

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

DISCLOSURE STATEMENT

May 31, 2022

Revised

As of

October 1, 2022

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

- * **This Disclosure Statement may be delivered until revised, but not after October 28, 2023;**
- * **Delivery of this Disclosure Statement to a contracting party is required before execution of a continuing care contract;**
- * **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

1500 Sawmill Road
Raleigh, North Carolina 27615
(919) 848-7000
www.springmoor.org

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PART I

I. ORGANIZATION

A. General Information

1. Springmoor, Inc. is:
 - a. a non-profit North Carolina Corporation, chartered by the N.C. Secretary of State and under the provisions of Section 501 (c) (3) of the Internal Revenue Code. The Corporation operates in a manner that meets or exceeds the legislative and regulatory requirements of the N.C. Department of Health and Human Services.
 - b. a full-service life care retirement community. The main function of the Corporation is to provide high quality, responsive, financially sound life care services to its residents.
 - c. a member of LeadingAge North Carolina and LeadingAge National. Springmoor also maintains a highly cooperative working relationship with area hospitals and medical and health care providers, and other continuing care retirement communities.
 - d. a privately funded corporation which has no formal affiliation with and receives no financial support from churches, civic groups or any other organization. Lease payments may be deferred and written off by Ammons-Springmoor Associates, LLC and Ammons, Inc. Springmoor has an Endowment Fund which receives gifts, bequests and donations that are used to subsidize residents and for purposes from which all residents benefit.
2. The Springmoor, Inc. Board of Directors formulates and administers policy and oversees the operation and management of Springmoor Life Care Retirement Community.

The management staff at Springmoor has been carefully selected to ensure efficient operations and, yet a caring community with respect to residents' social, physical, and emotional needs.

North Carolina State University. He currently teaches accounting, tax and business law courses. Prior to moving to Raleigh in 1982 he practiced law in Greenville, NC and taught at East Carolina University for 5 years. He is an active member of Greystone Baptist Church.

3. SECRETARY AND TREASURER

Mrs. Judy Hill; 218 Hillcrest Road, Raleigh, NC 27605

Judy Hill is a Raleigh native and the founder and CEO of High Cotton, a national men's apparel brand headquartered in Raleigh, NC. Judy spent her younger years in Raleigh, graduating from UNC Chapel Hill before moving to Washington, DC with her husband, Frank, where they raised their three sons. Her family returned to Raleigh in 2012. Judy has been very active in starting new Young Life programs in Northern Virginia and NC and new Fellows Programs in Charlotte and Raleigh, NC and has served on the boards of both. She was the Director of the Infant Care Project in Washington DC, an outreach and fundraising effort benefitting the pregnant mothers who lost spouses in the 9/11 terrorist attacks.

Judy is an active member of Holy Trinity Anglican Church. Her father, Dick Volk, currently reside at Springmoor is the main reason she is so passionate about preserving the wonderful quality of life offered there.

4. DIRECTORS

Mr. William ("Bill") Baxley; 10509 Charmford Way, Raleigh, North Carolina 27615

Bill Baxley began his career as a registered Pharmacist. He worked for 47 years with Kerr Drug and has recently retired as Senior Vice President of Merchandise and Marketing. He is member of the North Carolina Retail Merchants Service Corporation Board of Directors. Bill is a member of Greystone Baptist church and is currently serving as Deacon, Trustee, and Chairman of the Missions Committee. Bill enjoys golf, woodworking, kayaking, travel and attending the sporting events of seven grandchildren.

Mrs. Nina Cole; 122 Crestview Road, Raleigh, North Carolina 27609

Nina Cole, a member of the Springmoor Endowment Board, joined the Board of Directors in August 2014. She is a Registered Nurse and has divided her career between working in hospitals and physicians' offices. She was a staff nurse at Children's Hospital & Jewish Hospital in Louisville, KY, then Director of Nursing at Raleigh Internal Medicine for 12 years. Nina was a member of the group that founded Hospice of Wake County. She has been a volunteer with the Open Door Clinic, Red Cross Blood Drives, and the Parent Teacher Association. She recently retired from Carolina Allergy and Asthma. Nina is a founding member of Greystone Baptist Church.

Mr. Hair served as an Executive Director in a continuing care retirement community in South Carolina prior to being named to this position at Springmoor Life Care Retirement Community. Mr. Hair also holds a Nursing Home Administrators license. He also holds a Bachelor of Science degree in Business Administration from the College of Charleston and a Master of Health Administration from the Medical University of South Carolina, Charleston, SC.

E. CONFLICT OF INTEREST DISCLAMIER

Except for the person or persons listed below, no member of the Board of Directors or the named management staff has a ten percent or greater interest in any professional service firm, association, trust, partnership, or corporation which is presently or expects to provide goods, leases or services to the community or to Residents of the community of an aggregate value of \$500 or more within any year. No entity that provides or will provide goods or services to the community of \$500 or more has a ten percent or greater interest in any members of the Board of Governors, Trustees, or management staff.

Mr. Ernest Carraway with Layton and Carraway P.A. Law Firm at 8524 Six Forks Rd # 201, Raleigh, NC 27615 may be requested from time to time to handle small legal matters. If that happens, he will be paid at his normal rate and could reach or exceed \$500.

F. CRIMINAL VIOLATION STATEMENT REQUIRED BY STATUTE

To comply with Article 64 of the General Statutes of North Carolina, this is to state that no director or senior staff member has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

II. FACILITY INFORMATION

1. Springmoor, Inc. operates Springmoor Life Care Retirement Community with offices at 1500 Sawmill Road, Raleigh, North Carolina 27615-5704. Telephone number (919) 848-7000.

Estimated number of residents – 582

- A. Springmoor is situated on forty beautifully wooded acres in a prestigious area of Northwest Raleigh. It is conveniently located within walking distance of Stonehenge shopping center, churches, community, and recreational facilities in Greystone Village, of which Springmoor is part.

Springmoor is designed to provide active, independent retirement living while providing for existing and future health and personal care needs. Springmoor's health care program gives each resident a strong sense of security, life with dignity, lifetime

Golf membership is available at Wildwood Green which is ten minutes from Springmoor. Springmoor offers special golf privileges at Heritage, Wake Forest.

- C. Springmoor has a large comprehensive library, Art Studio, convenience store, hairstyling shops, and many other services, including postal and packaging service.
- D. Springmoor provides scheduled transportation to shopping centers, grocery stores, activities, entertainment, and recreation in the area, and provides needed transportation for medical and health care in the Raleigh area.

IV. POLICIES

- A. Health Criteria. As a general rule, an applicant for residence must be in reasonably good health and of sound mind at the time of entrance. An exception is that one applicant may go directly to Stewart Health Center if the spouse or sibling is moving to an independent residence in Springmoor. Springmoor may take life care residents directly into Stewart Health Center for domiciliary care.
- B. Financial Criteria. Although age and health status may impact on the decision, as a general rule, an applicant should have a net worth of at least one- and one-half times the Residence and Care Fee and a monthly income of at least twice the Monthly Service Fee.

If the applicant does not have sufficient resources, a family member or friend may sign as guarantor provided the guarantor has income and net worth that meets Springmoor's requirements for guarantors.

- C. Insurance Requirement and Springmoor's Comprehensive Health Care Program. Each resident must have Medicare Hospital Insurance (Part A) and Medicare Medical Insurance (Part B) and must have Medicare supplemental insurance which covers, as a minimum, the Part A and Part B deductibles and twenty percent of the Medicare approved rate for each service. Residents who have the insurance coverage and are 65+ years of age are also covered by Springmoor's Comprehensive Health Care Plan (CHCP).

Springmoor's CHCP also covers residents who are 65+ years of age and have health insurance with major medical coverage that is acceptable to Springmoor in lieu of Medicare coverage. CHCP also covers residents under 65 years of age who have Medicare Part A and Part B by virtue of disability and who have the Medicare supplemental insurance described above.

- 1. Physician Coverage. Springmoor provides qualified physicians to give medical care to residents, including scheduled office hours for their patients, twenty-four hour a day emergency medical care coverage, medical care in Stewart Health Center and local hospitals and referral to other area medical specialists when needed for total care. Residents may elect to use any physician of their choice provided the physician will provide the above-described care coverage.

Springmoor CHCP pays the difference between the Medicare approved amount less Part B deductible, and the usual and customary cost for needed care by physicians that

The detailed list of exclusions is contained in the Medicare Handbook published by the Health Care Financing Administration.

Springmoor CHCP pays:

up to a lifetime limit of \$5,000 for care for mental illness that is not paid by Medicare, the required Medicare supplement, or third-party payors.

Springmoor does not cover the cost of prescription drugs. Springmoor also limits coverage (e.g. length of coverage; dollar limits) where Medicare places limits. The limits are not necessarily the same. Detailed information on Springmoor coverage and limitations is published and provided to residents upon request. Pre-existing conditions are excluded from CHCP coverage for the initial six months of CHCP coverage after which such pre-existing conditions are included for coverage.

8. **Staff Assistance.** Each resident must provide Springmoor with a limited power of attorney for the purpose of permitting and instructing Springmoor to act as the Resident's Agent or Attorney-in-Fact on insurance matters covered by the Springmoor CHCP. The staff files and follows up on Medicare claims and insurance claims. The staff will also pay providers for covered services and handles all other insurance details covered by the CHCP. The resident may receive a status report on charges, claims and reimbursements upon request. In addition, the staff will assist the resident in filing insurance claims for services not covered by the CHCP.

D. Change in Physical or Mental Condition Prior to Occupancy.

If the applicant is to be a single occupant of a residential unit and there is a significant change in health before final approval that precludes living independently, the applicant would not be accepted into residence and all deposits would be returned to the applicant within thirty days following that decision. However, if there is a change in health of a single applicant after the Residence & Care contract has been entered into, the applicant will be permitted to move directly into Stewart Health Center.

If the application is for a married couple and the condition of one spouse changes prior to occupancy, one spouse may go directly to the Stewart Health Center, if changes in condition so warrants, provided the other spouse moves to an independent residence at Springmoor.

- (2) The Resident may terminate residency at any time by giving Springmoor fourteen (14) days written notice of intent to terminate.
- (3) Residency will be terminated by the death of the Resident
- (4) If Resident:
 - refuses to pay his monthly service fee or other proper charges
 - refuses to maintain his insurance or pay personal reimbursement that is owed to Springmoor or Health Care Providers
 - fails repeatedly to follow the administrative policies of Springmoor
 - engages in willful misconduct resulting in loss or damage suffered by another Resident or Springmoor
 - makes any material misrepresentation or omission in his application for residency, then Springmoor, within fourteen (14) days after written notice of the nature and extent of said deficiency is given the Resident may, at its option, pay for, correct or stop the defection at its own expense, and the Resident must reimburse Springmoor for any expenses incurred

Springmoor may:

- require the Resident to furnish additional security or make satisfactory arrangements for fulfilling his obligations under this Agreement
- OR transfer the Resident to a different residential unit
- OR adjust the services to which the Resident is entitled under his Agreement
- OR terminate his residency immediately.

5) Refunds of Residence and Care Fees:

Life Occupancy Contracts

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or decease after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced four (4) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

50% Life Equity Fee Contracts

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will

F. Policy on Moves Within Springmoor Community.

1. Transfer. If Resident's physical or mental condition deteriorates so that it precludes his ability to live independently in his residence or if Resident cannot live in his residence without endangering himself or others, Springmoor may transfer the Resident, after consultation with family, to a more protective accommodation that can best provide for safety and care as required.
2. Transfer to another Residence at Springmoor
 - a. When a resident is relocating to Stewart Health Center, the resident continues to be responsible for the Monthly Service Fees of the residential unit being released until the residential unit is released and accepted by Springmoor.
 - b. When a resident is relocating to the Supportive Living Center during the overlap period the resident is responsible for the Monthly Service Fee of the residential unit with the higher Monthly Service Fee. If the overlap is more than ten (10) days, the resident is responsible for both dwelling units beginning with the eleventh (11th) day until the vacated unit is released and accepted by Springmoor.
 - c. When a resident is relocating to another residential unit as a personal preference, the resident is responsible for the Monthly Service Fee of the residential unit being occupied from the date the residential unit is accepted by the resident for occupancy. The resident is also responsible for the Monthly Service Fee of the residential unit being vacated until the residential unit is released and accepted by Springmoor.
 - d. If an applicant accepts an interim residential unit with the concurrence of Springmoor management and plans to relocate to another residential unit when it becomes available, the resident will pay the Monthly Service Fee for the interim residential unit until it is released and accepted by Springmoor. On that day, the resident will begin paying the Monthly Service Fee for the residential unit being moved into. The relocation process is expected to take place over a maximum of ten days. If relocation exceeds ten days, the resident shall be responsible for the Monthly Service Fees of both units beginning on the eleventh day.
 - e. Monthly Service Fee is always adjusted to the fee for the residential unit being moved into at the time the new residence is accepted.
 - f. If the Residence and Care Fee is the same or less for the residential unit being occupied, no adjustment is made. If the Residence and Care Fee is more for the residential unit being occupied, the resident must pay the difference between the then current Residence and Care Fee of the two residences.

H. Age Criteria. Springmoor's Residence and Care Fees are based on an applicant being at least 62 years of age. Springmoor does not require that an applicant be at least 62 years of age. If an applicant is under the age of 62 the Residence and Care Fee is adjusted on the following basis.

<u>Age Nearest Birthday</u>	<u>% Increase</u>	<u>Age Nearest Birthday</u>	<u>% Increase</u>
62	0	55	7.6
61	1.0	54	8.7
60	2.1	53	9.8
59	3.2	52	10.9
<u>Age Nearest Birthday</u>	<u>% Increase</u>	<u>Age Nearest Birthday</u>	<u>% Increase</u>
58	4.3	51	12.0
57	5.4	50	13.1
56	6.5		

I. Inability to Pay. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs for subsistence and service. Without in any way qualifying the right of Springmoor to terminate this Agreement, it is a declared policy of Springmoor that a Resident shall not be dismissed nor his Residence and Care Agreement terminated solely because of the Resident's inability to pay the Monthly Service Fee due to circumstances beyond the control of the Resident that are not the result of the intentional conduct of the Resident.

In such event, the matter will be reviewed by Springmoor with the Resident. If the Resident presents to Springmoor facts which in Springmoor's opinion justify special financial consideration, Springmoor will partially or wholly subsidize Resident's Monthly Service Fee. All determinations made by Springmoor shall be a confidential transaction between Springmoor and the Resident except for data that may be required by regulatory bodies.

In consideration of this policy, the Resident agrees that he will not make any gift of real or personal property for the purpose of evading his obligations under this agreement. Should Springmoor subsidize partly or wholly the Resident's Monthly Service Fees, assets such as real estate are likely to be converted to available funds. Resident agrees that any Residence and Care Fee refund that is due or personal or real property owned by him is to be used to repay Springmoor an amount equal to the aggregate amount of subsidy furnished by Springmoor to the Resident during the period of residence.

2. Recreation and Entertainment. Special group trips are planned periodically by Springmoor. The cost is paid by participating residents. Springmoor provides transportation for many local area programs. The participating resident pays for entry tickets to such programs.
3. Personal Property. When staff is available, Springmoor may repair or provide services in handling personal property. There is a fee for this service.
4. Personal Expenses. Expenses normally incurred in daily living are paid by the resident such as dry cleaning, laundry services (except bed linens), food for preparation by residents, newspapers, long distance telephone calls.
5. Stewart Health Center. Springmoor provides thirty "eligible" days per year in Stewart Health Center at no fee for room and board (per diem). A maximum of ninety eligible days may be accumulated by a resident at any one time. "Eligible" days do not accumulate when a resident has become a "continuing care" patient in the Health Center.

A resident is classified as "short term" when the stay in Stewart Health Center is expected to be of limited duration, after which the resident will return to his independent residence. A patient is classified as "continuing care" when health conditions require that the resident reside on a continuing basis in Stewart Health Center.

If "eligible" days are exhausted, short-term patients pay thirty percent of the Stewart Health Center per diem rate. When "eligible" days are exhausted, continuing care patients pay sixty percent of the Stewart Health Center per diem rate but may discontinue paying regular monthly fees.

- C. Health and Personal Services Available. Springmoor places the highest priority on the availability to residents of medical, health and personal services. Our goal is to achieve the highest quality of life possible for each resident. When residents have physical or mental limitations, we make every effort to help the individual achieve his greatest potential.

Springmoor's Comprehensive Health Care Program is designed to meet all medical and health care needs of each resident and to defray nearly all of the costs of Medicare covered services not reimbursed by Medicare, the required Medicare supplement or other insurances.

Medical and health care costs covered by Springmoor are discussed in Paragraph III. C of this Disclosure Statement. Medical care costs paid by Springmoor's CHCP on behalf of the resident is a significant benefit that provides each resident financial security and peace of mind in the untoward effects of medical care costs. Residents may elect to use Springmoor's designated physicians and other health care providers or may elect to use any other Raleigh area physicians and health care providers of their choice. In either event, the Springmoor CHCP coverage is the same. When Springmoor's designated care

help. When an emergency, fire or smoke alarm is alerted a guard and nurse respond very quickly.

When needed emergency medical care is called for, the physician is notified, and the resident is transported to a local hospital emergency room.

VI. FEES

- A. Application/Registration Fee. The non-refundable applicants fee for each applicant is \$200.00. If Springmoor does not accept the applicant for the waiting list or for residence, the application fee is refunded.
- B. Entrance Fees. The applicant has the choice of any of three Residence and Care plans. The services and monthly fees are identical under all three plans. The only difference in the plans is the amount deposited and the refund that is returned to the resident or the estate after residence is terminated.

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

SUPPORTIVE LIVING SCHEDULE OF FEES

<u>SINGLE OCCUPANCY</u>	<u>Life Occupancy Entry Fee</u>	<u>50% Refund Entry Fee</u>	<u>100% Refund Entry Fee</u>	<u>Monthly Service Fee</u>
APARTMENTS				
Efficiency	\$ 121,300	\$161,400	\$218,000	\$3,943
Alcove	131,300	174,700	235,700	4,335
Efficiency Deluxe	136,100	180,900	244,300	4,335
One Bedroom	183,200	243,700	329,100	4,823
One Bedroom Plus	187,000	248,600	335,500	5,386
Two Bedroom	231,200	307,500	415,100	5,945

DOUBLE OCCUPANCY

APARTMENTS				
Efficiency	\$139,300	\$181,400	\$240,000	\$5,567
Alcove	149,300	194,700	257,700	5,959
Efficiency Deluxe	154,100	200,900	266,300	5,959
One Bedroom	201,200	263,700	351,100	6,447
One Bedroom Plus	205,000	268,600	357,500	7,010
Two Bedroom	249,200	327,500	437,100	7,569

Supportive Living includes intermittent personal care and three meals a day

Required: \$200 application fee per person non-refundable

*Fee Schedule is subject to change with 30-day notice
Effective October 1, 2022*

Attachment - E
Miscellaneous Fees

Meals

Purchased Full Meal Tickets for Dining Room (pre-tax)	\$ 16.90
Breakfast, lunch, and dinner at Garden Café	A la carte menu price
Daily meal adjustment rate when away from Springmoor thirty or more consecutive days	\$ 16.90

Guest Rooms (pre-tax)

146, 1509A	\$ 91.00
148	100.00
284A, 284B, 287A	91.00
1509B, 2432	110.00

Hair Styling Fees

Haircut - Women	30.00
Haircut - Men	27.00
Set	32.00
Blow Dry & Style - Women	34.00
Shampoo, Cut & Blow Dry - Men	32.00
Shampoo only	12.00
Comb Out	19.00
Special Medicated Shampoo	5.00
Conditioner	5.00
Color Rinse	6.00
Semi - Permanent Color	82.00
Permanent (Includes Shampoo, Set and Haircut)	87.00
Extra: additional color mix	5.00
Special Permanents (Includes Shampoo, Set and Haircut)	97.00
Women's Up - Do	34.00
Women's Neck Trim Only	7.00
Neck Trim	7.00
Beard and Mustache Trim	12.00
Hair Piece	12.00
Wigs	34.00
Long Hair	12.00
Halo hi-lites	80.00
Full hi-lites	100.00
Hi-lites with color	150.00

D. Fee Change Policy. Monthly fees are established at the level needed to meet the operating expenses of Springmoor. Monthly fee changes are compared to changes in the Consumer Price Index to measure whether Springmoor costs are in line with changes in the general economy. The Consumer Price Index is not a controlling factor in fee increases. It is used only for comparison purposes. Monthly fees are periodically compared to fees of other life care communities. Springmoor gives at least a 30 day notice of changes in fees. Springmoor operates the community efficiently using sound management practices while maintaining a high quality of care.

Home Care Rates

Days

Monday through Friday	\$28.00/hr
Weekends	\$31.00/hr
Holidays	\$41.00/hr

VII. FINANCIAL INFORMATION

- A. Financial Overview Statement and Current Operating Funds. Residence and Care Fees deposited by residents have been invested by the Board of Directors primarily in loans to the developer of Springmoor for development of the community. Interest is paid monthly, and the developer makes optional repayments of principal. An operating cash reserve, specific reserves and current operating funds of approximately \$2.5 million are maintained by Springmoor. These funds are invested at the discretion of the Executive Director, in coordination with the Board of Directors, to assure reasonable returns and liquidity.

These funds are used to cover current operating expenses, fluctuations in cash flow, and are available in the event of unanticipated expense. For terminated life occupancy and 50% equity contracts, Springmoor policy is to refund residence and care fees within 30 days after the residential unit is reoccupied. For 100% equity contracts the refund is the later of six years after residence commences or within 30 days after the residential unit is reoccupied. This policy assures that refunds do not impact on cash reserves. The fund balance (net assets) of Springmoor, Inc., the non-profit corporation, is given in Attachment A, Financial Statements.

- B. Current Certified Financial Statements. Attachment A provides these statements.
- C. Five-Year Forecasted Financial Statements. These projections are shown in Attachment B.
- D. General Statute 58-64-33 - Operating Reserves. Springmoor Life Care Retirement Community projects total operating costs as reported on page 68, in 2022 of \$37,297,000. As defined by N. C. General Statute 58-64-33, operating costs include total operating expenses as well as debt service (principal and interest) and lease expense for the facility but excludes depreciation.
- E. Narrative of Material Variances: Forecast vs. Actual. Attachment F provides this statement.

General Statute 58-64-33 requires that a facility maintaining at least 90% occupancy maintain a 25% operating reserve. Springmoor projects operating costs in 2022 of \$37,297,000. Twenty-five percent of \$37,297,000 is \$9,324,000. Springmoor currently has reserves within the definition of this statute in the amount of \$35,320,296. The reserves will be maintained in such a way that they will continue to meet or exceed the required reserve of G.S. 58-64-33.

PART II

Part I of the Disclosure Statement provides information about Springmoor in a standardized format required by the North Carolina Department of Insurance. Part II provides additional information that we believe is important for the applicant to know.

I. WAITING LIST FOR RESIDENCE

An applicant may have his name placed on the waiting list for future residence at an unspecified time by making application, making a deposit of five percent (5%) of the life occupancy fee for the type of residence selected, and receiving preliminary approval for residence. Residential units are first made available to residents who wish to relocate within the community before being offered to persons on the waiting list. Names are placed on the waiting list by date of application by type of residential unit. Residence will be offered in the order that the names appear on the waiting list as residential units become available. If an applicant declines occupancy, he remains on the list and the residential unit is offered to the next applicant.

II. DEDUCTION OF FEES AS MEDICAL EXPENSES ON YOUR INCOME TAX

The Internal Revenue Service has ruled in its Publication 502 and in a number of rulings on individual cases that a part of Residence and Care Fees and Monthly Service Fees of life care community residents may be treated as an expense incurred for obtaining medical care. In the various rulings, the deductions allowed taxpayers were the fees attributable to providing medical care for all of its residents prorated among the residents rather than the amount expended by the retirement center for the medical care of each individual resident.

Life Occupancy and 50% Equity Residence and Care Fees include a lump sum for prepaid medical care. This amount meets the Internal Revenue Service requirement for being an advance payment as a condition for the community's promise to provide lifetime care that includes medical care. The prepaid medical care portion of the Residence and Care Fee is calculated annually and is currently averaging \$14,800 per person. This one-time deduction becomes available to all new residents in the year the resident makes final payment on the full Resident and Care Fee and takes occupancy of the unit. Persons selecting the 100% Equity Residence and Care Fee may not claim this deduction since this fee is fully refundable.

A part of the Monthly Service Fee is also deductible as a medical care cost. In January of each year, Springmoor prorates the unreimbursed operating cost of the Health Center and other unreimbursed medical care costs (staff, transportation, food, utilities, medical supplies, etcetera) among all residents and provides each resident with a statement for use in preparing tax returns.

- C. Financial Security of the Residents. Each Springmoor resident has a choice of three Residence and Care Plans in terms of the percentage of refund of the Residence and Care Fee. Each resident has the security of life care and the guarantee of personal care, medical care, and the use of Springmoor facilities for life. Each resident's financial capability is evaluated prior to acceptance for residence. If the applicant does not have sufficient financial capability, the Springmoor Review Committee does not accept the applicant for residence. This is a difficult step that is taken in fairness to the applicant and to ensure the financial soundness of Springmoor. After a person becomes a Springmoor resident, he has the financial security that he will continue to be provided all life care services covered by the Residence and Care Agreement even if he encounters financial reversal provided such reversal has not been deliberate to avoid paying fees.

In the event of a confidential financial subsidy, the non-profit corporation deducts the subsidy from Residence and Care Fee refunds or expects to be refunded from the estate. Should the estate have no assets, the cost of such subsidy is taken from Springmoor reserves.

The Springmoor Comprehensive Health Care Program protects each resident from the adverse financial impact of health care costs.

Residents have their choice of physician and other health care providers. Springmoor pays reasonable and necessary Medicare covered costs for medical care that is not reimbursed by Medicare, the required Medicare supplemental insurance or other insurances.

In other words, the resident will have no cost (other than the deductibles) to pay for Medicare covered reasonable fees for medical care provided in the continental United States. Medicare, your Medicare supplemental insurance and any other insurance you may elect to have, and Springmoor provide this financial security in both routine medical care and in the event of major medical care. If Medicare places limits on coverage, Springmoor does likewise.

- D. Financial Strength of Springmoor. Residence and Care Fees are deposited by residents and applicants to Springmoor, Inc., the non-profit corporation. These funds are invested either in money market accounts or other interest bearing investments, are used to cover lease costs, or were loaned to Ammons Inc. or Ammons-Springmoor Associates, LLC, formerly known as Ammons Springmoor Associates, for development and construction of Springmoor. All loans and investments are legally documented and bear interest at competitive money rates.

V. SPRINGMOOR RESIDENTS ASSOCIATION

Each resident is independent and acts in his own behalf at Springmoor. If the resident has limitations, the person designated by the resident as Power of Attorney acts in behalf of the resident. In addition, residents as a group are represented by the Springmoor Residents Association.

Annually, residents of Springmoor elect officers and committees to represent them in matters relating to care and management and to provide leadership in matters of common interest. These elected officials and committee representatives comprise the officers and committees of the Springmoor Residents Association.

The Residents Association is a non-profit Corporation established at the inception of Springmoor to represent residents in all aspects of Springmoor life.

Overall leadership is provided by the Association's Executive Committee, which consists of the Association President, Vice President, Secretary, Treasurer, and other elected Directors. There is also a working committee in each major area of Springmoor life, including health care, food service, activities and recreation, housekeeping, buildings, grounds and transportation.

The Residents Association is highly effective in its leadership in representing the interests of residents to management and others, and in providing information and recommendations to residents on specific issues that impact on them, such as legislation and federal/state health care programs.

Further information on the activities of this important organization and its work is available from the Springmoor Business Office or from officers of the Residents Association.

ATTACHMENTS TO DISCLOSURE STATEMENT OF
SPRINGMOOR LIFE CARE RETIREMENT COMMUNITY

<u>ATTACHMENT</u>	<u>PAGE</u>
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ATTACHMENT A

SPRINGMOOR, INC.

Financial Statements and Supplementary Information
For The Calendar Year Ended December 31, 2021

SPRINGMOOR, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets

Cash	\$ 6,518,881
Accounts receivable	434,916
Prepaid expenses	194,919
Inventory	<u>5,936</u>
Total current assets	7,154,652

Restricted Assets

Operating reserve requirement - Invested Cash	
Notes receivable-Ammons, Inc.	8,077,177
Notes receivable-Ammons-Springmoor Assoc., LLC	<u>1,216,823</u>
Total restricted assets	9,294,000

Fixed Assets

Buildings and building improvements	22,304,248
Furniture, equipment and vehicles	6,494,485
Less accumulated depreciation	<u>(13,531,379)</u>
Total net fixed assets	15,267,354

Other Assets

Notes receivable - noncurrent portion	
Ammons-Springmoor Assoc., LLC	26,026,296
Investment - Unity Senior Care Group, LLC	<u>1,964</u>
Total other assets	<u>26,028,260</u>

Total Assets	<u><u>\$ 57,744,266</u></u>
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The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF ACTIVITIES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

Net Assets (Deficit) without Donor Restrictions	
Support	
Revenue - Schedule 1	\$ 37,768,204
Net assets released from restrictions	
Restrictions satisfied by payment	-
Total support and revenue	<u>37,768,204</u>
Operating Expenses	
Administration and management	1,483,060
Operating expenses	6,892,116
Stewart Health Center	6,365,880
Clinic	658,427
Hair style shop	148,450
Food service expenses	6,194,725
Building management	2,971,650
Grounds management	428,946
Housekeeping expenses	1,663,042
Security expenses	780,854
Activities expenses	339,401
Marketing expenses	683,975
Homecare expenses	651,117
Wellness expenses	129,953
Total operating expenses	<u>29,391,596</u>
Equity Expenses	
Lease expense	9,719,839
Interest expense	-
Depreciation expense	727,988
Total equity expenses	<u>10,447,827</u>
Total expenses	<u>39,839,423</u>

Continued -

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

	<u>Supporting Services</u>		
	<u>Administration and Management</u>	<u>Operating Expenses</u>	<u>Marketing Expenses</u>
Administrative services	\$ 1,108,733		\$ 289,873
Fees paid	3,744		
Special functions	1,531		2,545
Transportation expense	3,268		
Printing and postage	6,058		2,138
Rents	674		
Stewart Health Center aquarium			
Office supplies and materials	207,233		391
Maintenance and supplies	4,681		3,100
Service contracts	43,849		16,547
Miscellaneous	1,314	\$ 6,219	7,217
Taxes, licenses, and permits		1,035	
Consulting fees	67,406	41,915	92,749
Advertising			214,369
Entertainment & public relations			39,969
Utilities			
Insurance			
Official meals	357		272
Dues and memberships		35,145	14,805
Professional fees		187,071	
Management fees		750,000	
Expendable furnishings	34,212		
Uniforms and laundry			
Food costs			
Food service - fees, direct expenses, and guaranteed rate			
Activities and program expenses			
Inventory purchases			
Vehicle expenses			
Property tax			
Health care expenses			
Building maintenance			
Subsidies paid to residents			
Contributions			
Bank account fees		62,346	
Lease expense			
Interest expense			
Depreciation expense			
Totals	<u>\$ 1,483,060</u>	<u>\$ 1,083,731</u>	<u>\$ 683,975</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>			
	Food Service <u>Expenses</u>	Building Management <u>Expenses</u>	Grounds Management	Housekeeping <u>Expenses</u>
Administrative services	\$ 3,464,401	\$ 404,274	\$ 64,952	\$ 1,427,854
Fees paid				
Special functions	1,710			53
Transportation expense		1,217		50
Printing and postage				
Rents	16,715			376
Stewart Health Center aquarium				
Office supplies and materials	17,534	397		359
Maintenance and supplies		1,161,166	234,094	134,660
Service contracts		265,946	129,900	
Miscellaneous	550	185		120
Taxes, licenses, and permits	44,666			
Consulting fees				
Advertising				
Entertainment & public relations				
Utilities				
Insurance				
Official meals	34			562
Dues and memberships				
Professional fees				
Management fees				
Expendable furnishings	31,011	1,496		6,653
Uniforms and laundry	12,122	7,722		37,499
Food costs	2,134,606			
Food service - fees, direct expenses, and guaranteed rate	471,376			
Activities and program expenses				
Inventory purchases				
Vehicle expenses		69,894		
Property tax				
Health care expenses				
Building maintenance		1,059,353		54,856
Subsidies paid to residents				
Contributions				
Bank account fees				
Lease expense				
Interest expense				
Depreciation expense				
Totals	<u>\$ 6,194,725</u>	<u>\$ 2,971,650</u>	<u>\$ 428,946</u>	<u>\$ 1,663,042</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF CASH FLOWS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets (Deficit)	\$ (2,071,219)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	727,988
Proceeds from non-refundable entrance fees	5,401,920
Amortization of entrance fees	(5,111,399)
Gain on investment	(540)
(Increase) Decrease in:	
Accounts receivable	66,013
Prepaid expenses	(69,049)
Inventory	(3,738)
Increase (Decrease) in:	
Accounts payable and accrued expenses	139,449
Deferred lease expense	191,846
	<u>191,846</u>
Net cash flow from operating activities	(728,729)
Cash Flows From Investing Activities	
Payments for building improvements	(589,194)
Purchase of furniture, equipment and vehicles	(111,213)
	<u>(700,407)</u>
Cash used by investing activities	
	(700,407)
Cash Flows From Financing Activities	
Resident deposits	(137,985)
Refundable advance fees received	3,735,650
Entrance fee refunds	(2,951,950)
	<u>645,715</u>
Cash used by financing activities	
	645,715
Increase (Decrease) in cash	(783,421)
Cash and cash equivalents, beginning of year	7,302,302
Cash and cash equivalents, end of year	<u>\$ 6,518,881</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for:	
Interest	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - General Matters and Accounting Procedures - continued

Revenue Recognition-continued Fees paid by a resident upon entering into a continuing care contract, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. The portion of the fees that will be paid to current residents or their designees, only upon reoccupancy of a contract holder's unit, are recorded as a liability. This treatment was allowed under the previous standard as well as the current standard and management believes it is the best method for measuring revenue recognition from nonrefundable entrance fee contracts.

Prior to ASU 2014-9, the Financial Accounting Standards Board issued ASU 2012-01, Health Care Entities (Topic 954); Continuing Care Retirement Communities - Refundable Advance Fees (ASU 2012-01). ASU 2012-01 provided that continuing care retirement communities should classify an advance fee as deferred revenue when the resident contract provides for payment of the refundable advance fee upon reoccupancy by a subsequent resident, which is limited to the proceeds of reoccupancy. Refundable advance fees that are contingent upon reoccupancy by a subsequent resident but are not limited to the proceeds of reoccupancy should be accounted for and reported as a liability under that standard. Under ASU 2014-9, all refundable entrance fees should be recorded as a liability at the inception of the agreement. Since all refundable fees were not limited to the proceeds of reoccupancy, Springmoor's accounting for these fees remains the same as in prior years.

Monthly service fees and other amenity fees entitle residents to use the residential facilities and other amenities, as well as to have access to health care services. This fee periodically changes based on inflation or increased operating costs. When access to higher levels of health care services are required, the monthly service fee increases for the additional cost of care. Because a resident has the right to move out and discontinue paying the monthly fee at any time, the monthly service fee is recorded as monthly revenue and is generally a monthly contract with the option to renew.

Significant Judgements Applied The amortization of nonrefundable entrance fees into revenue is based on life expectancy of the resident using actuarial assumptions provided by Continuing Care Retirement Community industry demographic and transfer mortality tables as a base with adjustments for actual community experience. The calculations recognize differences in age, sex, and health status among residents. At present, these values appear reasonable and appropriate, but actual life expectancies depends on events and environmental influences outside the Organization's control.

Continuing Care Retirement Communities - Obligation to Provide Future Services The Community calculates the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the projected future revenues of the facility. If the present value of the net cost of future services and use of facilities exceeds the projected revenue available to meet those obligations, a liability (obligation to provide future services) is recorded. No liability has been recorded for the year ended December 31, 2021. The community commissioned an actuarial study, completed in 2022, which found that based on assumptions regarding future population and financial activity, the present value of Springmoor's current and future resources was adequate to cover future contractual obligations for all current residents, as defined by the AICPA in the Health Care Audit Guide. The study assumed a constant discount rate of 5% with a 3% inflation rate.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - General Matters and Accounting Procedures - continued

Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at December 31, 2021. Management has evaluated all other tax positions that could have a significant affect on the financial statements and determined the Organization had no uncertain income tax positions at December 31, 2021 and, accordingly, no liability has been accrued.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed. The Form 990 for 2012 was examined by IRS in October, 2014. The Service issued a no change report and concluded the organization continues to satisfy the exempt organization requirements.

Note B - Statutory Operating Reserve

Under regulations of the North Carolina Insurance Commission, Springmoor, Inc. is required to maintain an operating reserve equal to 25% of the total occupancy costs projected for the 12 month period following the period covered by the most recent annual statement filed with the Department of Insurance. The operating reserve of 25% is based upon an occupancy percentage of 90% or more.

Note C - Notes Receivable

A schedule of notes receivable at December 31, 2021, follows:

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Ammons, Inc. This note represents various loans that were used to construct buildings at Springmoor. Interest at 9.78 % is payable monthly until December 31, 2027, at which time the note will mature and the entire principal balance plus accrued interest shall be due and payable. Advance principal payments may be made at borrower's option. Secured by a deed of trust on the land on which Springmoor, Inc. is located.	\$ -	\$ 8,077,177	\$ 8,077,177
Ammons-Springmoor Assoc., LLC This note represents loans that were used to construct buildings at Springmoor. Interest at 9.78% is payable monthly until December 31, 2027, at which time the note will mature and the entire principal balance plus accrued interest shall be due and payable. Advance principal payments may be made at borrower's option. Secured by personal guarantees of Marshall C. Evans and Mason L. Williams.	-	27,243,119	27,243,119
Total	\$ -	\$ 35,320,296	\$ 35,320,296

Continued-

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note H - Commitments-continued

In May, 2021, Springmoor, Inc. entered into a future advance loan agreement with First Citizens Bank in the amount of \$7,800,000 to finance renovations to Stewart Health Center. No funds had been drawn from this loan as of December 31, 2021 and there was no amount outstanding.

Note I - Management Agreement

On December 5, 2017, Springmoor, Inc. entered into a management agreement with Ammons Springmoor Associates, Inc. This management agreement is for the period beginning January 1, 2018 through December 31, 2025. This agreement calls for a management fee of \$750,000 per year to be paid \$62,500 monthly. For the calendar year ended 2021, this fee amounted to 2.57% of operating revenue.

Note J - Administrative Services and Retirement Plan

Springmoor, Inc. reimburses Ammons Springmoor Associates, Inc. for employee costs. Ammons Springmoor Associates, Inc. participates in a qualified defined contribution retirement plan. This plan covers substantially all employees and allows a tax deferred contribution reimbursed by Springmoor, Inc. and an employee elective contribution with a matching provision. A participant's contribution may not exceed the maximum as determined by the Internal Revenue Code.

Administrative Services as shown on the Statement of Functional Expenses is made up of the following reimbursed amounts:

Salaries	\$ 14,164,219
Payroll taxes	1,022,642
Workmen's compensation	274,921
Retirement Plan	140,184
Insurance	2,594,632
Staff gifts and incentives	92,833
Other staff expenses	265,900
Total	<u>\$ 18,555,331</u>

Note K - Fair Value of Financial Instruments

The carrying value amounts of cash and cash equivalents, accounts receivable, accrued interest receivable and other current assets approximate fair value.

The carrying value of accounts payable and accrued expenses, deferred lease expense, wait list and refundable deposits, deferred revenue from advance fees and other accrued long term liabilities approximate fair value.

Note L - Concentration of Credit Risk

Springmoor, Inc. maintains deposits in excess of federally insured limits which are up to \$250,000. At December 31, 2021, the uninsured cash balances totaled \$6,900,136. Most of this amount was on deposit at Wells Fargo Bank.

continued-

JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

4909 Western Boulevard - Suite 200
Raleigh, North Carolina 27606
www.jalucas.com

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Facsimile: 919-859-5598
Email: info@jalucas.com

Independent Auditors' Report on Supplementary Information

Springmoor, Inc.
Board of Directors

We have audited the financial statements of Springmoor, Inc. as of and for the year ended December 31, 2021 and have issued our report thereon dated May 05, 2022, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of support are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

James A. Lucas and Company, L.L.P.

JAMES A. LUCAS and COMPANY, L.L.P.

Certified Public Accountants

Raleigh, North Carolina

May 5, 2022

ATTACHMENT B

SPRINGMOOR, INC.
Forecasted Financial Statements

For the Calendar Years Ending
December 31, 2022, 2023, 2024, 2025 and 2026

JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

4909 Western Boulevard - Suite 200
Raleigh, North Carolina 27606
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Telephone: 919-851-4696
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Board of Directors
Springmoor, Inc.
Raleigh, North Carolina

Management is responsible for the accompanying forecast of Springmoor, Inc., which comprises the forecasted statements of financial position as of December 31, 2022 through December 31, 2026 and the forecasted statements of activities and cash flows for the calendar years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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

Sincerely,

James A. Lucas and Company, LLP

James A. Lucas and Company, LLP

Certified Public Accountants

Raleigh, North Carolina

May 18, 2022

Exhibit "A"

December 31, 2024	December 31, 2025	December 31, 2026
\$ 9,378	\$ 9,609	\$ 9,230
435	435	435
195	195	195
6	6	6
<u>10,014</u>	<u>10,245</u>	<u>9,866</u>
10,097	10,446	10,807
30,627	30,654	30,654
8,122	8,882	10,020
(16,692)	(17,952)	(19,417)
<u>22,057</u>	<u>21,584</u>	<u>21,257</u>
2	2	2
<u>25,223</u>	<u>24,874</u>	<u>24,513</u>
<u>25,225</u>	<u>24,876</u>	<u>24,515</u>
<u>\$ 67,393</u>	<u>\$ 67,151</u>	<u>\$ 66,445</u>
\$ 1,174	\$ 1,174	\$ 1,174
319	328	337
3,280	3,280	3,280
8,818	9,126	9,446
<u>13,591</u>	<u>13,908</u>	<u>14,237</u>
6,886	6,558	6,221
34,524	34,524	34,524
30,902	31,193	31,484
<u>72,312</u>	<u>72,275</u>	<u>72,229</u>
85,903	86,183	86,466
(18,510)	(19,032)	(20,021)
<u>\$ 67,393</u>	<u>\$ 67,151</u>	<u>\$ 66,445</u>

Exhibit "B"

December 31, 2024	December 31, 2025	December 31, 2026
\$ 5,248	\$ 5,248	\$ 5,248
27	27	27
3,477	3,477	3,477
20,371	21,084	21,822
9,764	10,106	10,460
1,417	1,466	1,518
757	783	811
10	10	10
2	2	2
-	-	-
41,073	42,203	43,375
8,283	8,573	8,873
193	185	176
1,163	1,260	1,465
6,655	6,888	7,129
1,644	1,702	1,761
7,058	7,305	7,561
730	756	782
6,868	7,109	7,357
3,770	3,902	4,039
1,844	1,908	1,975
866	896	927
541	560	579
758	785	812
866	896	928
41,239	42,725	44,364
(166)	(522)	(989)
-	-	-
(166)	(522)	(989)
(18,344)	(18,510)	(19,032)
\$ (18,510)	\$ (19,032)	\$ (20,021)

Exhibit "C"

<u>December 31, 2024</u>	<u>December 31, 2025</u>	<u>December 31, 2026</u>
\$ (166)	\$ (522)	\$ (989)
1,163	1,260	1,465
5,402	5,402	5,402
(5,111)	(5,111)	(5,111)
299	308	320
<u>1,587</u>	<u>1,337</u>	<u>1,087</u>
(1,223)	(787)	(1,138)
<u>(1,223)</u>	<u>(787)</u>	<u>(1,138)</u>
-	-	-
(311)	(319)	(328)
<u>(311)</u>	<u>(319)</u>	<u>(328)</u>
53	231	(379)
<u>9,325</u>	<u>9,378</u>	<u>9,609</u>
<u>\$ 9,378</u>	<u>\$ 9,609</u>	<u>\$ 9,230</u>
<u>\$ 193</u>	<u>\$ 185</u>	<u>\$ 176</u>

Springmoor, Inc.
 Summary of Significant Forecast Assumptions and Accounting Policies-Continued
 December 31, 2022 through 2026

Note B - General Accounting Policies - continued

Refundable Entrance Fees. Springmoor has various types of entrance fee agreements that it offers its residents. Under certain of these agreements, a portion of each resident's entrance fee may be refundable after the resident terminates his residence at Springmoor, Inc. For fifty percent life equity contracts, after 25 months of residence, fifty percent of the initial fee is refunded within thirty days after the residence covered by the agreement is reoccupied and residence at Springmoor is terminated. For one hundred percent life equity contracts, should the resident withdraw or decease after ninety days from the effective date of residence, the entire Life Equity Fee will be returned the later of six years following the effective date of residence or within thirty days after the residence covered by the agreement is reoccupied and residence at Springmoor is terminated. The refundable portion of these entrance fees is being accounted for in accordance with FASB ASU No. 2014-9. Since these refundable fees are not limited to the proceeds of reoccupancy, they are recorded as a liability on Exhibit "A".

Note C - Statement of Significant Assumptions

Entry Fees. Cash flow from entrance fees is calculated using a three year rolling average of amounts received during 2019 through 2021. Residence and care fees are expected to remain constant throughout the forecast period. No major increase or decrease in entrance fees is expected over the next few years and the Community expects the resident contract choices to be similar to those on December 31, 2021. The amortization of the entrance fees previously received is expected to remain constant and is being amortized into income under the requirements set out in ASU 2014-9.

Monthly Service Fees. Monthly service fees are expected to increase 3.5% each year due to inflation.

Lease Expense. Springmoor, Inc. has a financial action plan with the property owners whereby leases that cannot be paid from current cash flow are deferred for up to one year. If the deferred leases are not paid from current cash flow during that year they are forgiven as explained in Note B above. The write off of leases by the property owners protects Springmoor's net assets and provides for its growth in future years when revenues are expected to reach and exceed expenses.

Management believes 2022 lease write-offs will be similar to 2020 when approximately \$3,700,000 in leases were written off. The following gives the net lease that is expected to be paid. It is estimated that they will increase 3.5% per year.

<u>Calendar Year</u>	<u>Estimated Amount To Be Paid</u> (Dollars in thousands)
2022	\$7,732
2023	8,003
2024	8,283
2025	8,573
2026	8,873

Continued -

Springmoor, Inc.
Summary of Significant Forecast Assumptions and Accounting Policies-Continued
December 31, 2022 through 2026

Note E - Restricted Asset

Under General Statute 58-64-33 as mentioned in Note D, Springmoor was required to maintain a 25% operating reserve by March 1, 1997. As shown on Exhibit "A" of this forecast, Springmoor meets this requirement. The required amount is shown on Exhibit "A" as a restricted asset. It is not shown as restricted under the net asset category since this restriction is not donor imposed as defined by Generally Accepted Accounting Principles.

Note F - Covid-19 Effect

These forecasted financial statements were compiled as the Covid 19 global pandemic continued. It is not possible to measure the future effects on the financial position of the organization since so much uncertainty remains as to its duration and impact. Accordingly, these financial forecasts have not been adjusted to reflect any adverse effects of Covid 19.

Springmoor, Inc.
Statement of Financial Position
As of June 30, 2021 and June 30, 2022

UNAUDITED

	<u>30-Jun</u> <u>2021</u>	<u>30-Jun</u> <u>2022</u>
<u>Liabilities & Fund Balance</u>		
Current Liabilities		
Notes payable - current portion		
Wells Fargo	\$ -	\$ -
Accounts payable and accrued expenses	1,396,361	1,543,252
Deferred lease expense payable	7,765,534	8,176,855
Total Current Liabilities	\$ 9,161,895	\$ 9,720,107
Long Term Liabilities		
Notes payable - noncurrent portion		
Wells Fargo	\$ -	\$ -
Deferred revenue from advance fees	(381,145)	1,140,063
Total Long-Term Liabilities	\$ (381,145)	\$ 1,140,063
Total Liabilities	\$ 8,780,750	\$ 10,860,170
Net Assets, as restated		
Unrestricted	\$ 49,334,862	\$ 48,378,831
Temporarily restricted	-	-
Permanently restricted	-	-
	\$ 58,115,612	\$ 59,239,002

Springmoor, Inc.
Statement of Cash Flows
For the Three Months Ending June 30, 2021 and June 30, 2022
UNAUDITED

	<u>30-Jun</u> <u>2021</u>	<u>30-Jun</u> <u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Monthly fees collected from residents	14,170,095	15,493,857
Residence & care fees collected	4,089,374	6,177,217
Interest received	1,741,605	1,728,654
Cash payments for payroll	(7,416,095)	(7,660,799)
Cash payments for operating expenses	(6,806,700)	(7,539,854)
Interest paid	(1,312)	-
Residence & care fees refunded	(1,677,600)	(4,126,744)
Leases paid	<u>(5,360,700)</u>	<u>(5,918,808)</u>
Net cash flow from operating activities	(1,261,334)	(1,846,476)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building and building improvements	(383,818)	(585,374)
Purchase of furniture, equipment and vehicles	<u>15,774</u>	<u>(97,412)</u>
Cash (used) provided by investing activities	\$ (368,044)	\$ (682,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in deferred revenue from advance fees	524,049	1,140,063
Increase (decrease) in principal on notes payable	<u>-</u>	<u>-</u>
Cash (used) provided by financing activities	\$ <u>524,049</u>	\$ <u>1,140,063</u>
Increase (decrease) in cash	\$ (1,105,329)	\$ (1,389,199)
Cash and cash equivalents, beginning of year	\$ <u>9,114,872</u>	\$ <u>9,114,872</u>
Cash and cash equivalents, end of quarter	\$ <u>8,009,543</u>	\$ <u>7,725,673</u>
RECONCILIATION		
Increase (decrease) in Net Assets	\$ 818,099	\$ 233,147
Adjustments to reconcile increase in Net Assets to net cash provided by operating activities		
Depreciation	340,524	310,930
Amortization	-	-
Gain or loss on sale of assets		
Receipt of donated vehicle		
(Increase) Decrease in		
Accounts receivable	164,907	350,453
Interest receivable	(4,421)	(4,421)
Inventory	(119)	-
Prepaid expenses	35,221	(243,277)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(2,694,662)	(2,909,104)
Deferred lease expense	<u>79,117</u>	<u>415,797</u>
Net cash flow from operating activities	\$ <u>(1,261,335)</u>	\$ <u>(1,846,476)</u>

ATTACHMENT D

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

RESIDENCE AND CARE

AGREEMENT

The effective date of residence is the date that the Resident begins paying the full monthly service fee. This is also the date that Springmoor's Comprehensive Health Care Plan becomes effective and the date that amortization, if any, of Residence and Care fees begin. It is understood that the entire Residence and Care fee is refunded if the period from the effective date of residence to termination of residence is less than ninety (90) calendar days.

The resident(s) signing this Agreement may rescind this contract within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of this section, and the resident(s) is not required to move into the facility before the expiration of the thirty (30) day period. If the resident does move into the facility during this thirty (30) day period and then elects to terminate residency also during this thirty (30) day period, their refund will not require re-occupancy of the unit they occupied.

If a resident dies before occupying a unit in the facility, or if, on account of illness, injury, incapacity, or financial impairment a resident would be precluded from occupying a unit in the facility under the terms of the contract, the contract is automatically canceled. Refunds for Residence and Care contracts terminated prior to occupancy, will be made within thirty (30) days of receipt of written notice of resident's death and court issued Letters Testamentary, or written notice of other circumstances precluding occupancy.

Springmoor may cancel this Agreement if the Resident fails to pay the Residence and Care fees or monthly service fees as stated above.

After acceptance of the Resident based on (1) the information provided by the Resident in the Application for Residence, (2) the medical information provided by the primary care physician in the Report of Medical Examination, and (3) personal interview when requested by Springmoor, Springmoor promises to provide accommodations and services at Springmoor Life Care Retirement Community, Raleigh, Wake County, North Carolina, subject to the terms and conditions set forth in this Agreement. Springmoor will notify the Resident when preliminary approval for Residence has been granted. Springmoor agrees to complete application for residence. Springmoor will also notify the Resident of final approval for residence within twenty days following receipt of the Report of Medical Examination.

1. Accommodations and Services

- a. Residence. The Resident will reside in Residential unit Number _____ which is a _____ hereinafter referred to as the "Residence," as shown on the plan of Springmoor. The Resident may not reassign the residential unit.
- b. Utilities. Springmoor will furnish water and sewage service, light, heat, electricity, air-conditioning, one television receiving system, and basic local telephone service. The Resident will pay for other telephone service.
- c. Meals. Springmoor will make available three meals per day. The Monthly Service Fee will include one nutritionally well-balanced meal each day. Additional meals will be available at published charges. Three meals per day will be included in the Monthly Service Fee for inpatients of the Health Center and Residents in the Supportive Living Center. Special diets requested by a physician will be provided at no additional cost.

1. Activities. Springmoor will provide a program of recreation, craft and hobby opportunities, library facilities, and social activities, which will be designed to meet the physical, social, and psychological needs of residents for intellectual stimulation, companionship, and satisfaction.
2. Financial Provisions

The option in paragraph ___ below is included in this Agreement, and the option in paragraphs ___ and ___ below are excluded from this Agreement.

- a. Life Occupancy Fee. This fee, the amount of which is stated above as the Residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is thereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or decrease after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced four (4) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

After twenty-five (25) months of residence, the Life Occupancy Residence and Care fee is fully amortized to provide life care and there is no refund.

- b. 50% Life Equity Fee. This fee, the amount of which is stated above as the Residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is thereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

on the date of this Agreement for the residence and number of occupants covered by this Agreement is \$_____. When residence is terminated, the Resident or his estate shall continue to be responsible for monthly service fees through the date that the residential unit is vacated and accepted by Springmoor. After termination of residence, monthly service fees paid beyond the vacated and acceptance date are refunded to the Resident or the estate within thirty (30) days.

- f. Extra Charges. Resident will be invoiced monthly by Springmoor for any services or supplies obtained for and furnished to Resident which are not provided for hereunder in return for the regular Monthly Service Fee. Such invoices are payable by the first day of the month following the date of the invoice.
- g. Monthly Statement. Springmoor will furnish monthly statements to the Resident showing the amount due for the Monthly Service Fee and any other services which are chargeable to the Resident pursuant to this Agreement. The Resident will pay statements by the first of the month following the date of the statement.
- h. Failure to Make Payment. If the Resident fails to pay any of the Monthly Service Fees or incurred extra charges by the required time, Springmoor will provide a second monthly statement. If payment is not made by the twentieth of the month following the date of the initial statement, Springmoor will submit the amount due to the Guarantor of this Agreement. If the Resident or Guarantor does not pay the invoice within (20) days from the date it was submitted to the Guarantor, Springmoor may terminate this Agreement.
- i. Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs for subsistence and service. Without in any way qualifying the right of Springmoor to terminate this Agreement, it is a declared policy of Springmoor that a Resident shall not be dismissed nor his Residence and Care Agreement terminated solely because of the Resident's inability to pay the Monthly Service Fee due to circumstances beyond the control of the Resident that are not the result of the intentional conduct of the Resident.

In such event, the matter will be reviewed by Springmoor with the Resident. If the Resident presents to Springmoor facts which in Springmoor's opinion justify special financial consideration, Springmoor may at its option partially or wholly subsidize Resident's Monthly Service Fee provided such subsidy can be granted without impairing the ability of Springmoor to meet its commitments to all residents while operating on a sound financial basis. All determinations made by Springmoor shall be a confidential transaction between Springmoor and the Resident except for data that may be required by regulatory bodies.

In consideration of this policy, the Resident agrees that he will not make any gift of real or personal property for the purpose of evading his obligations under this Agreement.

Should Springmoor subsidize partly or wholly the Resident's Monthly Service Fees, Resident agrees that any Residence and Care Fee refund that is due or personal or real property owned by him is to be used first at his death to repay Springmoor an amount

The resident, family and visitors shall follow Springmoor policy and procedures with respect to visiting hours, regard for other patients, cooperation with staff, and adherence to physicians orders. If Resident is transferred to a health or medical facility outside of Springmoor, he will continue to pay the monthly service fee for the last residence or health care unit he occupied on a continuing basis before the transfer.

- b. Springmoor Comprehensive Health Care Program. This program, hereinafter referred to as the "CHCP", covers all residents who are +65 years of age and who have Medicare Hospital Insurance - Part A, Medicare Medical Insurance - Part B, and a Medicare supplement which covers as a minimum the Part A and Part B deductibles and the difference between the Medicare approved rate and the Medicare payment; or who are 65+ years of age, but do not have Medicare Parts A and B, but do have health insurance with major medical coverage that is acceptable by Springmoor; or who are under 65 years of age but have Medicare Hospital Insurance - Part A and Medicare Medical Insurance - Part B by virtue of disability, and Medicare supplement with the above described minimum coverage.

- (1) Physician Coverage. Springmoor will provide qualified physicians to give medical care to residents. Springmoor physicians will provide for their patients scheduled office hours, twenty-four hour a day emergency medical care coverage, medical care in Stewart Health Center and local hospitals and referral to other medical specialists when needed for total care. Residents may elect to use another physician of their choice provided the physician will provide the above described care coverage.

Springmoor CHCP will pay the usual and customary cost for needed medical care by physicians that is covered by Medicare but not reimbursed by Medicare, the required Medicare supplement, or other third party payers.

- (2) Hospital Care. Springmoor will obtain hospital care on behalf of the Resident in area hospitals when requested by a physician. CHCP will pay the usual and customary cost of hospital care in any Medicare-approved hospital for reasonable and customary services allowed under Medicare Hospital Insurance-Part A when payment is not provided by Medicare, the required Medicare supplement, or any other third party payers.

The Resident will be responsible for the additional cost of a private room in a hospital if a semi-private room is available and for telephone, television, and other incidental charges not allowed under Medicare Hospital Insurance - Part A, or the required Medicare supplement. The Resident will pay for the cost of private duty nurses, special drugs, and medications not covered by Medicare.

- (3) Surgeons and Other Specialists. Springmoor CHCP will pay the usual and customary cost of surgeons and other specialists for necessary medical care covered by Medicare but not reimbursed by Medicare, or the required Medicare supplement, or other third party payers. Springmoor may ask residents to obtain a

- c. Residents Not Covered by Medicare and Springmoor CHCP. If Resident is not eligible for Medicare - Part A and B, he will carry health insurance with major medical provisions that are acceptable to Springmoor. If the resident is under 65 years of age, medical care coverage and cost is limited to that defined in the approved health insurance policy. Premiums on such insurance will be paid by the Resident. When Resident becomes eligible for and covered by Medicare - Parts A and B, he is thereby also eligible for Springmoor CHCP coverage and must take out the required Medicare supplemental insurance to become covered. If the resident is 65+ years of age, does not have Medicare Parts A and B, but does have health insurance with Major Medical coverage acceptable to Springmoor, coverage by Springmoor is the same as if the resident had Medicare Parts A and B coverage.
- d. Staff Assistance. Springmoor will assist Resident in filing Medicare and other insurance claims and in follow up of unpaid claims.
- e. Insurance. Resident will, if not already enrolled, apply for and secure the Hospital Insurance Benefits Program under Part A of Public Law 89-67 (Medicare), and secure, and pay the premium for the Medicare supplementary medical insurance benefits program under Part B of Public Law 89-67 and/or any other public hospital and/or medical insurance benefits program which may be enacted as a successor or supplement to Medicare (Public Law 89-67). The resident will also enroll, apply for and secure Medicare supplemental insurance which will pay as a minimum the Part A and Part B deductibles and the difference between the Medicare approved rate and the Medicare payment. If Resident is not eligible for Medicare coverage, Resident will apply for and maintain private health insurance coverage acceptable to Springmoor. (see paragraph 3.c. above)

Resident will authorize, as necessary, any provider of such hospitalization, medical, and other health services to receive reimbursement under all insurance required by Springmoor or insurance otherwise covering the resident. Resident will make, as necessary, assignments to providers of medical and other health services of all benefits accruing to Resident under these plans. If Resident is entitled to medical care by governmental agencies, he will make application for such care or payment. The Resident will make and deliver to Springmoor a limited Power of Attorney for the purpose of permitting and instructing Springmoor to act as the Resident's agent or attorney in fact in all matters relating to any such benefits.

Any insurance benefits paid from federal, state, or any other sources will, as between Springmoor and the Resident, be paid or credited first against any charge for hospital, medical, or other services involved; next, to reimburse to the Resident any payment made by the Resident for the service involved; and next, any balance to reimburse to Springmoor any payment made by and for such services, or for application on account of such service as Springmoor may direct.

- f. Examination. Springmoor will not pay any cost of treatment of any health condition not discovered or reported because of concealment or misrepresentation by the Resident or any person acting in concert with or on behalf of the Resident.

determined, by standard legal and acceptable evaluation procedures, that Resident is psychotic or suffers from mental illness or contagious or dangerous disease, so that Resident's continuing presence at Springmoor is detrimental to the health or peace of the Resident or other residents, then the Resident may be transferred to an institution capable of administering such care.

Springmoor will consult with Resident or Resident's designee and Resident's physician regarding all decisions to transfer the Resident. If Resident or his designee prefers a different institution or hospital facility than that selected by Springmoor, arrangements will be made to this end with the understanding that Springmoor is relieved of any increase in financial responsibility.

Transfers will not change the Resident's status or responsibilities as a Resident of Springmoor, and he still retains all rights and privileges of residency subject, however, to the rules and decisions of the medical staff.

- j. Authorization. The Resident authorizes Springmoor to act in his behalf to obtain transportation, admit and approve treatment at a local hospital in the event of an emergency. Springmoor agrees to notify family or other responsible parties in such emergencies. Likewise, Resident authorizes Springmoor to act in his behalf for other emergency treatment and care recommended by the attending physician when the Resident is unable to make such decisions and the family or other responsible party cannot be reached to make such decisions.
- k. Release. The Resident hereby forever absolves, releases, and discharges Springmoor, its Directors and all persons on its staff who are in any way directly or indirectly connected with authorizing or participating in or providing routine care or emergency medical care, procedures or operations performed on the Resident.
- l. Medical Record Release. The Resident hereby authorizes Springmoor to release medical records for treatment, or insurance claims to hospitals, other health care providers and third party agents.
- 4. Joint Residency
 - a. Application. If two persons sign this Agreement as Residents, the accommodations and services will be for both of them, the sums stated under Financial Provisions cover both of them, and the word "Resident" as used herein shall apply to both of them unless the contract requires otherwise. If the two occupants are man and wife, each of them will be individually responsible for the full monthly service fee. If the two occupants are not man and wife, each joint Resident will be liable for one-half (1/2) of the payments of the monthly service fees which become due hereunder unless otherwise agreed by them and approved by Springmoor. Termination of the residency of one joint Resident shall not affect this Agreement, and the residency of the other person who shall have the rights set forth in the paragraph entitled "Survivor's Options."

residency and, if accepted the incoming joint resident must pay one-half of the then current Residence and Care Fee for joint residency under the Residence and Care Fee Plan covered by the initial occupant. The Monthly Service Fee will be the double occupancy rate. Except for short-term visitors and guests, no person other than the resident may occupy the residence covered by this Agreement without approval by Springmoor.

5. Resident's Obligations

In addition to those obligations enumerated elsewhere in this Agreement, the Resident specifically agrees as follows:

- a. **Adherence to Policies.** The Resident agrees to abide by such administrative policies and procedures and amendments thereto as shall be formulated by Springmoor for the operation and management of Springmoor Life Care Retirement Community and for the comfort, safety, and security of all residents. The Resident will be furnished a copy of current administrative policies of Springmoor. Repeated failure to follow said policies, resulting in a loss of comfort, security, or safety for other residents; repeated resident uncooperation that limits Springmoor's ability to provide care; damage to facility or furnishings; may result in termination by Springmoor of this Agreement.
- b. **Liability for Debts.** Springmoor 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 Springmoor. Resident will hold harmless Springmoor as to all debts and obligations.
- c. **Cooperation.** The Resident agrees to assist Springmoor in making application for and utilization of all appropriate government support funds to which he may be entitled. Resident will execute reasonable and necessary documents for this purpose.
- d. **Intentional Misconduct of the Resident.** The Resident agrees to pay or reimburse Springmoor for any loss or damage suffered by Springmoor as the result of negligence or intentional misconduct on the part of the Resident. Springmoor assumes no responsibility for any injury resulting from such negligence or intentional misconduct.

6. Transfer to Another Residence at Springmoor

- a. When a resident is relocating to Stewart Health Center, the resident continues to be responsible for the monthly service fees of the residential unit being released until the residential unit is released and accepted by Springmoor.
- b. When a resident is relocating to the Supportive Living Center during the overlap period the resident is responsible for the Monthly Service Fee of the residential unit with the higher Monthly Service Fee. If the overlap is more than ten (10) days, the resident is responsible for both dwelling units beginning with the eleventh (11th) day until the vacated unit is released and accepted by Springmoor.

nature and extent of said deficiency is given the Resident; provided Springmoor may at its option pay for, correct, or stop said deficiency at its own expense, and the Resident will reimburse Springmoor for any expenses incurred; or Springmoor may require the Resident to furnish additional security or make satisfactory arrangements for fulfilling his obligations under this Agreement; or Springmoor may transfer the Resident to a different residential unit or adjust the services to which the Resident is entitled under his Agreement; or Springmoor may terminate his residency immediately.

- b. The termination date for computing any refund or any outstanding payments due or accrued will be the date the residential unit is actually vacated and accepted by Springmoor.
 - c. On the date of termination of residency under this Agreement, the Resident shall vacate the unit and shall leave it in good condition except for reasonable wear and tear. The Resident shall be liable to Springmoor for any costs incurred in restoring the residential unit to good condition except for reasonable wear and tear.
 - d. No refund will be made by Springmoor until all charges incurred by the Resident have been paid. Springmoor is authorized to offset any refund against any proper charge to the Resident under the terms of this Agreement.
 - e. Except as otherwise expressly provided in this Agreement, Springmoor shall have the right to retain all sums paid by the Resident.
 - f. Upon termination of residency and upon complying with the provisions of this Agreement, Springmoor shall have no further obligation to the Resident or his heirs, executors, administrators, or assigns.
8. Estate Provisions
- a. Resident agrees hereby to execute a valid will and henceforth to keep same current and to file evidence thereof in the business office of Springmoor.

Resident is also required to file in the business office the name, relationship, and address of his next of kin and/or the name and address of the person he wishes to handle his affairs upon his death and to keep such information current.

- b. It is understood and agreed that Springmoor is not responsible for Resident's funeral or other burial expenses. Resident is expected to make such arrangements prior to residence at Springmoor or to designate some party to make them at his death and to file evidence of such arrangements in Springmoor's business office.
- c. Resident will designate a power-of-attorney. This designation shall be kept current in the administrative office of Springmoor.

9. Miscellaneous

- g. Right of Entry. The Resident grants duly authorized employees of Springmoor the right of entry into the Resident's residence for managerial purpose at reasonable times or for emergency purposes as required.
- h. Waiver of Breach. The failure of Springmoor 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 Agreement, or its waiver of the breach by Resident of any terms or provisions of this Agreement shall not be construed to be a waiver or relinquishment by Springmoor of its right to insist upon strict compliance by Resident with all the terms or provisions of this Agreement.
- i. Entire Contract in This Agreement. This Agreement constitutes the entire contract between Springmoor and the Resident. Springmoor is not liable for nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Springmoor unless such statements, representations, or promises are set forth in this Agreement. This Agreement may not be amended or modified except by written agreement signed by the parties hereto. Any special or additional understandings are attached hereto and incorporated herein by reference.
- j. Successor of Springmoor: Estate of Resident. This Agreement shall bind and inure to the benefit of the successors and assigns of Springmoor and the heirs or personal representative of the Resident.
- k. Plans and Schedules. The current plan of Springmoor, Residence and Care Fee schedule, Monthly Service Fee schedule, administrative policies and procedures, scheduled charges for meals and other services, and current literature regarding Springmoor will be available for inspection at the business office of Springmoor during business hours.
- l. Limitations. The Resident will not be considered a third party beneficiary to any other Residence and Care Agreement to which Springmoor is a party.
- m. Governing Law. This Agreement will be governed by and construed according to the laws of the State of North Carolina.
- n. Use of Residential Appliances. Should Resident demonstrate his inability to use the range, refrigerator, disposal unit, or other appliances in his residence safely, Springmoor will have the right to turn off such power and/or remove the appliance in which case the Resident agrees to pay charges for extra meals not otherwise covered by this Agreement in Springmoor's dining center.
- o. Guests. Resident may receive such visitors as he wishes for visits in his residence upon such reasonable terms and conditions as Springmoor may establish. Overnight guests shall be permitted to visit in Resident's residence upon the following terms and conditions:

(1) Resident shall be responsible for all meals and other costs incurred in connection with such visits. (2) No more than two overnight guests shall be permitted in Resident's

- b. Resident has in effect a last will and testament. The following person or institution has a copy of this document.

Name: _____

Address: _____

- c. The following person(s) or institution is authorized to make decisions and consent to give or withhold medical or surgical procedures in the event of my incapacity to do so. A copy of this power of attorney is provided and incorporated herein.

Name: _____

Address: _____

Name: _____

Address: _____

The following person(s) or institution is to handle my affairs upon my death.

Name: _____

Address: _____

11. Limited Power of Attorney

A limited power of attorney is given to Springmoor for the purpose of permitting and instructing Springmoor to act as Resident's agent or attorney in fact of all matters pertaining to medical and health insurance and benefits. The power of attorney is provided and incorporated herein.

GUARANTY (NO.1)

To induce Springmoor to enter into the foregoing Agreement with Resident, the undersigned hereby guarantees to Springmoor, its successors, and assigns, the payment by Resident of the Monthly Service Fees to the full extent of Resident's funds and other assets and the performance by Resident of all the other terms, covenants, obligations, and conditions of this Agreement. Notice of all defaults is waived and consent is hereby given to all extensions of time that Springmoor may grant. The undersigned is in no way committing their own resources. This is not a personal guarantee by Guarantor of Guarantor's funds.

WITNESS: _____
Name Guarantor

Street Address Relationship to Resident

City State Zip Street Address

City State Zip

GUARANTY (NO. 2)

To induce Springmoor to enter into the foregoing Agreement with Resident, the undersigned hereby guarantees to Springmoor, its successors, and assigns, the payment of the Monthly Service Fees and the performance by Resident of all the other terms, covenants, obligations, and conditions of this Agreement Notice of all defaults is waived, and consent is hereby given to all extensions of time that Springmoor may grant.

WITNESS: _____
Name Guarantor

Street Address Relationship to Resident

City State Zip Street Address

City State Zip

Attachment F

Springmoor, Inc.
Narrative of Material Variances
Statements of Financial Position
Comparison between Forecast and Actual
For the Calendar Year 2021
Dollar Results are in (000's)

	Year-End 12/31/2021 <u>Actual</u>	Year-End 12/31/2021 <u>Forecast</u>	Actual vs Forecast <u>Inc(Dec)</u>	Percent Variance	Notes*
Assets					
Current Assets					
Operating cash and cash equivalents	\$ 6,519	\$ 13,115	\$ (6,597)	(50.3)	(a)
Accounts Receivable	435	501	(66)	(13.2)	
Prepaid Expense	195	126	69	54.7	
Inventory	6	2	4	196.8	
Notes Receivable - current portion	-	-	-	100.0	
Total Current Assets	<u>7,155</u>	<u>13,744</u>	<u>(6,590)</u>	<u>(47.9)</u>	
Restricted Assets					
Operating Reserves - Invested Cash					
Notes Receivable	9,294	9,294	(0)	(0.0)	
Fixed Assets					
Buildings and building improvements	22,304	24,556	(2,252)	(9.2)	(b)
Furniture, equipment and vehicles	6,494	7,115	(621)	(8.7)	(b)
Less accumulated depreciation	<u>(13,531)</u>	<u>(13,734)</u>	<u>203</u>	<u>(1.5)</u>	
Total Net Fixed Assets	15,267	17,937	(2,670)	(14.9)	
Other Assets					
Notes receivable - Non-current portion	26,026	26,026	(0)	(0.0)	
Investment - Unity Senior Care Group, LLC	2	2			
Total Other Assets	<u>26,028</u>	<u>26,026</u>	<u>2</u>	<u>0.0</u>	
Total Assets	<u><u>57,744</u></u>	<u><u>67,003</u></u>	<u><u>(9,258)</u></u>	<u><u>(13.8)</u></u>	
Liabilities and Fund Balance					
Current Liabilities					
Account payable	1,174	1,035	139	13.4	
Notes payable-Current portion	-	284	(284)	(100.0)	
Waiting List Deposits	3,280	3,418	(138)	(4.0)	
Deferred leases	7,953	8,033	(80)	(1.0)	
Total Current Liabilities	<u>12,407</u>	<u>12,770</u>	<u>(363)</u>	<u>(2.8)</u>	
Long-Term Liabilities					
Notes Payable - Noncurrent portion	-	7,516	(7,516)	(100.0)	(c)
Refundable advance fees	34,523	33,740	783	2.3	
Deferred revenue from advance fees	30,030	29,375	655	2.2	
Total Long-Term Liabilities	<u>64,553</u>	<u>70,631</u>	<u>(6,078)</u>	<u>(8.6)</u>	
Total Liabilities	76,960	83,401	(6,441)	(7.7)	
Net Assets					
Unrestricted	(19,216)	(16,398)	(2,818)	17.2	
Temporarily restricted	0	-	0		
Permanently restricted	-	-	-		
Total Net Assets	<u>(19,215)</u>	<u>(16,398)</u>	<u>(2,817)</u>	<u>17.2</u>	
Total Liabilities and Net Asset	<u><u>57,744</u></u>	<u><u>67,003</u></u>	<u><u>(9,259)</u></u>	<u><u>(13.8)</u></u>	

Attachment F

Springmoor, Inc.

Narrative of Material Variances

Statements of Cash Flow

Comparison between Forecast and Actual

For the Calendar Year 2021

Dollar Results are in (000's)

	<u>Year-End</u> 12/31/2021 <u>Actual</u>	<u>Year-End</u> 12/31/2021 <u>Forecast</u>	<u>Actual vs</u> Forecast <u>Inc(Dec)</u>	<u>Percent</u> <u>Variance</u>	<u>Notes*</u>
Cash Flows from Operating Activities					
Increase (Decrease) in Net Assets	(2,071)	746	(2,817)	(377.6)	(f)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:					
Depreciation	728	931	(203)	(21.8)	
Proceeds from non-refundable entrance fees	5,402	5,149	253	4.9	
Amortization of entrance fees	(5,111)	(5,513)	402	(7.3)	
(Increase)Decrease in operating assets	(7)	-	(7)		
Increase (Decrease) in operating payables	139	-	139		
(Decrease) Increase in deferred lease expense payable	192	272	(80)	(29.5)	
Net Cash Flow from operating activities	<u>(729)</u>	<u>1,585</u>	<u>(2,314)</u>	(146.0)	
Cash Flows from Investing Activities					
Purchase of Fixed Assets	(700)	(3,572)	2,872	(80.4)	(b)
Net Cash Flow from investing activities	<u>(700)</u>	<u>(3,572)</u>	<u>2,872</u>	(80.4)	
Cash Flows from Financing Activities					
Increase (decrease) in financing activities	646	7,800	(7,154)	(91.7)	(a)
Net Cash flow from financing activities	<u>646</u>	<u>7,800</u>	<u>(7,154)</u>	(91.7)	
Increase (Decrease) in Cash	(783)	5,813	(6,596)	(113.5)	
Cash and cash equivalents - beginning of year	7,302	7,302	0	0.0	
Cash and cash equivalents - end of year	<u>6,519</u>	<u>13,115</u>	<u>(6,596)</u>	(50.3)	
Supplemental disclosure of cash flow information					
Cash paid during the year for:					
interest	65	-	65		

*Notes: Based on materiality level of variances greater than 10% and \$500,000

ATTACHMENT G



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April 22, 2022

Mr. Philip Haubenreisser
Controller
Springmoor Life Care Retirement Community
1500 Sawmill Road
Raleigh, NC 27615

Re: Future Services Obligation Calculation as of December 31, 2021

Dear Philip:

Continuing Care Actuaries was retained by Springmoor Life Care Retirement Community ("Springmoor") to assist management in calculating their Obligation to Provide Future Services and the Use of Facilities to Current Residents (the "Obligation") as defined by the AICPA Health Care Audit Guide. This calculation was done as of December 31, 2021. In addition to the Future Service Obligation calculation, Continuing Care Actuaries has performed, with input from Springmoor representatives, the calculation of unamortized deferred revenue and the amortization of deferred revenue from entry fees for fiscal year ending 2021.

In the course of our study we received the following information from Springmoor:

- Community description and configurations;
- Current residential entrance, monthly service and auxiliary fees;
- Current year budget information;
- Prior year's audited financial statement and current year's unaudited financial statement;
- Long term debt schedules; and
- Data containing demographic and financial information for current and prior residents.

Our study was conducted in a manner consistent with the Code of Professional Conduct and the Qualification Standards of the American Academy of Actuaries, and the Standards and Practice of the Actuarial Standards Board.

Limitations and Usage

The study includes projections of future experience at Springmoor. While at present we consider the methodology and underlying assumptions used to project such values as reasonable and appropriate, the actual realization of the projected amounts depends on events and environmental influences that are beyond the control of Springmoor and Continuing Care Actuaries. Therefore, actual experience may vary, perhaps materially, from the values included in this report.

Analysis

The assumptions for the number of deaths, transfers to assisted living / memory support and skilled nursing, and voluntary withdrawals are expressed in terms of the CCRC industry demographic transfer and mortality table. These assumptions are presented in the following table:

Mortality and Morbidity Assumptions				
CCRC Industry Demographic Transfer and Mortality Table				
	Age			
	<u>Under 75</u>	<u>75-84</u>	<u>85-94</u>	<u>Over 95</u>
ILU Mortality	138%	138%	138%	138%
ILU Transfer to ALU	33	33	33	33
ILU Transfer to SNF	138	138	138	138
ALU Mortality	132	132	132	132
ALU Transfer to SNF	143	143	143	143
SNF Mortality	138	138	138	138

The assumptions used herein represent a single set of assumptions. The use of alternative assumptions may produce results that differ, perhaps materially, from the results presented here. ILU corresponds to independent living care, ALU corresponds to assisted living care, and SNF corresponds to the skilled nursing care.

Unamortized Deferred Revenue

Under the new Audit Guide, refundable upon reoccupancy fees will no longer be amortized and will not be included in the calculation. These fees have been categorized as strictly refundable and should be reported as a liability.

The Audit Guide states that refundable entrance fees, to the extent that the refund is not dependent upon reoccupancy of the unit, should be accounted for as a liability. Although not strictly a component of unamortized deferred revenue, this liability at Springmoor as of December 31, 2021 is \$34,523,381.

The Audit Guide states that nonrefundable entrance fees should be accounted for as deferred revenue. This deferred revenue should be amortized into income over future periods based on the estimated life of the resident or contract term, whichever is shorter. The period of amortization should be adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each group of residents occupying the same unit.

Cash inflow includes revenue contractually committed to support the residents and inflow resulting from monthly fees including anticipated increases in accordance with contract terms. Cash outflow includes operating expenses, including interest and excluding marketing and general and administrative expenses.

To calculate the estimated amount of future net cash flow, we used LifeCalc to project cash flow over a 30-year period based on actuarial methods. The mortality and permanent transfer assumptions documented previously were used to project the number of residents in Springmoor each year. Based on these demographic projections, the amount of monthly fees received in each year was projected based on the fee and inflation assumptions.

Per diem fees from non-ILU residents and interest income were not included as cash inflow. Expenses were projected based on inflation and allocation assumptions and the number of contractual residents in the community during each year.

Per the Audit Guide, optional service income may be included as cash inflow with the exception of income relating to coffee shop and beauty shop services. We have not included any optional services in the calculation of the Future Service Obligation.

The Audit Guide states that general and administrative expenses may be excluded from the cash outflow for purposes of the Future Service Obligation. We have included 15% of general and administrative expenses for Springmoor, as detailed in the assumptions for the calculation.

The present value of cash outflow and inflow were determined for the community using an inflation rate of 3.0% and a discount rate of 5.0%. The present value of cash inflow was then subtracted from the present value of the cash outflow to determine the net cash flow.

The amount of depreciation related to current residents was determined by calculating an estimate of the depreciation charge in each future year related to the number of current residents at Springmoor. A level depreciation charge was assumed and allocated pro-rata among surviving current residents in each future year. These allocated charges in each future year were summed to determine the total amount of depreciation related to current residents.

The Audit Guide states that the cost of acquiring initial continuing care contracts that are expected to be recovered from future contract revenues should be capitalized. Per Springmoor's representatives, no costs of acquiring continuing care contracts have been amortized.

