

Pittsboro Christian Village, Inc.

1825 East Street
Pittsboro, North Carolina 27312
(919) 542-3151



DISCLOSURE STATEMENT

January 1, 2021

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 May 30, 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 a government agency or representative to ensure accuracy or completeness of the information set out.

TABLE OF CONTENTS

PAGE

I. ORGANIZATION, INTRODUCTION AND INFORMATION.....4
Narrative description of the organization and its operation
Non-Profit/For-Profit Status

II. FACILITY INTRODUCTION AND INFORMATION.....4
Narrative description of the facility and its operation.
Legal description, i.e., corporation, partnership, etc.
Affiliation(s)
Accreditation(s)
 Identification and background of officers, directors, management staff,
 owners including addresses, professional services, and criminal violation
 statements
Location and Description of Physical Property
Estimated Number of Residents

III. POLICIES.....8
 Admission
 Health Criteria
 Financial and Insurance Criteria
 Changes of Condition Prior to Occupancy
 Cancellation/Termination
 Moves
 Marriages/New Second Occupant
 Inability to Pay

IV. SERVICES.....10
Standard Services Available
Services Available at Extra Charge, Identified
Health Services Available
Personal Services Available

V. FEES.....17
Application/Registration Fee
Entrance Fee
Monthly Fee
Changes in Fees for Previous Five Years

VI.	FINANCIAL INFORMATION.....	21
	Financial Overview Statement	
	Current Certified Financial Statements	
	Current Interim Financial Statements, as Applicable	
	Five Year Projection Statements (Balance Sheet, Statement of Operations, Statement of Cash Flows, and Statement detailing all significant assumptions), including an independent CPA compilation Statement.	
VII.	RESERVES, ESCROW, AND TRUSTS.....	27
	Description of each, describing circumstances under which funds will be released, including a copy of documentation. (Complies with G.S. sections 58- 64-20(a)(9), 58-64-33, and 58-64-35.)	
VIII.	FACILITY DEVELOPMENT/EXPANSION.....	27
	Description of proposed and further development activities including a statement of anticipated sources and uses of funds (In compliance with G.S. section 58-64-20-(a)(14).)	
IX.	OTHER MATERIAL INFORMATION, AS APPLICABLE.....	27
	Description of any past/current litigation, bankruptcy filings, receivership, liquidation, impending actions or perils, etc., or any other material information.	

Attachment 1	CERTIFIED FINANCIAL STATEMENT
Attachment 2	FIVE YEAR PROJECTION STATEMENT
Attachment 3	RESIDENT MASTER CONTRACT
Attachment 4	REFUNDABLE RESIDENT ENTRY FEE CONTRACT

I. ORGANIZATION, INTRODUCTION AND INFORMATION

Pittsboro Christian Village, Inc. (hereinafter sometimes referred to as "PCV") is a not-for-profit corporation organized and operated under the laws of the State of North Carolina. It was first incorporated on April 4, 1952, as Pittsboro Christian Home, Inc. Articles of Incorporation were amended on October 6, 1986, to change the name to Pittsboro Christian Village, Inc. The corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Area Characteristics. Pittsboro is a small town of approximately 4,000 people, located in Chatham County in central Piedmont North Carolina. It is located near the intersection of US 15-501 and US 64 and is 17 miles south of Chapel Hill, home of the University of North Carolina.

Medical Facilities. Many medical facilities surround Pittsboro. Those located in Pittsboro; include Garlick & Murray Family Medicine and UNC Family Medicine at Pittsboro. Other doctors are located in Chapel Hill, Siler City, Sanford, Raleigh, and Durham.

Hospitals Serving the Area: Central Carolina Hospital in Sanford, North Carolina; Chatham Hospital in Siler City, North Carolina; and University of North Carolina Hospitals in Chapel Hill, North Carolina. Other hospitals are located in Raleigh and Durham including a Veterans Hospital in Durham.

Transportation. The residents at Pittsboro Christian Village (PCV) are served by Raleigh-Durham Airport, located 28 miles from Pittsboro; Amtrak Railway at Cary, 20 miles away; and bus service from Chapel Hill, Durham, and Raleigh. PCV owns and operates a 24-passenger coach and a 14-passenger coach. This provides convenient transportation services for residents and features regular shopping trips, planned recreational trips, and trips for special events. PCV owns two cars and a mini-van wheelchair van and provides pickup services to airlines, trains, and bus stations. These cars and the wheelchair van also provide transportation for medical appointments and other special needs.

Points of Interest. Nearby Jordan Lake, for fishing and boating; Pinehurst, for golfing; and the beaches or beautiful mountains of North Carolina within a day's drive.

Weather. Weather is mild, without prolonged extreme temperature, having four distinct seasons. Average rainfall is 47 inches per year. Average temperature is 61 degrees, with an average high of 71 degrees and an average low of 46 degrees.

II. FACILITY INTRODUCTION AND INFORMATION

Assembly (Church) Fellowship. Residency is reserved for believers in our Lord Jesus Christ and provisions are made for a meeting place with a local church on the grounds. There is an auditorium that seats up to 150 and is used for meetings of the local church. The assembly of believers that meet here owns Jesus Christ to be Lord of the Church and Head of the Body. No name is claimed other than those common to all believers. The local assembly serves to build up and care for the spiritual needs of the saints at PCV. Since the meeting place is connected to the main building, most can attend meetings without having to go outside. Some of the assembly meetings are:

Sunday	9:30 a.m.	- The Lord's Supper
Sunday	10:55 a.m.	- Preaching and teaching the Word
Sunday	7:00 p.m.	- Preaching and teaching the Word
Wednesday	7:00 p.m.	- Prayer Meeting

One four-day Bible Conference is held four times each year. Gifted Bible teachers are invited to these conferences to bring food to "the flock." Each day begins with a 10-minute devotional of Scripture reading and prayer at breakfast in the main dining room.

Executive Director. Gerald Baker, Jr. is the Executive Director of Pittsboro Christian Village, Inc. He has been with the corporation since January 16, 2006. He previously served as a commissioned officer in the United States Army.

Staff. PCV services are provided by approximately 40 full and part-time employees.

The names, occupations, and addresses of Pittsboro Christian Village, Inc.'s officers and directors are as follows:

<u>Name</u>	<u>Occupation/Business Address</u>
Samuel Thorpe, Jr. President & Director	Retired 6017 Highway 220 W. Lincolnton, GA 30817
Ronald Taylor Vice President & Director	Environmental Engineer 100 Loch Vale Lane Cary, NC 27511
David Steenland Treasurer & Director	Registered Investment Advisor 6377 Walter Wright Road Pleasant Garden, NC 27313
Richard Caldwell Secretary & Director	Retired 6118 Walden Pond Road Pleasant Garden, NC 27313
Roy Arrowsmith Director	Retired 302 Burgwin Wright Way Cary, NC 27519
James Gibbons Director	Owner of Gibbons & Peck 212 W. Prentiss Avenue Greenville, SC 29605

Dave Hansen
Director

Associate University Librarian
1024 Tobacco Road
Pittsboro, NC 27312

James Helmly
Director

Network Engineer
12213 Dell Way
Fredericksburg, VA 22407

Bert Jones
Director

Dentist
299 Fairfield Road
Reidsville, NC 27320

Mark Schell
Director

Division Chief for Fire Prevention
and Education
1212 Gunnison Place
Raleigh, NC 27609

Rod Sharp
Director

Pastor/Teacher
2064 Heidelberg Drive
Winston-Salem, NC 27106

Each of the above-named persons has no occupation with Pittsboro Christian Village, Inc., other than that set forth beside his name here-in-above.

Samuel Thorpe, Jr. has been President of the corporation since November 2012. He is a retired human resource manager and senior consultant with Westinghouse Savannah River Company, Aiken, SC. Sam and his wife Barbara are in fellowship at the Lakeside Bible Chapel, Lincolnton, GA.

Ronald L. Taylor has been Vice-President of the corporation since November 2000. He is an Environmental Engineer with a consulting firm. He is an elder at North Ridge Bible Chapel in Raleigh, NC.

David Steenland has been Treasurer of the corporation since November 2009. He worked as a Sales Executive for Xerox for over 30 years. He now operates his own business as a Registered Investment Advisor. He is an elder at Shannon Hills Bible Chapel in Greensboro, NC.

Richard Caldwell has been Secretary of the corporation since June 2014. He is retired from the Federal Civil Service and a retired CPA. He is in fellowship at Shannon Hills Bible Chapel in Greensboro, NC.

Roy Arrowsmith has been a director of the corporation since November 2013. He is manager of strategic planning for LORD Corporation in Cary, NC. Roy and his wife Kathy are in fellowship at Western Wake Bible Chapel in Apex, NC.

James Gibbons has been a director of the corporation since November 2011. He and his wife, Anne, own Gibbons and Peck, a small marketing communication firm. Gibbons and Peck provides marketing goods and services to Pittsboro Christian Village at an average cost of \$3,000 annually. James is in fellowship at the Asheville Gospel Chapel in Asheville, NC.

Dave Hansen has been a director of the corporation since June 2019. Dave is an Associate University Librarian for Research, Collections & Scholarly Communication and Lead Copyright & Information Policy Officer at Duke University. He is in fellowship at Western Wake Bible Chapel in Apex, NC.

James Helmly has been a director of the corporation since November 2015. He is a Network Engineer with a consulting firm. He is an elder at Cherrydale Bible Church in Arlington, VA.

Bert Jones has been a director of the corporation since November 2009. He is a dentist, and has served in leadership on several community boards including elected public service as a County Commissioner and currently serving in the NC General Assembly. He is active at the Reidsville Bible Chapel in Reidsville, NC.

Mark Schell has been a director of the corporation since June 2019. Mark is the Division Chief for Fire Prevention and Education with the Durham County, NC, Fire Marshal's Office. Mark also serves as an elder at North Ridge Bible Chapel, in Raleigh, NC.

Rod Sharp has been a director of the corporation since November 2010. He has served in a pastoral and teaching ministry since 1971. He is in fellowship at Triad Christian Fellowship, in Winston-Salem, NC.

Except as noted above, none of the officers, directors, or managers of PCV has an interest in any professional service, firm, association, trust, partnership, or corporation, which is or shall, as presently intended, provide goods, leases or services to PCV or its residents of an aggregate value of Five Hundred and No/100 Dollars (\$500.00) or more within any year.

Except as noted above, no professional service firm, association, trust, partnership, or corporation has a 10% or greater interest in any officer or board member that will provide services of \$500 or more to the Facility or its residents.

None of the officers, directors, or managers of PCV: (1) have been convicted of a felony or pleaded nolo contendere to a felony charge, (2) have been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property, or (3) is subject to a currently effective injunctive or restrictive court order that arose out of or was related to the business activity of health care

including any order affecting a license to operate any facility subject to North Carolina General Statutes section 58-64 or a similar law in another state.

None of the officers, directors or managers of this corporation have been involved in any matter within the past five (5) years in which any state or federal license or permit was suspended or revoked as a result of an action brought by a governmental agency or department, including any action that arose out of or was related to the business activity of health care and also including any action affecting a license to operate any facility subject to North Carolina General Statutes section 58-64 or a similar law in another state.

PCV is not owned, operated, or controlled by any denomination, church or group of churches, and no church, denomination or group of churches is responsible for the debts or other obligations of PCV. Directors are associated with a number of local churches in North Carolina and elsewhere, each of which is individual in its administration and without federation or union.

The facilities of PCV are located on approximately forty-two (42) acres of land bordering NC Highway Business 64 on the north side of said highway and are one and one half (1.50) miles east of Pittsboro, North Carolina. The facilities are approximately thirty (30) miles west of Raleigh, North Carolina and thirty (30) miles south of Durham, North Carolina. Present facilities include twenty-five (25) single room studio apartments with private bath; three (3) two room studio apartments with private bath; six (6) one-bedroom apartments; two (2) two-bedroom apartments; and four (4) one-bedroom efficiency apartments. In addition, PCV also has fifteen (15) two-bedroom cottages, two (2) three-bedroom cottages, one (1) four-bedroom cottage, four (4) two-bedroom patio homes, four (4) three-bedroom heritage homes and two (2) three-bedroom legacy homes. A forty (40) bed adult care home provides for assisted living.

The estimated number of residents of PCV to be provided services in 2021 by PCV pursuant to contracts is 100.

III. POLICIES

Age. Applicants must be at least 55 years of age, unless exceptions are granted by the Executive Director under conditions approved by the Board of Directors.

Health Criteria. Applicants must be in sufficient physical and mental health to occupy the facilities for which they are applying as determined at the sole discretion of the Executive Director and Director of Resident Care of PCV. Continued occupancy of any selected accommodation depends upon the resident's physical and mental condition.

Financial Criteria. PCV is a charitable organization. Persons who meet the entry requirements are not generally refused admission if they are unable to pay the fees. Residents who have financial difficulties are generally permitted to remain in the facility. These residents may apply for assistance and may receive aid through the Benevolent Fund. Residents making application for residence and/or financial assistance will be approved at the sole discretion of the directors of PCV and must agree to furnish a financial statement of net worth and income to PCV at the time of entrance to PCV. PCV has no stated financial requirements. PCV supplies applicants with a schedule of rates and fees and accepts applicants at its sole discretion when facilities appropriate

to their needs are available regardless of the applicant's ability to pay. Historically since its beginning in 1952, PCV has received sufficient contributions from outside sources, which have enabled PCV to meet its obligations under its contracts. The handling of reserve funds and investments thereof and decisions relating thereto is the responsibility of the Finance Committee, Treasurer and Executive Director.

Changes of Condition Prior to Occupancy. Any change in any resident's financial condition prior to occupancy is evaluated as set forth above.

Cancellation and Termination. Residents are permitted to cancel contracts with PCV without cause provided that they give 14 days prior written notice. A Resident may rescind this contract within thirty (30) days from the later of the execution of this Contract or the date of the receipt of said Disclosure Statement. In the event Resident rescinds this contract, then any money or property transferred by Resident to PCV shall be returned in full by PCV to Resident, other than periodic charges specified in this Contract and applicable only to the period a living unit was actually occupied by Resident. The Resident is not required to move into his living quarters at PCV prior to the expiration of thirty (30) days from the later of the execution of this Contract or the date of receipt of said Disclosure Statement. The only grounds for dismissal by PCV and its resident master contract is (1) for failure to accept appropriate placement in other accommodations at PCV, (2) if PCV determines that the resident's physical and/or mental condition requires such a move, (3) if PCV determines that the new or prospective spouse of an existing resident does not qualify for admission, or (4) if resident breaches the terms of the resident master contract, or (5) if resident has the ability to pay for services and fails to pay.

Moves. PCV shall not request a resident to move to other accommodations at PCV unless PCV determines that medical reasons and/or the resident's physical or mental condition necessitates such a move. Living units occupied by a resident may be made available to another resident when the resident occupying a given unit moves to another living unit either voluntarily or by request of the Executive Director.

Marriages or New Second Occupant. The policies governing the marriage of a resident or new second occupant are set forth in Paragraph 13 of the Resident Master Contract, which is attached to this disclosure statement.

Inability to Pay. As stated above, residents who have financial difficulty are generally permitted to remain in the facility. However, the determination of such a matter is at the sole discretion of the Executive Director and directors of PCV.

IV. SERVICES

A. North Wing One (1) Room Studio Apartments

The following services are provided in North Wing One (1) Room Studio Apartments which are approximately 460 to 490 square feet:

1. Basic Services.

- a. Three meals per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. Extra Charge Services.

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room

B. North Wing One (1) Bedroom Apartments

The following services are provided in North Wing One (1) Bedroom Apartments which are approximately 700 square feet:

1. Basic Services.

- a. One meal per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities

- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room
- d. Meals not provided under monthly fees

C. **North Wing Two (2) Bedroom Apartments**

The following services are provided in North Wing Two (2) Bedroom Apartments which are approximately 900 square feet:

1. **Basic Services.**

- a. One meal per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room
- d. Meals not provided under monthly fees

D. Northeast Wing One (1) Room Studio Apartments

The following services are provided in Northeast Wing One (1) Room Studio Apartments which are approximately 340 square feet:

1. Basic Services.

- a. Three meals per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. Extra Charge Services.

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room

E. Northeast Wing Two (2) Room Studio Apartments

The following services are provided in Northeast Wing Two (2) Room Studio Apartments which are approximately 680 square feet:

1. Basic Services.

- a. Three meals per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service

- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room

F. **Northeast Wing Two (2) Room Efficiency Apartments**

The following services are provided in Northeast Wing Two (2) Room Efficiency Apartments which are approximately 515 square feet:

1. **Basic Services.**

- a. One meal per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Complete maintenance of the building, plumbing, wiring, heating, and cooling systems, and appliances furnished by PCV.
- e. Maintenance of walkways, grounds, and driveways.
- f. Fire and smoke alarm system
- g. Personal laundry facilities
- h. Programmed and informal activities
- i. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by Resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room
- d. Meals not provided under monthly fees

G. Cottages

The following services are provided in Cottages

1. Basic Services

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision
- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. Extra Charge Services

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals

H. Patio Homes

The following services are provided in Patio Homes:

1. Basic Services

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision
- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals

I. **Heritage Homes**

The following services are provided in Patio Homes:

1. **Basic Services**

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision
- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals

J. **Legacy Homes**

The following services are provided in Legacy Homes:

1. **Basic Services**

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision

- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals

K. **Care Home (Assisted Living)**

The following Services are provided in the Care Home (Assisted Living):

- a. Administer prescribed medication
- b. Three meals per day per person with miscellaneous snacks
- c. Personal laundry service
- d. Housekeeping
- e. Mail service
- f. Meals served in room when needed
- g. Programmed and informal activities
- h. Utilities except private telephone
- i. Cablevision
- j. Local telephone service
- k. Call bell system
- l. Assist residents, when necessary, on an individual basis with their personal hygiene, eating, walking, going up and down steps, corresponding, shopping and scheduling medical and business appointments
- m. Provide regular medical and therapeutic care approved by the resident's physician and within the limits of PCV's capability
- n. Provide quality nursing care 24 hours a day
- o. Evacuate all residents in an emergency situation
- p. Provide therapeutic diets
- q. Provide transportation and assistance for medical, shopping, business, and recreational needs

- r. Provide wheelchair and assistance with walking and transferring to semi-ambulatory residents.
- s. Provide for diaper changing, ostomy maintenance, and other hygienic needs of incontinent residents

V. FEES.

A. Application Fee. PCV requires a non-refundable application fee in the amount of Four Hundred Seventy-Five Dollars (\$475.00) which is due and payable at the time a prospective resident submits an application to PCV.

B. Entrance Fee and Monthly Fees. PCV has two entrance fee payment plans as follows: The entrance fee assures a resident a place in the facility for the lifetime of such resident unless terminated under the terms set out in their Resident Master Contract.

Payment Plan A: The resident pays a Resident Refundable Entry Fee (hereinafter referred to as "RREF") based upon the facility occupied and services provided. The Resident (1) pays a lump sum payment (the RREF) at the time of admission, (2) pays a monthly fee (described in Payment Plan B), and (3) receives a monthly residency credit (reduction) on the statement of charges as long as the resident remains at PCV.

A Resident paying the lump sum RREF receives a reduction in his monthly fee that is equal to .50% to 1.00% times the lump sum paid, depending on his age at the time of admission. (See the residency credit factor described here in below). If a husband and wife are admitted to PCV's facilities, the age of the younger spouse is used in determining the credit for a couple. The amount of the credit is fixed and remains the same as long as the husband or wife lives at PCV even though the resident may move to other accommodations at PCV. The credit continues in the same amount for the survivor in the event of death of a spouse. The credit is non-assignable to anyone whose name is not affixed to the Resident Master Contract. If a Resident marries after entering living accommodations at PCV, the residency credit factor shall be reduced if the new spouse is younger than the existing Resident by substituting a new residency credit factor based on the age of the younger spouse at the time of the younger spouses' date of initial residency. In the event of such a marriage, the existing and new Resident shall execute a new Resident Master Contract which shall provide terms and conditions substantially similar to the existing Resident Master Contract, with appropriate adjustments for a second occupant of any facility. In the event any existing Resident marries, PCV may require the existing Resident and his or her spouse to move to other accommodations at PCV to accommodate both Residents.

In the event that PCV dismisses a Resident or in the event that a Resident terminates the Resident Master Contract prior to the expiration of three (3) years from the date of initial residency, there is a pro rata cash refund calculated to the nearest whole month, so that one third (1/3rd) of the RREF for each year of non-residency in the first three (3) year period shall be refunded to the Resident subject to the following provisions:

- a. The maximum refund shall be ninety percent (90%) of the RREF.
- b. PCV may delay the cash refund up to one (1) year after the residency is terminated or until a new Resident occupies the facility vacated by termination, whichever is the later.

If Resident (if the term "Resident" as used in the Resident Master Contract includes more than one person, then the term Resident for the purposes of this paragraph shall be deemed to be only one of such Residents) dies before occupying a living unit at PCV, or if on account of illness, injury or incapacity, Resident is precluded from occupying a living unit at PCV under the terms of the Resident Master Contract, then the Resident Master Contract shall be automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money and property transferred to PCV, less those nonstandard costs specifically incurred by PCV at the request of Resident and described in the Resident Master Contract. If the Resident (or survivor if the Resident Master Contract is for two (2) persons) dies subsequent to the expiration of three (3) years from the execution of the Resident Master Contract, there shall be no refund of the RREF. If the Resident (or survivor if the Resident Master Contract is for two (2) persons) dies before the expiration of three (3) years from the date of the Resident Master Contract, PCV shall either (1) make a payment to the surviving Resident's estate, calculated to the nearest whole month, so that one-third (1/3rd) of the resident entry fee for each year of non-residency in the first three (3) year period shall be paid; provided that the maximum refund shall not exceed ninety percent (90%) of RREF; provided further, PCV reserves the right to delay cash refunds to the estate for a period of one (1) year or until a new Resident occupies the facility vacated, whichever is later; or (2) make no refund as outlined in the RREF Agreement. The parties shall agree at the time of the execution of the Refundable Resident Entry Fee Agreement upon one of these alternatives.

In the event that the applicant's physical and/or mental condition (as determined at the sole discretion of the directors of PCV) should significantly deteriorate between the date of the execution of the Resident Master Contract and the date of initial occupancy of a living unit by the applicant, PCV may cancel and terminate the Resident Master Contract and applicant shall receive a refund of all money and property that applicant had transferred to PCV. The maximum amount of the RREF paid at the time of entry shall not exceed the cost of the facility to be occupied in the case of new construction or the replacement cost in the case of an existing facility. The minimum amount of the RREF shall be not less than eighty percent (80%) of the maximum amount.

The reduction in monthly payment is calculated using the amount of the RREF times the credit factor appropriate for the age of the younger spouse. The residency credit factor to be used in calculating the reduction in the monthly fee described here-in-above is as follows:

Residency Credit Factor:

Age	77+	76 - 74	73 - 71	70 - 68	67 - 65	64 - 62	61 - 59	58 - 55
Credit	1.00%	.84%	.74%	.67%	.62%	.56%	.53%	.50%

Resident Refundable Entry Fee (RREF):

Type of Home or Apartment	Maximum RREF	Minimum RREF
North Wing (Manor)		
“A” - Studio Apartment (range from approximately 460 to 490 square feet)	\$50,000	\$40,000
“B” - One Bedroom Apartment (kitchen, separate living area, approximately 700 square feet)	\$70,000	\$56,000
“C” - Two Bedroom Apartment (kitchen, separate living area, approximately 900 square feet)	\$80,000	\$64,000
Northeast Wing (Manor)		
“D” - Studio Apartment (approximately 340 square feet)	\$40,000	\$30,000
“E” - Two Room Studio Apartment (approximately 680 square feet)	\$45,000	\$36,000
“F” - Efficiency Apartment (kitchenette, separate living area, approximately 515 square feet)	\$45,000	\$36,000
Homes (Valley)		
“G” - Cottage	\$95,000	\$76,000
“H” - Patio Home	\$105,000	\$84,000
“I” - Heritage Home	\$115,000	\$92,000
“J” - Legacy Home	\$155,000	\$124,000

If a Resident marries while at PCV, the couple will be subject to the second occupant fee, if applicable to the accommodation they are occupying. Neither the existing Resident nor the new Resident shall be required to pay any additional non-refundable or refundable resident entry fee.

The new spouse of any existing Resident must meet the same entrance requirements as any other applicant. If the new spouse is not qualified for admission, PCV reserves the right to dismiss the existing Resident. If the existing Resident has paid a Resident Refundable Entry Fee and such dismissal occurs subsequent to the expiration of three (3) years from the date of initial

occupancy, the Resident shall not be entitled to a refund of said fee. If such dismissal occurs prior to the expiration of said three (3) year period, Resident shall be entitled to a refund of said fee upon the same terms and conditions as if Resident had voluntarily moved from PCV as set forth here in above.

Payment Plan B: The resident pays a monthly fee based upon the living quarters occupied. This plan has a non-refundable entry fee of One Thousand Nine Hundred Fifty and No/100 Dollars (\$1,950.00) payable at the time of occupancy. Rates under this plan are established in accordance with the living quarters occupied and services provided. This plan is available when it best suits the financial needs of the incoming Resident provided housing units are available that do not require a refund to the prior resident. The rates for each facility are as follows:

Type of Home or Apartment		
North Wing (Manor)	Single Rate (per month)	Married Rate (per month)
“A” - Studio Apartment (approximately 460 to 490 square feet)	\$1,915	\$2,560
“B” - One Bedroom Apartment (kitchen, separate living area, approximately 700 square feet)	\$1,775	\$2,430
“C” - Two Bedroom Apartment (kitchen, separate living area, approximately 900 square feet)	\$1,875	\$2,530
Northeast Wing (Manor)	Single Rate (per month)	Married Rate (per month)
“D” - Studio Apartment (approximately 340 square feet)	\$1,815	\$2,460
“E” - Two Room Studio Apartment (approximately 680 square feet)	\$1,915	\$2,560
“F” - Efficiency Apartment (kitchenette, separate living area, approx 515 square feet)	\$1,415	\$2,085
Homes (Valley)	Rate (per month)	
“G” - Cottage	\$1,625	
“H” - Patio Home	\$1,825	
“I” - Heritage Home	\$1,925	
“J” - Legacy Home	\$2,225	
Care Home (Assisted Living)	Private Rate (per month)	Semi-Private Rate (per month)
“K” - Assisted Living	\$4,325	\$4,225

C. **Fee Change Policy.** Charges for occupancy and services may be adjusted as required at the sole discretion of the directors of PCV by giving ninety (90) days prior written notice to the Resident.

D. Changes in Fees for the Previous Five Years. During the previous five years Pittsboro Christian Village has increased their monthly service fees as per below table. The increases were effective on January 1st of each year. Monthly service fee increases are expressed in average dollar amounts.

	2020	2019	2018	2017	2016
Care Home (Assisted Living)	\$75	\$75	\$75	\$50	\$50
North Wing Apartment (Independent Living)	\$50	\$40	\$36	\$35	\$35
Northeast Wing Apartment (Independent Living)	\$50	\$45	\$35	\$30	\$35
Cottage (Independent Living)	\$40	\$35	\$30	\$35	\$35
Patio Home (Independent Living)	\$40	\$35	\$25	\$25	\$25
Heritage Homes (Independent Living)	\$40	\$35	\$25	\$25	\$25
Legacy Homes (Independent Living)	\$40	\$35	N/A	N/A	N/A

VI. FINANCIAL INFORMATION

Our certified financial statement is attached, along with our five-year forecast prepared by Judson Connor, Certified Public Accountant. Our income projections are based on annual increases in rates to cover inflationary increases. The five-year forecasts do allow for increases in cost modified by careful budgeting. The following is an assessment by management of the results of operations compared to the budget for fiscal year ended September 30, 2020.

Balance Sheet
September 30, 2020

Assets	Actual	Budget	Variance	%	Note
Cash	943,193	1,062,618	(119,425)	(11.24)	1.
Investments - designated for Operating Reserve (Restricted)	609,000	609,000	-	-	
Investments - Restricted & Unrestricted	607,690	778,586	(170,896)	(21.95)	2.
Refundable Sales and Use Tax					
Property, plant and equipment:	9,873,724	9,662,922	210,802	2.18	
Less accumulated depreciation	5,460,680	5,451,726	8,954	0.16	
Net Property, plant and equipment	6,572,927	6,661,400	-	-	
Loan fees					
Prepaid expenses	26,602	27,016	(414)	(1.53)	
Total Assets	6,599,529	6,688,416	(70,979)	(1.33)	

1. Cash variance is due primarily to unplanned COVID-19 expenses and lower occupancy than expected.
2. Restricted & Unrestricted variance is due to losses from investments.

<p>Variance threshold amount used to determine the material differences described above was</p> <p>10% and \$25,000.</p>
--

Balance Sheet
September 30, 2020

Liabilities and Net Assets	Actual	Budget	Variance	%	Note
Note payable to bank - current	62,666	51,516	11,150	21.64	
Accounts payable	31,117	27,383	3,734	13.64	
Withholdings from employees	-	-	-	-	
Accrued expenses	41,324	33,098	8,226	24.85	
Note payable to bank - long term	738,426	774,984	(36,558)	(4.72)	
Refundable resident entry fee	1,079,244	974,612	104,632	10.74	3.
Undesignated- available for general activities	3,398,210	3,496,237	(98,027)	(2.80)	
Restricted	639,542	721,586	(82,044)	(11.37)	4.
Operating reserve (Restricted)	609,000	609,000	-	-	
Total Liabilities and Net Assets	6,599,529	6,688,416	(88,887)	(1.33)	

3. Refundable resident entry fee variance is due to receiving more Refundable Resident Entry Fees than expected.
4. Restricted variance is due to received contributions (donations) for the Benevolent Fund being less than projected.

<p>Variance threshold amount used to determine the material differences described above was</p> <p>10% and \$25,000.</p>
--

Statement of Support Revenue
Expenses and Changes in net asset balances
For the year ended September 30, 2020

Public support:	Actual	Budget	Variance	%	Note
Received directly-contributions	373,252	408,000	(34,748)	(8.52)	
Revenue:					
Care Home	1,078,264	1,162,500	(84,236)	(7.25)	
Rent and maintenance	428,102	449,200	(21,098)	(4.70)	
Manor	850,939	865,905	(14,966)	(1.73)	
Personal Care	6,873	6,000	873	14.55	
Guest fees	8,021	18,000	(9,979)	(55.44)	
Application fees	3,325	5,700	(2,375)	(41.67)	
Entry Fees	5,850	11,700	(5,850)	(50.00)	
Sales and use tax	25,760	24,000	1,760	7.33	
Investment	59,112	72,000	(12,888)	(17.90)	
Vehicle	891	1,200	(309)	(25.75)	
Other	12,177	-	12,177	-	
Amortization of RREF	162,584	158,271	4,313	2.73	
RREF credits	(291,812)	(284,272)	(7,540)	2.65	
Benevolent assistance	(197,942)	(216,000)	18,058	(8.36)	
Gain (loss) on sale of equipment	(17)	-	(17)	-	
Total support and revenue	2,525,379	2,682,204	(156,825)	(5.85)	

Variance threshold amount used to determine the material differences described above was
10% and \$25,000.

Statement of Support Revenue
Expenses and Changes in net asset balances
For the year ended September 30, 2020

Cost and expenses:	Actual	Budget	Variance	%	Note
Administrative & Investment Exp.	609,268	596,925	12,343	2.07	
Facilities Services & Utilities	294,082	251,090	42,992	17.12	5.
Resident Services & Marketing	177,582	164,350	13,232	8.05	
Care Home Services	611,015	662,380	(51,365)	(7.75)	
Dining Services	460,249	440,700	19,549	4.44	
Interest expense	46,147	48,575	(2,428)	(5.00)	
Information technology	49,088	48,500	588	1.21	
Utilities	145,495	167,600	(22,105)	(13.19)	
Marketing	4,506	6,300	(1,794)	(28.48)	
Depreciation	295,949	283,716	12,233	4.31	
Total expense	2,693,381	2,670,136	23,245	0.87	
Excess of public support and revenue over (under) expenses	(168,003)	12,068	(180,071)	(1492.14)	

5. Facilities Services & Utilities variance is due to expenses of turning over eleven units with significant flooring upgrades and two units major bathroom renovation.

Variance threshold amount used to determine the material differences described above was

10% and \$25,000.

Statement of Cash Flows
For the year ended September 30, 2020

Cash flows from Operating Activities:	Actual	Budget	Variance	%	Note
Cash flows from:					
Contributions	373,252	408,000	(34,748)	(8.52)	
Resident services	1,891,080	2,001,333	(110,253)	(5.51)	
Application and entry fees	9,175	17,400	(8,225)	(47.27)	
Other fees	30,192	25,200	4,992	19.81	
Cash disbursed to:					
Interest expense	(46,147)	(48,575)	2,428	(5.00)	
Cash paid to suppliers and employees	(2,343,905)	(2,337,845)	(6,060)	0.26	
Net Cash Flows from (used in) Operating Activities	(86,353)	65,513	(151,866)	(231.81)	
Cash flows from investing activities:					
Proceeds from sale of equipment					
Purchase of property	(209,151)	-	(209,151)	-	
Proceeds from deferred refundable resident entry fees	210,000	100,000	110,000	110.00	6.
Net purchases and sales of investments	849	-	849	-	
Net Cash flows from (used in) Investing Activities	1,698	100,000	(98,302)	(98.30)	
Cash flows from financing activities:					
Payments on notes payable	(74,173)	(48,765)	(25,408)	52.10	7.
Repayment of entrance fees					
Cash flows from (used in) financing activities	(74,173)	(48,765)	(25,408)	52.10	
Increase (decrease) in cash	(158,828)	116,748	(275,576)	(236.04)	

6. Proceeds from deferred refundable resident entry fees variance is due to receiving more Refundable Resident Entry Fees than expected.
7. Payments on Notes Payable variance is due to additional payments made to principal of mortgage on North Wing.

**Variance threshold amount used to determine the material differences described above was
10% and \$25,000.**

VII. RESERVES, ESCROW AND TRUSTS

Pittsboro Christian Village, Inc. (PCV) does not accept payment of entrance fees prior to the date a Resident is permitted to occupy a living unit in the facility. Consequently, PCV maintains no escrow accounts for the deposits of any such fees.

As of September 30, 2020, PCV had cash and investments of \$2,159,882. PCV maintains approximately \$800,000 as liquid working capital.

As of March 1997, G.S. 58-64-33 requires PCV to maintain cash reserve equal to three months operating expenses. At the close of the fiscal year on September 30, 2020, PCV had \$609,000 in the reserve account that meets this requirement based on the 5-year forecast.

Income from the Financial Assistance Endowment and annual contributions for financial assistance were used to provide charitable assistance to residents who otherwise would not be able to afford residence at PCV.

Investments of funds are currently in a checking account, Money Market accounts, investment securities, or Corporate Commercial Paper. Future investment strategies will of course depend upon future market conditions.

Overall policies and decision relative to the magnitude of reserve funds, investment of reserve funds and financial assistance funds and application of financial assistance funds are under the direction of the Finance Committee of the Board of Directors. Within the parameters of these policies, specific investment decisions may be authorized by any two of the persons holding the positions of President, Vice President, Treasurer, and Chairman of the Finance Committee or Executive Director.

VIII. FACILITY DEVELOPMENT AND EXPANSION.

Pittsboro Christian Village began the process about eleven years ago of renovating our cottages. These renovations provided needed updates that allow residents to reside longer in a home before needing to migrate to an apartment. The Board of Directors has also been developing a Strategic Plan that will include replacement of homes not renovated and significant upgrades to the current Care Home facilities. As part of this strategic plan, we built two Legacy Homes in 2019. Plans are underway to build additional Legacy Homes in the near future. Pittsboro Christian Village owns approximately 24 acres of undeveloped land for possible expansion.

IX. OTHER MATERIAL INFORMATION.

There are no actions, suits or claims, pending or threatened against, by or affecting PCV in any court or before any governmental agency or authority, or any judgment existing or pending, or any threatened or anticipated claims or liabilities, absolute, contingent or otherwise, which might have an adverse effect on the operations of PCV and/or the furnishing of facilities and services to its Residents. PCV does not know or have reason to know of the occurrence of any events which could give rise to any such actions, suits, claims nor is there currently any order injunction, or decree against PCV. There is no labor dispute, grievance, controversy, strike or request for union

representation pending or threatened against PCV and PCV does not know or have any reason to know of any occurrence of any events that could give rise to any such labor dispute, controversy or strike. To the best of its knowledge, PCV is not, at the date hereof, in violation of any applicable zoning or building regulations, ordinances or any other law, order, regulation or requirement relating to the operations of its facilities and the providing of its services.

Attachment 1

PITTSBORO CHRISTIAN VILLAGE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

PITTSBORO CHRISTIAN VILLAGE, INC.

Table of Contents

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2 - 4
Statements of Activities	5 - 6
Statement of functional expenses - September 30, 2020 ...	7 - 8
Statement of functional expenses - September 30, 2019 ..	9 - 10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 23

JUDSON M. CONNOR

CERTIFIED PUBLIC ACCOUNTANT

6416 CARMEL ROAD
SUITE 400
CHARLOTTE, NORTH CAROLINA 28226

TELEPHONE (704) 541-7640

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Pittsboro Christian Village, Inc.:

I have audited the accompanying financial statements of Pittsboro Christian Village, Inc. (the Organization), which comprise the balance sheets as of September 30, 2020 and 2019 and the related statements of operations, changes in net deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the organization as of September 30 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Charlotte, North Carolina

November 20, 2020

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2020 and 2019

Page 1 of 3

<u>Assets</u>	<u>Operating Fund</u>	<u>Benevolent Assistance Fund</u>	<u>Building Fund</u>	<u>Endowment Fund</u>	<u>2020</u>	<u>2019</u>
Current assets:						
Cash and cash equivalents (notes 2 and 3)	\$ 943,193				\$ 943,193	\$ 945,870
Investments (notes 4 and 5):						
Unrestricted	(31,852)	344,550	100,979	194,013	607,690	721,586
Restricted	-	-	-	-	-	-
Prepaid expenses	<u>26,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,602</u>	<u>27,016</u>
Total current assets	<u>937,943</u>	<u>344,550</u>	<u>100,979</u>	<u>194,013</u>	<u>1,577,485</u>	<u>1,694,472</u>
ASSETS LIMITED AS TO USE:						
Operating Reserve as required By North Carolina General Statutes	609,000	-	-	-	609,000	594,000
Property, plant and equipment (notes 2 and 6):						
Land and land improvements	434,540	-	-	-	434,540	434,540
Buildings	8,057,100	-	-	-	8,057,100	7,747,223
Furniture and fixtures	299,040	-	-	-	299,040	294,631
Equipment	770,944	-	-	-	770,944	680,727
Automobiles and trucks	233,492	-	-	-	233,492	233,492
Computers	38,916	-	-	-	38,916	33,962
Construction in progress	<u>39,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,692</u>	<u>238,347</u>
Total property, plant and equipment	9,873,724	-	-	-	9,873,724	9,662,922
Less accumulated depreciation	<u>5,460,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,460,680</u>	<u>5,168,010</u>
Property, plant and equipment net	<u>4,413,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,413,044</u>	<u>4,494,912</u>
Total assets	\$ <u>5,959,987</u>	<u>344,550</u>	<u>100,979</u>	<u>194,013</u>	\$ <u>6,599,529</u>	\$ <u>6,783,384</u>

See accompanying notes to financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2020 and 2019

Page 2 of 3

<u>Liabilities</u>	<u>Operating Fund</u>	<u>Benevolent Assistance Fund</u>	<u>Building Fund</u>	<u>Endowment Fund</u>	<u>2020</u>	<u>2019</u>
Current liabilities:						
Current installments of long-term debt (note 6)	\$ 62,666	-	-	-	\$ 62,666	\$ 48,765
Accounts payable	31,117	-	-	-	31,117	27,383
Accrued expenses	41,324	-	-	-	41,324	33,098
Total current liabilities	<u>135,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,107</u>	<u>109,246</u>
Deferred revenue (note 1):						
Nonrefundable entry fees	-	-	-	-	-	-
Refundable entry fees, net	1,079,244	-	-	-	1,079,244	1,032,883
Total deferred revenue	1,079,244	-	-	-	1,079,244	1,032,883
Long-term debt, less current installments (note 6)	<u>738,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>738,426</u>	<u>826,500</u>
Total liabilities	<u>\$1,952,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$1,952,777</u>	<u>\$ 1,968,629</u>

(continued)

See accompanying notes to financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENTS OF NET ASSETS

Page 3 of 3

September 30, 2020 and 2019

<u>Net Assets</u>	<u>Operating Fund</u>	<u>Benevolent Assistance Fund</u>	<u>Building Fund</u>	<u>Endowment Fund</u>	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 3,398,210	-	-	-	\$ 3,398,210	\$ 3,499,169
With donor restrictions:						
Temporary restricted	-	344,550	100,979	-	445,529	528,201
Permanent restricted	-	-	-	194,013	194,013	193,385
Designated for operating reserve	<u>609,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,000</u>	<u>594,000</u>
Total net assets	4,007,210	344,550	100,979	194,013	4,646,752	4,814,755
Total liabilities and net assets	\$ <u>5,959,987</u>	\$ <u>344,550</u>	\$ <u>100,979</u>	\$ <u>194,013</u>	\$ <u>6,599,529</u>	\$ <u>6,783,384</u>

See accompanying notes to financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC,

STATEMENTS OF ACTIVITIES

September 30, 2020 and 2019

Page 1 of 2

	<u>Operating Fund</u>	<u>Benevolent Assistance Fund</u>	<u>Building Fund</u>	<u>Endowment Fund</u>	<u>2020</u>	<u>2019</u>
Revenue, gains and other support:						
Resident service revenue, less contractual adjustments of \$291,812 and \$277,900 in 2020 and 2019, respectively (notes 1 and 2)	\$ 1,900,255	-	-	-	\$ 1,900,255	\$ 1,911,674
Amortization of deferred entrance fees	162,584	-	-	-	162,584	249,195
Investment income	43,878	10,548	3,599	6,886	64,821	(2,536)
Other support	30,192				30,192	34,222
Contributions	253,452	102,400	17,400	-	373,252	593,423
Gain (loss) on sale of assets	(17)	-	-	-	(17)	(554)
Total revenue, gains and other support	<u>\$ 2,390,344</u>	<u>\$ 112,858</u>	<u>\$ 20,999</u>	<u>\$ 6,886</u>	<u>\$ 2,531,087</u>	<u>\$ 2,785,424</u>

(continued)

See accompanying notes to financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENTS OF ACTIVITIES

September 30, 2020 and 2019

Page 2 of 2

	<u>Operating</u> <u>Fund</u>	<u>Benevolent</u> <u>Assistance</u> <u>Fund</u>	<u>Building</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>2020</u>	<u>2019</u>
Expenses:						
Information technology	\$ 49,088				\$ 49,088	\$ 46,716
Administrative	609,268				609,268	529,149
Facility services	294,082				294,082	267,458
Resident services	177,582				177,582	163,436
Care home services	611,015				611,015	607,935
Dining services	460,249				460,249	410,066
Utilities expense	145,495				145,495	158,908
Interest expense	46,147				46,147	50,614
Depreciation expense	295,949				295,949	286,662
Marketing	4,506				4,506	10,604
Investment expense	<u>3,864</u>	<u>921</u>	<u>317</u>	<u>607</u>	<u>5,709</u>	<u>5,953</u>
Total expenses	<u>2,697,245</u>	<u>921</u>	<u>317</u>	<u>607</u>	<u>2,699,090</u>	<u>2,537,501</u>
Increase (decrease) in net assets	(306,901)	111,937	20,682	6,279	(168,003)	247,923
Changes in restricted assets:						
Net assets released from restrictions for use in operations	220,942	(197,942)	-	-	-	-
Transfers in		5,651	-		5,651	254
Transfers out	-	-	-	(5,651)	(5,651)	(254)
Net assets at beginning of year	<u>4,093,169</u>	<u>424,904</u>	<u>103,297</u>	<u>193,385</u>	<u>4,814,755</u>	<u>4,566,832</u>
Net assets at end of year	<u>\$ 4,007,210</u>	<u>\$ 344,550</u>	<u>\$ 100,979</u>	<u>\$ 194,013</u>	<u>\$ 4,646,752</u>	<u>\$ 4,814,755</u>

See accompanying notes to financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Admin	Information Management	Marketing	Facility Services	Resident Services	Care Home Service	Dining Service	Totals
Advertising	\$7,025							\$7,025
Activities	572							572
Contributions								0
Consulting Services	177	756		680		215		1,828
Décor					61			61
Dues and Subscriptions	5,763							5,763
Education/Training	3,428							3,428
Employee Activity	2,343							2,343
Employee Benefits	2,228							2,228
Employee Hiring	6,028							6,028
Food							168,257	168,257
Fuel				4,002				4,002
Hardware and Equipment		1,727						1,727
Insurance Expense	111,236							111,236
Laundry					25,406			25,406
Legal/Accounting	15,115							15,115
Licenses/Permits	2,811							2,811
Rebates							(4,889)	(4,889)
Miscellaneous	3,097		3,244				120	6,461
Payroll Taxes	21,796			9,049	9,208	43,545	20,272	103,869
Postage Expense	3,662							3,662
Property Taxes	2,402							2,402
Public Relations	1,725							1,725
Rental Equipment	8,302			300	3,233			11,835
Repairs				161,965				161,965

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	<u>Admin</u>	<u>Information Management</u>	<u>Marketing</u>	<u>Facility Services</u>	<u>Resident Services</u>	<u>Care Home Service</u>	<u>Dining Service</u>	<u>Totals</u>
Safety	4,926							4,926
Salaries and Wages	286,878			119,102	121,191	573,138	266,818	1,367,126
Sales Tax	30,737							30,737
Service Contract	1,000							1,000
Small Tools	447			1,176	2,236		4,132	7,991
Software		1,428						1,428
Supplies	5,499			6,857	25,454	37,662	25,811	101,283
Telephone Expense								0
Travel Expenses								0
Utilities		45,176		145,495				190,671
Website			1,261					1,261
Total	527,196	49,088	4,505	448,626	186,790	654,560	480,521	2,351,286
Depreciation	295,949	-	-	-	-	-	-	295,949
Total Expenses	<u>\$823,144</u>	<u>\$49,088</u>	<u>\$4,505</u>	<u>\$448,626</u>	<u>\$186,790</u>	<u>\$654,560</u>	<u>\$480,521</u>	<u>\$2,647,234</u>

See notes to financial statements

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Admin	Information Management	Marketing	Facility Services	Resident Services	Care Home Service	Dining Service	Totals
Advertising	\$5,860	-	-	-	-	-	-	\$5,860
Programs	-	-	-	-	-	-	-	0
Activities	1,919	-	-	-	-	-	-	1,919
Contributions	-	31,208	-	-	-	-	-	31,208
Consulting Services	195	756	1,700	-	-	440	-	3,091
Décor	-	-	-	-	122	-	-	122
Dues and Subscriptions	5,378	-	-	-	-	-	-	5,378
Education/Training	7,920	-	-	-	-	-	-	7,920
Employee Activity	4,920	-	-	-	-	-	-	4,920
Employee Hiring	3,578	-	-	-	-	-	-	3,578
Food	-	-	-	-	-	-	153,368	153,368
Fuel	-	-	-	5,623	-	-	-	5,623
Hardware and Equipment	-	1,740	-	-	-	-	-	1,740
Insurance Expense	94,417	-	-	-	-	-	-	94,417
Laundry	-	-	-	-	25,104	-	-	25,104
Legal/Accounting	14,050	-	-	-	-	-	-	14,050
Licenses/Permits	4,704	-	-	-	-	-	-	4,704
Rebates	-	-	-	(1)	-	(75)	(4,811)	(4,886)
Miscellaneous	2,889	-	1,553	-	2	-	26	4,471
Payroll Taxes	16,985	-	-	8,437	9,097	43,160	17,982	95,662
Postage Expense	2,715	-	-	-	-	-	-	2,715
Property Taxes	-	-	-	2,841	-	-	-	2,841
Public Relations	1,000	-	-	-	-	-	-	1,000
Rental Equipment	6,179	-	-	-	2,835	-	-	9,014
Repairs	-	-	-	142,549	-	-	-	142,549

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Admin	Information Management	Marketing	Facility Services	Resident Services	Care Home Service	Dining Service	Totals
Safety	1,052	-	-	-	-	-	-	1,052
Salaries and Wages	229,025	-	-	113,765	122,668	581,967	242,475	1,289,901
Sales Tax	38,736	-	-	-	-	-	-	38,736
Service Contract	1,000	-	-	-	-	-	-	1,000
Small Tools	50	-	-	2,181	-	-	1,224	3,455
Software	-	1,084	-	-	-	-	-	1,084
Supplies	3,717	-	1,706	3,340	12,705	25,602	17,784	64,853
Telephone Expense	-	8,710	-	-	-	-	-	8,710
Travel Expenses	1,342	-	-	-	-	-	-	1,342
Utilities	-	3,217	-	158,908	-	-	-	162,125
Website	-	-	5,645	-	-	-	-	5,645
Total	447,631	46,716	10,604	437,644	172,533	651,095	428,048	2,194,271
Depreciation	286,663	-	-	-	-	-	-	286,663
Total Expenses	\$734,294	\$46,716	\$10,604	\$437,644	\$172,533	\$651,095	\$428,048	\$2,480,934

PITTSBORO CHRISTIAN VILLAGE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2020 and 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	2020	2019
Increase (decrease) in net assets	\$ (168,003)	247,923
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	295,949	287,849
Amortization of deferred entrance fees	(162,584)	(249,195)
Net unrealized (gains) losses on investments	(33,365)	(8,408)
Proceeds from restricted contributions	(119,800)	(463,078)
Loss (gain) on sale of assets	17	554
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses	414	(6,286)
Increase (decrease) in accounts payable	3,734	7,338
Increase (decrease) in accrued expenses	<u>8,226</u>	<u>7,426</u>
Net cash provided by (used in) operating activities	<u>(175,412)</u>	<u>(175,877)</u>
 <u>CASH FLOWS FROM INVESTING ACITIVITIES:</u>		
Proceeds from entrance fees	210,000	245,000
Proceeds from sale of assets	-	-
Purchases of property, plant and equipment	(209,151)	(652,995)
Net purchases and sales of investments	<u>(30,741)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(29,892)</u>	<u>(407,995)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from restricted contributions	119,800	463,078
Payments on mortgages	(74,173)	(75,906)
Repayment of entrance fees	<u>-</u>	<u>(20,583)</u>
Net cash provided by (used in) financing activities	<u>45,627</u>	<u>366,589</u>
 Increase (decrease) in cash and cash equivalents	(159,677)	(217,283)
Cash allocated to designated funds and statutory operating reserve	157,000	(157,276)
Cash and cash equivalents - beginning of year	<u>945,870</u>	<u>1,320,429</u>
Cash and cash equivalents - end of year	\$ <u>943,193</u>	<u>945,870</u>
 Supplemental disclosure of cash flow information interest period	\$ <u>46,147</u>	<u>50,110</u>

See accompanying notes to financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(1) NATURE OF ACTIVITIES

Pittsboro Christian Village, Inc. (the Organization) is a non-stock, non-profit corporation organized under the laws of the State of North Carolina on April 4, 1952. The Organization is a nonprofit Christian Continuing Care Retirement Community under the direction of a board of Christians from the assemblies. The Internal Revenue Service has issued a ruling that the Organization is exempt from Federal income taxation as an Organization described in Section 501(C)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the code. The Organization has been classified as a publicly supported Organization, which is not a private foundation under Section 509(a) of the Code.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (FASB) issued (ASU) 2016-14, Not-for-Profit Entities Accounting Standards Codification (ASC) (Topic 958-205) - Presentation of Financial Statements of Not-for-Profit Entities effective January 1, 2018. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASC 985-205 has been applied retrospectively to all periods presented and had no effect on the changes in net assets of the Organization.

(b) Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with GAAP. The financial statements are presented in accordance with ASC 958-205, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations".

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Presentation - continued

Under these provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time. Designated net assets without donor restrictions consist of amounts to be used for the program activities.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Net assets with donor restrictions whose restrictions are satisfied in the same reporting period in which the contribution was received are reported as unrestricted support.

(c) Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the accompanying financial statements and disclosures. Estimates made by the organization relates primarily to the obligation to provide future services, the life expectancy used to amortize deferred revenue from entrance fees, and the collectability of accounts receivable. Actual results could differ from those estimates.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Assets Limited as to Use

Investments whose use is limited to maintain an operating reserve as required by North Carolina General Statutes (see Notes 4 and 5).

(e) Accounts Receivable

The Organization extends credit to its residents. The Organization uses the specific write-off method for doubtful receivables. As of September 30, 2020 and 2019, all remaining accounts receivable were considered collectible by management and therefore no allowance has been provided.

(f) Refundable Resident Entry Fee

Under the terms of the Refundable Resident Entry Fee Agreement the resident member pays an entrance fee. The agreement requires an entrance fee amount prior to occupancy. Once a unit is occupied, entrance fees are recorded as deferred revenue and recognized as income over a formula which amortizes the balance over a period equal to 88 years minus the age of the youngest spouse at entry to the village. The agreement allows a monthly credit from .50% to 1.00% on the statement of charges of the resident of the Organization.

The Organization continually compares the amortization of the entrance fees to the monthly credits allowed on the residents invoice.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Assets contributed to the organization are recorded at fair market value at date of contribution. Routine maintenance, repairs, renewals and replacement costs are charged to expenses. Expenditures, which materially increase values, change capacities or extend useful lives are capitalized. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, Plant and Equipment - continued

Depreciation of buildings and equipment is computed on the straight-line method over the estimated useful lives of the assets (30 and 40 years for buildings, 7 years for furniture and equipment, 5 years for computer equipment, and 5 years for vehicles). Depreciation expenses for the years ended September 30, 2020 and 2019 was \$295,949 and \$287,849, respectively.

(h) Public Support, Revenue and Expenses

The financial statements have been prepared on the accrual basis. Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded as income at the time the Organization has an established right to the bequest and the proceeds are measurable. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted assets are reclassified to unrestricted assets and reported in the statement of activities as assets released from restrictions. Residents are required to pay monthly fees in advance. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(i) Benevolent Fund

The Organization receives gifts from various sources designated for benevolence. Funds are transferred to the general fund for residents without sufficient resources to pay their monthly fees to the Organization. A committee from the board of directors reviews each recipient's status to determine the needs of the resident and the amount to be received by the resident.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Endowment Fund

In September 1991 the Organization received funds for an endowment fund. Ninety percent of any interest, dividends or other income earned on the principal of the endowment fund is distributed to the benevolent fund.

(k) Building Fund

This fund represents resources restricted for capital expenditure acquisitions.

(l) Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in accordance with accounting requirements for certain investments held by non-profit organizations. In the statements of financial position. Unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net asset without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Long-term investments consist of debt securities with original maturities greater than twelve months.

(m) Cash and Cash Equivalents

For the purpose of presentation in the Organization's statement of cash flows, cash equivalents are short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through November 20, 2020, which is the date the financial statements were available to be issued.

(3) BANK DEPOSITORY-CONCENTRATION OF CASH

The Organization maintains certain cash balances with a North Carolina bank that includes funds greater than the federally insured limit. The Organization has uninsured balances, including outstanding checks at this bank of \$693,193 and \$763,067 at September 30, 2020 and 2019, respectively.

(4) INVESTMENTS

Investments (unrestricted and designated for statutory operating reserve) and assets limited as to use consist of the following as of September 30, 2020 and 2019).

Cash and cash equivalents	\$	<u>8,467</u>	<u>10,489</u>
Investments:			
Equities and Equity Funds		379,385	363,289
Mutual Funds		<u>828,838</u>	<u>784,532</u>
	\$	<u>1,216,690</u>	<u>1,158,310</u>

Realized gains and losses on sales of investments are calculated using the specific identification method.

(5) FAIR VALUE MEASUREMENTS

Current standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lower priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under these standards are described as follows:

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(5) FAIR VALUE MEASUREMENTS (continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for individual or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

Cash and cash equivalents	Valuations are based on quoted prices in active markets for identical assets or liabilities.
Corporate bonds	Valuations are based on quoted prices in active markets for identical assets or liabilities.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(5) FAIR VALUE MEASUREMENTS (continued)

Equities and equity funds Valuations are based on quoted prices in active markets for identical assets or liabilities.

Mutual funds Valuations are based on quoted prices in active markets for identical assets or liabilities.

Government and agency securities Valuations are based on quoted prices in active markets for identical assets or liabilities.

Other Valuations are based on quoted prices in active markets for identical assets or liabilities.

Assets at Fair Value as of September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents \$	193,115	-	-	8,467
Equities and equity funds	379,385	-	-	379,385
Mutual funds	828,838	-	-	828,838
	<u>\$ 1,216,690</u>	<u>-</u>	<u>-</u>	<u>1,216,690</u>

Assets at Fair Value as of September 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents \$	10,489	-	-	10,489
Equities and equity funds	363,289	-	-	363,289
Mutual funds	784,532	-	-	784,532
	<u>\$ 1,158,310</u>	<u>-</u>	<u>-</u>	<u>1,158,310</u>

The investments are classified as follows in the balance sheet:

	<u>2020</u>	<u>2019</u>
Unrestricted	\$ -	-
Donor Restricted funds	639,542	721,586
Designated for operating reserve	609,000	594,000
	<u>1,248,542</u>	<u>1,315,586</u>
Less cash allocated to restricted Funds and operating revenue	<u>(31,852)</u>	<u>(157,276)</u>
	<u>\$ 1,216,690</u>	<u>1,158,310</u>

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(6) LONG-TERM DEBT

A summary of long-term debt follows:

	<u>2020</u>	<u>2019</u>
5.5% note payable in monthly installments of \$8,110, including interest secured by a mortgage on real estate.	\$ <u>801,092</u>	<u>875,265</u>
	801,092	875,265
Less current installments of long-term debt note payable in monthly	\$ <u>62,666</u>	<u>48,765</u>
Long-term debt less current installments	\$ <u>738,426</u>	<u>826,500</u>

Maturities of long-term debt are as follows:

<u>Year ended</u>	<u>Amount</u>
2021	\$ 62,666
2022	65,007
2023	68,668
2024	72,541
2025 and thereafter	532,210

(7) STATUTORY OPERATING RESERVE

Under regulations of the North Carolina Insurance Commission, effective in March 1997, continuing care retirement communities are required to maintain an operating reserve equal to 25% of the total occupancy costs, as defined, projected for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance, if occupancy levels are in excess of 90%. If occupancy levels are less than 90%, the operating reserve requirement is 50% of total occupancy costs, as defined. The Organization has historically maintained an occupancy level in excess of 90%. As of September 30, 2020 the Organization had 92.05% occupancy level.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(8) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Capital projects and other improvements	\$ 23,000	-
For use in benevolent operations	<u>197,942</u>	<u>177,069</u>
	\$ <u>220,942</u>	<u>177,069</u>

(9) FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and current and long-term debt approximated their fair values as of September 30, 2020 and 2019. The fair values for investment securities are based on quoted market prices.

(10) COMMITMENTS AND CONTINGENCIES

The Organization is subject to legal proceedings and claims which arise in the course of providing health care services. The Organization maintains liability insurance coverage for claims made on a per occurrence basis during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of 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 patient 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

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(10) COMMITMENTS AND CONTINGENCIES (continued)

government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

(11) REFUNDABLE RESIDENT ENTRY FEE

Under the Refundable Resident Entry Fee Contract, the Organization agrees to make a pro rata refund of said Entry Fee calculated to the nearest whole month, so that one third (1/3rd) of the Resident Entry Fee for each year of non-residency in the first three (3) year period shall be refunded to the Resident, provided that the maximum refund shall not exceed ninety percent (90%) of the initial Resident Entry Fee. Provided further, the organization reserves the right to delay the cash refund for a period of one (1) year or until a new Resident occupies the facility vacated, whichever is the later.

Contingencies

The refund is applicable to residents whose residency ceases whether voluntarily or involuntarily, within the first three (3) years of residency. The refundable entrance fees were \$477,774 and \$476,943 at September 30, 2020 and 2019, respectively.

Additionally, generally accepted accounting principles require that residence fees must be accounted for ratably over the life expectancy of the residents. The portions of the entrance fees that have not been earned and that are in excess of the contingent refund listed above are reported as refundable entry fees. The deferred entrance fees were \$601,970 and \$555,940 at September 30, 2020 and 2019, respectively.

(12) FUNCTIONAL EXPENSES

The Organization provides services to the residents of its facility that include independent living and assisted living. Certain categories are attributable to more than one program or supporting function, therefore, these expenses require

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and 2019

(12) FUNCTIONAL EXPENSES (continued)

allocation on a reasonable basis that is consistently applied. The expenses are allocated include salaries and benefits and other operating expenses, which are allocated on a time and effort basis and depreciation which is allocated on estimated basis.

Salaries and payroll taxes	\$	1,470,995
Depreciation		295,949
Utilities		<u>145,495</u>
	\$	<u>1,912,439</u>

(13) RECLASSIFICATIONS

Certain items in the financial statements for the year ended September 30, 2018 has been reclassified, with no effect on change in net assets or net assets, to be consistent with the classification adopted for the year ended September 30, 2020.

Attachment 2

PITTSBORO CHRISTIAN VILLAGE, INC.
COMPILATION OF A FINANCIAL FORECAST
FOR THE YEARS ENDING
SEPTEMBER 30, 2021,
2022, 2023, 2024 AND 2025

JUDSON M. CONNOR
CERTIFIED PUBLIC ACCOUNTANT

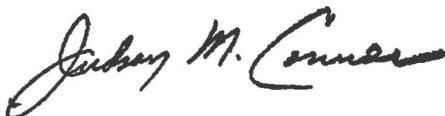
6416 CARMEL ROAD
SUITE 400
CHARLOTTE, NORTH CAROLINA 28226

TELEPHONE (704) 541-7640

The Board of Directors
Pittsboro Christian Village, Inc.:

Management is responsible for the accompanying forecasted financial statements of Pittsboro Christian Village, Inc. (The Organization), which comprise the statements of forecasted financial position as of September 30, 2021, 2022, 2023, 2024 and 2025, and the related statements of forecasted activities and forecasted cash flows for the years then ending and the related summaries of significant assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). I 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. I did not examine or review the forecasted financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted financial statements or the assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

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



Charlotte, North Carolina

December 5, 2020

PITTSBORO CHRISTIAN VILLAGE, INC.
 FORECASTED BALANCE SHEETS
 SEPTEMBER 30, 2021, 2022, 2023, 2024 AND 2025

PAGE 1 OF 2

(See Accountant's Compilation Report)

<u>ASSETS</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Current Assets:					
Cash - unrestricted	\$1,036,369	1,122,705	1,205,420	1,284,415	1,359,581
Total cash	1,036,369	1,122,705	1,205,420	1,284,415	1,359,581
Accounts receivable	0	0	0	0	0
Prepaid expenses	26,602	26,602	26,602	26,602	26,602
Investments:					
With donor restrictions	631,690	655,690	679,690	703,690	727,690
Without donor restrictions	<u>34,000</u>	<u>64,520</u>	<u>98,648</u>	<u>134,476</u>	<u>172,098</u>
Total investments	<u>665,690</u>	<u>720,210</u>	<u>778,338</u>	<u>838,166</u>	<u>899,788</u>
Total current assets	<u>1,728,661</u>	<u>1,869,517</u>	<u>2,010,360</u>	<u>2,149,183</u>	<u>2,285,971</u>
Assets Limited as to use:					
Designated for operating reserve	623,000	643,000	662,000	682,000	703,000
Property, plant and equipment:					
Land and land improvements	434,540	434,540	434,540	434,540	434,540
Buildings	8,057,100	8,057,100	8,057,100	8,057,100	8,057,100
Furniture and fixtures	299,040	299,040	299,040	299,040	299,040
Equipment	770,944	770,944	770,944	770,944	770,944
Automobiles and trucks	233,492	233,492	233,492	233,492	233,492
Construction in progress	39,692	39,692	39,692	39,692	39,692
Computers	<u>38,916</u>	<u>38,916</u>	<u>38,916</u>	<u>38,916</u>	<u>38,916</u>
	9,873,724	9,873,724	9,873,724	9,873,724	9,873,724
Less accumulated depreciation	<u>(5,743,832)</u>	<u>(6,012,041)</u>	<u>(6,260,838)</u>	<u>(6,496,444)</u>	<u>(6,707,447)</u>
Property, plant and equipment, net	<u>4,129,892</u>	<u>3,861,683</u>	<u>3,612,886</u>	<u>3,377,280</u>	<u>3,166,277</u>
TOTAL ASSETS	<u>6,481,553</u>	<u>6,374,200</u>	<u>6,285,246</u>	<u>6,208,463</u>	<u>6,155,248</u>

See accompanying notes to forecasted financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.
 FORECASTED BALANCE SHEETS
 SEPTEMBER 30, 2021, 2022, 2023, 2024 AND 2025

PAGE 2 OF 2

(See Accountant's Compilation Report)

<u>LIABILITIES AND FUND BALANCES</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Current liabilities:					
Note payable to bank-current	\$65,007	68,668	72,541	76,633	80,956
Accounts payable	31,117	31,117	31,117	31,117	31,117
Withholdings from employees	\$0	0	0	0	0
Accrued expenses	<u>41,324</u>	<u>41,324</u>	<u>41,324</u>	<u>41,324</u>	<u>41,324</u>
Total current liabilities	137,448	141,109	144,982	149,074	153,397
Note payable to bank -long-term	673,419	604,751	532,210	455,577	374,621
Nonrefundable resident entry fees	-	-	-	-	-
Refundable resident entry fees	<u>1,006,248</u>	<u>951,342</u>	<u>886,436</u>	<u>811,530</u>	<u>726,624</u>
Total liabilities	1,817,115	1,697,202	1,563,628	1,416,181	1,254,642
Deferred income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances:					
Without donor restrictions					
With donor restrictions	3,377,896	3,346,456	3,348,076	3,374,740	3,438,064
Temporary restrictions	469,529	493,529	517,529	541,529	565,529
Permanent restrictions	194,013	194,013	194,013	194,013	194,013
Designated for Operating Reserve	623,000	643,000	662,000	682,000	703,000
Total fund balances	<u>4,664,438</u>	<u>4,676,998</u>	<u>4,721,618</u>	<u>4,792,282</u>	<u>4,900,606</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$6,481,553</u>	 <u>\$6,374,200</u>	 <u>\$6,285,246</u>	 <u>\$6,208,463</u>	 <u>\$6,155,248</u>

See accompanying notes to forecasted financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.
 STATEMENTS OF FORECASTED SUPPORT, REVENUE,
 EXPENSES AND CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED SEPTEMBER 30, 2021, 2022, 2023, 2024 AND 2025

(See Accountant's Compilation Report)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Public support and revenue:					
Public support:					
Rec'd. directly - contributions	\$420,000	420,000	420,000	420,000	420,000
Revenue:					
Care Homes	1,170,750	1,211,726	1,254,137	1,298,031	1,343,463
Homes	462,565	478,755	495,511	512,854	530,804
Manor	896,525	927,903	960,380	993,993	1,028,783
Personal care	6,600	6,831	7,070	7,318	7,574
Guest fees	14,400	14,904	15,426	15,966	16,524
Application fees	5,700	5,900	6,106	6,320	6,541
Entry fees	11,700	12,110	12,533	12,972	13,426
Sales and use tax	24,000	24,840	25,709	26,609	27,541
Investment income	72,000	74,520	77,128	79,828	82,622
Vehicle	1,200	1,242	1,285	1,330	1,377
Other	0	0	0	0	0
Amortization of RREF	172,996	154,906	164,906	174,906	184,906
RREF credits	(314,812)	(325,830)	(337,234)	(349,038)	(361,254)
Benevolent assistance	<u>(216,000)</u>	<u>(223,560)</u>	<u>(231,385)</u>	<u>(239,483)</u>	<u>(247,865)</u>
Total support and revenue	2,727,624	2,784,246	2,871,573	2,961,606	3,054,441
Cost and expenses:					
Administrative	615,050	633,502	652,507	672,082	692,244
Info technology/mngt	50,640	52,159	53,724	55,336	56,996
Marketing	6,300	6,489	6,684	6,884	7,091
Facility service expense	241,500	248,745	256,207	263,894	271,810
Resident service expense	163,780	168,693	173,754	178,967	184,336
Care home expense	688,600	709,258	730,536	752,452	775,025
Dinning service expense	450,770	464,293	478,222	492,569	507,346
Utilities	166,100	174,405	183,125	192,282	201,896
Interest expense	44,046	45,933	43,397	40,870	38,370
Amortization expense		0	0		
Depreciation	<u>283,152</u>	<u>268,209</u>	<u>248,797</u>	<u>235,608</u>	<u>211,003</u>
Total expenses	<u>2,709,938</u>	<u>2,771,686</u>	<u>2,826,953</u>	<u>2,890,942</u>	<u>2,946,116</u>
Excess of public support and revenue over expenses	17,686	12,560	44,620	70,664	108,324
Fund balances, beginning of year	<u>4,646,752</u>	<u>4,664,438</u>	<u>4,676,998</u>	<u>4,721,618</u>	<u>4,792,282</u>
Fund balances, end of year	<u>\$4,664,438</u>	<u>4,676,998</u>	<u>4,721,618</u>	<u>4,792,282</u>	<u>4,900,607</u>

See accompanying notes to forecasted financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.
 STATEMENTS OF FORECASTED CASH FLOWS
 SEPTEMBER 30, 2021, 2022, 2023, 2024 AND 2025

(See Accountant's Compilation Report)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Cash flows from operating activities:</u>					
Cash flows from:					
Contributions	\$420,000	420,000	420,000	420,000	420,000
Resident services	2,020,028	2,090,729	2,163,904	2,239,641	2,318,029
Application and entry fees	17,400	18,009	18,639	19,292	19,967
Other fees	<u>25,200</u>	<u>26,082</u>	<u>26,995</u>	<u>27,940</u>	<u>28,918</u>
	<u>2,482,628</u>	<u>2,554,820</u>	<u>2,629,539</u>	<u>2,706,873</u>	<u>2,786,913</u>
Cash disbursed to:					
Interest expense	44,046	45,933	43,397	40,870	38,370
Cash paid to suppliers and employees	<u>2,382,740</u>	<u>2,457,544</u>	<u>2,534,759</u>	<u>2,614,464</u>	<u>2,696,743</u>
	<u>2,426,786</u>	<u>2,503,477</u>	<u>2,578,156</u>	<u>2,655,334</u>	<u>2,735,113</u>
Net cash flow from (used in) operating activities	<u>55,842</u>	<u>51,343</u>	<u>51,383</u>	<u>51,539</u>	<u>51,800</u>
<u>Cash flows from investing activities:</u>					
Rounding	0	0	0	0	0
Proceeds from deferred refundable resident entry fees	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Cash flow from (used in) investing activities	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<u>Cash flows from financing activities:</u>					
Proceeds from note payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Payments on notes payable	<u>(62,666)</u>	<u>(65,007)</u>	<u>(68,668)</u>	<u>(72,541)</u>	<u>(76,633)</u>
Cash flows from (used in) financing activities	<u>(62,666)</u>	<u>(65,007)</u>	<u>(68,668)</u>	<u>(72,541)</u>	<u>(76,633)</u>
Increase in cash	93,176	86,336	82,715	78,998	75,167
Cash, beginning of year	<u>943,193</u>	<u>1,036,369</u>	<u>1,122,705</u>	<u>1,205,419</u>	<u>1,284,416</u>
Cash, end of year	<u>\$1,036,369</u>	<u>1,122,705</u>	<u>1,205,419</u>	<u>1,284,416</u>	<u>1,359,582</u>

See accompanying notes to forecasted financial statements.

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(1) Nature of Presentation

The accompanying financial forecast presents, to the best of the knowledge and belief of management of Pittsboro Christian Village, Inc. (the "Organization") ("Management"), the expected financial position, results of operations, and cash flows of the Organization as of and for each of the five years ending September 30, 2025. Accordingly, the accompanying financial forecast reflects Management's judgment as of December 5, 2020, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management's purpose in releasing this financial forecast is for inclusion in the Organizations annual Disclosure Statement in accordance with Chapter 58, Article 64, of the North Carolina General Statues. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. The Organization recognizes that there will usually be differences between prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Income Tax Status

Pittsboro Christian Village, Inc. (the Organization) is a nonstock, nonprofit corporation organized under the laws of the State of North Carolina on April 4, 1952. The Organization is a nonprofit Christian Continuing Care Retirement Community under the direction of a board of Christians from the assemblies. The Internal Revenue Service has issued a ruling that the Organization is exempt from Federal income taxation as an Organization described in Section 501(C)(3) of the Internal Revenue Code and comparable state law, and contributions to it

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(2) Summary of Significant Accounting Policies (continued)

(a) Basis of Presentation and Income Tax Status - continued

are tax deductible within the limitations prescribed by the code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

(b) Basis of Accounting

The Organization maintains its accounting and financial records according to the accrual basis of accounting recognizing revenues when earned and expenses when incurred. The Organization's financial forecast has been presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(2) Summary of Significant Accounting Policies (continued)

(b) Basis of Accounting - continued

restrictions for specific operational purposes from time to time. Designated net assets without donor restrictions consist of amounts to be used for the program activities.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Net assets with donor restrictions whose restrictions are satisfied in the same reporting period in which the contribution was received are reported as unrestricted support.

(c) Deferred Revenue from Refundable Resident Entry Fee

Under the terms of the Refundable Resident Entry Fee Agreement, the resident member pays an entrance fee. The agreement requires an entrance fee amount prior to occupancy. Once a unit is occupied, entrance fees are recorded as deferred revenue and recognized as income over a formula which amortizes the balance over a period equal to 88 years minus the age of the youngest spouse at entry to the Village. The agreement allows a monthly credit from .50% to 1% on the statement of charges of the resident of the Organization. The Organization continually compares the amortization of the entrance fees to the monthly credits allowed on the residents invoice.

(d) Property, Plant and Equipment

Property, plant and equipment is stated at cost or estimated replacement value at date of contribution. Routine maintenance, repairs, renewals, and replacement

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(2) Summary of Significant Accounting Policies (continued)

(d) Property, Plant and Equipment

Property, plant and equipment is stated at cost or estimated replacement value at date of contribution. Routine maintenance, repairs, renewals, and replacement costs are charged to expenses. Expenditures which materially increase values, change capacities or extends useful lives are capitalized. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Depreciation of buildings and equipment is computed on the straight-line method over the estimated useful lives of the assets (30 and 40 years for buildings, 7 years for furniture and equipment, 5 years for computer equipment, and 5 years for vehicles).

(e) Public Support, Revenue and Expenses

The financial forecast has been prepared on the accrual basis. Contributions income is recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded as income at the time the Organization has an established right to the bequest and the proceeds are measurable. Residents are required to pay monthly fees in advance. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(f) Benevolent Assistance Fund

The Organization receives gifts from various sources designated for benevolence. Funds are transferred to the general fund for residents without sufficient resources to pay their monthly fees to the Organization. A committee from the board of directors reviews each recipient's status to determine the needs of the resident and the amount to be received by the resident.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(2) Summary of Significant Accounting Policies (continued)

(g) Endowment Fund

In September 1991 the Organization received an interest bearing mortgage note in the amount of \$100,000 to establish an endowment fund. The mortgage note has been fully collected. Ninety percent of any interest, dividends or other income earned on the principal of the endowment fund is distributed to the benevolent fund.

(h) Building Fund

This fund represents resources restricted for capital expenditure acquisitions.

(i) Investments

The Organization investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in accordance with accounting requirements for certain investments held by nonprofit organizations, in the statements of financial position. Unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net asset without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Long-term investments consist of debt securities with original maturities greater than twelve months.

(j) Cash and Cash Equivalents

For the purpose of presentation in the Organization's statement of cash flows, cash equivalents are short-term highly liquid investments that are both (1) readily

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(2) Summary of Significant Accounting Policies (continued)

(j) Cash and Cash Equivalents - continued

convertible to known amounts of cash, and (2) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

(k) Concentration of Credit Risk

The Organization's cash and certificates of deposit held by a bank are insured up to \$250,000 by the Federal Deposit Insurance Corporation (the "FDIC"). These amounts exceed the amount insured by the FDIC. However, the Organization believes it is not exposed to any significant credit risk related to these accounts.

(l) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported as assets and liabilities and disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Estimates also affect the reported amount of revenues and expenses during the reporting period. Estimates made by the Organization relate primarily to the collectability of accounts and pledges receivable, the obligation to provide future services, the life expectancy used to amortize deferred revenue from entrance fees, and the portion of entrance fees to be refunded. Actual results could differ from those estimates.

(m) Advertising

Advertising costs are expensed as incurred.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(3) Long-term Debt

A summary of long-term debt follows	<u>2021</u>
5.5% note payable in monthly installments of \$8,110, including interest secured by a mortgage on real estate	\$ 738,426
Less current installments of long-term debt	<u>65,007</u>
Long-term debt less current installments	\$ <u>673,419</u>

Maturities of long-term debt are as follows:

<u>Year ended</u>		<u>Amount</u>
2021	\$	65,007
2022		68,668
2023		72,541
2024		76,633
2025		80,956

(4) Revenue

Income is forecasted based on management's experience in the industry. Generally, income is assumed to increase for inflation. The forecast assumes a 3.5% inflation rate. The community has 100 residents as of December 5, 2020.

(5) Expenses

Expenses are forecasted based on management's experience in the industry. Generally, expenses are assumed to increase for inflation. The forecast assumes a 3% inflation rate during the forecast period, which was the rate at the time the forecast was prepared. Each item of expense for all departments was reviewed to determine if additional increases would be necessary for that department.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(6) Income taxes

The Organization is a not-for-profit association that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the State of North Carolina has granted the Village tax-exempt status.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of September 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2017.

(7) Statutory Operating Reserve

Under regulations of the North Carolina Insurance Commission, effective in March 1997, continuing care retirement communities are required to maintain an operating reserve equal to 25% of the total occupancy costs, as defined, projected for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance, if occupancy levels are in excess of 90%. If occupancy levels are less than 90%, the operating reserve requirement is 50% of total occupancy costs, as defined.

(continued)

PITTSBORO CHRISTIAN VILLAGE, INC.

NOTES TO FORECASTED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021, 2022, 2023, 2024 and 2025

(See Accountant's Compilation Report)

(8) Commitments and Contingencies

The Organization is subject to legal proceedings and claims which arise in the course of providing health care services. The Organization maintains liability insurance coverage for claims made on a per occurrence basis during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for uninsured claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of 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 patient 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.

(9) Obligation to Provide Future Services

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

Attachment 3

RESIDENT MASTER CONTRACT

NORTH CAROLINA
CHATHAM COUNTY

This Resident Master Contract (hereinafter called "Contract") is made and entered into this _____ day of _____, 20____, by and between PITTSBORO CHRISTIAN VILLAGE, INC., a North Carolina not-for-profit corporation (hereinafter called "PCV") with its principal office and place of business in Pittsboro, North Carolina, and _____(hereinafter called "Resident").

WITNESSETH

That for and in consideration of the mutual promises and covenants herein contained, both parties hereto agree as follows:

1. **Services.** PCV will provide comprehensive services as specified below. Such services shall be provided in keeping with Biblical principles of care and compassion, as well as regulations of various state and/or federal agencies applicable to specific areas of care. Services generally common to all Residents in a specific area are included in one comprehensive monthly fee for that area. Other services are available on an extra charge basis. The Resident will be invoiced monthly by PCV for any services or supplies obtained for and furnished to Resident which are not provided for pursuant to this Contract. Invoices for services are issued on the first of the month. Full payment is due by the fifth business day of the month. Any accounts with a balance due at the close of business on the twentieth of the month will receive a 1% penalty charge on the outstanding balance which will be posted on the next bill. If an account is more than 90 days past due, the resident will be asked to leave the facility. Services may be changed by PCV from time to time, including corresponding rates and fees.

CHECK ONE OF THE FOLLOWING:

A. **North Wing One (1) Room Studio Apartments**

The following services are provided in North Wing One (1) Room Studio Apartments which are approximately 460 to 490 square feet:

1. **Basic Services.**
 - a. Three meals per day per person
 - b. Utilities except telephone
 - c. Cablevision
 - d. Weekly housekeeping

- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room



B. **North Wing One (1) Bedroom Apartments**

The following services are provided in North Wing One (1) Bedroom Apartments which are approximately 700 square feet:

1. **Basic Services.**

- a. One meal per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation

- c. Meals delivered to room
- d. Meals not provided under monthly fees



C. North Wing Two (2) Bedroom Apartments

The following services are provided in North Wing Two (2) Bedroom Apartments which are approximately 900 square feet:

1. **Basic Services.**

- a. One meal per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room
- d. Meals not provided under monthly fees



D. Northeast Wing One (1) Room Studio Apartments

The following services are provided in Northeast Wing One (1) Room Studio Apartments which are approximately 340 square feet:

1. **Basic Services.**

- a. Three meals per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems

- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room



E. **Northeast Wing Two (2) Room Studio Apartments**

The following services are provided in Northeast Wing Two (2) Room Studio Apartments which are approximately 680 square feet:

1. **Basic Services.**

- a. Three meals per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Weekly housekeeping
- e. Complete maintenance of the building, plumbing, wiring, and heating and cooling systems
- f. Emergency call system
- g. Fire and smoke alarm system
- h. Personal laundry facilities
- i. Linen service
- j. Programmed and informal activities
- k. Mail service

2. **Extra Charge Services.**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room



F. Northeast Wing Two (2) Room Efficiency Apartments

The following services are provided in Northeast Wing Two (2) Room Efficiency Apartments which are approximately 515 square feet:

1. Basic Services.

- a. One meal per day per person
- b. Utilities except telephone
- c. Cablevision
- d. Complete maintenance of the building, plumbing, wiring, heating, and cooling systems, and appliances furnished by PCV.
- e. Maintenance of walkways, grounds, and driveways.
- f. Fire and smoke alarm system
- g. Personal laundry facilities
- h. Programmed and informal activities
- i. Mail service

2. Extra Charge Services.

The following services are provided at extra charge to be agreed upon at the time such services are requested by Resident:

- a. Short-term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days.
- b. Transportation
- c. Meals delivered to room
- d. Meals not provided under monthly fees



G. Cottages

The following services are provided in Cottages

1. Basic Services

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision
- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals



H. **Patio Homes**

The following services are provided in Patio Homes:

1. **Basic Services**

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision
- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals



I. **Heritage Homes**

The following services are provided in Patio Homes:

1. **Basic Services**

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision

- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals



J. **Legacy Homes**

The following services are provided in Legacy Homes:

1. **Basic Services**

- a. Complete maintenance of the building (including painting and carpeting when needed) plumbing, wiring, heating and cooling systems, and appliances furnished by PCV. (Not including electric usage)
- b. Cablevision
- c. Water and sewer service
- d. Walkway, driveway and street maintenance
- e. Lawn Care
- f. Programmed and informal activities
- g. Mail service

2. **Extra Charge Services**

The following services are provided at extra charge to be agreed upon at the time such services are requested by resident:

- a. Short term in the Care Home (Assisted Living) when beds are available at a reduced rate for maximum 180 days
- b. Transportation
- c. Meals



K. Care Home (Assisted Living)

The following Services are provided in the Care Home (Assisted Living):

- a. Administer prescribed medication
- b. Three meals per day per person with miscellaneous snacks
- c. Personal laundry service
- d. Housekeeping
- e. Mail service
- f. Meals served in room when needed
- g. Programmed and informal activities
- h. Utilities except private telephone
- i. Cablevision
- j. Local telephone service
- k. Call bell system
- l. Assist residents, when necessary, on an individual basis with their personal hygiene, eating, walking, going up and down steps, corresponding, shopping and scheduling medical and business appointments
- m. Provide regular medical and therapeutic care approved by the resident's physician and within the limits of PCV's capability
- n. Provide quality nursing care 24 hours a day
- o. Evacuate all residents in an emergency situation
- p. Provide therapeutic diets
- q. Provide transportation and assistance for medical, shopping, business, and recreational needs
- r. Provide wheelchair and assistance with walking and transferring to semi-ambulatory residents.
- s. Provide for diaper changing, ostomy maintenance, and other hygienic needs of incontinent residents

2. Fees. Resident agrees to pay a fee of _____ Dollars (\$_____) on the day Resident moves into his living quarters which fee is for occupancy of the living quarters here-in-below described and services to be received for the days remaining in the month of _____20_____. Resident agrees to pay subsequent fees of _____ Dollars (\$_____) per month on or before the fifth business day of each subsequent month for the term of this Contract.

3. Occupancy. Residents may rescind the contract within 30 days following the later of the execution of the contract or the receipt of a disclosure statement. The resident is not required to move into the facility before the expiration of the 30-day period. The Resident shall be entitled to occupy the living quarters described below. Continued occupancy of said facility is dependent on the Resident's physical and mental condition. PCV reserves the right, for health, safety, or medical reasons, to require the Resident to move to other living quarters at PCV or to vacate any facilities he may be occupying at PCV and terminate this Contract with a fourteen (14) day written notification citing the reason for the notification. Additionally, failure to accept appropriate placement in other facilities at PCV, as may be necessitated by the Resident's or other Residents' welfare as determined by PCV, will be grounds for dismissal of the Resident. Charges for occupancy and services shall begin on the day Resident moves into his living quarters. The fourteen (14) day notice shall be waived in cases where delay in discharge or transfer would jeopardize the health or safety of the resident or others in the Village.

CHECK ONE OF THE FOLLOWING:

- A. You are entitled to occupancy of a Studio Apartment, number _____, located in the North Wing and the services specified under *Services section A*. Your apartment is a single room provided with your own private full bath, closet. Your apartment opens on to a hallway that leads to the central parlor and dining area. Heating and air conditioning are provided and controlled in your apartment. Laundry facilities are located on each floor of the North Wing.
- B. You are entitled to occupancy of a One Bedroom Apartment, number _____, located in the North Wing and the services specified under *Services section B*. Your apartment is a one bedroom apartment with a private full bath, kitchen, and personal washer/dryer. Heating and air conditioning are provided and controlled in your apartment. Your apartment opens on to a hallway that leads to the central parlor and dining area.
- C. You are entitled to occupancy of a Two Bedroom Apartment, number _____, located in the North Wing and the services specified under *Services section C*. Your apartment is a two bedroom apartment with a private full bath, kitchen, and personal washer/dryer. Heating and air conditioning are provided and controlled in your apartment. Your apartment opens on to a hallway that leads to the central parlor and dining area.

- D. You are entitled to occupancy of a Studio Apartment, number _____, located in the Northeast Wing and the services specified under *Services section D*. Your apartment is a single room provided with your own private full bath, closet. Your apartment opens on to a hallway that leads to the central parlor and dining area. Heating and air conditioning are provided and controlled in your apartment. Laundry facilities are located on the Northeast Wing.

- E. You are entitled to occupancy of a Two Room Studio Apartment, number _____, located in the Northeast Wing and the services specified under *Services section E*. Your apartment is a single room provided with your own private full bath, closet. Your apartment opens on to a hallway that leads to the central parlor and dining area. Heating and air conditioning are provided and controlled in your apartment. Laundry facilities are located on the Northeast Wing.

- F. You are entitled to occupancy of an Efficiency Apartment, number _____, located in the Northeast Wing and the services specified under *Services section F*. Your apartment is a two room apartment with a private full bath. The two rooms are (1) a bedroom and (2) a combined living area/dining area/kitchen area and closets. Air conditioning and heat is provided and controlled in your apartment. Your apartment opens to the outside to a walkway leading to a parking area or other areas of the Village. Laundry facilities are located in the East Basement.

- G. You are entitled to occupancy of a Cottage located at _____ on _____ Street and the services specified under *Services section G*. Your cottage has the following features: _____

- H. You are entitled to occupancy of a Patio Home located at _____ Love Street and the services specified under *Services Section H*. Your home has two bedrooms with closets, a full bath and a half bath, a large living/dining room, kitchen, dayroom, walk in storage room, and laundry area. There is a carport and a covered patio at the front door, and an open patio on the back of the home.

- I. You are entitled to occupancy of a Heritage Home located at _____ Love Street and the services specified under *Services section I*. Your Heritage Home has three bedrooms with walk-in closets, two full baths, laundry, kitchen and great room. There is an attached garage and covered front porch.
- J. You are entitled to occupancy of a Legacy Home located at _____ Love Street and the services specified under *Services section J*. Your home has three bedrooms with closets, two full baths, a large living/dining room, kitchen, walk in storage room, and laundry area. There is a garage and a patio at the front door, and a deck on the back of the home.
- K. You are entitled to occupancy of a room, number _____, located in the Care Home (Assisted Living) and the Assisted Living Services specified under *Services section K*. Your room is a room provided with your own private bath and closet. Your room opens on to a hallway that leads to the central parlor and dining area. Heating and air conditioning are provided and included.

4. Valuables. PCV agrees to take reasonable precaution to protect the personal property and valuables of the Resident and strongly urges the Resident to minimize valuables, especially cash or jewelry, that are kept in rooms, apartments or cottages. The Resident releases PCV from any liability for loss of any and all personal property maintained on or off the premises of PCV regardless of location at the time of the loss.

5. Conservation of Resources. The Resident agrees to make all reasonable efforts to conserve financial resources which will enable him to make future payments to PCV pursuant to the terms of this Contract. The Resident agrees not to make any gift or other transfer of assets for less than adequate consideration which would reduce the resident's ability to meet their obligations, current or future.

6. Financial Statement. Resident agrees to furnish a financial statement of net worth and income to PCV at time of entrance to PCV.

7. Conduct. The Resident agrees to practice conduct in accordance with scriptural standards and principles set forth for Christian conduct, and abide by rules established by PCV for conduct and safety of all Residents.

8. Bill of Rights. The Resident has read and understands the Residents' Bill of Rights as follows: Pittsboro Christian Village accords every resident the following rights:

- a. to be treated with respect, consideration, dignity, and full recognition of his or her individuality and right to privacy.

- b. to receive care and services which are adequate, appropriate, and in compliance with relevant federal and state laws and rules and regulations.
- c. to receive upon admission and during his or her stay a written statement of the services provided by the facility and the charges for these services.
- d. to be free of mental and physical abuse, neglect, and exploitation.
- e. except in emergencies, to be free from chemical and physical restraint unless authorized for a specified period of time by a physician according to clear and indicated medical need.
- f. to have his or her personal and medical records kept confidential and not disclosed without the written consent of the individual or guardian, which consent shall specify to whom the disclosure may be made, except as required by applicable state or federal statute or regulation or by third party contract. It is not the intent of this section to prohibit access to medical records by the treating physician except when the individual objects in writing. Records may also be disclosed without the written consent of the individual to agencies, institutions or individuals which are providing emergency medical services to the individual. Disclosure of information shall be limited to that which is necessary to meet the emergency.
- g. to receive a reasonable response to his or her requests from the facility administrator and staff.
- h. to associate and communicate privately and without restriction with people and groups of his or her own choice on his or her own or their initiative at any reasonable hour.
- i. to have access at any reasonable hour to a telephone where he or she may speak privately.
- j. to send and receive mail promptly and unopened, unless the resident requests that someone open and read mail, and to have access at his or her expense to writing instruments, stationery and postage.
- k. to be encouraged to exercise his or her rights as a resident and citizen, and to be permitted to make complaints and suggestions without fear of coercion or retaliation.
- l. to have and use his or her own possessions where reasonable and have an accessible, lockable space provided for security of personal valuables. This space is to be accessible only to the resident, the administrator, or supervisor-in-charge.
- m. to manage his or her personal needs funds unless such authority has been delegated to another. If authority to manage personal needs funds

has been delegated to the facility, the resident has the right to examine the account at any time.

- n. to be notified when the facility is issued a provisional license or notice of revocation of license by the North Carolina Department of Human Resources and the basis on which the provisional license or notice of revocation of license was issued. The resident's responsible family member or guardian must also be notified.
- o. to have freedom to participate by choice in accessible community activities and in social, political, medical, and religious resources and to have freedom to refuse such participation.
- p. to receive upon admission to the facility a copy of these rights.
- q. To not be transferred or discharged from a facility except for medical reasons, their own or other resident's welfare, or nonpayment. Except in cases of immediate jeopardy to health or safety, residents shall be given at least 30 days notice of transfer or discharge and their right to appeal.

9. Affiliation. The Resident understands that PCV is not owned, operated, or controlled by any denomination, church or group of churches, and that no church, denomination or group of churches is responsible for debts or other obligations of PCV. Members and directors associated with this ministry are generally called brethren because they prefer to be called by a term that embraces all of their fellow Christians. They are associated with a number of local churches in North Carolina and around the world each of which is individual in its administration, without federation or union. PCV is a faith ministry looking to God to supply needs for the care of Christians with limited financial resources.

10. Insufficient Funds. Should the Resident be unable to pay any part of the PCV fees, the Resident may make application for reduced fees. The Resident must then provide a current financial statement with full financial disclosure in order to assist PCV in evaluating the application. Based on the application and financial disclosure, a reduced rate may be established at which time Resident agrees, if specifically requested by PCV, to make available all present and future income or assets to pay for services and housing appropriate to the needs of the Resident and that assistance is not available from the family, the local home church, or government agencies. This is provided that the Resident has complied with paragraph 5 "*Conservation of Resources*."

11. Waiver. The Resident agrees not to hold PCV or anyone connected with it liable or legally responsible for any injury or damage of any nature which may arise out of or in connection with the use of the vehicles, the buildings or adjoining premises or any

recreational facilities on the premises of PCV or owned by PCV, and hereby expressly waives all claims for such injury or damage as might arise in his favor against PCV and releases PCV from all liability in connection with or resulting from any injury or damage.

12. Rights. The rights of the Resident under this agreement do not include any property or proprietary interest in the properties and assets of PCV, other than the right to occupy the facilities described herein. The rights and privileges of the Resident under this agreement are personal to the Resident and cannot be transferred or assigned by the Resident, or by any proceeding at law or otherwise.

13. Marriage. If a single Resident (regardless of whether Resident was single either at or subsequent to the execution of this Contract) marries while occupying any living quarters at PCV, the couple will be subject to the second occupant fee, if such fee is applicable to the living quarters they are to occupy. Upon such marriage, PCV may require the Resident to move to other living quarters at PCV. Neither the existing Resident nor the new Resident shall be required to pay any additional Non-refundable or Refundable Resident Entry Fee. PCV and the existing Resident and his or her new spouse shall terminate this Contract and execute another contract in lieu thereof upon substantially similar terms and provisions with reasonable changes and modifications, including a move from one facility at PCV to another, which may be requested by PCV in order to accommodate both Residents. The new spouse of any existing Resident must meet the same entrance requirements as any other applicant. If the new spouse is not qualified for admission, PCV reserves the right immediately to dismiss the existing Resident and terminate this Contract. If the existing Resident has paid a Refundable Resident Entry Fee and such dismissal and termination occur subsequent to the expiration of three (3) years from the date of initial residency of the existing Resident, said existing Resident shall not be entitled to a refund of said fee. If such dismissal occurs prior to the expiration of said three (3) year period, PCV shall make a pro rata refund of said Entry Fee for each year of non-residency in said three (3) year period to the Resident, provided, that the maximum refund shall not exceed ninety percent (90%) of the initial Resident Entry Fee. Provided further, that PCV reserves the right to delay the cash refund for a period of one (1) year or until a new Resident occupies the facility vacated, whichever is the later. In the event a new contract is executed as provided herein above, then for purposes of measuring the three (3) year period to determine the refund of any portion of said Refundable Resident Entry Fee, the date of initial residency shall be that of the existing Resident as determined under this existing Contract. The date of initial residency shall not be changed as a result of the execution of a new contract.

14. Refundable Resident Entry Fee. A Refundable Resident Entry Fee (RREF) Program is offered to all residents. If the program is accepted, the terms and provisions of the Refundable Resident Entry Fee Agreement are attached hereto as Attachment 4 and are incorporated herein by reference and are an integral part of this Contract. Indicate here if the program is accepted or declined _____.

15. Disclosure Statement. The Resident acknowledges that he has received a Disclosure Statement in the same form as the Disclosure Statement attached.

16. Rescission. A Resident may rescind this contract within thirty (30) days from the later of the execution of this Contract or the date of the receipt of said Disclosure Statement. In the event Resident rescinds this contract, then any money or property transferred by Resident to PCV shall be returned in full by PCV to Resident, other than periodic charges specified in this Contract and applicable only to the period a living unit was actually occupied by Resident. The Resident is not required to move into his living quarters at PCV prior to the expiration of thirty (30) days from the later of the execution of this Contract or the date of receipt of said Disclosure Statement.

17. Death. If Resident (if the term Resident as used in this Contract includes more than one person, then the term Resident for the purposes of this paragraph shall be deemed to be only one of such residents) dies before occupying a living unit at PCV, or if on account of illness, injury or incapacity, the Resident is precluded from occupying a living unit at PCV under the terms of this contract, this contract shall be automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money and property transferred to PCV, less (1) those nonstandard costs specifically incurred by PCV at the request of Resident and described in this Contract. If a husband and wife have executed this Contract and one of them subsequently dies, the surviving Resident shall have the option of (1) retaining the same accommodation with the monthly cost of care changed to the rate for single occupancy (if such accommodation then has a single occupancy rate) or (2) moving to another residence when available and paying the monthly rate for single occupancy of the new residence.

18. Periodic Fees. The monthly fees for services may be increased at any time in the sole discretion of PCV upon providing ninety (90) days prior written notice to Resident.

19. No Reduction in Fees. In the event Resident shall be voluntarily absent from his living quarters for any period of time during the term of this Contract, there shall be no reduction in the amount of any monthly fees owed by the Resident to PCV.

20. Merger of Prior Agreements. This Contract contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter described herein. Any and all prior discussions, negotiations, commitments, and understandings relating thereto are hereby merged herein. This Contract cannot be changed or terminated orally, but only by a written document, signed by all the parties.

21. Binding Effect. This Contract shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legatees, administrators, executors, legal representatives, successors and assigns.

22. Applicable Law. This Contract shall be governed by and construed in accordance with the laws of the State of North Carolina.

23. Counterparts. This Contract may be executed in any number of separate counterparts, each of which shall be deemed an original, and the several counterparts taken together shall constitute the Contract of the parties.

24. Further Assurance. Each of the parties hereto agrees to execute such documents and take such action as may be reasonably requested by the other party to carry out the provisions and purposes of this Contract.

25. Term. This Contract shall exist and continue until terminated by either party as set forth herein. The Resident may terminate this Contract upon giving PCV fourteen (14) days prior written notice. A refund of the advance monthly fee shall be paid to the resident or his/her estate. This will be prorated on the number of days remaining in the month in which the death or transfer occurs, less any unpaid charges.

26. Gender. The terms "PCV" and "Resident" as used herein shall include the singular, masculine, feminine or neuter as required by context.

27. Two Residents. If more than one Resident has executed this Contract, then all of the terms, provisions and conditions of this Contract shall continue to be binding upon PCV and the surviving Resident upon the death of one Resident.

28. Limitations. The Resident will not be considered a third party beneficiary to any other Resident Master Contract to which PCV is a party.

29. Right of Entry. The Resident grants duly authorized employees of PCV the right of entry into the Resident's residence for managerial purposes at reasonable times or for emergency purposes as required.

30. Waiver of Breach. The failure of PCV in any one or more instances to insist upon the strict performance, observance, or compliance by Resident with any of the terms or provisions of this Contract, or its waiver of the breach by the Resident of any terms or provisions of this Contract, shall not be construed to be a waiver or relinquishment by PCV of its right to insist upon strict compliance by the Resident with all the terms or provisions of this Contract.

31. No Liability for Debts. PCV shall not be liable or responsible for any expense incurred or debt or obligation of any nature or any kind contracted by the Resident on his own account and is not obligated to pay for, furnish, supply, or give the Resident any support, maintenance, board, or lodging when the Resident is absent from PCV. Resident will hold harmless PCV as to all debts and obligations.

32. Emergency Healthcare. The resident agrees to allow PCV and its staff to use whatever resources are available to protect the health of the resident in times of emergency health situations.

33. Public Support. PCV is a private pay organization and does not accept medicare or medicaid funding.

34. Resident Grievance. Each resident shall be afforded the unobstructed right and opportunity to present a grievance to the Administration of the Village. Any resident who has a complaint, grievance, suggestion, or recommendation regarding the policies of PCV procedures, services, accommodations, benefits, or personal care practices on behalf of himself/herself or others shall voice the complaint to the Executive Director or an employee on duty orally or in writing and allow time for corrective action be completed or explanation for non-action. If a resident feels that a complaint has not been given fair consideration he/she may make an appeal in writing to the Executive Director. If a resident still feels that a complaint has not been given fair consideration he/she may make an appeal to the President of the Board of Directors, or Chatham County Department of Social Services, Adult Home Supervisor, as applicable.

IN WITNESS WHEREOF, the parties hereunto have set their hands and seals as of the day and year first above written.

PITTSBORO CHRISTIAN VILLAGE, INC

By: _____ Date _____
Executive Director

Resident Signature Date

Resident Signature Date

Witness (Print)

Witness Signature Date

Attachment 4

REFUNDABLE RESIDENT ENTRY FEE AGREEMENT

NORTH CAROLINA
CHATHAM COUNTY

This Refundable Resident Entry Fee Agreement (hereinafter referred to as "Agreement") is made and entered into this _____ day of _____, 20____, by and between PITTSBORO CHRISTIAN VILLAGE, INC., a North Carolina not-for-profit corporation (hereinafter called "PCV") and _____, (hereinafter called "Resident") and the same is attached to and made a part of "The Resident Master Contract" between PCV and _____ dated this _____ day of _____, 20_____.

1. Receipt of Refundable Resident Entry Fee. PCV acknowledges receipt of a Refundable Resident Entry Fee in the amount of _____ Dollars (\$_____), which will entitle the Resident to occupancy of the facilities described in Paragraph 3 of said Resident Master Contract. PCV will grant a monthly credit in the amount of _____ Dollars (\$_____) for each month the Resident (or survivor), if this Agreement is for two (2) persons remains a Resident of PCV. This credit shall reduce the monthly charges due from Resident pursuant to Paragraph 2 of the Resident Master Contract and shall be nontransferable and non assignable pursuant to Paragraph 12 of the Resident Master Contract.

2. Fee Refunds Resident Entry.

A. Termination of Contract. A Resident may rescind this contract within thirty (30) days from the later of the execution of this Contract or the date of the receipt of said Disclosure Statement. In the event Resident rescinds this contract, then any money or property transferred by Resident to PCV shall be returned in full by PCV to Resident, other than periodic charges specified in this Contract and applicable only to the period a living unit was actually occupied by Resident. The Resident is not required to move into his living

quarters at PCV prior to the expiration of thirty (30) days from the later of the execution of this Contract or the date of receipt of said Disclosure Statement.

If Resident (if the term Resident as used in this Contract includes more than one person, then the term Resident for the purposes of this paragraph shall be deemed to be only one of such residents) dies before occupying a living unit at PCV, or if on account of illness, injury or incapacity, the Resident is precluded from occupying a living unit at PCV under the terms of this contract, this contract shall be automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money and property transferred to PCV, less (1) those nonstandard costs specifically incurred by PCV at the request of Resident and described in this Contract. If a husband and wife have executed this Contract and one of them subsequently dies, the surviving Resident shall have the option of (1) retaining the same accommodation with the monthly cost of care changed to the rate for single occupancy (if such accommodation then has a single occupancy rate) or (2) moving to another residence when available and paying the monthly rate for single occupancy of the new residence. In the event Resident or PCV shall terminate the Resident Master Contract as provided therein subsequent to the expiration of three (3) years from the date of this Agreement, Resident shall not be entitled to a refund of any portion of said Entry Fee. In the event Resident or PCV shall terminate the Resident Master Contract as provided therein before the expiration of three (3) years from the date of this Agreement, PCV agrees to make a pro rata refund of said Entry Fee calculated to the nearest whole month, so that one third (1/3rd) of the Resident Entry Fee for each year of non-residency in the first three (3) year period shall be refunded to the Resident, provided, that the maximum refund shall not exceed ninety percent (90%) of the initial Resident Entry Fee. Provided further, PCV reserves the right to delay the cash refund for a period of one (1) year or until a new Resident occupies the facility vacated, whichever is the later.

B. Death. If the Resident (or survivor if this Agreement is for two (2) persons) dies subsequent to the expiration of three (3) years from the date of this Agreement, there shall be no refund. If the Resident (or surviving Resident if the Agreement is for two (2) persons) dies before the expiration of three (3) years from the date of this Agreement, PCV shall either (1) make a payment to the surviving Resident's estate, calculated to the nearest whole month, so that one third (1/3rd) of the Resident Entry Fee for each year of non-

residency in the first three (3) year period shall be paid; provided that the maximum refund shall not exceed ninety percent (90%) of the Resident Entry Fee; provided further, PCV reserves the right to delay cash refunds to the estate for a period of one (1) year or until a new Resident occupies the facility vacated, whichever is later; or (2) make no refund. The parties hereby agree that in the event Resident or surviving Resident dies prior to the expiration of said three (3) year period:

(STRIKE THE PROVISION WHICH DOES NOT APPLY AND INITIAL THE PROVISION THAT DOES APPLY)

_____ a refund shall be made in accordance with the terms of this Paragraph 2: or
_____ no refund shall be made in accordance with the terms of this Paragraph 2.

C. Insufficient Funds. In the event the Resident's financial resources are depleted to the extent they are insufficient to pay for care and services, and prior to the Resident's qualification for assistance from PCV's Benevolent Fund, PCV may, at its option, make a pro rata refund of the Resident Entry Fee based on three (3) years in the same manner as set forth in Paragraph 2 and hold the refund in a reserve fund, which will earn interest at the same rate as other PCV accounts. The difference between the cost of care and services and the amount which the Resident is able to pay will be paid from this reserve to PCV until such reserve fund is depleted. Upon death, or a move, the refund entitlement shall be the lesser of the amount calculated under Paragraph 2.A. or 2.B. above and the balance in the reserve. The monthly credit on the statement of charges provided in Paragraph 1 here-in-above shall cease whenever a refund under this provision is transferred to the reserve fund.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

PITTSBORO CHRISTIAN VILLAGE, INC

By: _____

Executive Director

Date

Resident Signature

Date

Resident Signature

Date

Witness (Print)

Witness Signature

Date