427,780	187,827
Refundable Advance Fees on Occupied Units	2,055,973	1,765,903	(290,070)
Total Deferred Revenue and Other Liabilities	14,295,926	14,193,683	(102,243)
Total Liabilities	50,220,308	50,032,616	(187,691)
Net Assets			
Unrestricted	48,694,708	54,434,074	5,739,366
Temporarily Restricted	12,661,170	12,661,170	-
Permanently Restricted	13,745,264	13,745,264	-
Total Net Assets	75,101,142	80,840,508	5,739,366
Total Liabilities and Net Assets	125,321,450	130,873,124	5,551,674

Baptist Retirement Homes
Consolidated Income Statement (unaudited)
For the period ending January 31, 2021

Description	Current Actual	Current Budget
	1/31/2021	1/31/2021
Resident Services Revenue		
Medicare Standard Rate	53,597.42	102,301.24
Medicaid	290,456.34	361,212.25
Special Assistance	25,219.36	34,542.27
Commerical Insurance	36,025.00	37,011.92
Ancillary-HMO/Managed Care A	32,766.55	50,668.33
Ancillary-HMO/Managed Care B	40,938.83	21,215.11
Private Pay	1,408,483.87	1,766,457.63
Other Ancillary	19,279.92	39,232.41
Medicare A-Ancillary	33,521.97	48,467.15
Medicare B-Ancillary	84,965.92	108,462.21
Medicaid-Ancillary	3,435.46	6,569.87
Medicaid-Hospice Ancillary	866.9	0
Total Resident Services Revenue	2,029,557.54	2,576,140.39
Less: Contractual Adjustments		
Medicare Room & Board - Rug	82,345.82	70,093.61
Medicare A-Ancillary	-33,521.97	-48,265.29
Medicare B-Ancillary	-15,080.23	-28,735.46
Medicaid Room & Board - Rug	-21,066.76	-130,139.46
Medicaid-Ancillary	-3,435.46	-10,780.00
Medicaid Monthly Assessment	-15,280.56	-20,388.90
Medicaid-Hospice Ancillary	-866.9	0
Benevolent Care-Special Assistance	-21,514.88	-23,904.27
HMO/Managed Care Room & Board	4,801.79	23,428.70
HMO/Managed Care A-Ancillary	-42,273.97	-51,198.44
Private Pay Contractual Adjustment	0	0
Benevolent Care	-35,172.07	-33,782.72
Total Less: Contractual Adjust	-101,065.19	-253,672.23
Total Net Resident SVS Rev	1,928,492.35	2,322,468.16
Operating Expenses		
Salary, Wages & Benefits-Resident Care	700,729.09	765,197.31
Salary, Wages & Benefits-Dietary	156,830.31	184,383.64
Salary, Wages & Benefits-Facility Serv	213,282.49	219,153.12
Salary, Wages & Benefits-Administration	265,333.71	228,822.06
Contract Services	157,579.07	193,232.93
Food	69,624.43	87,184.69
Medical Supplies & Other Ancillary Serv	362,324.42	66,477.93
Insurance	51,693.52	37,119.41

Leases & Minor Equipment	9,205.66	11,039.97
Auto & Travel	3,630.91	5,587.20
Repairs & Maintenance	76,657.05	63,805.53
Telephone	12,577.15	15,090.56
Utilities	118,820.68	95,661.67
Professional Fees	56,829.62	38,175.74
Office & Other Supplies	12,169.85	11,411.44
Paper Products	8,223.08	9,020.89
Chemicals	6,019.29	5,444.54
Advertising	57,278.15	57,448.83
Other Expenses	48,826.64	48,800.03
Provision for Bad Debt	6,000.00	6,171.00
Total Operating Expenses	2,393,635.12	2,149,228.49
Total Allocations & Op. Exps.	2,393,635.12	2,149,228.50
Net Operating Revenue (Loss)	-465,142.77	173,239.66
Non Operating Revenue		
Deferred Revenue Earned-Entrance Fees	226,474.42	169,161.94
Special Offering & Memorials	18,233.46	18,333.33
Grants, Trusts & Estates	277,125.58	45,833.33
Direct from Churches	13,383.66	8,583.33
Church Gifts-Baptist State Convention	4,488.02	6,583.33
Church Gifts-Cooperative Baptist Fellows	15,000.00	6,000.00
Interest Income	172.33	963.53
Investment Income	30,304.12	182,428.47
Realized Gains/Losses on Investment	353,862.72	0
Unrealized Gains/Losses on Investment	-633,069.41	4,000.00
Other Income	9,272.11	10,978.11
Total Non Operating Revenue	315,247.01	452,865.37
Non Operating Expenses		
Interest Expense	85,641.10	84,446.19
Loan Fee Expense	2,141.10	6,351.46
Depreciation & Amortization	303,958.62	300,982.46
Total Non Operating Expenses	391,740.82	391,780.11
Net Non Operating Rev (Loss)	76,493.81	-61,085.26
Net Income (Loss)	-541,636.58	234,324.92

Baptist Retirement Homes of North Carolina, Inc.
Statement of Cash Flows
For the Four Months Ending January 31, 2021

Cash Flows from Operating Activities

Net Income	5,739,365.52
Depreciation	1,216,632.30
Decrease in Net Unrealized (Gains)/Losses	(4,082,423.11)
Decrease in Net Realized (Gains)/Losses	(1,720,247.58)
Increase in Change in Unrealized (Gains)	(723,383.27)
Decrease in Amortization of Deferred Rev	(842,680.28)
Increase in Advanced Fees Received (Net	599,087.69
Increase in Deferred Revenue HHS	141,349.33
Increase in Accounts Receivable	(182,099.12)
Increase in Contributions Receivable	(132,500.00)
Increase in Prepaid Expenses and Other C	(2,337.21)
Increase in Charitable Remander Trust	(4,694.72)
Increase in Accounts Payable, Accrued ex	460,294.73

Net cash provided by Operating Activities	\$ 466,364.28
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Cash Flows from Investing Activities

Increase in Purchases of Property and Eq	(951,953.93)
Increase in Investments	(3,883,000.77)
Decrease in Cash Rstricted under Debt Ag	3,628,897.34

Net cash used by Investing Activities	\$ (1,206,057.36)
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Cash Flows from Financing Activities

Decrease in Payments of long-term debt	(545,742.95)
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Net cash used by Financing Activities	\$ (545,742.95)
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Net decrease in cash	(1,285,436.03)
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Cash at the beginning of the Year	9,743,004.70
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Cash at January 31, 2021	\$ 8,457,568.67
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