



Disclosure Statement

May 30, 2022

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

- This Disclosure Statement may be delivered until revised, but not after October 30, 2023.
- Delivery of the Disclosure Statement to a contracting party before execution of a contract is required.
- This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

Carolina Meadows is located at: 100 Carolina Meadows, Chapel Hill, NC 27517. The corporate website is: www.carolinameadows.org

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Section 1: Provider Introduction and Information

Name and Business Address

The name of the corporation is Carolina Meadows, Inc. and is usually referred to as simply Carolina Meadows. It is licensed as a Continuing Care Retirement Community (“CCRC”) and may, from time to time, be referred to as a Life Plan Community in marketing and print materials.

It is located at 100 Whippoorwill Lane, just south of Chapel Hill, North Carolina in Chatham County. The mailing address is 100 Carolina Meadows, Chapel Hill, NC 27517.

Not-for-Profit Status

Incorporated in 1983 as a North Carolina nonprofit corporation, Carolina Meadows is exempt from corporate income taxes as a 501(c) (3) nonprofit corporation under the Internal Revenue Code. This tax exempt category allows the organization to receive charitable contributions. Contributions to the organization may generally be deductible by the donor. Under IRS regulations, no earnings of the Corporation may be distributed to the Directors, Officers, or other private individuals. All excess funds remain with Carolina Meadows for use in its programs and services to residents.

Affiliations and Memberships

Carolina Meadows is affiliated with Carolina Meadows Senior Communities & Services, Inc. (“the Parent”), a North Carolina nonprofit corporation and the sole member of Carolina Meadows. The Parent is also the sole member of Carolina Meadows Home Care, Inc., a North Carolina nonprofit corporation (“Home Care”) and the sole member of Carolina Meadows Charitable Foundation, Inc. (“the Foundation”). The Parent, Home Care, and the Foundation are recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code and as supporting organizations of Carolina Meadows. The Parent does not have any members and is governed by its own board of directors. The Parent elects the board of directors of Carolina Meadows, Home Care, and the Foundation. Currently, twelve (12) of the thirteen (13) members of the board of directors of the Parent are also members of the board of directors of Carolina Meadows, and six (6) of the eight (8) members of the board of directors of Home Care are also members of the board of directors of Carolina Meadows. Five (5) of the nine (9) board members

of the Foundation are also members of the board of directors of Carolina Meadows. Certain actions of the board of directors of Carolina Meadows, Home Care, and the Foundation require the consent of the Parent, as more fully described in the bylaws of Carolina Meadows, Home Care and the Foundation.

The Parent is also the sole shareholder of Carolina Meadows Management and Development Services, Inc., a North Carolina corporation (“Management and Development Services”). The board of directors of Management and Development Services is elected by the Parent. Currently, all of the members of the board of directors of Management and Development Services are also members of the board of directors of Carolina Meadows. Certain actions of the board of directors of Management and Development Services require the consent of Parent, as more fully described in the bylaws of Management and Development Services.

Carolina Meadows is also affiliated with and a dues paying member of Novare, LLC, a consortium of single-site and small-system CCRCs in non-competing markets around the country that provide opportunities for collaboration, sharing best practices, leadership development, and fostering innovation within the senior living industry.

None of the entities affiliated with Carolina Meadows, including Parent, Home Care, the Foundation, Management and Development Services, or Novare, is responsible for the financial and contractual obligations of Carolina Meadows.

Required Criminal Violations Statement

Neither the President/Chief Executive Officer, any management staff, nor any member of the Board of Directors has been convicted of a felony or pleaded nolo-contendere to a felony charge or judgment, for a felony or civil action involved in fraud, embezzlement, fraudulent conversion, or misappropriation of property. Neither is any member of management or Board of Directors subject to a currently effective injunction or restrictive court order, or within the last five years has any State or Federal license or permit suspended or revoked as a result of any action brought by a governmental agency or department, arising out of or relative to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to North Carolina G.S. 58-64 or similar laws in another state.

Accreditation

Carolina Meadows is accredited by CARF-CCAC (Commission on Accreditation of Rehabilitation Facilities – Continuing Care Accreditation Commission). Current accreditation is valid through January 2023 and is for a term of 5 years. Accreditation is earned based on conforming to annual accreditation standards and allowing CARF-CCAC to periodically review the organization through a combination of written submissions and onsite surveys. Carolina Meadows has been accredited since 1994.

Board of Directors

Carolina Meadows is governed and managed by a volunteer, community-based, board of directors. The By-Laws call for no less than twelve (12) voting directors up to a maximum of fifteen (15) voting directors and two (2) Ex-Officio non-voting directors made up of the President of the Residents Association and the Chief Executive Officer of Carolina Meadows. Four of the voting directors are required to be residents living at Carolina Meadows. The following is a list of the current board of directors of Carolina Meadows, Inc.

D.R. Bryan
607 Aberdeen Dr.
Chapel Hill, NC 27517

Mr. Bryan was born in Rocky Mount, NC and has lived in Chapel Hill since 1998.. He is a graduate of East Carolina University and Wake Forest University School of Law. He is the founder of Bryan Properties, Inc. a company that specialized in building walkable, mixed-use communities including Southern Village in Chapel Hill. The company has been named developer of the year in the Research Triangle and Charlotte regions. Dr. believes that service to the community is an important part of one's life. He has been involved with a number of organizations, most recently serving as President of the North Carolina chapter of The Nature Conservancy and Chair of the Orange County Economic Development Commission.

Dr. Nancy Chescheir, MD
441 Lystra Estates Drive
Chapel Hill, NC 27517

Dr. Chescheir came to Chapel Hill in 1973 as a college freshman and has remained here since, except for a 4 year hiatus in Nashville, Tennessee and Gaborone, Botswana from 2008-2010. Since

1988, Dr. Chescheir has worked at the UNC School of Medicine as a professor of Obstetrics and Gynecology since completing her fellowship in Maternal-Fetal Medicine (high risk obstetrics) and has also been an editor in chief of an Ob GYN journal.

Richard Gurlitz
Gurlitz Architectural Group
121 S. Estes Drive, Suite 100
Chapel Hill, NC 27514

Mr. Gurlitz has been a Chapel Hill resident since 1979. He is the founding member of Gurlitz Architectural Group. His undergraduate degree is in Art History from Johns Hopkins University, coupled with a design studio under a beaux arts professor at Columbia University, directed him to pursue architecture as a profession. The program at the University of Wisconsin, strong in community planning and design, set his path for bringing strong design features to community projects. He is responsible for all design efforts in the architectural firm and has been licensed in North Carolina for 30 years. Richard has served as Treasurer with the Chapel Hill Reform Board of Trustees and Chair for Chapel Hill School System New Facilities Review Committee.

Pickett Guthrie (Resident)
535 Carolina Meadows Villa
Chapel Hill, NC 27517

Although a native of North Carolina, Ms. Guthrie lived her early adult life in Denver, Colorado and Princeton, NJ. She was educated at Duke University and at the University of Denver. Returning to North Carolina, she earned a master's degree in Library Science at UNC Chapel Hill and built her career as a Law Librarian for several large law firms. She later moved to the nonprofit world, earning a certificate in Non-Profit Management from Duke University. She co-founded the Restless Legs Syndrome Foundation (RLSF) and was executive director from 1992-1996. Several years later, she returned as a member of RLSF's Board of Directors, serving on the Executive Committee and as Chair of Governance and of Corporate Relations. Recently, Pickett held a position on the Board of UNC's Program in the Humanities. Since 2013, she and husband, Robert, have made their home at Carolina Meadows. Pickett is a long-term volunteer at the Pines where Robert lived until the end of his life in 2017.

Rogers Harshbarger
300 North Elliot Road
Chapel Hill, NC 27514

Mr. Harshbarger is the Director of Private Investments at UNC Management Company, Inc. in Chapel Hill, NC. A native of Virginia, Mr. Harshbarger completed his undergraduate degree at the University of Virginia and his MBA at the University of North Carolina Kenan-Flagler Business School. He possesses a diverse knowledge of investment management experience having served various positions since 1999 with Bain & Company, Atlantic Pacific Capital, Inc., Donaldson, Lufkin & Jenrette-Credit Suisse First Boston, and Prudential Securities.

Mr. Gregory Herman-Giddens (Vice Chair)
Galbraith Law Firm
999 Vanderbilt Beach Road
Suite 509
Naples, FL 34108

Mr. Herman-Giddens is a shareholder in the Naples, Florida office of Henderson, Franklin, Starnes & Holt, P.A. He also maintains a home and office in Chapel Hill, North Carolina. Greg is a trusts and estates attorney, having practiced law for over 31 years. He holds a B.A. from UNC-Chapel Hill, a J.D. from Tulane Law School, and an LL.M. in Estate Planning from the University Of Miami School Of Law. Greg is certified as a Specialist in Estate Planning and Probate Law by the North Carolina State Bar Board of Legal Specialization and is a Certified Financial Planner. He is licensed to practice law in North Carolina, Florida, New York and Tennessee.

Judy Jones (Resident)
President of the Residents Association and Ex-Officio Board Member
323 Carolina Meadows Villa
Chapel Hill, NC 27517

Ms. Jones was born and raised in California where she enjoyed exploring the San Francisco Game Reserve with her younger brother. She went on to receive her degree in Biological Sciences (minor in Chemistry) and her M.A.T. from Stanford University. She took her love of biology and spent 32 joyful years as a high school biology and chemistry teacher (primarily in the Chapel Hill-Carrboro School System). She was also active at the state level as a curriculum writer and has mentored many student teachers. She earned her National Board Certification for Adolescent Science and was a Presidential Awardee for Excellence in Science Teaching. She

occasionally served as an adjunct professor at UNC-Chapel Hill to support the science teacher observation and evaluation process. As a Carolina Meadows resident, Ms. Jones has been Precinct Secretary and Precinct Representative to the RA Council, served as chair of the Community Outreach Committee, helped with the resident website, MeadowLife and managed the resident listserv, MeadowTalk. She also helped work on the CM Pandemic Project, specifically the book of stories - Chronicles of the Pandemic. Currently, she is President of the Residents Association. Judy and her late husband, Morgan, moved to Carolina Meadows in 2017 after living for 35 years in Chapel Hill.

Ralph Karpinos
112 Braswell Road
Chapel Hill, NC 27516

Mr. Karpinos grew up in the Washington DC area. He received his undergraduate degree from Duke University where he served as editor of the student newspaper during his senior year. He received his law degree from the University of South Carolina, where he was an articles editor of the Law Review. Returning to North Carolina in 1978, he was the Assistant City Attorney in Winston-Salem until 1985, when he was appointed as the Town Attorney in Chapel Hill, a position he held until September, 2020. He is the past president of the N.C. Association of Municipal Attorneys and past chair of the Government and Public Sector Section of the N.C. Bar Association. Following his retirement from local government service in North Carolina, he received the Order of the Long Leaf Pine from Governor Roy Cooper.

William Lehrburger (Resident)
104 Carolina Meadows Villa
Chapel Hill, NC 27517

Raised in Brookline, MA, Mr. Lehrburger earned a BA in Economics from the College of William and Mary in Williamsburg, VA and an MBA from Harvard Business School. His working career encompassed marketing, advertising and general management positions in several industries, including plywood, farm machinery, small appliances, retail and marketing consulting. Mr. Lehrburger also served as the first president of a 1500-unit gated community and as a volunteer consultant in Istanbul, Turkey under the auspices of the International Executive Service Corps. He moved to Carolina Meadows in 2014. He has served as Chair of the Resident Buildings,

Grounds, and Safety Advisory Committee and as a member of the Resident Health Center Task Force.

Dr. Pat Mandell (Resident)
502 Carolina Meadows Villa
Chapel Hill, NC 27217

Dr. Mandell is a native of Kansas. After graduating from Kansas State University in 1971, she moved to Texas, where she spent the next 33 years. There, she earned an MA in Learning Disabilities and a Doctorate in Educational Psychology. She taught elementary grades, special education and university courses in colleges of education. In addition to teaching, Dr. Mandell served as Head of School in three private schools in Texas, one in Houston and two in San Antonio. She served as the founding president of a national organization of Reform Jewish Day Schools. In 2004, Pat moved to Baltimore, MD to marry Dr. Wallace Mandell. In Baltimore, she taught at Towson University and was Head of School at Baltimore Hebrew Day School. The Mandell's retired and moved to Carolina Meadows in 2012. Pat has been a volunteer in the Pines and the library. She has served as Precinct Secretary and Representative for Precinct 15, chair of the Community Outreach Committee and chair of the Women's Luncheon Committee. She also is a member of the Carolina Meadows University steering committee. She currently serves as Chair of the Board of Directors for the Carolina Meadows Foundation, Inc.

Ms. Robin McDuffie (Treasurer)
Principal, Blackman and Sloop, CPAs, P.A.
1414 Raleigh Road, Suite 300
Chapel Hill, NC 27517

Ms. McDuffie is a principal of Blackman & Sloop, CPAs, P. A. in Chapel Hill where she has over thirty years of experience working with individuals, businesses and not-for-profit organizations. Robin works in the assurance area providing audits, reviews and compilation of financial statements. Many of her assurance clients are in the construction and not-for-profit industries. In addition, she has expertise in tax compliance and consulting for individuals and nonprofits. Robin has a Bachelor of Science degree in business administration with a concentration in accounting from the University of North Carolina at Chapel Hill. She is a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants. She volunteers her time and talents throughout the community and serves on the

boards of directors for non-profit organizations. Ms. McDuffie lives in Chatham County where she enjoys spending time with her grandchildren. Per NCGS §58-64(a)(3)(b) the firm in which Ms. McDuffie may provide periodic tax services to residents of Carolina Meadows, the anticipated cost of which cannot be estimated.

Steve Miller
177 Crystal Springs Court
Chapel Hill, NC 27516

Originally from Louisville, KY, Mr. Miller moved to Chapel Hill in 1971 to attend the University of North Carolina, earning a BA in 1975. After spending a few years in Washington, DC where he worked on Capitol Hill as a Legislative Aide, Mr. Miller returned to Chapel Hill and received an MSPH from the School of Public Health in 1982 and a law degree in 1985. He has practiced law in Chapel Hill and is retired from the law firm of Alexander Miller & Schupp, LLP. Mr. Miller practiced in the area of business and corporate law, estate planning and administration, and residential and commercial real estate. Mr. Miller served for many years on the Boards of Directors of Freedom House Recovery Center, the Strowd Roses Foundation and Eyes, Ears, Nose and Paws, a service dog training and placement organization.

Joan Pellettier (Board Chair)
2300 Englewood Ave.
Durham, NC 27705

Born in New York and raised in Oregon, Ms. Pellettier came to North Carolina in 1969. She received a BA from Duke University and a MA from North Carolina Central University. Now retired, she was Director of the Triangle J Council of Governments' Area Agency on Aging, which covers a seven-county area. She served as chair of the NC Association of Area Agency on Aging and as a member of numerous local and state aging-related committees, including the North Carolina Study Commission on Aging. Ms. Pellettier was Executive Director of the private-non-profit Council for Senior Citizens in Durham County, NC-the Council is the lead aging service-providing agency in that county. Earlier experience was with aging and disability programs, including work with the Durham County Department of Social Services. She currently serves as chair of the North Carolina Partnership to Address Adult Abuse and Durham's Partnership for Seniors.

Dr. Hugh Tilson, MD (Resident)
525 Carolina Meadows Villa
Chapel Hill, NC 27517

Dr. Tilson, M.D. (Washington University, St. Louis, Missouri 1964), Dr.P.H. (Harvard School of Public Health 1972) has spent fifteen years each in public service, the multinational pharmaceutical industry, and academia, and continues as an active consultant and researcher. Recognized as a public health systems and workforce, pharmacoepidemiology, and outcomes researcher focusing on drug safety, he is a Lifetime National Associate of the National Academies of Science. He recently completed his duties as member of the national Public Health Accreditation Board (PHAB). At Carolina Meadows, he has been an active volunteer and committee member/chair. Among others, he has served as an officer for the Resident Health and Wellness Committee; the Medical Ambassadors; the ad hoc task force on the future of the Pines; the “Connect and Engage” Taskforce; Carolina Meadows University; UNC TV Annual Fund Drive; and as a Precinct Representative to the RA Council. He and his wife Judy received the 2015 CM Residents’ Association Presidents Award.

Mrs. Rosemary Waldorf
106 Gurnsey Trail
Chapel Hill, NC 27517

Mrs. Waldorf was born in Chatham County, NC, and grew up on a dairy farm in Silk Hope, NC. She holds a BA in English and an MA in Journalism from UNC-Chapel Hill. As a long-standing and highly involved resident of Chapel Hill, she has served on many community boards and projects, including the Chapel Hill Town Council and six years as Mayor of Chapel Hill (1995-2001). From 2003-2017 she worked for Bryan Properties, a real estate development firm based in Southern Village.

Executive Management Team

Kevin A. McLeod, CPA
President and Chief Executive Officer

Mr. McLeod is the President and Chief Executive Officer of Carolina Meadows Senior Communities and Services, Inc. He previously served as Carolina Meadows’ Chief Financial

Officer from 1998 to January 2006. Prior to joining Carolina Meadows, he was the Chief Financial Officer at a retirement community in Greensboro, NC. He is a licensed Certified Public Accountant having worked in public accounting prior to joining the senior living industry. He received his Bachelor of Science degree in Geology from the University of North Carolina at Chapel Hill and he completed his accounting coursework at North Carolina State University. Mr. McLeod currently serves as a financial and administrative surveyor with CARF, the international accrediting organization for continuing care retirement communities. He also serves as Board member, Treasurer and Chair of the Finance Committee of Caring Communities, Inc., a member-owned professional and general liability insurance company exclusively serving not-for-profit senior housing and care organizations around the nation. He currently serves on the NC Department of Insurance Continuing Care Advisory Committee as an appointed member. He is a member of the North Carolina Association of Certified Public Accountants and the American Institute of Certified Public Accountants. He is a former Board Member and Past Chair of the Board of Directors of Leading Age North Carolina.

Ben Cornthwaite
Executive Vice President and Chief Operating Officer

Mr. Cornthwaite is the Executive Vice President and Chief Operating Officer where he oversees all operational areas of Carolina Meadows. Mr. Cornthwaite is deeply involved with all aspects of the business and works closely with the CEO to develop and implement strategic plans for the organization. Before joining Carolina Meadows, he served as the Vice President and Executive Director for Erickson Living. He has also served as the Associate Executive Director, Senior Administrator, and Nursing Home Administrator. He holds a master's degree in Management of Aging Services from the University of Maryland Baltimore County and a bachelor's degree in Health Services Administration from James Madison University. He is a current Board member of Leading Age North Carolina.

Gary Levine, CPA
Executive Vice President and Chief Financial Officer

Mr. Levine is the Executive Vice President and Chief Financial Officer. Prior to serving as the Chief Financial Officer, he served as the Director of Finance for Carolina Meadows from 2009 to 2015. Prior to Carolina Meadows, Mr. Levine spent almost 20 years in the biotechnology and

pharmaceutical industries, working for several independent biotechnology firms, having been through several public market IPOs, as well as holding responsibility for financial consolidation in Eli Lilly Research Laboratories. He began his career in public accounting with the national “Big 8” firm of Ernst & Whinney in New York City, New York. He also worked for a land developer and real estate management group in Raleigh, North Carolina. Mr. Levine received his Bachelor of Science in Business Administration degree from Washington University in St. Louis with a double major in Sociology and History. He is a licensed CPA and member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

Shelli Giardino
Vice President of Human Resources

Ms. Giardino is the Vice President of Human Resources where she oversees all aspects of the Human Resources function including recruitment and benefits for all staff. Before joining Carolina Meadows, she served as the Director of Human Resources for Sinai Residences of Boca Raton in Florida. She also served as Director of Human Resources for Erickson Living at communities in Palm Beach Gardens, Florida and Silver Spring, Maryland as well as other Human Resource support roles in Overland Park, Kansas and Catonsville, Maryland. She earned a bachelor’s degree from the University of Maryland Baltimore County in Political Science with a minor in Psychology.

Melissa Kass
Vice President - Sales and Marketing

Ms. Kass is the Vice President of Sales and marketing at Carolina Meadows. She is responsible for developing and implementing the overall marketing and sales strategy for Carolina Meadows. Prior to joining Carolina Meadows, she spent 10 years as Director of Sales at Judson Manor at University Park in Cleveland, Ohio. There she was part of a team that launched one of the first “At Home” programs in the country, Judson Smart Living at Home continues today to be a successful model that supports the ever-growing option of aging in place. She began her career as a pharmaceutical sales representative where she promoted a new antidepressant that was

successfully utilized in long term care settings. Ms. Kass earned her Bachelor of Science degree in Education from Kent State University in Kent, Ohio.

Todd Ohle

Vice President - Dining Services

Mr. Ohle is the Vice President of Dining Services and is an honors graduate of the Culinary Institute of America in Hyde Park, New York where he developed a passion for food and service. He went on to study hospitality management at Florida International University in Miami. He has more than 20 years of experience as a chef, leader and owner in restaurant and banquet operations and several years as a leader in senior living dining. He was a personal chef for the Versace family in South Beach, Florida.

Dan Camara

Vice President - Plant Operations

Mr. Camara is the Vice President of Plant Operations. He is responsible for overseeing all aspects of maintenance, improvements and operations for more than 1 million square feet of physical plant at Carolina Meadows. He ensures complex code and regulatory compliance is maintained while managing capital enhancements and improvements that ensure the beauty and comfort of the campus for all who call Carolina Meadows home. Mr. Camara has a leadership style best described as collaborative and inclusive with a respect for constructive opinions that create an atmosphere of trust and teamwork with a strong commitment to integrity and excellence. Prior to joining Carolina Meadows, he was Director of Facilities Management for a local retirement community and prior to that, he was Director of Facilities Management for nearly 20 years at another retirement community in Boston, Massachusetts.

Amy Gorely

Director of Community Relations

Executive Director of the Carolina Meadows Foundation

Ms. Gorely develops community partnerships and plays a key role in strategic communications. She aligns her work with her passion to serve the field of aging services. Prior to joining Carolina Meadows, she served on the board of directors of Carolina Meadows and Chair of the board, bringing a unique perspective to the team at Carolina Meadows. She committed her career to

working with mission driven nonprofit organizations, including a consulting company that served nonprofit organizations and the Carolina Center for Public Service at UNC Chapel Hill. She is a 2015 Leading Age Leadership Academy Fellow where she launched the Be Bold, Claim Old campaign to encourage celebration of every age. She earned a Master's of Public Administration specializing in nonprofit management and a Certificate in Aging from the UNC Chapel Hill.

Sandy Mouras
Fairways Administrator

Ms. Mouras is the Administrator of the Fairways Assisted Living program at Carolina Meadows where she oversees the nursing and administrative functions of the Assisted Living and Memory Care programs. Throughout her career in senior living she has been responsible for developing robust programs and services for those residents who reside in CCRCs. Additionally, she is an advocate for strategic services and program development that plan to the emerging needs of older adults. Ms. Mouras earned her Bachelor's degree from James Madison University (Harrisonburg, VA).

Sasha Arreguin
Pines Administrator

Ms. Sasha Arreguin has over 12 years of Senior Living healthcare experience in both national and international settings. She is a Clinical Social Worker by trade and has held various leadership roles in the areas of management, marketing, public relations, and social work in various CCRC communities. She most recently served as the Executive Director of a prestigious Assisted Living Community in South Florida. She is a Licensed Nursing Home Administrator in North Carolina.

Dr. Donna Miller, DO
Medical Director

Dr. Miller is a graduate of Muhlenberg College. She earned her DO degree from Philadelphia College of Osteopathic Medicine where she also completed an Internship and residency in Internal Medicine. She was the first DO to complete a two-year Geriatric Fellowship at The Cleveland Clinic in Ohio and was employed in the Section of Geriatric Medicine until returning to Pennsylvania to head the newly created Geriatrics Institute at St. Luke's Hospital and Health Network. After the hospital closed her department, she began

her private practice which specialized in long term care. She was also the Medical Director of two nursing homes and has recently recertified as a CMD. Dr. Miller serves as the Chair of the American College of Osteopathic Internists Certifying Examination for Geriatric Medicine. She has a broad range of experience in geriatric care in all settings.

Section 2: Facility Introduction and Information

Situated on 166 acres of rolling wooded land, Carolina Meadows is located in north Chatham County approximately three miles south of Chapel Hill. There are 488 independent living homes consisting of 161 apartments in six three-story buildings, 287 single story villas and 40 hybrid homes arranged in four separate buildings providing multiple views and outdoor connections. Four of the apartments have been converted to guest rooms and one apartment has been turned into a marketing showroom bringing the total available independent living homes to 483. The campus is home to over 750 residents living in apartments, villas, hybrid homes, assisted living, memory care, and health center accommodations. A system of walkways, most of which are covered, connect the apartment buildings with the central Club Center. Numerous outdoor seating areas are accessible from a walking path system, which encompasses the par 3, nine-hole golf course and meanders throughout the campus.

A large two-story Club Center building serves as the campus core. It houses a 350-seat auditorium, resident business center, enclosed swimming pool and Jacuzzi, library, craft and activity areas, and administrative offices. The adjoining Activities Center houses a café, fitness area and exercise studio, art studio, activity areas, and conference rooms. Other major amenities include two tennis and pickleball courts, a croquet court, bocce courts, garden space with raised planter beds, meditation labyrinth, resident memorial gardens and a woodworking shop.

The Club Center Dining facilities include an upscale courtyard dining venue and a private dining venue with state of the art audio and visual amenities for meetings and presentations. In addition, a Pub and Bakery are nestled in the Club Center for residents and guests to enjoy a meal of their choice. The marketplace dining venue features fresh foods and entrees made-to-order while you watch and wait and provides a wide variety of choices for those who desire a less formal dining venue.

The Fairways Assisted Living is licensed for 95 beds in 78 units as an Adult Care Home by the State of North Carolina Division of Health Service Regulation. It is a 103,000 square foot Residential Assisted Living Facility. It includes 64 apartments along with spacious common areas, an upscale dining venue, activity and lounge space, as well as The Green memory care with 14 rooms with 15 beds providing special care for memory-challenged residents. The Green is licensed as an Adult Care Home Special Care facility.

The Pines Health Center is licensed for 90 beds and does not participate in the Medicare program. Residents who have Medicare qualifying hospital stays may choose to pay prevailing per diem charges in the Pines Health Center or avail themselves of Medicare Part A benefits in local Medicare certified nursing facilities with reciprocal care arrangements with Carolina Meadows. Upon completion of a qualified Medicare stay at the local nursing facilities, residents may return to Carolina Meadows Health Center, Assisted Living or Independent Living.

Rehabilitation is provided on site through contract services in areas specially equipped to encompass both physical and occupational therapies. Speech therapy is available as well. Primary focus is on restoring residents' skills in preparation to return to their independent living home after an acute episode such as a stroke. To the extent that services provided by the rehabilitation services contractor are covered by Medicare Part B, the contractor will bill both Medicare and secondary insurances. Rehabilitation services that are not covered by Medicare will be billed to the resident.

A Community Health Clinic houses seven exam rooms, a laboratory area and offices for private consultation. In addition to nurse practitioners and registered nurses, Carolina Meadows employs a full time physician who is a geriatrician as well as contract physician services through UNC Health Care to support the health care needs of residents. The Clinic accepts Medicare Part B for the billing of medical services provided by Carolina Meadows' physicians and medical staff. Secondary insurance may also be billed in the Clinic. Other contracted medical services include dentistry, dermatology, audiology and psychology and are billed separately by the provider.

On-Campus Living and Early Advantage Program

Carolina Meadows offers two programs by which persons can become Residents of Carolina Meadows:

1. If a villa or apartment is available, one can reserve that accommodation, proceed through Carolina Meadows' admission process, take residency of the accommodation, and enjoy on-campus retirement living and related services, plus ensure access to future health care services as needed.
2. If a vacancy in Carolina Meadows' Early Advantage program is available, one can reserve that position, proceed through Carolina Meadows' admission process, become a Resident of Carolina Meadows with full access to the campus amenities, and ensure access to future health care services as needed -- while remaining in their current home for the time being -- and retaining their position on the Ready List for a potential move to campus at a later date. Residents who join Early Advantage may also move into Carolina Meadows if they so choose.

Whether living on campus or continuing to live in their current home, residents in each setting have access to Carolina Meadows' assisted living facilities, health center and other health care programs.

Since the Early Advantage program does not include residency on campus, the array of retirement living services offered under Early Advantage are different than the services offered to residents who live on campus -- and the fee structure reflects those differences (Refer to Section 5).

Aside from those differences, however, Carolina Meadows has made the two programs as similar as possible. Some of the key similarities are the following:

1. Only persons who are on Carolina Meadows' Ready List will be offered available residences on campus, and only those on the Ready/Waiting Lists will be offered Early Advantage.
2. Once an Applicant has reserved a residence or a position in the Early Advantage Program, the admission process is identical, and includes financial analysis and a health assessment.
3. Once one becomes a Resident of Carolina Meadows, whether living on campus or through Early Advantage, they have equal access to all common areas of campus, equal standing as members of the Residents Association, and equal access to Carolina Meadows' health care facilities.

To emphasize the wide array of similarities between the two programs, the next sections on Policies and Services will intersperse information related to both programs. To help understand the similarities and the differences, each section will contain helpful tables that provide side-by-side comparison of key policies and services, and how those apply to each program.

Section 3: Proposed Expansion/Repositioning

The Board of Directors of Carolina Meadows has agreed to replace a portion of the existing 90-bed Pines skilled nursing center (“Health Center”) within the next 3-5 years. Construction for replacing a portion of the Health Center is anticipated to begin in approximately 3 years.

In addition, simultaneously with the planning for replacement of the existing Health Center, the Board of Directors has approved an expansion of the Wellness facilities to coincide with the timing of construction of the new Health Center. The planning for both the new Health Center and the Wellness expansion projects is not sufficiently far enough along to be able to estimate the total dollar impact at this time. Planning and conceptual design work is anticipated to be completed by mid-2023.

Section 4: Admissions and Residency Requirements

The admission requirements for residency and the Early Advantage Program at Carolina Meadows are non-discriminatory with respect to race, creed, religion, gender, sexual orientation or gender expression. Admission to either Carolina Meadows’ Early Advantage program or On-Campus living is restricted to persons age 62 or older. Carolina Meadows is open to both couples (married or unmarried), Co-Residents, and singles. Carolina Meadows offers both a refundable entry fee contract and a declining balance entry fee contract. Both contracts can be found in Attachment 6. Please refer to the Tables below that explain the agreement type, their purpose, and the expected time Entry Fees and Monthly Service Fees are due:

1. Table 1 – Agreement Type and Purpose
2. Table 2 – Comparison of Admission Requirements
3. Table 3 – Comparison of Timing of Signing of Agreements and Entry Fee Payments

Table 1 - Agreement Type and Purpose

Purpose	Agreement Type	
	Early Advantage	On Campus
Individual expresses initial interest	Waiting or Ready List Agreement	Waiting or Ready List Agreement
Upon availability of an independent living unit, an individual decides to move forward with either moving to campus or joining the Early Advantage Program	Early Advantage Reservation Agreement	Residential Reservation Agreement
Individual becomes a resident of Carolina Meadows or joins the Early Advantage Program	Early Advantage Agreement	Choice of Residence and Services Agreement Options: Either the Equity Refund Option or Declining Balance Option
Upon availability, Early Advantage member decides to move to campus	Residential Reservation Agreement following Early Advantage	Not applicable
Early Advantage member moves to campus	Choice of Residence and Services Agreement Options: Either the Equity Refund Option or Declining Balance Option	Not applicable

Table 2- Comparison of Admissions Requirements

	Early Advantage	On-Campus
1) Access to Programs	Available to Members of Carolina Meadows' Ready and Waiting Lists.	Available to Members of Carolina Meadows Ready List.
2) Geographical Consideration	Persons must live in Chatham County, NC or surrounding counties, in convenient proximity to Carolina Meadows.	No geographical constraint, since persons are seeking a move to Carolina Meadows.
3) Offering Admission	When an Early Advantage slot is available, persons on the Interest List for Early Advantage are contacted in sequential order.	When an apartment or villa is available, persons on the Ready List who have expressed interest in that accommodation type are contacted in sequential order.
4) Admissions Process		
a) Reservation Agreement	Applicant signs an Early Advantage Reservation Agreement to reserve the available slot.	Applicant signs a Residential Reservation Agreement to reserve the available residence.
b) Financial Analysis	Applicant submits a Confidential Financial Statement with 10 days of signing an Early Advantage Residential Reservation.	Applicant submits a Confidential Financial Statement with 10 days of signing a Residential Reservation Agreement.
c) Insurance Requirements	Applicant must carry Medicare parts A and B or comparable alternative primary medical insurance and supplemental medical insurance.	Same

Table 3 – Comparison of Timing of Signing Agreements and Entry Fee

	Early Advantage	On-Campus
Upon 10 days of receiving notice of acceptance by Carolina Meadows Admissions Committee	Any Applicant’s deposits will be applied to the balance of Early Advantage Entry Fee	Applicant’s Ready List deposit of 5% is transferred to their entry fee specified in their Residential Reservation Agreement
Date of Financial Responsibility	Date when Early Advantage Agreement is signed and remaining Entry Fee is paid.	Date when Residence and Services Agreement is signed, remaining Entry Fee and prevailing Resident Assistance Fee is paid.
	Within 10 days of signing Early Advantage Reservation Agreement.	Within 110 days from signing either Residential Reservation Agreements or when the unit is available for occupancy, whichever comes first. Customized modifications may delay your move in date but will not delay date of Financial Responsibility.
	30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.	30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.

Early Advantage Agreement

At the time that an applicant is accepted for admission under Carolina Meadows’ Early Advantage program, the applicant will be notified in writing and have 10 days to sign an Early Advantage Agreement and pay the applicable Entry Fee in full. Any previous deposits made by an applicant will be applied towards the Entry Fee for the Early

Advantage Program. The date that the Agreement is signed constitutes the Date of Financial Responsibility for subsequent monthly service fees.

Residence and Services Agreements

There are two (2) different Residence and Services Agreements found in Attachment 6 (A & B) for residents who move directly into Carolina Meadows that include the following Agreements:

1. Residence and Services Agreement – Equity Advantage Refund Option (higher Entry Fee with the possibility of a higher future refund)
2. Residence and Services Agreement – Declining Balance Refund Option (significantly lower Entry Fee but reduced or no refund after 48 months)

Similar to the two (2) Residence and Services Agreements above, there are two (2) Residence and Services Agreements found in Attachment 6 (C & D) for residents who decide to move to campus while being members of the Early Advantage Program and include the following Agreements:

1. Residence and Services Agreement Following Early Advantage – Equity Advantage Refund Option
2. Residence and Services Agreement Following Early Advantage – Declining Balance Refund Option

A Residence and Services Agreement along with any exhibits, schedules and addenda constitutes the entire Agreement between Carolina Meadows and a resident for their chosen Residence and services provided once becoming a resident at Carolina Meadows.

Date of Financial Responsibility will be within 110 days from signing a Residential Reservation Agreement or when the unit is available for occupancy, whichever comes first. Customized modifications may delay your move in date but will not delay date of Financial Responsibility. At that time, applicants will sign the Residence and Services Agreement and pay any remaining Entry Fee balance due as well as a Resident Assistance Reserve Fee. The thirty (30) day Rescission period begins at the latter of the execution of the

Residence and Services Agreement or the date receipt of this Disclosure Statement is acknowledged by the resident.

Moving to the Campus following Early Advantage

A resident under the Early Advantage Program who desires to move on campus to Independent Living, Assisted Living or Pines Health Center will execute their choice of either an Equity Advantage Refund Option or a Declining Balance Refund Option Residence and Services Agreement prior to moving on campus at Carolina Meadows. The Early Advantage Entry Fee and any excess deposits paid by the resident will be applied to the prevailing Entry Fee for the reserved Residence. Any remaining Entry Fee due will be paid at the time of closing on the Residence.

Financial and Insurance Criteria

Applicants are required to provide a detailed financial statement plus supporting documents from which Carolina Meadows uses a widely accepted actuarial-based program to measure an applicant's income and assets against projected expenses over their life expectancy. The results of this comparison are used to determine one's ability to meet future service and care costs over their actuarially projected life expectancy and to identify potential deemed financial risks, if any, to Carolina Meadows.

While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic proof, and as reasonably requested, that your coverage remains in effect. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Service Fees and other costs associated with living at Carolina Meadows.

Section 5: General Amenities, Health Care/Wellness Benefits and Services

General Campus Amenities included in Fees

General Campus Amenities	Early Advantage	On Campus
1) Membership in Carolina Meadows Residents Association	✓	✓
2) Participation in all social, educational, recreational and cultural activities offered at Carolina Meadows and/or to other off-campus activities or events sponsored by Carolina Meadows or the Residents Association	✓	✓
3) Use of all Carolina Meadows' common areas, meeting rooms, classrooms and private dining rooms	✓	✓
4) Wellness Center, indoor pool and Jacuzzi	✓	✓
5) Library	✓	✓
6) Craft/Woodworking Shops and Art Studio	✓	✓
7) Golf Course, Croquet Court, Bocce Court, Tennis Courts and Walking Trails	✓	✓
8) Resident Business Center	✓	✓
9) Resident rate for meals at any of the six dining venues at Carolina Meadows: Courtyard Dining, The Pub, The Marketplace, Café, Bakeshop, and The Fairways Dining Room	✓	✓

Residential Services Included in Fees

The following services are included in the Monthly Service Fees and Entry Fee.

Responsibilities of and Services Provided by Carolina Meadows	Early Advantage	On-Campus
1) Emergency call systems and in-home security systems monitored by 24-hour security and nursing staff	N/A	Included
2) Professional management of the community and its facilities	N/A	Included
3) Regularly scheduled transportation from campus	Included	Included
4) Maintenance of all buildings and grounds; upkeep of roads and walkways; routine landscaping around campus	N/A	Included
5) Repair of all equipment and appliances that we provide	N/A	Included
6) Housekeeping in all common areas and spaces	N/A	Included
7) General liability and property insurance coverage of Carolina Meadows' property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your home or unit. (We do not insure the personal contents of your home or unit and you are strongly encouraged to insure, at your own expense, the personal contents of your home or unit)	N/A	Included
8) Water and sewer services; standard Cable TV and high speed internet service throughout the campus; all utilities in common areas	N/A	Included
9) Removal of garbage, recyclables, and hazardous household waste	N/A	Included
10) Social services, counseling, and support programs coordinated by the Care Coordination Team	Included	Included
11) County property taxes and fees	N/A	Included

Amenities, Personal Services, and Concierge Services (Extra Fees May Apply)

Service or Amenity	Early Advantage	On-Campus
1) Resident operated Gift Shop	Available on campus	Available on campus
2) Beauty Shop managed by licensed beauticians	Available on campus	Available on campus
3) Integrative Health Therapies (massage, acupuncture) provided by licensed therapists	Available on campus	Available on campus
4) Medical specialty services (podiatry, audiology) provided by independent licensed practitioners in the Primary Care Medical Practice	Available on campus	Available on campus
5) Pick up and drop off services at a local dry cleaning business	Available only from campus location	Available on campus
6) Concierge services including assistance with email correspondence, notary services, assistance with postage and shipping from campus	Available only from campus location	Available on campus
7) Scheduled bus trips to shopping and other community events	Available from campus	Available from campus
8) Pick up and drop off point for UPS, FedEx, and other express mail services	Available only from campus location	Available on campus
9) Housekeeping and/or Handyman services	Not Available	Available on campus
10) On-campus guest apartment accommodations (reservations required)	Access to preferred partner hotels	Available on campus
11) Guest meals for your visitors	Available on campus	Available on campus
12) Resident rate for on campus dining/meals	Members charged same rate as on-campus residents	Residents charged a monthly meal minimum; additional charges at resident rate

Health Care and Wellness Services and Benefits Included in Fees

Services and Benefits	Early Advantage	On-Campus Living
1) Health Care “Free Days” which, when used, make the applicable daily rate for health care charge zero dollars (\$0).	Accrue 5 days a year. Maximum of 10 lifetime days prior to move on campus.	Not included
2) Ability to access Carolina Meadow’s on-site Primary Care Medical Practice that bills Medicare part B for payment.	Same benefits as residents living on campus	Same benefits as Early Advantage members
3) Priority access to care in the Fairways Assisted Living, the Pines Skilled Nursing Center and the Green with memory support.	Same benefits as residents living on campus	Same benefits as Early Advantage members
4) Per diem charges in Assisted Living and Skilled Nursing levels of care.	Same benefits as residents living on campus	Same benefits as Early Advantage members
5) Scheduled medical transportation during regular hours	Two trips per month covered; additional trips available fee-for-service	Included (no maximum number of trips)
6) Social services, counseling and support programs coordinated by Carolina Meadows’ Care Coordination Team or Wellness Staff	Same benefits as residents living on campus	Same benefits as Early Advantage members
7) Activities and programs provided on campus through Carolina Meadows’ Wellness Program and Activities Department	Same benefits as residents living on campus	Same benefits as Early Advantage members
8) Annual In-Home Assessment by Carolina Meadows’ Care Coordination Team or Wellness Staff	Included	Available as Needed

Health Care and Wellness Services for an Extra Charge

Services and Benefits	Early Advantage	On- Campus Living
1) Prevailing per diem charges in Fairways Assisted Living, Green Assisted Living with Memory Support, and the Pines Skilled Nursing levels of care	Same per diem charges as residents living on campus	Same per diem charges as Early Advantage members
2) Rehabilitation services available on Campus	Billed to insurance. Resident pays deductibles /copays	Billed to insurance. Resident pays deductibles / copays
3) Medical supplies, personal need supplies, and other “ancillary” items supplied to residents while in the Fairways or Green Assisted Living	Same charges as On-Campus residents	Same charges as Early Advantage members
4) Off-hours medical transportation for a fee	Not available	Available from Carolina Meadows staff or other vetted vendor at Extra Charge
5) Medical Accompaniment (costs of additional staff person accompanying resident to the medical appointment)	Carolina Meadows can provide a list of vendors	Carolina Meadows can provide a list of vendors
6) Full access to Carolina Meadows on-campus Primary Medical Practice, including the services of Carolina Meadows’ medical director, medical staff and nursing staff	Billed to insurance. Resident pays deductibles /copays	Billed to insurance. Resident pays deductibles / copays
7) Temporary assistance by a nurse or aide through a licensed home care agency	List of partner home care agencies provided	List of preferred vendors will be provided
8) Home meal delivery as medically necessary	Not available	Available at Extra Charge
9) Assistance obtaining Home Care or Home Health Care as medically required	Available at Extra Charge	Available at Extra Charge
10) On-Campus Nutrition and Diet Counseling	Available at Extra Charge	Available at Extra Charge

Section 6: Application Fees, Base Entry Fees, Resident Assistance Reserve Fee, Periodic Fees, and Early Advantage Program Fees

Application Fees

The admission process includes a non-refundable application fee of \$300 per unit due at the time of application. To become a member of the Priority Waiting list, a fully refundable deposit of \$3,000 is required. The refund of the deposit is without interest. The Priority Waiting list is divided into two categories: Waiting and Ready. The Waiting List is designed for applicants whose desired occupancy date is undetermined. The Ready List is designed for applicants who plan to move as soon as their chosen unit type is available. The Ready List deposit requirement is 5% of the Entry Fee based on your largest floorplan chosen. You may choose up to four preferred floor plans. If you choose to withdraw once on the Ready List, there is a \$1,000 forfeiture fee withheld from the refund, without interest, of the Ready List deposit amount. Both the \$3,000 waiting list and the 5% Ready List deposits are applicable toward the Entry Fee.

Base Entry Fee and Second Person Fee

Carolina Meadows offers a unique program known as **The Equity Advantage**. Under this program residents have an opportunity to share in the appreciation of their living unit as Base Entry Fees may increase annually at amounts determined by Carolina Meadows based on market conditions. Any appreciation amount in excess of the resident's original Base Entry Base, after deducting marketing and refurbishing cost, is split equally between Carolina Meadows and the resident or their estate. Details of this unique program are in the Residence and Services Agreement – Equity Advantage Option found in Attachment 6(A) of this document. The Entry Fee refund calculation is determined as noted in Section 9 of the Equity Refund Option Agreement. A Second Person Fee under The Equity Advantage program is non-refundable and is not part of the Entry Fee refund calculation.

In addition, Carolina Meadows offers a Declining Balance Entry Fee contract option whereby a resident pays a substantially discounted lower Entry Fee that amortizes down to a zero refund after 48 months. The Declining Balance Entry Fee is currently 50% of the Base Entry Fee for a corresponding Residence as noted in Table 6. The Declining Balance Entry Fee percentage applied to the Base Entry Fee amount is subject to change periodically as determined by the Board of Directors and management. Details of the Declining Balance Entry Fee contract option are in the Residence and Services Agreement

– Declining Balance Option found in Attachment 6(B) of this document. The Entry Fee refund calculation is determined as noted in Section 9 of the Declining Balance Option Agreement. A Second Person Entry Fee under the Declining Balance Option is refundable through the 48th month, after which the refund is fully amortized and remains with Carolina Meadows.

Resident Assistance Reserve Fee

In addition to the Base Entry Fee, a Resident Assistance Reserve Fee of \$8,500 per person is required to be paid at the time of payment of the Base Entry Fee for the chosen Residence. The Resident Assistance Reserve Fee is refundable only if the Residence and Services Agreement is terminated within the 30-day Rescission Period. Otherwise, the amount is non-refundable after the 30-day Rescission period ends. The Resident Assistance Reserve Fee allows Carolina Meadows to provide assistance to residents who may outlive their resources or who, through no fault of their own, experience severe declines in asset values and income either through unplanned investment market declines or loss of retirement or pension benefits such that they can no longer afford to live at Carolina Meadows.

Periodic Fees: Effect as of January 1, 2022

The following fees illustrate the fee schedules in effect as of January 1, 2022; fees are subject to change from time to time but generally fees change each January 1.

Entry Fees

Apartments	\$133,100	to	\$390,000
Villas and Duplexes	321,300	to	798,500
Second Person Entry Fee	\$15,000		

Monthly Accommodation Fees

Single Occupancy	\$3,038	to	\$4,039
Double Occupancy	\$4,039	to	\$4,997
Monthly Food Minimum (<i>per person</i>)	\$250		

Assisted Living and Health Care Accommodations (All rates are per day)

<i>Assisted Living</i>		<i>Nursing Care</i>	
Single	\$246	Private	\$380
Couple/2 bath	\$395	Semi-Private	\$361
Single/1.5 bath	\$276		
Couple/1.5 bath	\$367		
Special Care	\$313		

Early Advantage Program Fees for 2022

If you should desire to join the Early Advantage Program, your entry fees and monthly program fees are as follows:

Entry and Monthly Program Fees

Entry Fee: \$13,500 per person Monthly Program Fee: \$575 per person

Your Entry fee is amortized over 25 months, at which point there is no refund. If your membership within the Early Advantage program should terminate, you will be refunded any unamortized balance remaining, without interest, within 30 days of termination in the program. If you decide to move on to campus in independent living, your entire Early Advantage entry fee will be credited to the entry fee for your desired unit regardless of whether the 25 month amortization has been completed or not. You will pay the prevailing rates as noted above for the applicable level of care. You will be required to pay the Resident Assistance Fee once you move permanently to campus.

Historical Changes in Fees

Fees are generally changed annually on January 1 in conjunction with approval of Carolina Meadows' annual budget. Resident input in the annual budgeting process is channeled through the Residents Association Budget & Finance Committee, prior to presentation to the Board at its November meeting. All fee changes are approved by the Board of Directors. Residents are provided at least thirty days written notice of such changes. Carolina Meadows' goal is to maintain fees at the lowest rate consistent with sound fiscal policies while providing for continued quality service to its residents and generating enough surplus sufficient to provide for proper maintenance and operation of its facilities.

Following are Tables 4, 5 and 6. Table 4 illustrates the 5-year historical changes in Carolina Meadows’ Monthly Accommodation Fee structure. Table 5 illustrates the Remarketing Fee Percentage charged upon resale of a unit. Table 6 illustrates the 5-year historical changes in Carolina Meadows’ Entry Fees.

Table 4 – Historical Monthly Accommodation Fee Increases and Per Diems					
	2022	2021	2020	2019	2018
Independent Living Monthly Service Fees					
Single Occupancy	\$3,038 to \$3,995	\$2,938 to \$3,864	\$2,937 to \$3,586	\$2,852 to \$3,448	\$2,769 to \$3,315
<i>Average Monthly Increase</i>	<i>\$118</i>	<i>\$102</i>	<i>\$111</i>	<i>\$110</i>	<i>\$104</i>
Double Occupancy	\$4,039 to \$4,996	\$3,929 to \$4,855	\$3,918 to \$4,567	\$3,814 to \$4,410	\$3,713 to \$4,259
<i>Average Monthly Increase</i>	<i>\$128</i>	<i>\$112</i>	<i>\$130</i>	<i>\$129</i>	<i>\$122</i>
Monthly Food Allowance per Person	\$255	\$250	\$250	\$250	\$250
<i>Average Monthly Increase</i>	<i>\$5</i>	<i>\$0</i>	<i>\$0</i>	<i>\$50</i>	<i>\$0</i>
Health Center Per Diems					
Private - Daily	\$380	\$370	\$360	\$350	\$341
<i>Average Per Diem Increase</i>	<i>\$10</i>	<i>\$10</i>	<i>\$10</i>	<i>\$9</i>	<i>\$8</i>
Semi-Private – Daily	\$361	\$351	\$342	\$334	\$325
<i>Average Per Diem Increase</i>	<i>\$10</i>	<i>\$9</i>	<i>\$8</i>	<i>\$9</i>	<i>\$8</i>
Assisted Living Per Diems					
Single	\$246	\$239	\$233	\$227	\$221
<i>Average Per Diem Increase</i>	<i>\$7</i>	<i>\$6</i>	<i>\$6</i>	<i>\$6</i>	<i>\$6</i>
Couple – 2 bath	\$395	\$384	\$364	\$354	\$344
<i>Average Per Diem Increase</i>	<i>\$11</i>	<i>\$10</i>	<i>\$10</i>	<i>\$10</i>	<i>\$10</i>
Single – 1.5 bath	\$276	\$269	\$262	\$255	\$248
<i>Average Per Diem Increase</i>	<i>\$7</i>	<i>\$7</i>	<i>\$7</i>	<i>\$7</i>	<i>\$7</i>
Couple – 1.5 bath	\$367	\$357	\$347	\$338	\$329
<i>Average Per Diem Increase</i>	<i>\$10</i>	<i>\$9</i>	<i>\$9</i>	<i>\$9</i>	<i>\$9</i>
Special Care	\$313	\$305	\$297	\$289	\$281
<i>Average Per Diem Increase</i>	<i>\$8</i>	<i>\$8</i>	<i>\$8</i>	<i>\$8</i>	<i>\$10</i>
Early Advantage Program Monthly Fee					
<i>(Began in 2017) – no change</i>	<i>\$575</i>	<i>\$575</i>	<i>\$575</i>	<i>\$575</i>	<i>\$575</i>
Table 5 – Remarketing Fee Percentage Charged on Unit Resales					
<i>Based on current entry fee amount</i>	5%	5%	5%	5%	5%

Table 6 - Historical Villa and Apartment Base Entry Fee Increases**										
	2022		2021		2020		2019		2018	
	Inc.	Base Entry Fee	Inc.	Base Entry Fee	Inc.	Base Entry Fee	Inc.	Base Entry Fee	Inc.	Base Entry Fee
Villas***										
Redwood	19,500	798,500	-	779,000	-	779,000	-	-	-	-
Poplar	18,200	747,200	-	729,000	-	729,000	-	-	-	-
Laurel	17,200	705,200	-	688,000	-	688,000	-	-	-	-
Aspen	16,500	676,500	-	660,000	-	660,000	-	-	-	-
Montgomery	13,900	707,900	13,900	707,900	91,100	694,000	11,800	602,900	41,200	591,100
Madison	12,700	345,700	12,700	345,700	42,000	633,000	11,600	591,000	40,400	579,400
Hanover	12,000	611,000	12,000	611,000	23,300	599,000	11,300	575,700	39,400	564,400
Caldwell	11,100	567,100	11,100	567,100	5,300	556,000	10,800	550,700	37,700	539,900
Regent	11,100	564,500	11,100	564,500	10,800	553,400	10,600	542,600	37,100	532,000
Fairfax	10,800	550,800	10,800	550,800	18,400	540,000	10,200	521,600	35,700	511,400
Manchester	10,500	534,300	10,500	534,300	10,300	523,800	10,100	513,500	32,900	503,400
Chatham	9,600	490,600	9,600	490,600	9,500	481,000	9,200	471,500	30,200	462,300
Davidson	8,800	448,900	8,800	448,900	8,600	440,100	8,500	431,500	27,700	423,000
Brunswick	8,400	428,400	8,400	428,400	8,200	420,000	8,100	411,800	26,400	403,700
Cumberland	8,000	409,300	8,000	409,300	7,900	401,300	7,700	393,400	25,200	385,700
Albemarle	6,100	313,300	6,100	313,300	6,000	307,200	5,900	301,200	16,700	295,300
<i>Avg Inc.</i>	<i>12,250</i>		<i>10,250</i>		<i>20,100</i>		<i>9,700</i>		<i>18,000</i>	
Apartments***										
Kinston	9,500	390,000	7,500	380,500	10,700	373,000	7,100	362,300	20,100	355,200
Combo	8,400	345,000	6,600	336,600	6,400	330,000	6,300	323,600	18,000	317,300
Halifax	7,600	313,500	6,000	305,900	6,000	299,900	5,800	293,900	16,300	288,100
Julian	7,600	312,000	6,000	304,400	5,800	298,400	5,700	292,600	16,200	286,900
Iredell	6,800	277,900	5,300	271,100	5,200	265,800	5,100	260,600	14,500	255,500
Forsyth	2,100	213,600	2,100	211,500	2,100	209,400	4,100	207,300	4,000	203,200
Lenoir	1,500	151,500	1,500	150,000	1,500	148,500	2,900	147,000	2,800	144,100
Edgecombe	1,300	133,600	1,300	132,300	1,300	131,000	2,500	129,700	2,500	127,200
<i>Avg Inc.</i>	<i>5,600</i>		<i>4,538</i>		<i>4,875</i>		<i>4,938</i>		<i>11,800</i>	
Early Advantage										
	-	\$13,500	-	\$13,500	-	\$13,500	-	\$13,500		\$13,500

A second person Entry Fee, currently at \$15,000, is in addition to the Base Entry Fee. *The Entry Fee for the Declining Balance contract is currently 50% of the Base Entry Fee and is subject to periodic change.

Section 7: Marriages/New Second Occupants/School Age Children

In the event a resident marries, remarries, or elects to share a living unit with another non-resident person, the new non-resident spouse or such other non-resident person may become a resident by filing a new application with the payment of an Application Fee and Resident Assistance Fund Fee. Such new prospective resident shall be required to meet the prerequisites for living at Carolina Meadows with regard to age, health, financial ability, and approval of the Admissions Committee and to execute a Residence and Services Agreement.

If the new spouse or second occupant does not meet Carolina Meadows' requirements for residency, the current resident may continue to live at Carolina Meadows without that spouse/second person or may terminate his/her Residence and Services Agreement upon two months written notice. Resident is responsible for monthly fees during the notice period. Upon vacancy of the Independent Living unit, the occupancy right will be marketed and sold by Carolina Meadows as set forth in the Residence and Services Agreement.

If an existing resident of Carolina Meadows marries another resident of Carolina Meadows it is presumed that one resident may wish to move into the residence of the other. The resident wishing to move shall notify Carolina Meadows, in writing, thirty (30) days prior to moving. When the couple begins living in the same unit together, then the monthly service fee will convert to a two-person monthly fee.

If the couple elects to retain their two separate residences, then they will continue under their initial Residence and Services Agreements and will continue to pay the single monthly service fees for their residences.

The resident shall receive a refund thirty (30) days after resale of the existing residence. The refund will be calculated by taking the current Entry Fee for the residence and subtracting a remarketing fee based on the Current Entry Fee. In addition, refurbishment costs required to restore the residence to its original condition will be subtracted from the Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and the Original Entry

Fee paid is the appreciation (positive or negative) realized. The resident is also entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred percent (100%) of the negative appreciation, if any.

Except for reasonable visitation, school age children are prohibited from living on campus.

Section 7(a): Financial Assistance for Residents with Financial Hardships

Carolina Meadows has established a Residents' Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. All residents or their responsible party(s) are required to provide updated financial information every other year. Financial assistance is determined on an individual basis, and there is no guarantee of assistance to any individual resident. All residents or their responsible party(s) are required to provide updated financial information every other year.

As long as a resident has acted in good faith in his/her dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with the resident toward a confidential plan that will assist in his/her continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance. A Resident Assistance Fee of \$8,500 per person is due at signing of the Residence and Services Agreements. The Fee is non-refundable after occupancy of unit.

Section 7(b): Refunds: Rescission and Termination of Agreements

Termination of Waiting and Ready List Reservations

- 1) Waiting List Reservation Deposit:** Applicants on the Waiting List (whether waiting for Early Advantage or Residential contracts) may terminate Waiting List Reservations upon written request and be removed from the Waiting List. The \$300

application deposit is non-refundable.

- 2) **Ready List Reservation Deposit:** Applicants on the Ready List (whether waiting for Early Advantage or Residential contracts) may terminate Ready List Reservations upon written request. The Ready List Deposit, without interest, minus a \$1,000 forfeiture fee shall be refunded within thirty (30) days.

Termination after signing Early Advantage or Residential Reservation Agreements (during Admissions Process)

Termination by Applicant: If applicant cancels due to a change in health status, he/she may terminate the Early Advantage or Residential Reservation Agreement, with refund of any prior deposits. The \$300 application fee is non-refundable.

If applicant cancels during admissions process for reasons other than change in health status, the deposit is refunded less \$1,000 forfeiture fee. In addition, the \$300 application fee is non-refundable.

Termination by Carolina Meadows: Carolina Meadows may terminate an Early Advantage Reservation Agreement or Residential Reservation Agreement at any time during the admission process, prior to an applicant's Date of Financial Responsibility, if Carolina Meadows determines that the applicant does not meet the physical, mental, or financial requirements for admission. In the event of such cancellation, the applicant is entitled to a refund of the Entry Fee. The \$300 application fee is non-refundable.

30-Day "Opt Out" Rescission Period

A Resident may rescind or "opt out" of his/her Early Advantage Agreement or the Residence and Services Agreements within thirty (30) days of the latter of the execution of the agreement or receipt of this Disclosure Statement required by N.C.G.S. 58-64-20. A Resident is not required to move into Carolina Meadows during such thirty (30) day period.

A Resident will receive a refund of all money or property transferred to Carolina Meadows without interest, less (i) any periodic charges applicable only to the period during which

the unit was available for occupancy whether occupied or not and as specified in the Residence and Services Agreements or amendments, (ii) any non-standard costs incurred by Carolina Meadows at the Resident's request, and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs to a Residence are non-refundable.

Termination of Early Advantage Agreement

Termination by Applicant: Member may terminate Early Advantage Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Member may be entitled to a prorated refund of the Entry Fee.

Termination by Carolina Meadows: Carolina Meadows may cancel the Early Advantage Agreement if (i) a Member dies; (ii) a Member misrepresents or omits material financial, medical, or other information given during the application process; or (iii) a Member's financial status changes such that he or she no longer meets the financial requirements for admission; (iv) a Member no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

Refund: If termination occurs within the first 25 months of the Agreement, the Member is entitled to a pro-rated refund of the Entry Fee. The portion of the Entry Fee that is refundable shall decline at a rate of 4% per month following the Early Advantage Agreement Date. After 25 months, there is no refund of the Early Advantage Entry Fee. The Member shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the Early Advantage Agreement is terminated. Please refer to Section 7 of the Early Advantage Agreement found in Attachment 6 (E).

Termination of Residence and Services Agreements and Residence and Services Agreements Following Early Acceptance

Termination by Carolina Meadows Prior to Occupancy: Carolina Meadows may cancel the Residence and Services Agreement if (i) a Resident dies; (ii) a Resident

misrepresents or omits material financial, medical, or other information given during the application process; (iii) a Resident's financial status changes such that he or she no longer meets the financial requirements for admission; or (iv) a Resident no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level or care or obtaining sufficient support in the home. For refund provision, please refer to Section 6.2 in the Residence and Services Agreements found at Attachment 6 (A-D).

Termination by Carolina Meadows After Occupancy: Carolina Meadows may terminate the Residence and Services Agreements if a Resident (i) has misrepresented or omitted financial, medical, or other information given during the application process; (ii) fails to comply with the provisions of the Residence and Services Agreement; (iii) fails to comply with the rules and regulations as Carolina Meadows may establish; (iv) fails to pay the monthly fees or any other required charges as specified by the Residence and Services Agreement, or by the rules and regulations of Carolina Meadows; (v) abandons the residence; or (vi) develops a physical or mental condition that cannot be cared for by Carolina Meadows within the limits of Carolina Meadows' license; (vii) a Resident no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level or care or obtaining sufficient support in the home. Please refer to Sections 7.2 and 9 in the Residence and Services Agreements found at Attachment 6 (A-D).

Termination by Resident Prior to Occupancy

A Resident may terminate the Residence and Services Agreements for any reason after the 30 day Rescission Period has expired. A Resident must give sixty (60) days advance written notice of intent to terminate. The right to occupy the residence will have been legally assigned back to Carolina Meadows as soon as written notice is received. For refund provisions, please refer to Section 6.1 in the Residence and Services Agreements found at Attachment 6 (A-D).

For refund conditions due to termination of the Residence and Services Agreements, please refer to Sections 6, 7, and 9 of the Resident and Services Agreements found in Attachment 6 (A-D). Modification costs to a Residence are non-refundable.

Termination by Resident after Occupancy

A Resident may terminate the Residence and Services Agreements after the thirty (30) day rescission period has expired. A Resident must give sixty (60) days advance written notice of intent to terminate. The right to occupy the residence will have been legally assigned back to Carolina Meadows as soon as written notice is received. For refund provisions, please refer to Sections 7.1 and 9 in the Residence and Services Agreements found at Attachment 6 (A-D).

Termination upon Death (after 30-day Rescission Period)

The Residence and Services Agreement or the Residence and Services Agreement following Early Advantage shall automatically cancel upon the death of the Resident occupying a residence, or upon the death of the last Resident to die, if a joint Residence and Services Agreement. For refund provisions, please refer to Sections 6.3, 7.3, and 9 in the Residence and Services Agreements found at Attachment 6 (A-D).

Section 7(c): Resident Transfers or Moves

Carolina Meadows may require residents to move from their Independent Living units to Assisted Living or Nursing Care, on either a temporary or permanent basis. Such moves may be made only after consultation with Carolina Meadows' medical staff, the resident (if able), resident's family or legal representative and resident's attending physician. Additionally, the move must be deemed in the best interest of the resident, to protect personal health and safety and/or in the general welfare of all Carolina Meadows residents.

Moves from one Residence to another may be permitted and must be approved by Carolina Meadows. Charges and credits are adjusted pursuant to the then prevailing entry fees and monthly service fees for the Independent Living units in question. Please refer to Section 8 in each of the Residence and Services Agreements found in Attachment 6 (A-D).

Carolina Meadows is committed to the delivery of quality services in environments exemplary of good health for both residents and staff. As a tobacco free campus, Carolina Meadows has designated all enclosed public areas of its campus as well as The Fairways and The Pines Health Center as smoking and vaping free environments.

Section 8: Financial and Other Information

Reserves, Escrows, and Trusts: Operating Reserve Requirement

NCGS 58-64-33 requires Carolina Meadows to maintain an operating reserve equal to 50% of its forecasted operating costs for the twelve-month period following the period covered by the most recent annual disclosure statement filed with the North Carolina Department of Insurance. The reserve requirement drops to 25% of the total forecasted operating costs if occupancy levels are in excess of 90%. Such reserves may only be released upon approval by the North Carolina Commissioner of Insurance. Occupancy is calculated on the number of Independent Living Units and Assisted Living Units and ignores the effect of occupancy in the Health Center.

According to the Operating Reserve Requirements, Carolina Meadows' forecasted financial statements as of December 31, 2022, (Attachment 4) indicate a minimum reserve requirement of \$9,265,000 based on forecasted occupancy of 95.2%. Occupancy is forecasted to exceed 90% throughout the forecast period 2022 to 2026.

Per the Audited Financial Statements for the Year Ending December 31, 2021 (Attachment 1) Carolina Meadows, Inc. had the following investments available to more than fund the Operating Reserve Requirement for 2021:

Assets Limited as to Use	\$14,004,670
Investments	<u>26,382,132</u>
Total at Fair Market Value	<u>\$40,386,742</u>
Total at Cost	<u>\$ 32,080,031</u>

Carolina Meadows' investment accounts are maintained and managed by UBS Investment Banking Company. Overall policies and decisions relative to the magnitude of reserve

funds, investment of reserve funds and financial assistance funds are under the direction of the Finance Committee of the Board of Directors. Within the parameters of these policies, specific investment decisions made UBS and their investment managers must follow the asset allocation guidelines developed and approved by the Board of Directors of Carolina Meadows, Inc.

Shared Appreciation

Carolina Meadows' Equity Advantage program and its contract (Attachment 6 (A)) provide residents the opportunity to share in appreciation of their independent living unit upon resale of their occupancy right. We recommend you consult with your tax advisor regarding treatment and reporting of any such appreciation.

Attachments

Attachment 1: Audited Financial Statements

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Carolina Meadows Senior Communities
& Services, Inc. and Affiliates
Chapel Hill, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Carolina Meadows Senior Communities & Services, Inc. and Affiliates (Carolina Meadows), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Carolina Meadows as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carolina Meadows and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carolina Meadows's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carolina Meadows's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carolina Meadows's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2021 supplemental consolidating schedules listed in the table of contents are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. The supplemental combining information in the combining statements of levels of care is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of each level of care, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022, on our consideration of Carolina Meadow's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Carolina Meadow's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carolina Meadow's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Charlotte, North Carolina
April 26, 2022

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 17,021,154	\$ 9,228,655
Accounts Receivable	2,197,101	1,983,530
Sales Tax Refund Receivable	778,720	350,870
Inventories	345,041	344,879
Prepaid Expenses	211,893	158,659
Total Current Assets	20,553,909	12,066,593
ASSETS LIMITED AS TO USE	14,004,610	13,292,977
INVESTMENTS	26,382,132	21,778,993
PROPERTY AND EQUIPMENT	98,848,116	84,946,082
Total Assets	\$ 159,788,767	\$ 132,084,645
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 715,000	\$ 690,000
Line of Credit	20,036,263	-
Accounts Payable	608,206	1,654,873
Accrued Expenses	3,962,329	5,425,592
Advance Fees and Refunds Due	-	830,679
Deferred Revenue - Provider Relief Funding	-	151,466
Total Current Liabilities	25,321,798	8,752,610
LINE OF CREDIT, NET OF CURRENT PORTION	-	9,604,979
LONG-TERM DEBT, LESS CURRENT MATURITIES	10,355,686	11,048,607
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	164,625	376,152
Advance Fee Liability	165,819,900	149,310,000
Other Deferred Revenue	437,078	450,233
Deposits on Occupied Units	7,308,490	6,112,045
Agency Funds Due Residents	651,940	600,012
Interest Rate Swap Agreements	34,979	489,553
Total Deferred Revenue and Other Liabilities	174,417,012	157,337,995
NET DEFICIT		
Without Donor Restrictions	(50,305,729)	(54,659,546)
Total Liabilities and Net Deficit	\$ 159,788,767	\$ 132,084,645

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
Resident Fees Earned:		
On Campus	\$ 33,706,467	\$ 33,064,087
Early Advantage	755,287	783,302
Amortization of Advance Fees:		
On Campus	171,322	183,705
Early Advantage	8,391	370,607
Contributions	591,502	635,788
Resident Assistance Fund Fees	595,000	442,995
Dining Services	2,100,141	2,290,318
Maintenance Services	11,219	17,202
Housekeeping Services	297,506	212,579
Resident Services	27,836	29,012
Medical and Ancillary Charges	685,115	444,383
Home Care Services	618,506	708,514
Miscellaneous Income	166,883	184,370
Remarketing Income	284,730	535,990
Modification and Refurbishment Revenue	1,586,876	2,068,080
Realized Gains on Investments, Net	2,240,897	91,272
Investment Income	1,013,829	692,893
CARES Act Provider Relief Funds and State Grants	418,366	744,146
Total Revenues, Gains, and Other Support	45,279,873	43,499,243
EXPENSES		
Administrative Services	3,790,142	3,882,971
Early Advantage	123,109	171,625
Dining Services	7,034,357	7,000,518
Housekeeping and Laundry Services	1,678,970	1,717,848
Plant Operations	4,275,880	4,419,255
Grounds	1,125,765	1,176,619
Resident Services	723,321	733,399
Human Resources	1,239,148	1,059,618
On-site Medical Practice	1,293,584	1,145,309
Wellness	344,339	340,146
Home Care Services	608,871	642,977
Nursing Services	5,150,119	5,218,343
Assisted Living Services	1,972,332	1,805,395
Marketing	684,897	580,892
Social Services	431,435	415,488
Activities	668,373	606,427
Information Technology	1,812,377	1,802,230
General	2,382,735	1,858,697
Upgrades and Refurbishments	1,575,012	1,483,032
Shared Appreciation Expense	1,273,305	2,271,235
Depreciation	4,504,639	4,602,268
Interest Expense and Amortization	292,953	427,124
Resident Assistance Expense	351,266	612,190
Total Expenses	43,336,929	43,973,606
Net Operating Income (Loss)	1,942,944	(474,363)

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Net Operating Income (Loss)	\$ 1,942,944	\$ (474,363)
Change in Fair Value of Interest Rate Swap Agreements	454,574	(345,719)
Unrealized Gains on Investments, Net	1,956,299	3,398,634
Change in Accounting Estimate	-	(8,741,060)
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	4,353,817	(6,162,508)
NET DEFICIT WITHOUT DONOR RESTRICTIONS:		
Beginning of Year	(54,659,546)	(48,497,038)
END OF YEAR	\$ (50,305,729)	\$ (54,659,546)

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Deficit Without Donor Restrictions	\$ 4,353,817	\$ (6,162,508)
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:		
Proceeds from Advance Fees	21,074,200	11,814,555
Amortization of Advance Fees	(179,713)	(554,312)
Equity Refund Advances	(210,495)	(268,283)
Change in Accounting Estimate	-	8,741,060
Depreciation	4,504,639	4,602,268
Amortization of Deferred Financing Costs	45,662	45,662
(Gain) Loss Related to Interest Rate Swap Agreements	(454,574)	345,719
Net Unrealized and Realized Investment Gains	(4,197,196)	(3,489,906)
Net Change in:		
Accounts Receivable	(3,076)	500,656
Sales Tax Refund Receivable	(427,850)	(216,895)
Inventories	(162)	(7,507)
Prepaid Expenses and Other Assets	(53,234)	(5,823)
Accounts Payable	(1,046,667)	(689,033)
Accrued Expenses	(3,571,088)	(955,676)
Deferred Revenue - Provider Relief Funding	(151,466)	151,466
Net Cash Provided by Operating Activities	19,682,797	13,851,443
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	18,672,600	25,347,408
Purchase of Investments and Assets Limited as to Use	(19,738,248)	(25,859,868)
Acquisition and Construction of Property and Equipment	(16,298,848)	(11,321,159)
Net Cash Used in Investing Activities	(17,364,496)	(11,833,619)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change from Deposits on Occupied and Unconstructed Units	1,196,445	(120,905)
Refunds of Advance Fees	(5,439,948)	(7,782,599)
Principal Payments on Long-Term Debt	(713,583)	(734,412)
Proceeds from Line of Credit	17,791,327	9,149,908
Payments on Line of Credit	(7,360,043)	-
Net Change from Deposits in Agency Accounts	51,928	(330,621)
Net Cash Provided by Financing Activities	5,526,126	181,371
 NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,844,427	2,199,195
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	9,828,667	7,629,472
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 17,673,094	\$ 9,828,667
Cash and Cash Equivalents	\$ 17,021,154	\$ 9,228,655
Restricted Cash Included in Assets Limited as to Use (See Note 2)	651,940	600,012
Total	\$ 17,673,094	\$ 9,828,667
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 515,421	\$ 411,919

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 ORGANIZATION

The accompanying consolidated financial statements include the consolidated balance sheets, statements of operations and cash flows of Carolina Meadows Senior Communities & Services, Inc. and its Affiliates. The entities and activities comprising "Carolina Meadows" consist of the following:

Carolina Meadows Senior Communities & Services, Inc.

Carolina Meadows Senior Communities & Services, Inc. (Senior Services) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Senior Services is the sole member of Carolina Meadows, Inc. (Carolina Meadows or the CCRC) and supports the CCRC as its management and administrative service provider. Senior Services provides the common management team for all entities under the "Carolina Meadows umbrella."

Carolina Meadows Management and Development Services, Inc.

Carolina Meadows Management and Development Services, Inc. (Management and Development) was incorporated on April 25, 2017. Management and Development provides services to the CCRC and will provide similar services to other senior living organizations and development projects that align with a shared mission and business interest that enriches and improves the lives of residents and those connected to the community while supporting the overall mission and values of Carolina Meadows, Inc. Senior Services is the sole shareholder of Management and Development.

Carolina Meadows Home Care, Inc.

Carolina Meadows Home Care, Inc. (Home Care) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Home Care provides in-home care services and support to the residents of Carolina Meadows, Inc. Senior Services is the sole member of Home Care.

Carolina Meadows, Inc.

Carolina Meadows, Inc. (Carolina Meadows or the CCRC) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3). The CCRC provides housing, health care and other related services to residents through the operation of a continuing care retirement community consisting of 287 villas, 176 apartments, 78 assisted living apartments and a 90-bed health center located in Chatham County, North Carolina. There are an additional 20 apartments that have been completed during early 2022.

Carolina Meadows Foundation, Inc.

Carolina Meadows Foundation, Inc. (Foundation) was incorporated on May 1, 2018. The Foundation provides support for Carolina Meadows. Senior Services is the sole member of Foundation.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated accounts of Senior Services, Management and Development, Home Care, Foundation, and the CCRC. All material intercompany accounts and transactions have been eliminated.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets consisting of all resources that have no donor-imposed restrictions. All Carolina Meadows assets are Net Assets Without Donor Restrictions.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Carolina Meadows had no Net Assets With Donor Restrictions in 2021 and 2020.

Cash and Cash Equivalents

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

Accounts Receivable

Resident accounts receivable consist of resident monthly accommodation fees. Carolina Meadows provides an allowance for uncollectible accounts using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. At December 31, 2021 and 2020, management has determined that no allowance for uncollectible accounts is necessary related to resident accounts receivable.

Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use include assets set aside by the board of directors for resident assistance payments, resident funds held in agency accounts, and contingencies over which the board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64-33.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments are included in the excess (deficit) of revenues over (under) expenses.

Fair Value Measurements

Carolina Meadows categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

Subsequent to initial recognition, Carolina Meadows may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Carolina Meadows adopted the policy to value certain financial instruments at fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by Carolina Meadows include interest rate swap agreements, equity securities held in partnerships and certain alternative investments. Level 3 inputs held by Carolina Meadows include certain alternative investments.

Derivatives

Derivatives and hedging instruments are recorded at fair value in the consolidated financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying consolidated balance sheets at estimated fair value at December 31, 2021 and 2020. Carolina Meadows does not hold or issue financial instruments for trading purposes.

Risks and Uncertainties

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

Excess (Deficit) of Revenues Over (Under) Expenses

The consolidated statements of operations and changes in net deficit include excess (deficit) of revenues over (under) expenses, which Carolina Meadows uses as its measure of operations.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. During the years ended December 31, 2021 and 2020, Carolina Meadows capitalized interest costs of approximately \$256,000 and \$62,600, respectively. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Depreciation of new construction begins the month following the date the facilities are placed in service.

Early Advantage Program

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a "continuing care without lodging" contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow's campus amenities and the same access to health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on consolidated financial statements and five-year forecasts. Carolina Meadows had 99 and 121 residents under contract in the Early Advantage program as of December 31, 2021 and 2020, respectively.

Advance Fees

Under the terms of the residency and care agreement, each resident pays an entrance fee. A deposit of 5% or 10% of the entrance fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net entrance fees, along with monthly accommodation fees, primarily pay for the cost of services provided to residents.

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable entrance fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advance Fees (Continued)

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees from the Early Advantage Program are amortized into revenue as amortization of advance fees using the straight-line method based on the terms of the contract. The unamortized portion of the advance fees from the Early Advantage Program are shown on the consolidated balance sheets as deferred revenue. Refundable advance fees are recorded as Advance Fee Liability on the consolidated balance sheet.

Obligation to Provide Future Services

Carolina Meadows periodically calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At December 31, 2021 and 2020, deferred revenue from advance fees exceeded the present value of the net cost of future services and use of facilities.

Deferred Costs

Carolina Meadows presents bond issue costs as a direct deduction from the face amount of the related borrowings, amortize bond issue costs using the effective interest method over the life of the debt and record the amortization as a component of interest expense.

Unamortized bond issuance costs related to Carolina Meadows' long-term debt are being amortized over the maturity of the related bonds.

Income Tax Status

Carolina Meadows Senior Communities & Services, Inc., Carolina Meadows Home Care, Inc., Carolina Meadows Foundation, Inc., and Carolina Meadows, Inc. are nonprofit, tax-exempt organizations exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. Carolina Meadows Management and Development Services, Inc., a taxable corporation, utilizes the liability method of accounting for income taxes in accordance with standards on accounting for income taxes.

Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise or other taxes.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation has had no impact on Carolina Meadows' consolidated financial statements. Carolina Meadows has determined that it does not have any material unrecognized tax benefit or obligation as of December 31, 2021.

Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

During the year ended December 31, 2020, Carolina Meadows re-evaluated the estimated advance fee liability and determined that a change in estimate was necessary. Prior to the year ended December 31, 2020, Carolina Meadows had reduced the advance fee liability for the remarketing fee that will eventually reduce the refund the resident or their estate will receive. Because remarketing fees are based on current unit entry fee pricing, Carolina Meadows has determined that remarketing is more appropriately reflected as a period transaction when units are sold. The result of this change in accounting estimate resulted in an increase for 2020 to the advance fee liability of approximately \$8,741,000, whereby the liability prospectively reflects the original entrance fees paid by residents upon moving to Carolina Meadows.

New Accounting Pronouncement Effective in Future Accounting Period

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. The amendments in the update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. In June 2020, the FASB issued ASU 2020-05, *Leases (Topic 842): Effective Dates for Certain Entities*, which extended the effective date of this guidance. The guidance is required to be applied by Carolina Meadows for the year ended December 31, 2022; however, early application is permitted. Carolina Meadows is currently evaluating the effect that the standard will have on the consolidated financial statements.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation for comparative purposes with no effect on the previously reported change in net assets.

Subsequent Events

Carolina Meadows has evaluated the effect subsequent events would have on the consolidated financial statements through April 26, 2022, which is the date the consolidated financial statements were available to be issued.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS

Investments stated at fair value at December 31, 2021 and 2020, include:

	2021	2020
Cash and Certificates of Deposit Unavailable for Investment	\$ 651,940	\$ 600,012
Liquid Investments, Principally Money Market Funds	1,507,092	898,781
Mutual Funds	22,763,035	22,111,935
Equity Securities	4,327,875	2,766,229
Government Bonds	3,488,749	2,508,366
Corporate Bonds	4,904,496	4,470,889
Alternative Investments	2,743,555	1,715,758
Total	\$ 40,386,742	\$ 35,071,970

These investments are classified on the consolidated balance sheets as follows:

	2021	2020
Assets Limited as to Use:		
By Board Designation	\$ 4,038,670	\$ 3,599,965
NC Operating Reserve	9,314,000	9,093,000
Resident Funds Held in Agency Accounts	651,940	600,012
Total Assets Limited as to Use:	14,004,610	13,292,977
Unrestricted Investments	26,382,132	21,778,993
Total	\$ 40,386,742	\$ 35,071,970

Historical cost of investments was \$32,080,031 and \$28,3645,998, at December 31, 2021 and 2020, respectively.

Board designations of investments at December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Designated for Unit Deposits and Reservations	\$ 4,038,670	\$ 3,599,965

Carolina Meadows has adopted investment policies and monitors the allocation of investments between types of investments including mutual funds, common stocks, bonds, and alternative investments.

Alternative Investments

As Carolina Meadows has the ability and intent to hold these investments until fair value is recovered, it does not consider the impairment of these investments to be other-than-temporary at December 31, 2021 and 2020.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES

Carolina Meadows uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Carolina Meadows measures fair value refer to Note 2. The following table presents the fair value hierarchy for the balances of the assets and liabilities of Carolina Meadows measured at fair value on a recurring basis as of December 31:

	2021			
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 22,763,035	\$ 22,763,035	\$ -	\$ -
Equity Securities	4,327,875	4,327,875	-	-
Government Bonds	3,488,749	3,488,749	-	-
Corporate Bonds	4,904,496	4,904,496	-	-
Alternative Investments	2,743,555	-	-	2,743,555
Financial Assets	<u>\$ 38,227,710</u>	<u>\$ 35,484,155</u>	<u>\$ -</u>	<u>\$ 2,743,555</u>
Liabilities:				
Interest Rate Swaps	<u>\$ 34,979</u>	<u>\$ -</u>	<u>\$ 34,979</u>	<u>\$ -</u>
2020				
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 22,111,935	\$ 22,111,935	\$ -	\$ -
Equity Securities	2,766,229	2,766,229	-	-
Government Bonds	2,508,366	2,508,366	-	-
Corporate Bonds	4,470,889	4,470,889	-	-
Alternative Investments	1,715,758	-	-	1,715,758
Financial Assets	<u>\$ 33,573,177</u>	<u>\$ 31,857,419</u>	<u>\$ -</u>	<u>\$ 1,715,758</u>
Liabilities:				
Interest Rate Swaps	<u>\$ 489,553</u>	<u>\$ -</u>	<u>\$ 489,553</u>	<u>\$ -</u>

Investments include cash equivalents of \$2,159,032 and \$1,498,793 as of December 31, 2021 and 2020, respectively.

Carolina Meadows values certain investment holdings at fair value using their net asset value and has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

Fair Value Measurements using significant unobservable (Level) inputs as of December 31:

	2021					
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period	Principal Valuation Technique	Unobservable Inputs
Brown Advisory Private Equity Partners III, LLP	\$ 723,418	\$ 33,673	N/A	-	Net Asset Value	Value of Underlying Asset
Viking Global Opportunities	1,730,615	-	Monthly	95 Business Days	Net Asset Value	Value of Underlying Asset
Ziegler Link-Age Fund II, L.P.	289,522	-	N/A	-	Net Asset Value	Value of Underlying Asset
Total	<u>\$ 2,743,555</u>	<u>\$ 33,673</u>				

	2020					
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period	Principal Valuation Technique	Unobservable Inputs
Brown Advisory Private Equity Partners III, LLP	\$ 520,282	\$ 57,494	N/A	-	Net Asset Value	Value of Underlying Asset
Viking Global Opportunities	959,560	-	Monthly	95 Business Days	Net Asset Value	Value of Underlying Asset
Ziegler Link-Age Fund II, L.P.	235,916	28,750	N/A	-	Net Asset Value	Value of Underlying Asset
Total	<u>\$ 1,715,758</u>	<u>\$ 86,244</u>				

The investment funds are valued at the net asset value of units, which are based on market prices of the underlying investments, held by Carolina Meadows at year-end. Brown Advisory Private Equity Partners III's investment objective is to provide a vehicle for investors to invest in various private investment funds. Viking Global Opportunities' investment objective is to achieve long-term capital appreciation at or above that of the broad global equity market. Ziegler Link-Age Fund's investment objective is to achieve long-term capital appreciation by making equity and equity-like usually minority investments in early to mid-stage, emerging-growth companies that are operating or developing business focused on either the aging or post-acute care markets.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,469,975	\$ 2,469,975
Land Improvements	6,782,532	6,334,882
Buildings and Building Improvements	139,355,515	124,587,869
Construction in Progress	17,926,309	15,798,620
Furniture and Fixtures	11,595,375	10,848,364
Computer Equipment	2,151,025	1,838,264
Vehicles	784,211	863,209
Subtotal	<u>181,064,942</u>	<u>162,741,183</u>
Less: Accumulated Depreciation	<u>82,216,826</u>	<u>77,795,101</u>
Total	<u>\$ 98,848,116</u>	<u>\$ 84,946,082</u>

Construction in progress at December 31, 2021 and 2020 relates to construction costs of the Birchtree project of approximately \$14,563,000 and \$12,957,000, which is expected to be completed in 2022, respectively. The total expected cost of the project is approximately \$32,000,000. The remaining construction in progress relates to various projects expected to be completed after the construction of Birchtree, as well as the campus master plan.

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2021 and 2020:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Public Finance Authority Retirement Facilities Revenue Bond Series 2019, Bank Qualified Debt Maturing in 2034, Bearing Interest at a Variable Rate (1.15% and 1.20% at December 31, 2021 and 2020)	\$ 11,285,000	\$ 11,975,000
Subtotal	11,285,000	11,975,000
Less: Unamortized Deferred Financing Costs	(214,314)	(236,393)
Less: Current Maturities	<u>(715,000)</u>	<u>(690,000)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 10,355,686</u>	<u>\$ 11,048,607</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 LONG-TERM DEBT (CONTINUED)

The following is a schedule by year of the aggregate maturities of long-term debt:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 715,000
2023	735,000
2024	760,000
2025	785,000
2026	810,000
Thereafter	7,480,000
Total	<u>\$ 11,285,000</u>

The following is a discussion of significant terms and conditions regarding the Public Finance Authority issuance of a \$12,700,000 Retirement Facilities Revenue Bond, Series 2019:

On November 1, 2019, Carolina Meadows entered into a loan agreement with the Public Finance Authority pursuant to the Public Finance Authority bond offering for purposes of refunding the North Carolina Medical Care Commission Weekly Adjustable Rate HealthCare Facilities revenue Bonds, Series 2014 and pay certain expenses incurred in connection with the issuance of the Series 2019 Bond. Proceeds from this offering were placed in trust. The trustee paid off the existing North Carolina Medical Care Commission tax-exempt variable rate demand bonds on November 21, 2019, thereby relieving Carolina Meadows of its liability for the outstanding Series 2004 bonds.

Beginning December 1, 2019 Carolina Meadows was required to make the first monthly payment of principal in the amount of \$55,000. Interest on the Series 2019 Bond is payable monthly with interest rate of 1 Month London Interbank Offered Rate (LIBOR) plus 1.05%.

The terms of the agreement related to the Series 2019 Bond, subject to the Master Trust Indenture and Bond Purchase and Loan Agreement, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1x. Management believes Carolina Meadows was in compliance with all such covenants at December 31, 2021 and 2020.

Under the Credit Agreement with Truist Bank (formerly SunTrust Bank), Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1x. In addition, Carolina Meadows must meet minimum reporting requirements and limit investment exposure as outlined by the Carolina Meadows investment policy. According to these agreements, Carolina Meadows has the ability to remedy any covenant violation within thirty days after receiving written notification from Truist Bank (Truist), without accelerating the debt payments. Management believes Carolina Meadows was in compliance with all such covenants at December 31, 2021 and 2020.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 LONG-TERM DEBT (CONTINUED)

As security for all obligations issued under the Credit Agreement, Carolina Meadows has granted Truist a security interest in its pledged assets and mortgaged property. In addition, the Public Finance Authority assigned to Truist its rights as beneficiary under Carolina Meadows' Deed of Trust, which grants Truist first priority deed of trust on the site and any buildings or improvements and assigns its rights as secured party with respect to its security interest.

Future maturities of the bond have been classified in accordance with established installment schedule requirements in anticipation that covenant violations, if any, will be waived or remedied.

On December 22, 2010, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. At December 31, 2019, Carolina Meadows had an outstanding interest rate swap agreement with Truist, having a total notional principal amount of \$6,322,500, which terminated on December 22, 2020. This agreement effectively limits Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 3.28%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counter-party to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counter-party. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

On November 21, 2019, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. At December 31, 2020, Carolina Meadows has an outstanding interest rate swap agreement with Truist, having a total notional principal amount of \$5,987,500, which became effective December 22, 2020 and terminates on December 1, 2034. This agreement effectively limits Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counter-party to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counter-party. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 LONG-TERM DEBT (CONTINUED)

As noted in Note 2 and Note 4, interest rate swaps are required to be measured at fair value on a recurring basis. As noted in Note 4, the interest rate swap was categorized as Level 2 in the valuation hierarchy.

Below is a table listing the fair value of the liability for interest rate swaps as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Derivatives Designated as Hedging Instruments:		
Interest Rate Swap Agreements	<u>\$ 34,979</u>	<u>\$ 489,553</u>

An analysis on the effectiveness of the swap was not performed, causing the change in fair value of the swap to be included in the excess (deficit) of revenues over expenses. Below is a table listing the gain recognized in excess (deficit) of revenues over expenses on the interest rate swap for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Changes in Value of Interest Rate Swap Agreements	<u>\$ 454,574</u>	<u>\$ (345,719)</u>

NOTE 7 LINE OF CREDIT

In February 2015, Carolina Meadows entered into a loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$2,500,000, to meet cash flow needs, if any. In June 2021 Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to July 31, 2022.

This line of credit bears interest at prime rate plus 1.85%. At the close of business on December 31, 2021 and 2020, the rate was 5.10% and 2.75%, respectively, on the outstanding balance and is secured by deposits and investments maintained by the borrower with Truist and any affiliates. At December 31, 2021 and 2020, Carolina Meadows had no balance outstanding.

Under the Agreement to Commercial Note with Truist, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 200 days' cash on hand and a debt service coverage ratio of at least 1.25x to 1x. Management believes Carolina Meadows was in compliance with all such covenants at December 31, 2021.

In November 2019 Carolina Meadows entered into a loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$12,000,000. The proceeds are being used for the purpose of construction of the Birchtree project consisting of 40 independent living apartments at the Carolina Meadows campus. During 2021, 20 of these Birchtree apartments were completed, with the remaining 20 apartments completed during 2022. The maturity date of the revolving line of credit is December 21, 2022.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 LINE OF CREDIT (CONTINUED)

The line of credit bears interest at one-month LIBOR rate plus 1.15%. At the close of business on December 31, 2021 and 2020, the rate was 1.25% and 1.30%, respectively, on the outstanding balance and is secured by mortgaged property and the pledged assets by the borrower with Truist and any affiliates. At December 31, 2021 and 2020, the balance of the line of credit was \$12,000,000 and \$9,604,979, respectively.

In October 2020 Carolina Meadows entered into a second loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$15,000,000. The proceeds are to be used for the purpose of construction of the Birchtree project consisting of 40 independent living units at the Carolina Meadows campus. In November 2021 Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to April 30, 2022. The second line of credit for the Birchtree construction project was entered into to cover anticipated constructions costs in excess of the initial \$12,000,000 line of credit as a result of construction costs being incurred before entrance fees would be collected to pay down these costs on finished units. Any balance exceeding the initial line of credit can be paid down first.

The line of credit bears interest at Secured Overnight Financing Rate plus 1.40%. At the close of business on December 31, 2021 and 2020 the rate was 1.45% and 2.85%, respectively, on the outstanding balance and is secured by mortgaged property and the pledged assets by the borrower with Truist and any affiliates. At December 31, 2021, the balance of the line of credit was approximately \$8,036,000. At December 31, 2020, Carolina Meadows had no balance outstanding.

NOTE 8 RETIREMENT PLAN

Carolina Meadows has a retirement plan under Internal Revenue Code Section 403(b), which operates as a deferred annuity contract and is available to all regular full-time employees. Carolina Meadows may, at its discretion, elect to make a qualified matching contribution to the retirement plan. Carolina Meadows matches 100% of participant deferrals up to 5% of their compensation. Effective July 2019, The Carolina Meadows Retirement Plan was amended to include an Automatic Enrollment Arrangement of 1% of compensation for all eligible employees, including an opportunity to opt out of the Arrangement. Participants may make voluntary contributions between 1% and 20% of their annual compensation not to exceed the statutory limit (\$19,500 for year ended December 31, 2021). Eligible participants are also permitted to make after-tax Roth contributions. Participants who have attained age 50 before the end of the plan year are eligible to make statutory limit catch-up contributions. Expenses relating to the plan were approximately \$548,000 and \$544,000 in 2021 and 2020, respectively.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 AGENCY FUNDS DUE RESIDENTS

Resident funds held in agency accounts represent advance fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents' behalf in certificates of deposit or money market funds with a financial institution. Carolina Meadows acts as custodian for the agency accounts, which are legally owned by the residents. At December 31, 2021 and 2020, agency funds due residents were approximately \$652,000 and \$600,000, respectively.

NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS

Carolina Meadows is actively involved in the community through participation in various community outreach, educational, charitable and volunteer service programs sponsored on campus and throughout the community at large.

Carolina Meadows has estimated its direct and indirect costs of providing benevolent care under its benevolence care policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amount charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent care. Using this methodology, Carolina Meadows has estimated the costs for services under its benevolence care policy to be approximately \$334,000 and \$582,000 for the years ended December 31, 2021 and 2020, respectively.

Charitable donations and community benefits for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Charges Foregone for Benevolent Care	\$ 351,266	\$ 612,190
Charitable Donations	125,291	139,408
Donated Volunteer Services by the Staff of Carolina Meadows	47,483	40,000
Total	\$ 524,040	\$ 791,598

NOTE 11 COMMITMENTS AND CONTINGENCIES

Carolina Meadows self-insures a portion of its employee health benefits exposure up to \$100,000 per employee, with stop-loss coverage for the majority of the employee claims in excess of \$100,000. An accrual for the self-insurance program was established to provide for estimated claims and losses and applicable legal expenses for claims incurred through December 31, 2021 but not reported. This accrual was determined by management and totaled approximately \$154,000 and \$95,000 at December 31, 2021 and 2020, respectively. The accrual is included in accrued expenses in the consolidated balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Carolina Meadows has in place insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims. Management believes that any claims, if asserted, would be settled within the limits of coverage.

NOTE 12 LIQUIDITY AND AVAILABILITY

Carolina Meadows general philosophy is to maintain daily liquidity on all investments. The one exception is the alternative investment category. Carolina Meadows' investment committee is limited to selecting fund groups with no more than 90-day liquidity. The alternative investment category equals approximately 7% of the total assets available to meet liquidity needs. Carolina Meadows' historical turnover of net accounts receivables is no more than 30 days.

Carolina Meadows' financial assets available within one year of the consolidated statements of financial position for general expenditures are as follows:

	2021	2020
Cash and Cash Equivalents	\$ 17,021,154	\$ 9,228,655
Investments	26,382,132	21,778,993
Board-Designated Assets Limited as to Use	4,038,670	3,599,965
Subtotal	47,441,956	34,607,613
Resident Accounts Receivable	2,179,044	1,797,091
Sales Tax Refund Receivable	778,720	350,870
Total Assets Available to Meet Liquidity Needs	<u>\$ 50,399,720</u>	<u>\$ 36,755,574</u>

NOTE 13 FUNCTIONALIZED EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square-footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

The following is a summary of functional expenses for the year ended December 31, 2021:

	Program Services			Management and General	Total
	Independent Living	Assisted Living	Other Healthcare Service		
Salaries and Benefits	\$ 8,808,385	\$ 3,139,590	\$ 9,335,160	\$ 21,283,135	\$ 21,825,074
Depreciation	4,047,643	368,904	88,092	4,504,639	4,504,639
Other Operating Expenses	8,203,746	1,095,068	3,685,640	12,984,454	16,714,263
Interest and Amortization Expense	91,204	158,517	43,232	292,953	292,953
Total	<u>\$ 21,150,978</u>	<u>\$ 4,762,079</u>	<u>\$ 13,152,124</u>	<u>\$ 39,065,181</u>	<u>\$ 43,336,929</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 FUNCTIONALIZED EXPENSES (CONTINUED)

The following is a summary of functional expenses for the year ended December 31, 2020:

	Program Services			Total Program Services	Management and General	Total
	Independent Living	Assisted Living	Other Healthcare Service			
Salaries and Benefits	\$ 9,259,141	\$ 2,980,336	\$ 9,426,559	\$ 21,666,036	\$ 445,026	\$ 22,111,062
Depreciation	4,134,057	380,119	88,092	4,602,268	-	4,602,268
Other Operating Expenses	8,666,997	926,799	3,798,781	13,392,577	3,440,575	16,833,152
Interest and Amortization Expense	129,455	233,859	63,810	427,124	-	427,124
Total	<u>\$ 22,189,650</u>	<u>\$ 4,521,113</u>	<u>\$ 13,377,242</u>	<u>\$ 40,088,005</u>	<u>\$ 3,885,601</u>	<u>\$ 43,973,606</u>

NOTE 14 RESIDENT SERVICE REVENUE

Performance obligations are determined based on the nature of the services provided by Carolina Meadows. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Carolina Meadows believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents living at Carolina Meadows receiving independent living, assisted living or other healthcare services. Carolina Meadows considers daily services provided to residents of assisted living and the health center, and monthly fees charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, meals or guest rooms) and Carolina Meadows does not believe it is required to provide additional goods or services related to that sale.

Carolina Meadows determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with Carolina Meadows' policy, and/or implicit price concessions provided to residents. Carolina Meadows determines its estimate of implicit price concessions based on its historical collection experience.

Carolina Meadows has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of reimbursement, and timing of when revenue is recognized.

Resident revenue is primarily private pay for the years ended December 31, 2021 and 2020.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)

Because all of its performance obligations relate to contracts with a duration of less than one year, Carolina Meadows has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Carolina Meadows has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Carolina Meadows's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Carolina Meadows does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Carolina Meadows has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Carolina Meadows otherwise would have recognized is one year or less in duration.

The composition of resident revenue based on the Carolina Meadows' service lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Service Lines:		
Independent Living	\$ 24,862,318	\$ 24,437,984
Assisted Living	6,741,874	6,495,290
Healthcare	8,612,868	9,139,044
Home Care	618,506	708,514
Amortization of Advance Fees	179,713	554,312
Total	\$ 41,015,279	\$ 41,335,144
Method of Reimbursement:		
Monthly Accommodation Fees	\$ 34,461,754	\$ 33,847,389
Amortization of Advance Fees	179,713	554,312
Fee for Service	6,373,812	6,933,443
Total	\$ 41,015,279	\$ 41,335,144
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 41,015,279	\$ 41,335,144

There is no impact to the contractual language on residency and care agreements or the calculation of refunds to former occupants upon re-occupancy.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue from Advance Fees
Balance as of January 1, 2020	\$ 2,215,903	\$ 525,170
Balance as of December 31, 2020	1,983,530	376,152
Balance as of December 31, 2021	2,197,101	164,625

NOTE 15 COVID-19 AND CARES ACT PROVIDER RELIEF FUNDS AND STATE GRANTS

Risks and Uncertainties

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

CARES Act Provider Relief Funds and State Grants

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) and the U.S. Department of the Treasury made available emergency relief grant funds to healthcare providers through the CARES Act Provider Relief Fund (PRF). Health care providers are required to sign an attestation confirming receipt of the federal CARES Act Provider Relief Funds and agreeing to the terms and conditions of payment. Consistent with the terms and conditions for the Provider Relief Funds, Carolina Meadows is permitted to use the funds to cover healthcare related expenses to prevent, prepare for, and respond to coronavirus, and lost revenues, per the conditions specified by HHS, and Carolina Meadows will be required to properly and fully document the use of these funds in reports to the HHS.

Total PRF approved and received by Carolina Meadows was approximately \$831,000. The PRF monies are subject to certain reporting requirements, including restrictions on eligible expenses or uses. PRF monies may be subject to audit. In addition, for the years ended December 31, 2021 and 2020, Carolina Meadows received funds from the North Carolina Department of Health and Human Services (NCDHHS) in the amount of approximately \$267,000 and \$64,000, respectively. At December 31, 2021 and 2020, Carolina Meadows recognized approximately \$418,000 and \$744,000 as CARES Act Provider Relief Funds and State Grants revenue in the consolidated statements of operations. Management believes the amounts have been recognized appropriately as of December 31, 2021 and 2020.

SUPPLEMENTARY INFORMATION

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 47,849	\$ 16,553,785	\$ 419,520	\$ -	\$ 17,021,154
Accounts Receivable	-	-	54,688	2,142,413	-	-	2,197,101
Sales Tax Refund Receivable	-	-	36	778,684	-	-	778,720
Inventories	-	-	-	345,041	-	-	345,041
Prepaid Expenses	-	-	-	211,893	-	-	211,893
Total Current Assets	-	-	102,573	20,031,816	419,520	-	20,553,909
ASSETS LIMITED AS TO USE							
Investments	-	-	-	14,004,610	-	-	14,004,610
Deferred Costs	-	-	-	25,992,374	389,758	-	26,382,132
Total Investments and Other Assets	-	-	-	25,992,374	389,758	-	26,382,132
PROPERTY AND EQUIPMENT							
Total Assets	\$ -	\$ -	\$ 102,573	\$ 159,623,308	\$ 809,278	\$ (746,392)	\$ 159,788,767
LIABILITIES AND NET DEFICIT							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ -	\$ -	\$ -	\$ 715,000	\$ -	\$ -	\$ 715,000
Line of Credit	-	-	-	20,036,263	-	-	20,036,263
Accounts Payable	-	-	63	593,133	15,010	-	608,206
Accrued Expenses	-	-	55,663	3,906,666	-	-	3,962,329
Advance Fees and Refunds Due	-	-	-	-	-	-	-
Deferred Revenue - Provider Relief Funding	-	-	-	-	-	-	-
Total Current Liabilities	-	-	55,726	25,251,062	15,010	-	25,321,798
LINE OF CREDIT, NET OF CURRENT PORTION							
LONG-TERM DEBT, LESS CURRENT MATURITIES	-	-	-	-	-	-	-
DEFERRED REVENUE AND OTHER LIABILITIES	-	-	-	10,355,686	-	-	10,355,686
Deferred Revenue from Advance Fees	-	-	-	164,625	-	-	164,625
Advance Fee Liability	-	-	-	165,819,900	-	-	165,819,900
Other Deferred Revenue	-	-	-	437,078	-	-	437,078
Deposits on Occupied Units	-	-	-	7,308,490	-	-	7,308,490
Agency Funds Due Residents	-	-	-	651,940	-	-	651,940
Interest Rate Swap Agreements	-	-	-	34,979	-	-	34,979
Due to Related Parties	161,685	41,597	479,524	-	63,586	(746,392)	-
Total Deferred Revenue and Other Liabilities	161,685	41,597	479,524	174,417,012	63,586	(746,392)	174,417,012
NET ASSETS (DEFICIT)	(161,685)	(41,597)	(432,677)	(50,400,452)	730,682	-	(50,305,729)
Net Assets (Deficit) Without Donor Restrictions	-	-	\$ 102,573	\$ 159,623,308	\$ 809,278	\$ (746,392)	\$ 159,788,767
Total Liabilities and Net Assets (Deficit)	-	\$ -	\$ 102,573	\$ 159,623,308	\$ 809,278	\$ (746,392)	\$ 159,788,767

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS							
Resident Fees Earned:	\$ -	\$ -	\$ -	\$ 33,706,467	\$ -	\$ -	\$ 33,706,467
On Campus	-	-	-	755,287	-	-	755,287
Early Advantage	-	-	-	-	-	-	-
Amortization of Advanced Fees:	-	-	-	-	-	-	-
On Campus	-	-	-	171,322	-	-	171,322
Early Advantage	-	-	-	8,391	-	-	8,391
Contributions	-	-	-	12,915	578,587	-	591,502
Resident Assistance Fund Fees	-	-	-	-	595,000	-	595,000
Dining Services	-	-	-	2,100,141	-	-	2,100,141
Maintenance Services	-	-	-	11,219	-	-	11,219
Housekeeping Services	-	-	-	297,506	-	-	297,506
Resident Services	-	-	-	27,836	-	-	27,836
Medical and Ancillary Charges	-	-	-	685,115	-	-	685,115
Home Care Services	-	-	618,506	-	-	-	618,506
Miscellaneous Income	-	-	-	166,883	-	-	166,883
Remarketing Income	-	-	-	284,730	-	-	284,730
Modification and Relinquishment Revenue	-	-	-	1,586,876	-	-	1,586,876
Realized Gains on Investments, Net	-	-	-	2,234,530	6,387	-	2,240,897
Investment Income	-	-	-	1,005,125	8,704	-	1,013,829
CARES Act Provider Relief Funds and State Grants	-	-	-	418,366	-	-	418,366
Total Revenues, Gains, and Other Support	13,007	1,932	618,506	43,472,709	1,188,658	-	45,279,873
EXPENSES							
Administrative Services	13,007	1,932	84,997	3,142,777	547,429	-	3,790,142
Early Advantage	-	-	-	123,109	-	-	123,109
Dining Services	-	-	-	7,034,357	-	-	7,034,357
Housekeeping and Laundry Services	-	-	-	1,678,970	-	-	1,678,970
Plant Operations	-	-	-	4,275,880	-	-	4,275,880
Grounds	-	-	-	1,125,765	-	-	1,125,765
Resident Services	-	-	-	723,321	-	-	723,321
Human Resources	-	-	10,691	1,228,457	-	-	1,239,148
On-site Medical Practice	-	-	-	1,293,584	-	-	1,293,584
Wellness	-	-	-	344,339	-	-	344,339
Home Care Services	-	-	608,871	-	-	-	608,871
Nursing Services	-	-	-	5,150,119	-	-	5,150,119
Assisted Living Services	-	-	-	1,972,332	-	-	1,972,332
Marketing	-	-	105	684,792	-	-	684,897
Social Services	-	-	-	431,435	-	-	431,435
Activities	-	-	-	668,373	-	-	668,373
Information Technology	-	-	-	1,812,377	-	-	1,812,377
General	-	-	-	2,382,735	-	-	2,382,735
Upgrades and Refurbishments	-	-	-	1,575,012	-	-	1,575,012
Shared Appreciation Expense	-	-	-	1,273,305	-	-	1,273,305
Depreciation	-	-	-	4,504,639	-	-	4,504,639
Interest Expense and Amortization	-	-	-	292,953	-	-	292,953
Resident Assistance Expense	-	-	-	351,266	-	-	351,266
Total Expenses	13,007	1,932	704,664	42,069,897	547,429	-	43,336,929
Net Operating Income (Loss)	(13,007)	(1,932)	(86,158)	1,402,812	641,229	-	1,942,944
Change in Fair Value of Interest Rate Swap Agreements	-	-	-	454,574	-	-	454,574
Unrealized Gains on Investments, Net	-	-	-	1,951,927	4,372	-	1,956,299
Change in Accounting Estimate	-	-	-	-	-	-	-
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	(13,007)	(1,932)	(86,158)	3,809,313	645,601	-	4,353,817
Beginning of Year	(148,678)	(39,665)	(346,519)	(54,209,765)	85,081	-	(54,659,546)
NET DEFICIT WITHOUT DONOR RESTRICTIONS:	\$ (161,685)	\$ (41,597)	\$ (432,677)	\$ (50,400,452)	\$ 730,682	\$ -	\$ (50,305,729)
END OF YEAR							

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Deficit Without Donor Restrictions	\$ (13,007)	\$ (1,932)	\$ (86,158)	\$ 3,809,313	\$ 645,601	\$ -	\$ 4,353,817
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:							
Proceeds from Advance Fees	-	-	-	21,074,200	-	-	21,074,200
Amortization of Advance Fees	-	-	-	(179,713)	-	-	(179,713)
Equity Refund Advances	-	-	-	(210,495)	-	-	(210,495)
Change in Accounting Estimate	-	-	-	-	-	-	-
Depreciation	-	-	-	4,504,639	-	-	4,504,639
Amortization of Deferred Financing Costs	-	-	-	45,662	-	-	45,662
(Gain) Loss Related to Interest Rate Swap Agreements	-	-	-	(454,574)	-	-	(454,574)
Due to (from) Related Parties	13,007	1,932	63,286	(973)	(77,252)	-	-
Net Unrealized and Realized Investment Gains	-	-	-	(4,197,196)	-	-	(4,197,196)
Net Change in:							
Accounts Receivable	-	-	20,458	(23,534)	-	-	(3,076)
Sales Tax Refund Receivable	-	-	507	(428,357)	-	-	(427,850)
Inventories	-	-	-	(162)	-	-	(162)
Prepaid Expenses and Other Assets	-	-	-	(53,234)	-	-	(53,234)
Accounts Payable	-	-	(42)	(1,059,645)	13,020	-	(1,046,667)
Accrued Expenses	-	-	3,378	(1,466,641)	-	-	(1,463,263)
Deferred Revenue - Provider Relief Funding	-	-	-	(151,466)	-	-	(151,466)
Net Cash Provided by Operating Activities	-	-	1,429	21,207,824	581,369	-	21,790,622
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	-	-	-	18,652,118	20,482	-	18,672,600
Purchase of Investments and Assets Limited as to Use	-	-	-	(19,445,086)	(293,162)	-	(19,738,248)
Acquisition and Construction of Property and Equipment	-	-	-	(18,406,673)	-	-	(18,406,673)
Net Cash Used in Investing Activities	-	-	-	(19,199,641)	(272,680)	-	(19,472,321)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net Change from Deposits on Occupied and Unconstructed Units	-	-	-	1,196,445	-	-	1,196,445
Refunds of Advance Fees	-	-	-	(5,439,948)	-	-	(5,439,948)
Principal Payments on Long-Term Debt	-	-	-	(713,563)	-	-	(713,563)
Proceeds from Long-Term Debt	-	-	-	-	-	-	-
Proceeds from Line of Credit	-	-	-	17,791,327	-	-	17,791,327
Payments on Line of Credit	-	-	-	(7,360,043)	-	-	(7,360,043)
Payments on Resident Gift Annuities	-	-	-	-	-	-	-
Net Change from Deposits in Agency Accounts	-	-	-	51,928	-	-	51,928
Net Cash Provided by Financing Activities	-	-	-	5,526,126	-	-	5,526,126
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH							
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	-	-	1,429	7,534,309	308,689	-	7,844,427
	-	-	46,420	9,671,416	110,831	-	9,828,667
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR							
Cash and Cash Equivalents	\$ -	\$ -	\$ 47,849	\$ 17,205,725	\$ 419,520	\$ -	\$ 17,673,094
Restricted Cash Included in Assets Limited as to Use (See Note 2)	\$ -	\$ -	\$ 47,849	\$ 16,553,785	\$ 419,520	\$ -	\$ 17,021,154
Total	\$ -	\$ -	\$ 95,698	\$ 33,759,510	\$ 839,040	\$ -	\$ 34,694,248
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Payments for Interest	\$ -	\$ -	\$ -	\$ 515,421	\$ -	\$ -	\$ 515,421

CAROLINA MEADOWS, INC.
COMBINING STATEMENTS OF LEVELS OF CARE
YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020

	2021			2020		Percent Change
	Independent Living	Health Center	Assisted Living	Total	Total	
Resident Fees Earned:						
On Campus	\$ 18,499,728	\$ 8,501,693	\$ 6,705,046	\$ 33,706,467	\$ 33,064,087	2%
Early Advantage	755,287	-	-	755,287	783,302	-4%
Amortization of Advance Fees:						
On Campus	-	-	171,322	171,322	183,705	-7%
Early Advantage	8,391	-	-	8,391	370,607	-98%
Resident Assistance Fund Fees	-	-	-	-	442,995	-100%
Dining Services	2,075,935	9,413	14,793	2,100,141	2,290,318	-8%
Maintenance Services	8,595	958	1,666	11,219	17,202	-35%
Housekeeping Services	297,461	45	-	297,506	212,579	40%
Resident Services	27,836	-	-	27,836	29,012	-4%
Medical Ancillary Charges	566,805	100,759	17,551	685,115	444,383	54%
Miscellaneous Income	165,465	-	1,418	166,883	184,370	-9%
Remarketing Income	284,730	-	-	284,730	535,990	-47%
Modification and Refurbishment Revenue	1,585,476	-	1,400	1,586,876	2,068,080	-23%
Contributions	12,915	-	-	12,915	52,715	-76%
Realized Gains on Investments, Net	1,273,682	603,323	357,525	2,234,530	91,272	2348%
Investment Income	768,062	147,363	89,700	1,005,125	689,912	46%
CARES Act Provider Relief Funds and State Grants	138,765	211,322	68,279	418,366	744,146	-44%
Total Operating Revenues	<u>26,469,133</u>	<u>9,574,876</u>	<u>7,428,700</u>	<u>43,472,709</u>	<u>42,204,675</u>	3%
Administrative Services	2,024,859	664,814	453,104	3,142,777	3,181,338	-1%
Early Advantage	123,109	-	-	123,109	171,625	-28%
Dining Services	4,812,616	1,060,213	1,161,528	7,034,357	7,000,518	0%
Housekeeping and Laundry Services	775,682	576,644	326,644	1,678,970	1,717,848	-2%
Plant Operations	3,899,455	137,406	239,019	4,275,880	4,419,255	-3%
Grounds	1,125,765	-	-	1,125,765	1,176,619	-4%
Resident Services	723,321	-	-	723,321	733,399	-1%
Human Resources	1,228,457	-	-	1,228,457	1,054,025	17%
On-site Medical Practice	1,293,584	-	-	1,293,584	1,145,309	13%
Wellness	344,339	-	-	344,339	340,146	1%
Nursing Services	-	5,150,119	-	5,150,119	5,218,343	-1%
Assisted Living Services	-	-	1,972,332	1,972,332	1,805,395	9%
Marketing	684,792	-	-	684,792	580,655	18%
Social Services	431,435	-	-	431,435	415,488	4%
Activities	294,371	185,154	188,848	668,373	606,427	10%
Information Technology	1,812,377	-	-	1,812,377	1,802,230	1%
General Expenses	1,735,655	332,570	314,510	2,382,735	1,858,697	28%
Upgrades and Refurbishments	1,436,803	47,227	90,982	1,575,012	1,483,032	6%
Shared Appreciation Expense	1,273,305	-	-	1,273,305	2,271,235	-44%
Depreciation	4,047,643	88,092	368,904	4,504,639	4,602,268	-2%
Interest Expense and Amortization	91,204	43,232	158,517	292,953	427,124	-31%
Resident Assistance Expense	-	233,561	117,705	351,266	612,190	-43%
Overhead Allocations	(1,733,000)	813,900	919,100	-	-	0%
Total Operating Expenses	<u>26,425,772</u>	<u>9,332,932</u>	<u>6,311,193</u>	<u>42,069,897</u>	<u>42,623,166</u>	-1%
Total Operating Surplus (Deficit) Before Nonoperating Activities	43,361	241,944	1,117,507	1,402,812	(418,491)	-435%
Nonoperating Activities:						
Changes in Fair Value of Interest						
Rate Swap Agreements	454,574	-	-	454,574	(345,719)	-231%
Unrealized Gains on Investments, Net	1,112,598	486,081	353,248	1,951,927	3,391,126	-42%
Change in Accounting Estimate	-	-	-	-	(8,741,060)	-
Total Nonoperating Activities	<u>1,567,172</u>	<u>486,081</u>	<u>353,248</u>	<u>2,406,501</u>	<u>(5,695,653)</u>	-142%
Change in Net Assets Without Donor Restrictions	<u>\$ 1,610,533</u>	<u>\$ 728,025</u>	<u>\$ 1,470,755</u>	<u>\$ 3,809,313</u>	<u>\$ (6,114,144)</u>	-162%

Attachment 2: Actual vs. Projected Results

Carolina Meadows, Inc.
Balance Sheets
Comparison of Actual Results with Forecasted Proforma Projections
Year Ended December 31, 2021

	Per Audited Financials			
	2021	2021	Variance	
	Actual	Forecasted	Over (Under)	Notes *
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents, Non-Restricted	\$ 16,553,785	\$ 9,298,000	\$ 7,255,785	1
Accounts Receivable	2,142,413	1,909,000	233,413	
Sales Tax Refund Receivable	778,684	350,000	428,684	2
Inventories	345,041	345,000	41	
Prepaid Expenses	211,893	159,000	52,893	
Total Current Assets	20,031,816	12,061,000	7,970,816	
ASSETS LIMITED AS TO USE (including Agency Funds)	14,004,610	13,293,000	711,610	3
INVESTMENTS AND OTHER ASSETS				
Investments	25,992,374	26,273,000	(280,626)	4
Deferred Costs	-	-	-	
Total Investments and Other Assets	25,992,374	26,273,000	(280,626)	
PROPERTY AND EQUIPMENT	98,848,116	99,212,000	(363,884)	5
DUE FROM OTHER ASSETS, INCL. RELATED PARTY	746,392	745,000	1,392	
Total Assets	\$ 159,623,308	\$ 151,584,000	\$ 8,039,308	
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 715,000	\$ 715,000	\$ -	
Construction Line of Credit	20,036,263	-	20,036,263	6
Accounts Payable	593,133	1,653,000	(1,059,867)	7
Accrued Expenses	3,906,666	5,373,000	(1,466,334)	8
Advance Fees and Refunds Due	-	831,000	(831,000)	9
Total Current Liabilities	25,251,062	8,572,000	16,679,062	
LONG-TERM DEBT, LESS CURRENT MATURITIES	10,355,686	10,356,000	(314)	
DEFERRED REVENUE AND OTHER LIABILITIES				
Advance Refundable Fees - On Campus	165,819,900	179,970,000	(14,150,100)	10
Advance Refundable Fees - Early Advantage	164,625	489,000	(324,375)	11
Other Deferred Revenue	437,078	450,000	(12,922)	
Deposits on Occupied Units	7,308,490	3,600,000	3,708,490	12
Agency Funds Due Residents	651,940	600,000	51,940	
Interest Rate Swap Agreements	34,979	465,000	(430,021)	13
Total Deferred Revenue and Other Liabilities	174,417,012	185,574,000	(11,156,988)	
NET DEFICIT				
Without Donor Restrictions	(50,400,452)	(52,918,000)	2,517,548	14
Total Liabilities and Net Deficit	\$ 159,623,308	\$ 151,584,000	\$ 8,039,308	

**See Notes on Following Page for Variances Greater than \$250,000 which is less than 1% of total revenues*

Carolina Meadows, Inc.

Balance Sheets

Comparison of Actual Results with Forecasted Proforma Projections

Notes for Variances

As of and for the Year Ended December 31, 2021

Carolina Meadows considers anything greater than \$250,000 to be material for purposes of analyzing Balance Sheet variances between actual and forecasted results.

1. Cash was greater than forecasted due to multiple factors including the COVID-19 pandemic, resulting occupancy patterns, timing of cash receipts and vendor payments, a continued decision to hold more cash in advance of large capital projects, and deposits held on the Birchtree project for forty new independent living unit, which were delayed and not 100% occupied until April 2022.
2. Sales Tax Refund Receivable was greater than forecasted due mainly to the pandemic-driven delays in completion and increased costs for the Birchtree project.
3. Assets Limited As To Use were higher than forecasted for better than anticipated market performance and portfolio rebalancing.
4. Investments were lower than forecasted, in spite of better than anticipated market performance, due to the increase in Assets Limited As To Use, including those held By Board Designation and for the North Carolina Operating Reserve.
5. Property and Equipment was lower due to delays in the completion of certain large capital projects, mainly the construction of the Birchtree project.
6. Construction Line of Credit for the Birchtree project for forty new independent living units was uncertain and not forecasted.
7. Accounts Payable were lower than forecasted due to timing of payments and changes in patterns during the COVID-19 pandemic.
8. Accrued Expenses were lower than forecasted largely due to the timing of accruing for late stage construction work on the Birchtree project, including the final retention as specified with the contractor.
9. Advance Fees and Refunds Due were lower than forecasted due to the lack of year-end refunds due on Independent Living unit turnovers.
10. Advance Refundable Fees - On Campus were lower than forecasted under the new accounting provisions after adoption of the ASU 2014-09 "Revenue Recognition" financial standard based on the impact from the delayed completion of the Birchtree project into early 2022.
11. Advance Refundable Fees - Early Advantage were lower than forecasted as residents from the Early Advantage program began to move into Birchtree as some buildings were completed during 2021, and fees were applied towards their new units.
12. Deposits on Occupied Units were higher than forecasted due to the delay until early 2022 completion for some of the Birchtree buildings leading to more deposits held.
13. Interest Rate Swap Agreements were smaller than forecasted due to interest rate improvements leading to a positive change in fair value.
14. Net Deficit Without Donor Restrictions improved on the forecast due to the construction delay for the Birchtree project leading to lower than forecasted advanced refundable fees.

Carolina Meadows, Inc.
Statements of Operations and Changes in Net Assets
Comparison of Actual Results with Forecasted Proforma Projections
Year Ended December 31, 2021

	Per Audited Financials			
	2021	2021	Variance	
	Actual	Forecasted	Over (Under)	Notes *
Independent Living resident fees	\$ 18,499,728	\$ 18,915,000	\$ (415,272)	1
Health Center fees	8,501,693	8,811,000	(309,307)	2
Assisted Living fees	6,705,046	6,181,000	524,046	3
Early Advantage fees	755,287	690,000	65,287	
Resident assistance fund fees	-	-	-	
Dining services	2,100,141	2,430,000	(329,859)	4
Medical and ancillary charges	685,115	480,000	205,115	
Housekeeping services	297,506	235,000	62,506	
Resident services	27,836	28,000	(164)	
Maintenance services	11,219	12,000	(781)	
Remarketing income	284,730	512,000	(227,270)	
Refurbishing reimbursements	1,586,876	1,313,000	273,876	5
Miscellaneous	166,883	139,000	27,883	
Investment income	1,005,125	1,530,000	(524,875)	6
CARES Act Provider Relief Funds and State Grants	418,366	-	418,366	7
Total operating revenues without donor restrictions	41,045,551	41,276,000	(230,449)	
On-site Medical Practice	1,293,584	1,226,000	67,584	
Nursing services	5,150,119	4,966,000	184,119	
Assisted living services	1,972,332	1,834,000	138,332	
Dining services	7,034,357	7,134,000	(99,643)	
Plant operations and grounds	6,976,657	7,020,000	(43,343)	
Housekeeping and laundry services	1,678,970	1,753,000	(74,030)	
Resident services	723,321	768,000	(44,679)	
General and administrative expense	5,525,512	5,242,000	283,512	8
Early Advantage program	123,109	200,000	(76,891)	
Information Technology	1,812,377	1,669,000	143,377	
Human resources	1,228,457	834,000	394,457	9
Marketing	684,792	819,000	(134,208)	
Wellness, social services and activities	1,444,147	1,444,000	147	
Shared appreciation expense	1,273,305	300,000	973,305	10
Interest and letter of credit fees expense	292,953	472,000	(179,047)	
Total operating expenses	37,213,992	35,681,000	1,532,992	
Total operating surplus before other revenues and expenses	3,831,559	5,595,000	(1,763,441)	
Other Revenues and Expenses				
Contributions	12,915	-	12,915	
Amortization of advance fees - On Campus	171,322	-	171,322	
Amortization of advance fees - Early Advantage	8,391	-	8,391	
Realized and unrealized investment gains, net	4,186,457	-	4,186,457	11
Change in fair value of interest rate swap agreements	454,574	-	454,574	12
Resident assistance expense	(351,266)	-	(351,266)	13
Depreciation and amortization	(4,504,639)	(4,303,000)	(201,639)	
Total other revenues and expenses	(22,246)	(4,303,000)	4,280,754	
Change in Net Surplus (Deficit) without donor restrictions	\$ 3,809,313	\$ 1,292,000	\$ 2,517,313	

**See Notes on Following Page for Variances Greater than \$250,000 which is less than 1% of total revenues*

Carolina Meadows, Inc.
Statements of Operations and Changes in Net Assets
Comparison of Actual Results with Forecasted Proforma Projections
Notes for Variances
As of and for the Year Ended December 31, 2021

Carolina Meadows considers anything greater than \$250,000 to be material for purposes of analyzing Statements of Operations variances between actual and forecasted results.

1. Independent Living revenue was lower than forecasted due specifically to the delay in Birchtree completion and the resulting occupancy lag, including mostly couples versus singles. The new Birchtree units carry higher monthly fees than the remainder of campus, including couples with second person fees, and have a resulting disproportionate impact on revenue versus existing units. Actual occupancy census for 2021 was 97.2% versus a forecasted rate of 96.0%.
2. Health Center revenue was lower than forecasted due to lower occupancy. Actual skilled nursing occupancy census for 2021 was 73.7% versus a forecasted rate of 78.0%.
3. Assisted Living revenue was higher than forecasted due to a difference in the mix of occupied room types, including couples versus singles. The occupancy census rate for 2021 was an actual of 89.2%, close to the forecasted 90.0%.
4. Dining Services revenue was lower than forecasted due to the COVID-19 pandemic impact on dining patterns and in-person dining restrictions, as well as the delayed occupancy in Birchtree versus forecast, which was predominantly weighted towards couples fees.
5. Refurbishing Reimbursement revenue was higher than forecasted due largely to incoming residents choosing significant modifications to their Independent Living units, including the new Birchtree units.
6. Investments income was lower than forecasted due to decision to hold more cash in advance of potential capital projects, as well as portfolio rebalancing that deemphasized investment returns of interest and dividends.
7. CARES Act Provider Relief Funds and State Grants related to the COVID-19 pandemic were unpredictable and not forecasted.
8. General and administrative expenses were greater than forecasted in several areas including property taxes, insurance, and consulting expenditures.
9. Human Resources expenses were greater than forecasted due to the unpredictable and not forecasted campus-wide testing requirements related to the COVID-19 pandemic.
10. Shared Appreciation expenses were uncertain, unpredictable and not forecasted, as well as being impacted by the recent required adoption of ASU 2014-09 and the provisions under this new accounting standard.
11. Realized and Unrealized Investment Gains were uncertain, unpredictable and not forecasted.
12. Change in Fair Value of Interest Rate Swap Agreements was uncertain, unpredictable and not forecasted.
13. Resident Assistance expenses were uncertain, unpredictable and not forecasted.

Carolina Meadows, Inc.
Statements of Cash Flows
Comparison of Actual Results with Forecasted Proforma Projections
Year Ended December 31, 2021

	Per Audited Financials			Notes *
	2021 Actual	2021 Forecasted	Variance Over (Under)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Surplus (Deficit) Without Donor Restrictions	\$ 3,809,313	\$ 1,292,000	\$ 2,517,313	1
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Proceeds from Advance Fees - On Campus, including Assisted Living Direct Admits	20,966,200	42,044,000	(21,077,800)	2
Proceeds from Advance Fees - Early Advantage	108,000	203,000	(95,000)	
Depreciation	4,504,639	4,281,000	223,639	
Amortization of Deferred Costs	-	-	-	
Equity Refund Advances	(210,495)	-	(210,495)	
Amortization of Advance Fees - On Campus	(201,686)	-	(201,686)	
Amortization of Advance Fees - Early Advantage	21,973	-	21,973	
Amortization of Deferred Financing Costs	45,662	22,000	23,662	
(Gain) Loss Related to Interest Rate Swap Agreements	(454,574)	(25,000)	(429,574)	3
Realized and Unrealized Investment Gains, Net	(4,197,196)	-	(4,197,196)	4
Net Change in:				
Accounts Receivable	(23,534)	-	(23,534)	
Accrued Interest Receivable	-	-	-	
Sales Tax Refund Receivable	(428,357)	-	(428,357)	5
Inventories	(162)	-	(162)	
Prepaid Expenses and Other Assets, Including Related Party	(54,207)	-	(54,207)	
Accounts Payable	(1,059,645)	-	(1,059,645)	6
Accrued Expenses	(1,466,641)	-	(1,466,641)	7
Deferred Revenue - Provider Relief Funding	(151,466)	(151,000)	(466)	
Net Cash Provided By Operating Activities	<u>21,207,824</u>	<u>47,666,000</u>	<u>(26,458,176)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	18,652,118	-	18,652,118	8
Purchase of Investments and Assets Limited as to Use	(19,445,086)	(4,611,000)	(14,834,086)	9
Acquisition and Construction of Property and Equipment	(18,406,673)	(18,547,000)	140,327	
Net Cash (Used) in Investing Activities	<u>(19,199,641)</u>	<u>(23,158,000)</u>	<u>3,958,359</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Change from Deposits on Occupied and Unconstructed Units	1,196,445	(2,512,000)	3,708,445	10
Principal Payments on Long-Term Debt	(713,583)	(690,000)	(23,583)	
Principal Payments on Line of Credit on Construction Loan	(7,360,043)	(29,000,000)	21,639,957	11
Debt Issuance Cost	-	-	-	
Refunds of Advance Fees - On Campus	(5,142,948)	(11,384,000)	6,241,052	12
Refunds of Advance Fees - Early Advantage	(297,000)	(90,000)	(207,000)	
Net Proceeds from Line of Credit on Construction Loan	17,791,327	19,395,000	(1,603,673)	13
Net Change from Deposits in Agency Accounts	51,928	-	51,928	
Net Cash Provided By (Used) in Financing Activities	<u>5,526,126</u>	<u>(24,281,000)</u>	<u>29,807,126</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,534,309	227,000	7,307,309	
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	9,671,416	9,071,000	600,416	
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 17,205,725</u>	<u>\$ 9,298,000</u>	<u>\$ 7,907,725</u>	
Cash and Cash Equivalents	\$ 16,553,785			
Restricted Cash Included in Assets Limited as to Use (Resident Funds Held in Agency)	\$ 651,940			
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 17,205,725</u>			

**See Notes on Following Page for Variances Greater than \$250,000 which is less than 1% of total revenues*

Carolina Meadows, Inc.
Statements of Cash Flows
Comparison of Actual Results with Forecasted Proforma Projections
Notes for Variances
As of and for the Year Ended December 31, 2021

Cash Flows are determined by the changes within the Balance Sheet accounts and the operating results contained with the Statements of Operations and since those variances have been identified in the preceding pages, Carolina Meadows considers anything greater than \$250,000 to be material for purposes of analyzing variances between actual and forecasted cash flows.

1. The change in the Net Surplus Without Donor Restrictions was greater than forecasted largely due to realized and unrealized gains on investments which are uncertain, unpredictable and not forecasted.
2. The change in Proceeds From Advance Fees - On Campus was lower than the forecast due to delays for completion of the Birchtree project for forty new Independent Living units.
3. rates.
4. Realized and Unrealized Investment Gains were uncertain, unpredictable and not forecasted.
5. The actual change in Sales Tax Refund Receivable was not forecasted.
6. The actual change in Accounts Payable was not forecasted.
7. The actual change in Accrued Expenses was not forecasted.
8. Proceeds from Sales and Maturities of Investments and Assets Limited As To Use was uncertain and not forecasted.
9. Purchases of Investments and Assets Limited as to Use was uncertain; however, there was more activity than forecasted due to market conditions and a portfolio rebalancing.
10. Net Change from Deposits on Occupied and Unconstructed Units compared to forecast is due to increased deposits held mainly for Birchtree Independent Living units due to the delay in completion dates.
11. Principal Payments on Line of Credit on Construction Loan were lower than forecasted due to delays in the completion of the Birchtree project for forty new Independent Living units.
12. Refunds of Advance Fees - On Campus were lower than the forecast due to fewer than anticipated refunds, as well as a variation in the number and mix of unit types refunded.
13. Net Proceeds from Line of Credit on Construction Loan were lower than forecasted due to delays in the completion of the Birchtree project for forty new Independent Living units.

Attachment 3: Interim Financial Statements

CAROLINA MEADOWS, INC.
Statements of Financial Position
March 31, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 6,222,675	\$ 9,519,300
Accounts receivable	2,106,099	2,245,645
Sales tax refund	870,032	202,215
Inventories	352,416	337,745
Prepaid expenses	326,711	311,874
Total current assets	<u>9,877,933</u>	<u>12,616,779</u>
Assets Limited as to Use		
Board designated funds	4,151,088	3,684,520
N.C. operating reserve fund	9,314,000	9,093,000
Resident funds held in agency accounts	621,658	598,018
	<u>14,086,746</u>	<u>13,375,538</u>
Investments and Other Assets		
Investments	22,727,830	22,618,086
Deferred costs	205,923	236,393
	<u>22,933,753</u>	<u>22,854,479</u>
Property and Equipment	<u>100,556,569</u>	<u>84,530,524</u>
Total Assets	<u>147,455,001</u>	<u>133,377,320</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	715,000	690,000
Line of Credit - Birchtree Construction	6,634,743	13,662,026
Due to (from) Parent Company	(166,300)	(148,678)
Due to (from) Home Care Company	(486,018)	(432,523)
Due to (from) Management Company	(41,597)	(39,665)
Due to (from) Foundation	(63,587)	(228,892)
Accounts payable	985,890	1,784,368
Accrued expenses	3,768,128	2,208,876
Advance fees and refunds due	-	354,330
Total current liabilities	<u>11,346,259</u>	<u>17,849,842</u>
Long-term debt, less current maturities	<u>10,405,000</u>	<u>11,120,000</u>
Deferred Revenue and Other Liabilities		
Deferred revenue from advance fees	122,419	247,347
Other deferred revenue	456,578	641,290
Advance reservation deposits	4,776,148	6,196,600
Advanced fee liability	173,772,075	149,416,127
Agency funds due residents	621,658	598,018
Interest rate swap agreements	450,175	489,553
	<u>180,199,053</u>	<u>157,588,935</u>
Total Liabilities	<u>201,950,312</u>	<u>186,558,777</u>
Net Assets without Donor Restrictions	<u>(54,495,311)</u>	<u>(53,181,457)</u>
Total Liabilities and Net Assets	<u>\$ 147,455,001</u>	<u>\$ 133,377,320</u>

CAROLINA MEADOWS, INC.
Statements of Activities
For the Periods Ended March 31, 2022 and 2021

	2022	2022	2022	2021
	Actual	Budget	Variance	Actual
Operating Revenues				
Resident Fees Earned	\$ 8,973,856	\$ 8,884,675	\$ 89,181	\$ 8,200,468
Early Advantage Fees	159,311	172,500	(13,189)	197,174
Resident Assistance Fund Fees	-	-	-	-
Dining Services	495,573	508,153	(12,580)	493,110
Maintenance Services	4,751	3,249	1,502	2,211
Housekeeping Services	76,057	73,973	2,084	71,938
Resident Services	14,720	6,164	8,556	971
Ancillary and Miscellaneous Services	51,843	199,463	(147,620)	193,566
Remarketing Income	63,935	91,290	(27,355)	76,605
Refurbishment and Modification Income	460,724	390,000	70,724	584,788
CARES Act and State Grants	-	-	-	34,300
Investment Income	212,658	141,781	70,877	134,274
Total Operating Revenues	10,513,428	10,471,248	42,180	9,989,405
Operating Expenses				
Administrative Services	858,026	851,662	6,364	829,884
Early Advantage	-	-	-	51,906
Dining Services	1,788,154	1,833,292	(45,138)	1,644,763
Housekeeping and Laundry	464,934	444,717	20,217	395,398
Plant Operations	1,126,043	1,078,150	47,893	1,001,650
Grounds	371,048	338,837	32,211	322,891
Resident Services	181,775	185,862	(4,087)	181,651
Human Resources	231,475	200,137	31,338	366,310
On-site Medical Practice	285,238	308,935	(23,697)	342,458
Wellness	92,688	88,500	4,188	82,495
Nursing Services	1,362,907	1,179,248	183,659	1,364,391
Assistant Living Services	588,168	483,637	104,531	473,989
Marketing	171,338	151,435	19,903	105,930
Social Services	104,281	112,981	(8,700)	96,687
Activities	157,975	165,734	(7,759)	156,588
Information Technology	436,778	420,787	15,991	422,643
General Expenses	581,568	565,742	15,826	498,735
Refurbishment and Modification Expense	317,060	342,750	(25,690)	400,559
Shared Appreciation Expense	210,458	87,500	122,958	35,248
Interest Expense	70,351	66,625	3,726	65,391
Total Operating Expenses	9,400,265	8,906,531	493,734	8,839,567
Total Operating Surplus (Deficit)				
Before Other Revenues and Expenses	1,113,163	1,564,717	(451,554)	1,149,838
Other Revenues and (Expenses)				
Amortization of Deferred Revenue	(33,794)	-	(33,794)	88,452
Change in Fair Value of Interest Rate Swap Agreements	(415,196)	-	(415,196)	-
Realized Gains (Losses) on Investments	282,499	-	282,499	850,226
Unrealized Gains (Losses) on Investments	(3,596,224)	-	(3,596,224)	79,636
Contributions	100	-	100	4,525
Depreciation	(1,373,928)	(1,269,550)	(104,378)	(1,144,364)
Amortization	(8,391)	(4,425)	(3,966)	-
Resident Assistance Expense	(63,088)	(97,274)	34,186	-
Total Other Revenues and Expenses	(5,208,022)	(1,371,249)	(3,836,773)	(121,525)
Change in Net Assets without Donor Restrictions	\$ (4,094,859)	\$ 193,468	\$ (4,288,327)	\$ 1,028,313

Unaudited - For Management Purposes Only

11:41 AM 5/30/2022

CAROLINA MEADOWS, INC.
Statements of Cash Flows
For the Periods Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,094,859)	\$ 1,028,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from advance fees, including Birchtree	9,392,107	1,959,100
Change in advance fees valuation *	-	-
Depreciation	1,373,928	1,144,364
Amortization of advance fees	33,794	(119,511)
Amortization of deferred costs, including financing	-	-
Equity refund advances	(31,666)	(177,729)
Amortization of other deferred revenue	-	-
(Gains) losses related to interest rate swap agreements	415,196	-
Net unrealized and realized investment (gains) losses	3,313,725	(929,862)
Net change in:		
Accounts receivable	67,980	54,157
Sales tax refund receivable	(91,348)	(65,575)
Inventories	(7,375)	7,134
Prepaid expenses and other assets	(114,818)	(153,215)
Due to (from) Parent Company	(4,615)	-
Due to (from) Home Care Company	(6,494)	(16,284)
Due to (from) Management Company	-	-
Due to (from) Foundation	(1)	(88,054)
Accounts payable	392,757	131,585
Accrued expenses	(138,538)	(3,164,433)
Net cash provided by operating activities	<u>10,499,773</u>	<u>(390,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and assets limited as to use	10,543,569	6,227,536
Purchase of investments and assets limited as to use	(10,674,886)	(6,336,406)
Acquisition and construction of property and equipment	(3,082,381)	(728,806)
Increase in debt issuance costs	8,391	-
Net cash used in investing activities	<u>(3,205,307)</u>	<u>(837,676)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change from unit deposits	(2,532,342)	84,555
Net proceeds from line of credit	(13,401,520)	4,057,047
Principal payments on long-term debt	(165,000)	(165,000)
Refunds of advance fees, including Birchtree	(1,496,432)	(1,893,600)
Net change in refunds due	-	(476,349)
Deferred modification revenue	-	14,524
Deferred government grants (PFR) revenue	-	56,400
Net change from deposits in agency accounts	(30,282)	(1,994)
Net cash used in financing activities	<u>(17,625,576)</u>	<u>1,675,583</u>
Net increase (decrease) in cash	(10,331,110)	447,897
Cash beginning	<u>16,553,785</u>	<u>9,071,403</u>
Cash ending	<u>\$ 6,222,675</u>	<u>\$ 9,519,300</u>

Unaudited - For Management Purposes Only

11:41 AM 5/30/2022

Attachment 4: Forecasted Financial Statements (5-Years)

CAROLINA MEADOWS, INC.

FORECASTED FINANCIAL STATEMENTS

For the Years Ending December 31, 2022 through 2026

CAROLINA MEADOWS, INC.
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Years Ending December 31, 2022 through 2026

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Carolina Meadows, Inc.
Chapel Hill, North Carolina

Management is responsible for the accompanying financial forecast of Carolina Meadows, Inc., which comprises the forecasted balance sheets as of December 31, 2022 through 2026, and the related forecasted statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial 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 financial forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Sanders, Walsh & Eaton, CPAs, LLC

Osterville, Massachusetts
May 6, 2022



CAROLINA MEADOWS, INC.
Forecasted Balance Sheets
At December 31, 2022 through 2026
(Dollars in Thousands)

	ASSETS				
	2022	2023	2024	2025	2026
Current Assets:					
Cash and cash equivalents	\$ 14,108	\$ 14,532	\$ 14,968	\$ 15,417	\$ 15,879
Accounts receivable, net	2,142	2,142	2,142	2,142	2,142
Sales tax refund receivable	779	779	779	779	779
Inventories	345	345	345	345	345
Prepaid expenses	212	212	212	212	212
Total current assets	17,586	18,010	18,446	18,895	19,357
Assets limited as to use:					
Board designated, agency and escrow accounts	4,740	4,006	3,617	3,212	2,690
Reserves required by state statute	9,265	9,999	10,388	10,793	11,315
Total assets limited as to use	14,005	14,005	14,005	14,005	14,005
Investments and other assets:					
Investments	25,992	32,763	40,210	48,593	58,151
Deferred cost, net	-	-	-	-	-
Total investments and other assets	25,992	32,763	40,210	48,593	58,151
Property, plant and equipment:					
184,565	184,565	188,065	191,565	195,065	198,565
Less accumulated depreciation	(87,313)	(93,313)	(99,313)	(105,313)	(111,313)
Net property and equipment	97,252	94,752	92,252	89,752	87,252
Due from related party	696	646	596	546	496
Total assets	\$ 155,531	\$ 160,176	\$ 165,509	\$ 171,791	\$ 179,261
	LIABILITIES AND NET DEFICIT				
Current Liabilities:					
Current maturities of long-term debt	\$ 735	\$ 760	\$ 785	\$ 810	\$ 835
Accounts payable	593	593	593	593	593
Accrued expenses	3,907	3,907	3,907	3,907	3,907
Deferred revenue - provider relief funding	-	-	-	-	-
Advance fees and refunds due	-	-	-	-	-
Total current liabilities	5,235	5,260	5,285	5,310	5,335
Line of credit	-	-	-	-	-
Long-term debt, less current maturities	9,643	8,905	8,142	7,354	6,541
Deferred revenue and other liabilities:					
Advance fee liability - On Campus	183,045	185,976	189,188	192,685	196,527
Advance refundable fees - Early Advantage Program	278	391	436	481	526
Other deferred revenue	437	437	437	437	437
Deposits on occupied units	3,600	3,600	3,600	3,600	3,600
Agency funds due residents	652	652	652	652	652
Interest rate swap agreement	35	35	35	35	35
Total deferred revenue and other liabilities	188,047	191,091	194,348	197,890	201,777
Total liabilities	202,925	205,256	207,775	210,554	213,653
Net deficit:					
Without donor restrictions	(47,394)	(45,080)	(42,266)	(38,763)	(34,392)
With donor restrictions	-	-	-	-	-
Total net deficit	(47,394)	(45,080)	(42,266)	(38,763)	(34,392)
Total liabilities and net deficit	\$ 155,531	\$ 160,176	\$ 165,509	\$ 171,791	\$ 179,261

See summaries of significant forecast assumptions and accounting policies and accountants' report

CAROLINA MEADOWS, INC.
Forecasted Statements of Operations and Changes in Net Deficit
For the Years Ending December 31, 2022 through 2026
(Dollars in Thousands)

	2022	2023	2024	2025	2026
Revenue, gains and other support without donor restrictions:					
Resident fees earned, On Campus	\$ 21,344	\$ 22,402	\$ 23,407	\$ 24,475	\$ 25,611
Resident fees earned, Early Advantage Program	690	712	732	754	776
Health Care:					
Health Center fees	8,672	8,839	9,025	9,370	9,851
Assisted Living fees	6,433	6,741	7,099	7,450	7,802
Amortization of advance fees, On Campus	-	-	-	-	-
Amortization of advance fees, Early Advantage Program	10	130	180	230	280
Resident assistance fund fees	-	-	-	-	-
Dining services	2,331	2,401	2,473	2,547	2,624
Maintenance services	12	12	13	13	14
Housekeeping services	300	309	318	328	338
Resident services	25	26	27	27	28
Medical ancillary charges	643	662	682	703	724
Miscellaneous	168	173	178	184	189
Remarketing income	365	376	387	399	411
Modification and refurbishing revenue	1,560	1,607	1,655	1,705	1,756
Investment/interest income	1,918	1,710	1,896	2,107	2,349
Contribution/gift income	-	-	-	-	-
Total revenue, gains and other support	<u>44,471</u>	<u>46,100</u>	<u>48,072</u>	<u>50,292</u>	<u>52,753</u>
Expenses:					
Health care:					
On-site Medical Practice	1,357	1,411	1,467	1,526	1,587
Nursing Services	4,826	5,019	5,220	5,429	5,646
Assisted Living Services	1,990	2,070	2,153	2,239	2,329
Dietary services	7,497	7,797	8,109	8,433	8,770
Maintenance, plant operations, and grounds	6,937	7,215	7,503	7,803	8,115
Housekeeping and laundry services	1,872	1,947	2,025	2,106	2,190
Resident services	818	851	885	920	957
General and administrative services	5,713	5,942	6,180	6,427	6,685
Human resources	824	857	891	927	964
Information technology	1,668	1,735	1,804	1,876	1,951
Marketing	587	610	634	659	685
Wellness, social services and activities	1,535	1,597	1,660	1,727	1,796
Early Advantage Program	150	156	162	169	175
Interest expense	222	207	193	176	160
Shared appreciation expense	350	350	350	350	350
Resident assistance fund expense	-	-	-	-	-
Depreciation	5,096	6,000	6,000	6,000	6,000
Amortization	22	22	22	22	22
Total expenses	<u>41,464</u>	<u>43,786</u>	<u>45,258</u>	<u>46,789</u>	<u>48,382</u>
Net operating income	<u>3,007</u>	<u>2,314</u>	<u>2,814</u>	<u>3,503</u>	<u>4,371</u>
Excess of revenues over expenses and change in net deficit without donor restrictions	3,007	2,314	2,814	3,503	4,371
Net deficit without donor restrictions:					
Beginning of Year	<u>(50,401)</u>	<u>(47,394)</u>	<u>(45,080)</u>	<u>(42,266)</u>	<u>(38,763)</u>
End of Year	<u>\$ (47,394)</u>	<u>\$ (45,080)</u>	<u>\$ (42,266)</u>	<u>\$ (38,763)</u>	<u>\$ (34,392)</u>

See summaries of significant forecast assumptions and accounting policies and accountants' report

CAROLINA MEADOWS, INC.
Forecasted Statements of Cash Flows
For the Years Ending December 31, 2022 through 2026
(Dollars in Thousands)

	2022	2023	2024	2025	2026
Cash flows from operating activities:					
Change in unrestricted net assets without donor restrictions	\$ 3,007	\$ 2,314	\$ 2,814	\$ 3,503	\$ 4,371
Adjustments to reconcile change in net deficit to net cash provided by operating activities:					
Proceeds from advance fees - On Campus	34,489	14,137	15,209	15,851	17,198
Proceeds from advance fees - Early Advantage Program	203	203	135	135	135
Net realized and unrealized gains on investments and assets limited as to use	-	-	-	-	-
Depreciation	5,096	6,000	6,000	6,000	6,000
Amortization of deferred costs	-	-	-	-	-
Amortization of financing cost	22	22	22	22	22
Amortization of other deferred revenue	-	-	-	-	-
Amortization of advance fees	(10)	(130)	(180)	(230)	(280)
Gain related to interest rate swap agreement	-	-	-	-	-
Net change in:					
Accounts receivable	-	-	-	-	-
Sales tax refund receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from related party	50	50	50	50	50
Accounts payable	-	-	-	-	-
Deferred revenue - provider relief refunding	-	-	-	-	-
Accrued expenses	-	-	-	-	-
Net cash provided by operating activities	<u>42,857</u>	<u>22,596</u>	<u>24,050</u>	<u>25,331</u>	<u>27,496</u>
Cash flows from investing activities:					
Purchase of investments and assets limited as to use	-	(6,771)	(7,447)	(8,383)	(9,558)
Acquisition of property and equipment	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)
Net cash used by investing activities	<u>(3,500)</u>	<u>(10,271)</u>	<u>(10,947)</u>	<u>(11,883)</u>	<u>(13,058)</u>
Cash flows from financing activities:					
Net change from deposits on occupied units	(3,708)	-	-	-	-
Principal payments of long-term debt	(715)	(735)	(760)	(785)	(810)
Principal payments of line of credit	(20,036)	-	-	-	-
Refunds of advance fees - On Campus	(17,254)	(11,076)	(11,817)	(12,124)	(13,076)
Refunds of advance fees - Early Advantage Program	(90)	(90)	(90)	(90)	(90)
Net proceeds from construction loan	-	-	-	-	-
Net change from deposits in agency accounts	-	-	-	-	-
Net cash used by financing activities	<u>(41,803)</u>	<u>(11,901)</u>	<u>(12,667)</u>	<u>(12,999)</u>	<u>(13,976)</u>
Net change in cash and cash equivalents	(2,446)	424	436	449	462
Cash and cash equivalents, beginning of year	16,554	14,108	14,532	14,968	15,417
Cash and cash equivalents, end of year	<u>\$ 14,108</u>	<u>\$ 14,532</u>	<u>\$ 14,968</u>	<u>\$ 15,417</u>	<u>\$ 15,879</u>
Supplemental disclosure of cash flow information:					
Cash paid for interest	<u>\$ 222</u>	<u>\$ 207</u>	<u>\$ 193</u>	<u>\$ 176</u>	<u>\$ 160</u>

See summaries of significant forecast assumptions and accounting policies and accountants' report

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
Assumptions and Accounting Policies
For the Years Ending December 31, 2022 through 2026

Financial Statements Presentation Assumptions

This financial forecast presents, to the best of the management's knowledge and belief, the expected financial position, results of operations, and cash flows of Carolina Meadows, Inc. ("Carolina Meadows") for the forecast period. Accordingly, the forecast reflects management's judgment as of May 6, 2022, the date of this forecast, of the expected conditions and its expected course of action. This report was prepared for Carolina Meadows, Inc.'s management to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Management does not intend to revise this forecast to reflect the changes in present circumstances or the occurrence of unanticipated events.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Carolina Meadows, Inc. is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) and established in 1983 for the purpose of providing housing, health care and other related services to residents through the operation of a continuing care retirement community. The built inventory consists of 287 villas, 176 apartments, 78 assisted living facility apartments, and a 90-bed licensed health center located in Chatham County, North Carolina. There are an additional 20 independent living apartments that have been completed during early 2022.

Basis of Presentation

The accompanying forecasted financial statements have been prepared on the accrual basis of accounting and in accordance with the principles generally accepted in the United States of America.

Net Assets

Carolina Meadows classifies its funds for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets consisting of all resources that have no donor-imposed restrictions. All Carolina Meadows assets are currently Net Assets Without Donor Restrictions.
- Net Assets With Donor Restrictions - Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and others are perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Carolina Meadows currently has no Net Assets With Donor Restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
Assumptions and Accounting Policies
For the Years Ending December 31, 2022 through 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Accounts Receivable

Resident accounts receivable consist of resident monthly accommodation fees. Carolina Meadows provides an allowance for uncollectible accounts using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted.

Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

Assets Limited As To Use

Assets limited as to use include assets set aside by the Board of Directors ("Board") for resident assistance payments, resident funds held in agency accounts, and contingencies over which the Board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64-33.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments are included in the excess (deficit) of revenues over (under) expenses.

Fair Value Measurements

Carolina Meadows categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

Subsequent to initial recognition, Carolina Meadows may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Carolina Meadows adopted the policy to value certain financial instruments at fair value.

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
Assumptions and Accounting Policies
For the Years Ending December 31, 2022 through 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fair Value Measurements (continued):

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs held by Carolina Meadows include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by Carolina Meadows include interest rate swap agreements, equity securities held in partnerships and certain alternative investments. Level 3 inputs held by Carolina Meadows include certain alternative investments.

Derivatives

Derivatives and hedging instruments are recorded at fair value in the financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying forecasted balance sheets at estimated fair value. Carolina Meadows does not hold or issue financial instruments for trading purposes.

Risks and Uncertainties

Carolina Meadows holds instruments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will continue to occur in the near term and that such changes could materially affect Carolina Meadows' investment balances and the amounts reported in the balance sheets of Carolina Meadows.

Excess (Deficit) of Revenues Over (Under) Expenses

The statements of operations and changes in net deficit include excess (deficit) of revenues over (under) expenses, which Carolina Meadows uses as its measure of operations.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Management has not forecasted any impairment of assets during the forecast period. Depreciation of new construction begins the month following the date the facilities are placed in service.

Advance Fees

Under the terms of the residency and care agreement, each resident pays an entrance fee. A deposit of 5% or 10% of the entrance fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net Entrance fees, along with monthly accommodation fees, primarily pay for the cost of services provided to residents.

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable entrance fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Advance Fees (continued):

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees from the Early Advantage Program are amortized into revenue as amortization of advance fees using the straight-line method based on the terms of the contract. The unamortized portion of the advance fees from the Early Advantage Program are shown on the balance sheets as deferred revenue. Refundable advance fees are recorded as Advance Fee Liability on the balance sheet.

Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Risks and Uncertainties

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

Income Tax Status

Carolina Meadows, Inc. is a nonprofit, tax-exempt organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying forecasted financial statements do not reflect a provision or liability for federal or state income taxes. Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise, or other taxes.

NOTE B - LONG-TERM DEBT:

For purposes of this financial forecast, it has been assumed that the historical carrying value of long-term debt equals the fair value of such debt. Long-term debt consists of a loan agreement with the Public Finance Authority bond offering Series 2019 for purposes of refunding the North Carolina Medical Care Commission bonds Series 2014. There are predetermined monthly payments scheduled through 2034 with interest rate of One Month LIBOR plus 1.05%.

The terms of the agreement related to the Series 2019 Bond, subject to the Master Trust Indenture and Bond Purchase and Loan Agreement, Carolina Meadows is required to comply with various debt covenants. Management believes Carolina Meadows is in compliance with all such covenants.

Under the Credit Agreement with Truist Bank, Carolina Meadows is required to comply with various debt covenants. Management believes Carolina Meadows is in compliance with all such covenants.

During 2019, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. This agreement effectively limits Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counterparty. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
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NOTE C - FORECASTED REVENUE AND EXPENSES:

Revenue

Forecasted revenue from service fees on the existing and expanded facilities starting in 2022 are based on the following schedule of forecasted fees (assumes 4.5% independent living monthly fee inflation; and 4.0% assisted living and nursing care inflation) and forecasted occupancy:

<u>Independent Living</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Monthly Fees:					
Early Advantage Program	\$ 575	\$ 601	\$ 628	\$ 656	\$ 686
Basic:					
Entrants Prior to January 1, 2001	\$ 2,846	\$ 2,974	\$ 3,108	\$ 3,248	\$ 3,394
New Entrants Beginning January 1, 2001	\$ 3,036	\$ 3,173	\$ 3,315	\$ 3,465	\$ 3,620
Square Footage Rate Beginning January 1, 2011	\$ 3,297	\$ 3,445	\$ 3,600	\$ 3,762	\$ 3,932
Square Footage Rate Beginning January 1, 2016	\$ 3,529	\$ 3,688	\$ 3,854	\$ 4,027	\$ 4,208
Sq. Ft. Rate Beginning January 1, 2021, Birchtree units	\$ 3,898	\$ 4,073	\$ 4,257	\$ 4,448	\$ 4,648
Second Person Fees Prior to January 1, 2016	\$ 848	\$ 886	\$ 926	\$ 968	\$ 1,011
Second Person Fees After January 1, 2016	\$ 1,001	\$ 1,046	\$ 1,093	\$ 1,142	\$ 1,194
Food Allowance	\$ 255	\$ 300	\$ 325	\$ 350	\$ 375
Units Available	483	483	483	483	483
Occupancy Percent	97%	98%	98%	98%	98%
<u>Health Center</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Daily Rates:					
Private	\$ 380	\$ 395	\$ 411	\$ 427	\$ 445
Semi-Private	\$ 361	\$ 375	\$ 390	\$ 406	\$ 422
Beds Available	86	86	86	86	86
Occupancy Percent	71%	73%	76%	78%	80%
<u>Assisted Living</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Daily Rates:					
Single	\$ 246	\$ 256	\$ 266	\$ 277	\$ 288
Single Unit Couple	\$ 395	\$ 411	\$ 427	\$ 444	\$ 462
1.5 Bath Unit - Single	\$ 276	\$ 287	\$ 299	\$ 310	\$ 323
1.5 Bath Unit - Couple	\$ 367	\$ 382	\$ 397	\$ 413	\$ 429
2 Bath Unit	\$ 295	\$ 307	\$ 319	\$ 332	\$ 345
Special Care	\$ 313	\$ 326	\$ 339	\$ 352	\$ 366
Units Available	78	78	78	78	78
Occupancy Percent	90%	90%	90%	90%	90%

The actual rate increases may be greater than those estimated above based on increased costs to operate Carolina Meadows because of inflation, economic, pandemic, and other unpredictable factors which may cause costs to exceed what has been forecasted by Management.

All independent living square footage rates are average monthly rates across all unit types.

Management has based its forecasted sales and unit turnover assumptions in part on information it obtains from its actuaries and in part on historical experience.

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
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NOTE C - FORECASTED REVENUE AND EXPENSES (continued):

Revenue (continued):

The following table for Entrance Fees from Turnover shows the number of units filled and the corresponding proceeds received over the forecast period:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Units Filled From Turnover	31	33	34	35	36
Units Filled from Vacant/New Sales	39	-	-	-	-
Units Emptied	(31)	(33)	(34)	(35)	(36)
Entrance Fee Receipts on Turnover	\$ 12,868	\$ 14,137	\$ 15,209	\$ 15,851	\$ 17,198
Entrance Fee Receipts on New Sales	21,621	-	-	-	-
Entrance Fee Refunds	(17,254)	(11,076)	(11,817)	(12,124)	(13,076)
Net Proceeds	<u>\$ 17,235</u>	<u>\$ 3,061</u>	<u>\$ 3,392</u>	<u>\$ 3,727</u>	<u>\$ 4,122</u>

Other Revenue

Management forecasts other revenues of maintenance services, housekeeping services, resident services, medical and ancillary charges, miscellaneous, remarketing income, modification and refurbishing revenue to increase at rates of 3.0% per year.

Investment Income

Management forecasts investment income to increase at a rate of 3.0% per year.

Expenses

After giving effect to increases related to turnover, operating expenses (excluding depreciation, amortization, and interest expense), economic, and pandemic conditions, expenses are forecasted to increase annually by an average of 4.0% over the forecast period.

Capital Additions

Depreciation and amortization is based on current depreciation and amortization tables, factoring in forecasted capital additions as follows. Capital amounts are noted in thousands as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 3,500
2023	\$ 3,500
2024	\$ 3,500
2025	\$ 3,500
2026	\$ 3,500

Depreciation expense is computed using the straight-line method over the useful lives of the assets. The year 2021 included the final portion of a total of \$32,000,000 representing the estimated cost of 40 new independent living units as part of the Carolina Meadows campus master plan. A total of \$110,000 in capitalized interest is included in this total of \$32.0 million for the 40 new independent living units.

CAROLINA MEADOWS, INC.
Summary of Significant Forecast
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NOTE D - CAROLINA MEADOWS EARLY ADVANTAGE PROGRAM:

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a "continuing care without lodging" contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow's campus amenities and the same health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage Program separately from revenue and expense for on-campus services on the financial statements and five-year forecasts.

Attachment 5: Actuarial Report (no recent Actuarial Study completed in last 8 years)

Attachment 6 (A): Residence and Services Agreement: Equity Advantage Refund Option



Residence and Services Agreement

Equity Advantage Refund Option

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

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Residence and Services Agreement Following Early Advantage

Introduction – Equity Advantage Refund Option

This Residence and Services Agreement (the “Agreement”) takes effect on the ____ day of _____. The Agreement is between Carolina Meadows, Inc. and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, “Resident” or “Co-Resident” refer to _____. All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517. We are a Life Plan Community licensed as a continuing-care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older. At least one party to the Agreement, if a couple or Co-Resident arrangement, must be at least 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to a right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence and Date of Financial Responsibility

You shall have the exclusive right to occupy, use, and enjoy Residence number _____, _____, model _____, an independent living unit that hereinafter will be referred to as your “Residence”, until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven and microwave oven, refrigerator, dishwasher, garbage disposal and

individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

1.1 Your Entry Fee for the Residence specified in this Agreement is \$_____, comprised of the following:

1.1a. Base Entry Fee: _____

1.1b Non-refundable Second Person Entry Fee, if applicable: _____

1.1c Resident Assistance Reserve Fee: _____

1.1d Less Reservation Deposit paid: _____

1.1e Less Application Fee paid: _____

1.1f Balance of Entry Fee due: _____

The balance of the Entry Fee of is due on or before _____ and must be paid by certified check or wire transfer. _____initials

1.2 The Resident Assistance Reserve Fee is refundable only if you cancel this Agreement within the 30-day Rescission or "Opt Out" period. (see Section 5).

1.3 The Date of Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, when we make available your Residence to occupy, and when your obligation to pay for services begins. Should your desired modifications delay your ability to occupy your Residence beyond the Date of Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Occupancy. Your Date of Occupancy is_____. _____initials

1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Accommodation Fee

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. The Monthly Accommodation Fee is currently _____, but we may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason. _____ initials

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
 - B. Professional management of the community and its facilities
 - C. Regularly scheduled transportation
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
 - E. Repair of all equipment and appliances that we provide
 - F. Housekeeping in hallways, elevators, rest rooms, lounges and other common areas
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage
 - H. 24-hour security
 - I. Water and sewer services; all utilities in common areas; standard television cable service
 - J. Removal of trash and recyclables deposited by residents as designated by us.
 - K. Use of the enclosed swimming pool and exercise room
 - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
 - M. Wireless Internet availability in designated areas throughout the campus
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.

- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the “Meal Minimum”) currently \$_____ per resident per month, in our Dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, or semi-annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a 20% surcharge and will be billed against your Meal Minimum or may be paid by credit card or check at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations)
- B. Care in the Fairways Assisted Living
- C. Medical treatment in the Primary Care Medical Practice
- D. Home Care services
- E. Rehabilitation services
- F. Use of guest room accommodations
- G. Transportation services
- H. Personal fitness training
- I. Housekeeping and/or handyman services
- J. Home meal delivery
- K. Meals or catering in excess of the monthly food minimum
- L. Guest meals for your visitors
- M. Assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

Section 5: Your Right to Rescind or “Opt out” within 30 Days

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may but are not required to move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The

Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1, 1.1a, 1.1b, and 1.2 minus a service charge not to exceed the greater of \$1,000 or 2% of the Entry Fee and minus any nonstandard charges incurred by Carolina Meadows at your request. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later. Modification costs to your Residence paid by you are nonrefundable.

Section 6: Termination of This Agreement Prior to Occupancy and After the Thirty Day Rescission Period has Expired

6.1 Termination by You Prior to Occupancy: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received.

Refunds, without interest, of the Entry Fee and Resident Assistance Fee you have paid less a remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

6.2 Termination by Carolina Meadow Prior Occupancy: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material financial, medical, or other information given during the application process; (iii) your financial status changes such that you no longer meet the financial requirements for admission; or (iv) your health status changes such that independent living is no longer possible.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances

giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

You will receive a refund, of the Entry Fee and the Resident Assistance Fee paid within thirty (30) days, without interest, less a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid and less any non-standard costs incurred by Carolina Meadows at the Resident's request. Modification costs to your Residence paid by you are non-refundable.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residence and Services Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the Resident; a remarketing fee based on the new sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid Monthly Accommodation fees for the actual time the unit was occupied.

- 6.3 **Death, Illness or Incapacity Prior to Occupancy:** If you die before occupying your Residence, or become ill or incapacitated such that you are unable to occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a full refund of the Entry Fee and Resident Assistance Fee that you have paid, less the costs of modifications to the chosen residence.

Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period has Expired

7.1 **Termination by You after Occupancy:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Accommodation Fee and monthly meal allowance. Modification costs to your Residence paid by you are non-refundable.

Refunds, without interest, of the Entry Fee you have paid, less a remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.2 **Termination by Carolina Meadows after Occupancy:** Carolina Meadows may terminate the Residence and Services Agreement if you fail to pay the Monthly Accommodation Fee, the Monthly Meal Allowance, ancillary charges, or fail to follow the standard written rules and regulations of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents or employees are jeopardized as a result of your activities or conduct, or if you misrepresented or omitted financial, medical or other information, we can terminate this Agreement. Carolina Meadows may terminate the Agreement if you fail to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carolina Meadows to be in the your best interest. Carolina Meadows may terminate if you refuse to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' Care coordination team to be in the your best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

Refunds, without interest, of the Entry Fee you have paid, less a remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund. Modification costs to your Residence paid by you are non-

refundable.

- 7.3 **Death, Illness or Incapacity after Occupancy:** If you die after occupying your Residence, or become ill or incapacitated such that you are no longer able to occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a refund of the Entry Fee, as described in Section 9.

Section 8: Moving to another Residence at Carolina Meadows and Care Coordination

- 8.1 You may request to move to another Residence at Carolina Meadows. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to remarket occupancy rights to your Residence at the then current listed Entry Fee. You can move to your new Residence 30 days after another resident has paid the then current listed Entry Fee for your Residence. If you want to move sooner, you may be permitted to do so by paying the then current Entry Fee listed for your new Residence (this would not apply if you were moving in with another resident who already had paid an Entry Fee for his or her Residence). You will be responsible for the cost of refurbishing fee and a remarketing fee based on the current Entry Fee of the Residence you vacate. A refund of any amounts due you following the resale of the vacated Residence will proceed as determined in Section 9.
- 8.2 If you move permanently to the Fairways Assisted Living facility, The Green memory care at The Fairways or the Pines Health Center nursing facility, we can deduct the cost of your care from any refund proceeds due to you under this Agreement. Modification costs to your Residence paid by you are non-refundable.

Your refund, without interest, of the Entry Fee you have paid for your independent living Residence will be refunded according to the refund formula in Section 9 and will be made thirty (30) days after your Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund. We also reserve the right to determine whether proceeds due to you under this Agreement as a result of the assignment of occupancy rights to your Residence should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and

earnings from such an account would be available to offset your nursing and board charges. When a move involves dual occupancy, we will apply funds from the account as needed, without regard to who has the larger or smaller financial interest in the occupancy rights to the Residence.

- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.
- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.
- 8.5 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you to assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Fairways Assisted Living, the Green Memory support care or the Pines Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee.

- 8.6 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those

facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

If you move permanently to a Fairways Assisted Living residence, the provisions in Exhibit A shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Fairways. Carolina Meadows reserves the right to change Exhibit A from time to time in its sole discretion in order to reflect current operating practices and procedures for The Fairways, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Fairways until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to The Green, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit B shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Green. Carolina Meadows reserves the right to change Exhibit B from time to time in its sole discretion in order to reflect current operating practices and procedures for The Green, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Green until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to the Pines Health Center, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit C shall apply. You will be responsible for paying the then current per diem rate for your accommodations at the Pines Health Center. Carolina Meadows reserves the right to change Exhibit C from time to time in its sole discretion in order to reflect current operating practices and procedures for the Pines Health Center, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in the Pines Health Center until terminated as otherwise provided in this Agreement. _____ initials

Section 9: Your Refund under The Equity Advantage Program

Your refund will be calculated by taking the Current Entry Fee for your Residence and subtracting a remarketing fee based on the Current Entry Fee. In addition, refurbishment costs required to restore your Residence to the current market standard will be subtracted from the Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and your Entry Fee paid in Section 1.1 is the appreciation (positive or negative) your Residence has realized since you paid your Entry Fee. You are entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred (100%) of the negative appreciation, if any. Your refund is calculated according to the following formula:

Current Entry Fee	\$XXX,XXX
Less: Remarketing Fee	(\$XX,XXX)
Less: Refurbishment Costs	<u>(\$XX,XXX)</u>
Equals: Net Proceeds	<u>\$XXX,XXX</u>
Net Proceeds	\$XXX,XXX
Less: Your Entry Fee Paid (Section 1.1)	<u>(\$XXX,XXX)</u>
Equals: Net Appreciation or Negative Appreciation	<u>\$XX,XXX</u>
Your Share of Net Appreciation at 50%	\$XX,XXX
Or your Negative Appreciation at 100%	(\$XX,XXX)
Original Entry Fee	<u>\$XXX,XXX</u>
Equals: Your Refund	<u>\$XXX,XXX</u>

Modification costs to your residence are non-refundable.

Just as real estate values outside of Carolina Meadows are determined by market conditions, Entry Fees are also based on prevailing market conditions and there is no guarantee that Entry Fees will increase or will not decrease from year to year.

Irrespective of the length of time of occupancy, Carolina Meadows will perform work to clean, refurbish, and restore the unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing extraordinary damage, in the sole discretion of Carolina Meadows, to bring the unit back to a like-new condition. The reasonable costs and expenses of this work (the "Refurbishment Costs") are charged to and paid by the resident. The amount of the Refurbishment Costs will vary depending on the unit type and overall repairs necessary to achieve the current market standard for each unit, as exclusively determined by Carolina Meadows. All refunds will be paid to you or your estate. However, you may direct payment

of a refund to your trust by an addendum to this Agreement which clearly states the name, address, and date of your trust. _____initials

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Names of persons having the right of entry into your Residence
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Name, address, and phone number of funeral director (prior arrangements are encouraged)
 - Information necessary to complete a death certificate
 - Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving spouse.
 - Name and address of the executor of your Estate
- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain as a part of the Residence after you leave. You may have to pay to restore the residence to its original condition if the next resident does not wish to keep the modifications made.

- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments that will appear white or off-white from the outside.
- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living facility or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter your Residence, remove your property and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day time period or if your Monthly Accommodation Fee goes unpaid for 30 days or more. A trash removal fee up to \$500 may be charged for removal of excessive trash and items abandoned in the residence.
_____ initials
- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property with your

vehicle, you agree that you will file a claim under your auto policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your auto policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.

- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.
- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are

within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.

10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____ initials

10.18 You represent and warrant that all of the information you have provided about yourself is accurate, and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.

10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.

10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.

10.21 You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoke and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

Generally, this Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

Section 13: Dual or Co-Occupancy

- 13.1 In cases of dual or co-occupancy, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all of your duties and obligations under this Agreement.
- 13.2 If you and your spouse – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related companion live together in a Residence at Carolina Meadows, and your companion dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new companion will be accepted as a resident only after going through the following standard qualification and application procedures:
 - A. They must be qualified to become Carolina Meadows residents
 - B. They must complete all application forms and go through the standard interview and approval process
 - C. They must execute a Residence and Services Agreement acceptable to us
 - D. They must pay an Application Fee and a Resident Assistance Fee

- E. They must agree to pay Monthly Accommodation Fees and monthly meal allowances, and abide by the rules and regulations of the Carolina Meadows community

Section 14: Financial Assistance

Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident. However, as long as you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Accommodation Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Accommodation Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Accommodation Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets in order to keep your account on a current basis before applying for and receiving any financial assistance.

_____ initials

- 14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.
- 14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial

information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows.

Section 15: No Unauthorized Assignment

Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

Section 16: Visitors

Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

Section 17: Private Duty Nurses and Companions

Carolina Meadows offers a list of preferred service providers including Carolina Meadows Home Care. You agree to abide by any and all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

Section 18: Pet Policy

"Pets" shall be defined as household dogs, cats, tropical fish and caged birds. No other animals will be permitted without the approval of Management. Each pet must be viewed and approved by the Carolina Meadows staff before the pet can be brought into the Carolina Meadows community. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents or staff and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pet. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to have your pet in control at all times when outside your Residence.

Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services

Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be transferred to another facility capable of managing your condition(s) or terminate your Residence and Services Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residence and Services Agreement and vacate your residence or unit.

Section 20: Miscellaneous Provisions

- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.
- 20.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign.

Section 21: Entire Agreement

All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows

shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 29, 2022

Exhibit A: Fairways Assisted Living Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Fairways tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of the Fairways Assisted Living at Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Fairways Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy Fairways Residence number _____, hereinafter referred to as your “Residence”, until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement. We agree to equip your Residence with wall-to-wall flooring, refrigerator, individually controlled heating and air conditioning and blinds on external windows. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. The base Daily Service Fee may include an additional Daily Level of Care Fee for your level of care needs, currently set at \$____ per day. The Level of Care determination is based on your care plan, which is completed within thirty days of admission, annually or with a significant change of condition. All Fairways Assisted Living residents must have care plans in place. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Fairways Assisted Living Residence in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Fairways Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Daily light housekeeping services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining facility where you may take meals. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the

services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations)
- B. Medical treatment in the Community Health Clinic
- C. Rehabilitation services
- D. Use of guest room accommodations
- E. Home Care services
- F. Personal fitness training
- G. Transportation
- H. Housekeeping beyond routine scheduled services
- I. Handyman services for personal requests or damaged items
- J. Guest meals for your visitors
- K. Assistance by a nurse or aide through a licensed home care or home health agency as medically required
- L. Nutrition and diet counseling
- M. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services

Section 5: Additional Requirements

- 5.1 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Resident shall be responsible for providing insurance protection on personal items.
- 5.2 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.3 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.4 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.5 Carolina Meadows reserves the right to ask you to leave for non-payment of fees. You are entitled to a 30-day notice.
- 5.6 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves

and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to The Green, the Pines Health Center or another more appropriate care facility if your care needs exceed our capabilities for which we are licensed to provide.

5.7 You may be charged a trash removal fee up to \$500 for removal of excessive trash or items abandoned upon vacating a unit.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT A as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 29, 2022



Exhibit B: The Green Memory Care at the Fairways Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. An additional daily level of care fee may apply based on your individual plan of care as determined within thirty days of admission, quarterly or following a significant change of condition. The daily per diem and daily level of care fee may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Green tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of The Green at Carolina Meadows and to use and enjoy facilities, programs and services provided by The Green subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific unit within The Green, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy The Green unit number _____ that hereinafter will be referred to as your “Residence”. We agree to equip your Residence with wall-to-wall flooring, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Residence at The Green in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:

- A. Activities programming
- B. Three meals daily, seven days a week
- C. Bed and bath linens
- D. Assistance with activities of daily living
- E. Medication administration
- F. Twenty-four (24) hour nursing staff in Assisted Living
- G. Access to campus wide health monitoring and promotion programs
- H. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services

3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.

3.3 We will provide a central dining venue. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these

additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations)
- B. Medical treatment in the Community Health Clinic
- C. Home Care services
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Housekeeping beyond routine scheduled services
- G. Handyman services for personal requests or damaged items
- H. Home meal delivery as medically required
- I. Guest meals for your visitors
- J. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- K. Nutrition and diet counseling

Section 5: Additional Requirements

- 5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:
- Cognitive Health
 - Physical Health
 - Physical Functioning
 - Behavior Status
 - Sensory Capabilities
 - Decision-Making Capacity
 - Communication Abilities
 - Personal Background
 - Cultural Preferences
 - Spiritual Needs and Preferences
- 5.2 The assessment tool and periodic staff observations are designed to anticipate changes in behaviors and abilities across different staff shifts. Such changes can be seen as a form of communication and an expression of preferences to which our staff will respond to accordingly.

- 5.3 Family members and/or responsible parties are encouraged to participate in any medical consultations. Family involvement is key to success in The Green and participation is encouraged in support groups. However, Carolina Meadows reserves the sole right in making the best decisions for individuals when considering safety and security concerns for all residents and staff in The Green.
- 5.4 The Green is a secured environment which utilizes a magnetic safety system. The exterior doors of the Green are secured by an electronic magnet. You may be required to wear a device which receives transmissions from transponders located throughout The Green. The device is used to prevent unattended egress from The Green. Carolina Meadows provides ample space and amenities as part of The Green to enjoy outside activities while preserving your safety and security.
- 5.5 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Carolina Meadows will not be responsible for loss of personal clothing. Resident shall be responsible for providing insurance protection on personal items.
- 5.6 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.7 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.8 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.9 Carolina Meadows reserves the right to ask you to leave for non-payment of fees.
- 5.10 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to the Pines Health Center or another facility if your care needs change beyond our ability to successfully address them.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT B as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revised May 30, 2022

Exhibit C: Pines Health Center Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
The current daily per diem for your home is _____ and will take effect on _____.
The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem.

Carolina Meadows is committed to a person-centered care approach in our Pines Health Center tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You have received copies of the following material and the information has been explained to you:

- | | |
|--|----------------------------------|
| _____ Policies and Procedures | _____ CPR policy |
| _____ Medical Care Decisions, Advance Directives | _____ Fee Schedule |
| _____ Residents’ Rights in long term care facilities | _____ Restraint Free Environment |

Personal Laundry: You wish to have Carolina Meadows Pines Health Center do your personal laundry. You have been advised of the fees for this service and understand that this service is optional and may be cancelled at any time.

Yes _____ No _____

1. The Pines Health Center provides general nursing care, room and board and other health services for your comfort and well-being. You authorize us to provide these services. Depending on room availability and changing needs of the health center, you may be asked to move to a different room during your stay.
2. The Pines Health Center is not a hospital but is licensed as a nursing facility. We do not provide diagnostic or acute care for an unstable condition.

3. Physicians do not visit daily but communicate with the nursing staff by phone to prescribe medications and treatments. We are not liable for any acts or omissions of your physician in accurately following his/her instructions.
4. You have received a copy of the fee schedule and agree to pay all charges. Please note: upon permanent discharge from the Pines Health Center, you are responsible for daily fees as long as your belongings remain in the room. In the case of a resident's death, there will be no room charge for the first five days (day one being the date of death); bedhold charges will begin on the sixth day should belongings still remain in the room. After 10 days, Carolina Meadows reserves the right to remove said belongings and to store them at your expense. You may be charged a fee up to \$500 for removal of excessive trash and items abandoned in the room.
5. Should it be deemed necessary, you may be required to wear a device to prevent wandering outside The Pines unless attended by staff.
6. The Pines Health Center may require you to have an escort for away-appointments. On some occasions a family member or resident volunteer may be both available and suitable. On others, a paid agency escort may be needed, the cost for which you are responsible. The Pines Health Center will consult with you prior to scheduling.
7. You understand that we contract for certain services (lab, x-ray, pharmacy, rehabilitative therapies). They are provided upon order of your physician. To the extent possible, these providers' bill third party payers for these services, however, you are responsible for payment.
8. You authorize us to release medical records to: any insurance company to process payment, to Medical Claims Rx to assist in claim processing, to a hospital or other medical facility if you are discharged, and to licensing inspectors.
9. If the Carolina Meadows Care Coordination Team determines that one-on-one companion or additional care is deemed necessary, such care will be your financial responsibility. We are not liable for any harm for failure to provide such services nor are we liable for any acts performed or omitted by such staff.
10. Smoking and vaping are prohibited in all areas of the Pines Health Center.
11. We are not responsible for loss, theft or destruction of personal property. This includes personal items such as dentures, glasses or hearing aids that are occasionally lost. Reasonable efforts are made to minimize the risk of loss, theft or destruction of personal property but it cannot be guaranteed. Items that are irreplaceable due to cost or sentiment should not be brought into the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT C as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 29, 2022

Attachment 6(B): Residence and Services Agreement: Declining Balance Refund Option



Residence and Services Agreement

Declining Balance Refund Option

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

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Residence and Services Agreement

Introduction – Declining Balance Option

This Residence and Services Agreement (the “Agreement”) takes effect on the ____ day of _____. The Agreement is between Carolina Meadows, Inc. and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, Resident(s) or “Co-Resident(s)” refer to _____ . All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517. We are a Life Plan Community licensed as a continuing-care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older. At least one party to the Agreement, if a couple or Co-Resident arrangement, must be at least 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to a right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence and Date of Financial Responsibility

You shall have the exclusive right to occupy, use, and enjoy Residence number _____, model _____, an independent living unit that hereinafter will be referred to as your “Residence”, until this Agreement is terminated by either you or us in accordance with Sections 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven and microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your

Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

1.1 Your Entry Fee for the Residence specified in this Agreement is \$_____, comprised of the following:

1.1a. Base Entry Fee: _____

1.1b Second Person Entry Fee, if applicable: _____

1.1c Resident Assistance Reserve Fee: _____

1.1d Less any initial Priority Wait List fee paid: _____

1.1e Balance of Entry Fee due: _____

The balance of the Entry Fee of is due on or before _____ and must be paid by certified check or wire transfer. _____initials

1.2 The Resident Assistance Reserve Fee is refundable only if you cancel this Agreement within the 30-day Rescission or "Opt Out" period. (see Section 5).

1.3 The Date of Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, when we make available your Residence to occupy, and when your obligation to pay for services begins. Should your desired modifications delay your ability to occupy your Residence beyond the Date of Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Occupancy. Your Date of Occupancy is _____. _____initials

1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Accommodation Fees

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. The first-person Monthly Accommodation Fee is currently \$_____.

per month. The second-person Monthly Accommodation Fee, if applicable, is currently \$_____, per month. We may increase the Monthly Accommodation Fees from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason. _____ initials

If a couple occupies the Residence or if Co-Residents occupy the Residence and one of the members of the couple or one of the Co-Residents cancels this Agreement or dies, the second person Monthly Accommodation Fee will cease and the remaining person will continue to pay the first-person Monthly Accommodation Fee.

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
 - B. Professional management of the community and its facilities
 - C. Regularly scheduled transportation
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
 - E. Repair of all equipment and appliances that we provide
 - F. Housekeeping in hallways, elevators, rest rooms, lounges and other common areas
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage
 - H. 24-hour security
 - I. Water and sewer services; all utilities in common areas; standard television cable service
 - J. Removal of trash and recyclables deposited by residents as designated by us.
 - K. Use of the enclosed swimming pool and exercise room
 - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
 - M. Wireless Internet availability in designated areas throughout the campus
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.

- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the “Meal Minimum”) currently \$_____ per resident per month, in our Dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a 20% surcharge and will be billed against your Meal Minimum or may be paid by credit card or check at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations)
- B. Care in the Fairways Assisted Living
- C. Medical treatment in the Primary Care Medical Practice
- D. Home Care services
- E. Rehabilitation services
- F. Use of guest room accommodations
- G. Transportation services
- H. Personal fitness training
- I. Housekeeping and/or handyman services
- J. Home meal delivery
- K. Meals or catering in excess of the monthly food minimum
- L. Guest meals for your visitors
- M. Assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

Section 5: Your Right to Rescind or “Opt Out” within 30 Days

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may, but are not required to, move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The

Rescission Period begins when you sign the Agreement, or when you receive from us the state-required Disclosure Statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1 and 1.2 minus a service charge not to exceed the greater of \$1,000 or 2% of the Entry Fee and minus any nonstandard charges incurred by Carolina Meadows at your request. We will issue your refund within 30 days after we receive written notice of your desire to cancel this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later. Modification costs to your Residence paid by you are nonrefundable.

Section 6: Termination of This Agreement Prior to Occupancy and After the Thirty Day Rescission Period has Expired

6.1 Termination by You Prior to Occupancy: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received.

You will continue to pay your Monthly Accommodation Fee(s) and Meal Minimum(s) until the later of (i) the expiration of such 60-day written notice of cancellation period; or (ii) the date you vacate your Residence and remove all your furniture and other property from the Residence and stored within any storage unit on campus. _____ initials

Your refund, without interest, of the Entry Fee and Resident Assistance Fee you have paid less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

6.2 Termination by Carolina Meadows Prior to Occupancy: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material financial, medical, or other information given during the application process; (iii) your financial status changes such that you no longer meet the financial

requirements for admission; or (iv) your health status changes such that independent living is no longer possible.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

Your refund, without interest, of the Entry Fee and Resident Assistance Fee you have paid less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

- 6.3 **Death, Illness or Incapacitation Prior to Occupancy:** If you die before occupying your Residence or become ill or incapacitated such that you can no longer occupy your Residence, this Agreement shall be cancelled automatically. You or your legal representative shall receive a full refund of the Entry Fee and Resident Assistance Fee paid. Modification costs to your Residence paid by you are nonrefundable.

Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period has Expired

- 7.1 **Termination by You after Occupancy:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Accommodation Fee and monthly meal allowance.

After occupancy, should you cancel this Agreement pursuant to Sections 6 or 7, or in the event of your death (the death of the survivor if there are two of you) or incapacitation, Carolina Meadows will refund the Entry Fee paid, without interest, less a nonrefundable fee equal to four percent (4%) of the Entry Fee, and less two

percent (2%) per month for each month or partial month of occupancy. After 48 months of occupancy, the entire Entry Fee will be considered earned by us, and no portion of the Entry Fee will be repayable to you. Any refund owed, less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

You will continue to pay your Monthly Accommodation Fee(s) and Meal Minimum(s) until the later of (i) the expiration of such 60-day written notice of cancellation period; or (ii) the date you vacate your Residence and remove all your furniture and other property from the Residence and stored within any storage unit on campus. _____initials

- 7.2 **Termination by Carolina Meadows after Occupancy:** Carolina Meadows may terminate the Residence and Services Agreement if you fail to pay the Monthly Accommodation Fee, the Monthly Meal Allowance, ancillary charges, or fail to follow the standard written rules and regulations of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents or employees are jeopardized as a result of your activities or conduct, or if you misrepresented or omitted financial, medical or other information, we can terminate this Agreement. Carolina Meadows may terminate this Agreement if you fail to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carolina Meadows to be in your best interest. Carolina Meadows may terminate if you refuse to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' Care coordination team to be in your best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement.

You will continue to pay your Monthly Accommodation Fee(s) and Meal Minimum(s) until the later of (i) the expiration of such 60-day written notice of cancellation period; or (ii) the date you vacate your Residence and remove all of your furniture and other property from the Community. If removal of all your furniture and personal belongings is not accomplished, we may remove and store your furniture and personal belongings at the expense and risk of you and your

estate. Your Entry Fee will stop amortizing and the Agreement will automatically terminate on the date you vacate the Residence and remove all your furniture and personal belongings from Carolina Meadows.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

If, after occupancy and after the 30-day Recission period has expired, Carolina Meadows terminates this Agreement or in the event of your death (or the death of the survivor if there are two of you) or incapacitation, we will refund the Entry Fee paid, without interest, less a nonrefundable fee equal to four percent (4%) of the Entry Fee, and less two percent (2%) per month for each month or partial month of occupancy. After 48 months of occupancy, the entire Entry Fee will be considered earned by us, and no portion of the Entry Fee will be repayable to you. Any repayment owed, less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.3 **Death, Illness or Incapacity after Occupancy:** If you die after occupying your Residence or become ill or incapacitated such that you are no longer able to occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a refund of the Entry Fee paid, as described in Section 9. Modification costs to your Residence are nonrefundable

Section 8: Moving to another Residence at Carolina Meadows and Care Coordination

- 8.1 If after occupancy begins, you then desire to move to a different Residence for which the then-current Entry Fee is higher or lower than the Entry Fee for the Residence identified in this Agreement, you will be required to execute an addendum for the new Residence. Any adjustment to the Entry Fee required for the difference in costs between Residences and the amortization of the original Entry Fee will be determined at the time of the requested change in Residences

and will be addressed in the addendum. Amortization of the Entry Fee shall continue during the transition to a new Residence and will be adjusted accordingly based on the new Entry Fee for the different Residence. Final approval of any such request is in Carolina Meadows' sole judgment and discretion. Prior to approving a move to another Residence, Carolina Meadows reserves the right to inspect the current Residence. Any modifications made by you or damages beyond normal wear and tear caused by you while living in the Residence that Carolina Meadows, its sole discretion, considers to delay or prevent the ability to resale the current Residence must be paid by you before a move will be allowed. Such costs are not considered part of the Entry Fee for a new Residence. You may move to a new Residence 30 days after another resident has paid the then current Entry Fee for the vacated Residence. _____ initials

- 8.2 In the event that you temporarily transfer to the Fairways Assisted Living facility, The Green memory care at the Fairways, to the Pines Health Center, or another off-site facility, you must continue to pay the Monthly Accommodation Fee for your permanent Residence identified in this Agreement in addition to the per diem and applicable ancillary fees of the temporary residence. The fee for the temporary residence shall be prorated on a daily basis for the period of the temporary transfer. Payment of the Monthly Accommodation Fee for your permanent Residence assures that such residence will remain available to you during the time of the temporary transfer.
- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.
- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor

to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.

- 8.5 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you to assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Fairways Assisted Living, the Green Memory support care or the Pines Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee.

- 8.6 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

If you move permanently to a Fairways Assisted Living residence, your Entry Fee will stop amortizing on the date you vacate your independent living Residence and remove all your furniture and personal belongings. The provisions of the Fairways Assisted Living Agreement in Exhibit A shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Fairways. Carolina Meadows reserves the right to change Exhibit A from time to time in its sole discretion to reflect current operating practices and procedures for The Fairways. Such changes shall be effective when given in writing to you. This Residence and Services Agreement shall continue in effect during your residency in The Fairways until terminated as otherwise provided in this Agreement. _____initials

If you move permanently to The Green Memory Care, your Entry Fee will stop amortizing on the date you vacate your independent living Residence and remove all your furniture and personal belongings. The provision of The Green Memory Care Agreement in Exhibit B shall apply. You will be responsible for paying the

then current per diem rate for your accommodations at The Green. Carolina Meadows reserves the right to change Exhibit B from time to time in its sole discretion to reflect current operating practices and procedures for The Green. Such changes shall be effective when given in writing to you. This Residence and Services Agreement shall continue in effect during your residency in The Green until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to the Pines Health Center, your Entry Fee will stop amortizing on the date you vacate your independent living Residence and remove all your furniture and personal belongings. If you move permanently to the Pines Health Center, the provisions in Exhibit C shall apply. You will be responsible for paying the then current per diem rate for your accommodations at the Pines Health Center. Carolina Meadows reserves the right to change Exhibit C from time to time in its sole discretion to reflect current operating practices and procedures for the Pines Health Center. Such changes shall be effective when given in writing to you. This Residence and Services Agreement shall continue in effect during your residency in the Pines Health Center until terminated as otherwise provided in this Agreement. _____ initials

Section 9: Calculating Your Refund

During the first forty-eight (48) months of occupancy, should you (or the survivor or remaining Co-Resident if there are two residents) die or cancel the Residence and Services Agreement, repayment of the Entry Fee will be as follows: we will refund to you or your estate or beneficiaries if specified by an addendum to this Agreement, the Entry Fee paid, without interest, less four percent (4%) of the Entry Fee paid and less two percent (2%) of the Entry Fee paid per month for each month or partial month of occupancy. After 48 months of occupancy, the entire Entry Fee will be considered earned by us, and no portion of the Entry Fee will be repayable to you or your estate. Any repayment will be made upon occupancy of the Residence by a new resident and within 30 days of our receipt of the new Entry Fee paid by the new resident.

If you move to a higher care level, we also reserve the right to determine whether proceeds due to you under this Agreement should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from an account would be available to offset your care expenses. Any funds remaining in such an account will be available to you or your Estate upon your death or permanent move out of the Carolina Meadows community.

All refunds will be paid to you or your estate. However, you may direct payment of a refund to your trust by an addendum to this Agreement which clearly states the name, address, and date of your trust. _____ initials

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations, and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Names of persons having the right of entry into your Residence
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Name, address, and phone number of funeral director (prior arrangements are encouraged)
 - Information necessary to complete a death certificate
 - Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving spouse.
 - Name and address of the executor of your Estate
- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain as a part of the Residence after you leave. You may have to pay to restore the residence to its original condition if the next resident does not wish to keep the modifications made.

- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for maintenance purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents and staff.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments that will appear white or off-white from the outside.
- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living facility or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter your Residence, remove your property and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day time period or if your Monthly Accommodation Fee goes unpaid for 30 days or more. A trash removal fee may be charged for removal of excessive trash and items abandoned in the residence. _____ initials
- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property with your vehicle, you agree that you will file a claim under your auto policy to cover the

costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your auto policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.

- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.
- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.

- 10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____ initials
- 10.18 You represent and warrant that all of the information you have provided about yourself is accurate and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.
- 10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoking, and vaping free campus. You agree that you or your guests will not use tobacco, smoking, or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

Generally, this Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do

not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

Section 13: Dual Occupancy

- 13.1 In cases of dual occupancy, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all of your duties and obligations under this Agreement.
- 13.2 If you and your spouse or you and a blood relative such as a brother or sister live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related companion (Co-Resident) live together in a Residence at Carolina Meadows, and your companion dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new companion will be accepted as a resident only after going through the following standard qualification and application procedures:
 - A. They must be qualified to become Carolina Meadows residents
 - B. They must complete all application forms and go through the standard interview and approval process
 - C. They must execute a Residence and Services Agreement acceptable to us
 - D. They must pay an Application Fee, a Resident Assistance Fee, and a Second Person Entry Fee
 - E. They must agree to pay Monthly Accommodation Fees and monthly meal allowances, and abide by the rules and regulations of the Carolina Meadows community

Section 14: Financial Assistance

Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident. However, as long as you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Accommodation Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Accommodation Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you, and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Accommodation Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets in order to keep your account on a current basis before applying for and receiving any financial assistance. _____ initials

14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.

14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows. _____ initials

Section 15: No Unauthorized Assignment

Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

Section 16: Visitors

Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

Section 17: Private Duty Nurses and Companions

Carolina Meadows offers a list of preferred service providers including Carolina Meadows Home Care. You agree to abide by any and all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

Section 18: Pet Policy

"Pets" shall be defined as household dogs, cats, tropical fish and caged birds. No other animals will be permitted without the approval of Management. Each pet must be viewed and approved by the Carolina Meadows staff before the pet can be brought into the Carolina Meadows community. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents, staff, visitors or pets and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pet. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to have your pet in control at all times when outside your Residence.

Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services

Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases

- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be transferred to another facility capable of managing your condition(s) or terminate your Residence and Services Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residence and Services Agreement and vacate your residence or unit.

Section 20: Miscellaneous Provisions

- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.
- 20.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign.

Section 21: Entire Agreement

All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022

Exhibit A: Fairways Assisted Living Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Fairways tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of the Fairways Assisted Living at Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Fairways Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy Fairways Residence number _____, hereinafter referred to as your “Residence”, until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement. We agree to equip your Residence with wall-to-wall flooring, refrigerator, individually controlled heating and air conditioning and blinds on external windows. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy, you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. The base Daily Service Fee may include an additional Daily Level of Care Fee for your level of care needs, currently set at \$____ per day. The Level of Care determination is based on your care plan, which is completed within thirty days of admission, annually or with a significant change of condition. All Fairways Assisted Living residents must have care plans in place. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Fairways Assisted Living Residence in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Fairways Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Daily light housekeeping services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining facility where you may take meals. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:
- A. Medical care in the Pines Health Center (private or semi-private accommodations)
 - B. Medical treatment in the Community Health Clinic
 - C. Rehabilitation services
 - D. Use of guest room accommodations
 - E. Transportation Services
 - F. Home Care services
 - G. Personal fitness training
 - H. Housekeeping beyond routine scheduled services
 - I. Handyman services for personal requests or damaged items
 - J. Guest meals for your visitors
 - K. Assistance by a nurse or aide through a licensed home care or home health agency as medically required
 - L. Nutrition and diet counseling
 - M. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services

Section 5: Additional Requirements

- 5.1 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Resident shall be responsible for providing insurance protection on personal items.
- 5.2 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.3 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.4 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.

- 5.5 Carolina Meadows reserves the right to ask you to leave for non-payment of fees. You are entitled to a 30-day notice.
- 5.6 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to The Green, the Pines Health Center or another more appropriate care facility if your care needs exceed our capabilities for which we are licensed to provide.
- 5.7 You may be charged a trash removal fee up to \$500 for removal of excessive trash or items abandoned upon vacating a unit.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT A as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 29, 2022



Exhibit B: The Green Memory Care at the Fairways Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. An additional daily level of care fee may apply based on your individual plan of care as determined within thirty days of admission, quarterly or following a significant change of condition. The daily per diem and daily level of care fee may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Green tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of The Green at Carolina Meadows and to use and enjoy facilities, programs and services provided by The Green subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific unit within The Green, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy The Green unit number _____ that hereinafter will be referred to as your “Residence”. We agree to equip your Residence with wall-to-wall flooring, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy, you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Residence at The Green in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining venue. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these

additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations)
- B. Medical treatment in the Community Health Clinic
- C. Home Care services
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Transportation Services
- G. Housekeeping beyond routine scheduled services
- H. Handyman services for personal requests or damaged items
- I. Home meal delivery as medically required
- J. Guest meals for your visitors
- K. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- L. Nutrition and diet counseling

Section 5: Additional Requirements

5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:

- Cognitive Health
- Physical Health
- Physical Functioning
- Behavior Status
- Sensory Capabilities
- Decision-Making Capacity
- Communication Abilities
- Personal Background
- Cultural Preferences
- Spiritual Needs and Preferences

5.2 The assessment tool and periodic staff observations are designed to anticipate changes in behaviors and abilities across different staff shifts. Such changes can be seen as a form of communication and an expression of preferences to which our staff will respond to accordingly.

- 5.3 Family members and/or responsible parties are encouraged to participate in any medical consultations. Family involvement is key to success in The Green and participation is encouraged in support groups. However, Carolina Meadows reserves the sole right in making the best decisions for individuals when considering safety and security concerns for all residents and staff in The Green.
- 5.4 The Green is a secured environment which utilizes a magnetic safety system. The exterior doors of the Green are secured by an electronic magnet. You may be required to wear a device which receives transmissions from transponders located throughout The Green. The device is used to prevent unattended egress from The Green. Carolina Meadows provides ample space and amenities as part of The Green to enjoy outside activities while preserving your safety and security.
- 5.5 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Carolina Meadows will not be responsible for loss of personal clothing. Resident shall be responsible for providing insurance protection on personal items.
- 5.6 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.7 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.8 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.9 Carolina Meadows reserves the right to ask you to leave for non-payment of fees.
- 5.10 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to the Pines Health Center or another facility if your care needs change beyond our ability to successfully address them.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT B as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revised May 29, 2022

Exhibit C: Pines Health Center Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
The current daily per diem for your home is _____ and will take effect on _____.
The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem.

Carolina Meadows is committed to a person-centered care approach in our Pines Health Center tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You have received copies of the following material and the information has been explained to you:

Policies and Procedures CPR policy
 Medical Care Decisions, Advance Directives Fee Schedule
 Residents’ Rights in long term care facilities Restraint Free Environment

Personal Laundry: You wish to have Carolina Meadows Pines Health Center do your personal laundry. You have been advised of the fees for this service and understand that this service is optional and may be cancelled at any time.

Yes No

1. The Pines Health Center provides general nursing care, room and board and other health services for your comfort and well-being. You authorize us to provide these services. Depending on room availability and changing needs of the health center, you may be asked to move to a different room during your stay.
2. The Pines Health Center is not a hospital but is licensed as a nursing facility. We do not provide diagnostic or acute care for an unstable condition.

3. Physicians do not visit daily but communicate with the nursing staff by phone to prescribe medications and treatments. We are not liable for any acts or omissions of your physician in accurately following his/her instructions.
4. You have received a copy of the fee schedule and agree to pay all charges. Please note upon permanent discharge from the Pines Health Center, you are responsible for daily fees as long as your belongings remain in the room. In the case of a resident's death, there will be no room charge for the first five days (day one being the date of death); bedhold charges will begin on the sixth day should belongings still remain in the room. After 10 days, Carolina Meadows reserves the right to remove said belongings and to store them at your expense. You may be charged a fee up to \$500 for removal of excessive trash and items abandoned in the room.
5. Should it be deemed necessary, you may be required to wear a device to prevent wandering outside The Pines unless attended by staff.
6. The Pines Health Center may require you to have an escort for away-appointments. On some occasions a family member or resident volunteer may be both available and suitable. On others, a paid agency escort may be needed, the cost for which you are responsible. The Pines Health Center will consult with you prior to scheduling.
7. You understand that we contract for certain services (lab, x-ray, pharmacy, rehabilitative therapies). They are provided upon order of your physician. To the extent possible, these providers' bill third party payers for these services, however, you are responsible for payment.
8. You authorize us to release medical records to: any insurance company to process payment, to Medical Claims Rx to assist in claim processing, to a hospital or other medical facility if you are discharged, and to licensing inspectors.
9. If the Carolina Meadows Care Coordination Team determines that one-on-one companion or additional care is deemed necessary, such care will be your financial responsibility. We are not liable for any harm for failure to provide such services nor are we liable for any acts performed or omitted by such staff.
10. Smoking and vaping are prohibited in all areas of the Pines Health Center.
11. We are not responsible for loss, theft or destruction of personal property. This includes personal items such as dentures, glasses or hearing aids that are occasionally lost. Reasonable efforts are made to minimize the risk of loss, theft or destruction of personal property but it cannot be guaranteed. Items that are irreplaceable due to cost or sentiment should not be brought into the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT C as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 29, 2022

Attachment 6(C): Residence and Services Agreement Following Early Advantage: Equity Advantage Option



Residence and Services Agreement

Following Early Advantage

Equity Advantage Refund Option

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

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Residence and Services Agreement Following Early Advantage

Introduction – Equity Advantage Refund Option

This Residence and Services Agreement (the “Agreement”) takes effect on the ____ day of _____. The Agreement is between Carolina Meadows, Inc. and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, “Resident” or “Co-Resident” refer to _____. All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517. We are a Life Plan Community licensed as a continuing-care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older. At least one party to the Agreement, if a couple or Co-Resident arrangement, must be at least 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to a right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree that prior to you entering into this Agreement, you and Carolina Meadows were a party to an Early Advantage Agreement dated _____, 20____, pursuant to which you were a resident of Carolina Meadows without lodging in order for you to access some of the services provided by Carolina Meadows while remaining and living in your own home. You and Carolina Meadows also agree that this Agreement supersedes the Early Advantage Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence and Date of Financial Responsibility

You shall have the exclusive right to occupy, use, and enjoy Residence number _____, _____, model _____, an independent living unit that hereinafter will be referred to as your "Residence", until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven and microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

1.1 Your Entry Fee for the Residence specified in this Agreement is \$_____, comprised of the following:

1.1a. Base Entry Fee: _____

1.1b Non-refundable Second Person Entry Fee, if applicable: _____

1.1c Resident Assistance Reserve Fee: _____

1.1d Less Early Advantage Fee paid: _____

1.1e Less any Ready List Fee paid in excess the Early Advantage Entry fee: _____

1.1f Less any initial Priority Wait List fee paid: _____

1.1g Balance of Entry Fee due: _____

The balance of the Entry Fee of is due on or before _____ and must be paid by certified check or wire transfer. _____ initials

1.2 The Resident Assistance Reserve Fee is refundable only if you cancel this Agreement within the 30-day Rescission or "Opt Out" period. (see Section 5).

- 1.2 The Date of Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, when we make available your Residence to occupy, and when your obligation to pay for services begins. Should your desired modifications delay your ability to occupy your Residence beyond the Date of Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Occupancy. Your Date of Occupancy is _____ . _____ initials
- 1.3 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Accommodation Fee

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. The Monthly Accommodation Fee is currently _____, but we may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason. _____ initials

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
 - B. Professional management of the community and its facilities
 - C. Regularly scheduled transportation
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
 - E. Repair of all equipment and appliances that we provide
 - F. Housekeeping in hallways, elevators, rest rooms, lounges and other common areas
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage
 - H. 24-hour security

- I. Water and sewer services; all utilities in common areas; standard television cable service
 - J. Removal of trash and recyclables deposited by residents as designated by us.
 - K. Use of the enclosed swimming pool and exercise room
 - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
 - M. Wireless Internet availability in designated areas throughout the campus
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the “Meal Minimum”) currently \$_____ per resident per month, in our Dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, or semi-annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a 20% surcharge and will be billed against your Meal Minimum or may be paid by credit card or check at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations)
- B. Care in the Fairways Assisted Living
- C. Medical treatment in the Primary Care Medical Practice
- D. Home Care services
- E. Rehabilitation services
- F. Use of guest room accommodations
- G. Transportation services
- H. Personal fitness training
- I. Housekeeping and/or handyman services
- J. Home meal delivery
- K. Meals or catering in excess of the monthly food minimum

- L. Guest meals for your visitors
- M. Assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

Section 5: Your Right to Rescind or “Opt out” within 30 Days

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may but are not required to move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1, 1.1a, 1.1b, and 1.2 minus a service charge not to exceed the greater of \$1,000 or 2% of the Entry Fee and minus any nonstandard charges incurred by Carolina Meadows at your request. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later. Modification costs to your Residence paid by you are nonrefundable.

Section 6: Termination of This Agreement Prior to Occupancy and After the Thirty Day Rescission Period has Expired

6.1 Termination by You Prior to Occupancy: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received.

Refunds, without interest, of the Entry Fee and Resident Assistance Fee you have paid less a remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not

to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

- 6.2 **Termination by Carolina Meadow Prior Occupancy:** Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material financial, medical, or other information given during the application process; (iii) your financial status changes such that you no longer meet the financial requirements for admission; or (iv) your health status changes such that independent living is no longer possible.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

You will receive a refund, of the Entry Fee and the Resident Assistance Fee paid within thirty (30) days, without interest, less a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid and less any non-standard costs incurred by Carolina Meadows at the Resident's request. Modification costs to your Residence paid by you are non-refundable.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residence and Services Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the Resident; a remarketing fee based on the new sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid Monthly Accommodation fees for the actual time the unit was occupied.

- 6.3 **Death, Illness or Incapacity Prior to Occupancy:** If you die before occupying your Residence, or become ill or incapacitated such that you are unable to occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a full refund of the Entry Fee and Resident Assistance Fee that you have paid, less the costs of modifications to the chosen residence.

Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period has Expired

7.1 Termination by You after Occupancy: You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Accommodation Fee and monthly meal allowance. Modification costs to your Residence paid by you are non-refundable.

Refunds, without interest, of the Entry Fee you have paid, less a remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

7.2 Termination by Carolina Meadows after Occupancy: Carolina Meadows may terminate the Residence and Services Agreement if you fail to pay the Monthly Accommodation Fee, the Monthly Meal Allowance, ancillary charges, or fail to follow the standard written rules and regulations of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents or employees are jeopardized as a result of your activities or conduct, or if you misrepresented or omitted financial, medical or other information, we can terminate this Agreement. Carolina Meadows may terminate the Agreement if you fail to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carolina Meadows to be in the your best interest. Carolina Meadows may terminate if you refuse to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' Care coordination team to be in the your best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

Refunds, without interest, of the Entry Fee you have paid, less a remarketing fee based on the new sales price and less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund. Modification costs to your Residence paid by you are non-refundable.

- 7.3 **Death, Illness or Incapacity after Occupancy:** If you die after occupying your Residence, or become ill or incapacitated such that you are no longer able to occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a refund of the Entry Fee, as described in Section 9.

Section 8: Moving to another Residence at Carolina Meadows and Care Coordination

- 8.1 You may request to move to another Residence at Carolina Meadows. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to remarket occupancy rights to your Residence at the then current listed Entry Fee. You can move to your new Residence 30 days after another resident has paid the then current listed Entry Fee for your Residence. If you want to move sooner, you may be permitted to do so by paying the then current Entry Fee listed for your new Residence (this would not apply if you were moving in with another resident who already had paid an Entry Fee for his or her Residence). You will be responsible for the cost of refurbishing fee and a remarketing fee based on the current Entry Fee of the Residence you vacate. A refund of any amounts due you following the resale of the vacated Residence will proceed as determined in Section 9.
- 8.2 If you move permanently to the Fairways Assisted Living facility, The Green memory care at The Fairways or the Pines Health Center nursing facility, we can

deduct the cost of your care from any refund proceeds due to you under this Agreement. Modification costs to your Residence paid by you are non-refundable.

Your refund, without interest, of the Entry Fee you have paid for your independent living Residence will be refunded according to the refund formula in Section 9 and will be made thirty (30) days after your Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund. We also reserve the right to determine whether proceeds due to you under this Agreement as a result of the assignment of occupancy rights to your Residence should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from such an account would be available to offset your nursing and board charges. When a move involves dual occupancy, we will apply funds from the account as needed, without regard to who has the larger or smaller financial interest in the occupancy rights to the Residence.

- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.
- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by

Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.

- 8.5 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you to assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Fairways Assisted Living, the Green Memory support care or the Pines Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee.

- 8.6 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

If you move permanently to a Fairways Assisted Living residence, the provisions in Exhibit A shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Fairways. Carolina Meadows reserves the right to change Exhibit A from time to time in its sole discretion in order to reflect current operating practices and procedures for The Fairways, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Fairways until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to The Green, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit B shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Green. Carolina Meadows reserves the right to change Exhibit B from time to time in its sole discretion in order to reflect current operating practices and procedures for The Green, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in The Green until terminated as otherwise provided in this Agreement. _____ initials

If you move permanently to the Pines Health Center, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit C shall apply. You will be responsible for paying the then current per diem rate for your accommodations at the Pines Health Center. Carolina Meadows reserves the right to change Exhibit C from time to time in its sole discretion in order to reflect current operating practices and procedures for the Pines Health Center, which changes shall be effective when given in writing to you. This Agreement shall continue in effect during your residency in the Pines Health Center until terminated as otherwise provided in this Agreement. _____ initials

Section 9: Your Refund under The Equity Advantage Program

Your refund will be calculated by taking the Current Entry Fee for your Residence and subtracting a remarketing fee based on the Current Entry Fee. In addition, refurbishment costs required to restore your Residence to the current market standard will be subtracted from the Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and your Entry Fee paid in Section 1.1 is the appreciation (positive or negative) your Residence has realized since you paid your Entry Fee. You are entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred (100%) of the negative appreciation, if any. Your refund is calculated according to the following formula:

Current Entry Fee	\$XXX,XXX
Less: Remarketing Fee	(\$XX,XXX)
Less: Refurbishment Costs	<u>(\$XX,XXX)</u>
Equals: Net Proceeds	<u>\$XXX,XXX</u>
Net Proceeds	\$XXX,XXX
Less: Your Entry Fee Paid (Section 1.1)	<u>(\$XXX,XXX)</u>
Equals: Net Appreciation or Negative Appreciation	<u>\$XX,XXX</u>
Your Share of Net Appreciation at 50%	\$XX,XXX
Or your Negative Appreciation at 100%	(\$XX,XXX)
Original Entry Fee	<u>\$XXX,XXX</u>
Equals: Your Refund	<u>\$XXX,XXX</u>

Modification costs made to your residence are non-refundable.



Just as real estate values outside of Carolina Meadows are determined by market conditions, Entry Fees are also based on prevailing market conditions and there is no guarantee that Entry Fees will increase or will not decrease from year to year.

Irrespective of the length of time of occupancy, Carolina Meadows will perform work to clean, refurbish, and restore the unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing extraordinary damage, in the sole discretion of Carolina Meadows, to bring the unit back to a like-new condition. The reasonable costs and expenses of this work (the "Refurbishment Costs") are charged to and paid by the resident. The amount of the Refurbishment Costs will vary depending on the unit type and overall repairs necessary to achieve the current market standard for each unit, as exclusively determined by Carolina Meadows. All refunds will be paid to you or your estate. However, you may direct payment of a refund to your trust by an addendum to this Agreement which clearly states the name and date of your trust. _____initials

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
 - Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Names of persons having the right of entry into your Residence
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Name, address, and phone number of funeral director (prior arrangements are encouraged)
 - Information necessary to complete a death certificate
 - Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving spouse.
 - Name and address of the executor of your Estate

- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain as a part of the Residence after you leave. You may have to pay to restore the residence to its original condition if the next resident does not wish to keep the modifications made.
- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments that will appear white or off-white from the outside.
- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living facility or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter

your Residence, remove your property and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day time period or if your Monthly Accommodation Fee goes unpaid for 30 days or more. A trash removal fee up to \$500 may be charged for removal of excessive trash and items abandoned in the residence.

_____ initials

- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property with your vehicle, you agree that you will file a claim under your auto policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your auto policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.
- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____ initials
- 10.18 You represent and warrant that all of the information you have provided about yourself is accurate, and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.
- 10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance

under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoke and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

Generally, this Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

Section 13: Dual or Co-Occupancy

- 13.1 In cases of dual or co-occupancy, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all of your duties and obligations under this Agreement.
- 13.2 If you and your spouse – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related companion live together in a Residence at Carolina Meadows, and your companion dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.

- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new companion will be accepted as a resident only after going through the following standard qualification and application procedures:
- A. They must be qualified to become Carolina Meadows residents
 - B. They must complete all application forms and go through the standard interview and approval process
 - C. They must execute a Residence and Services Agreement acceptable to us
 - D. They must pay an Application Fee and a Resident Assistance Fee
 - E. They must agree to pay Monthly Accommodation Fees and monthly meal allowances, and abide by the rules and regulations of the Carolina Meadows community

Section 14: Financial Assistance

Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident. However, as long as you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Accommodation Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Accommodation Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Accommodation Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets in order to keep your

account on a current basis before applying for and receiving any financial assistance.
_____ initials

- 14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.
- 14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows.

Section 15: No Unauthorized Assignment

Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

Section 16: Visitors

Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

Section 17: Private Duty Nurses and Companions

Carolina Meadows offers a list of preferred service providers including Carolina Meadows Home Care. You agree to abide by any and all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

Section 18: Pet Policy

"Pets" shall be defined as household dogs, cats, tropical fish and caged birds. No other animals will be permitted without the approval of Management. Each pet must be viewed

and approved by the Carolina Meadows staff before the pet can be brought into the Carolina Meadows community. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents or staff and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pet. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to have your pet in control at all times when outside your Residence.

Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services

Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be transferred to another facility capable of managing your condition(s) or terminate your Residence and Services Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residence and Services Agreement and vacate your residence or unit.

Section 20: Miscellaneous Provisions

- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.

20.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign.

Section 21: Entire Agreement

All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022

Exhibit A: Fairways Assisted Living Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Fairways tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of the Fairways Assisted Living at Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Fairways Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy Fairways Residence number _____, hereinafter referred to as your “Residence”, until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement. We agree to equip your Residence with wall-to-wall flooring, refrigerator, individually controlled heating and air conditioning and blinds on external windows. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. The base Daily Service Fee may include an additional Daily Level of Care Fee for your level of care needs, currently set at \$____ per day. The Level of Care determination is based on your care plan, which is completed within thirty days of admission, annually or with a significant change of condition. All Fairways Assisted Living residents must have care plans in place. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Fairways Assisted Living Residence in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Fairways Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Daily light housekeeping services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining facility where you may take meals. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:
- A. Medical care in the Pines Health Center (private or semi-private accommodations)
 - B. Medical treatment in the Community Health Clinic
 - C. Rehabilitation services
 - D. Use of guest room accommodations
 - E. Home Care services
 - F. Personal fitness training
 - G. Transportation
 - H. Housekeeping beyond routine scheduled services
 - I. Handyman services for personal requests or damaged items
 - J. Guest meals for your visitors
 - K. Assistance by a nurse or aide through a licensed home care or home health agency as medically required
 - L. Nutrition and diet counseling
 - M. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services

Section 5: Additional Requirements

- 5.1 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Resident shall be responsible for providing insurance protection on personal items.
- 5.2 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.3 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.4 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.

- 5.5 Carolina Meadows reserves the right to ask you to leave for non-payment of fees. You are entitled to a 30-day notice.
- 5.6 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to The Green, the Pines Health Center or another more appropriate care facility if your care needs exceed our capabilities for which we are licensed to provide.
- 5.7 You may be charged a trash removal fee up to \$500 for removal of excessive trash or items abandoned upon vacating a unit.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT A as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022



Exhibit B: The Green Memory Care at the Fairways Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. An additional daily level of care fee may apply based on your individual plan of care as determined within thirty days of admission, quarterly or following a significant change of condition. The daily per diem and daily level of care fee may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Green tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of The Green at Carolina Meadows and to use and enjoy facilities, programs and services provided by The Green subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific unit within The Green, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy The Green unit number _____ that hereinafter will be referred to as your “Residence”. We agree to equip your Residence with wall-to-wall flooring, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Residence at The Green in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining venue. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these

additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations)
- B. Medical treatment in the Community Health Clinic
- C. Home Care services
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Housekeeping beyond routine scheduled services
- G. Handyman services for personal requests or damaged items
- H. Home meal delivery as medically required
- I. Guest meals for your visitors
- J. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- K. Nutrition and diet counseling

Section 5: Additional Requirements

- 5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:
- Cognitive Health
 - Physical Health
 - Physical Functioning
 - Behavior Status
 - Sensory Capabilities
 - Decision-Making Capacity
 - Communication Abilities
 - Personal Background
 - Cultural Preferences
 - Spiritual Needs and Preferences
- 5.2 The assessment tool and periodic staff observations are designed to anticipate changes in behaviors and abilities across different staff shifts. Such changes can be seen as a form of communication and an expression of preferences to which our staff will respond to accordingly.

- 5.3 Family members and/or responsible parties are encouraged to participate in any medical consultations. Family involvement is key to success in The Green and participation is encouraged in support groups. However, Carolina Meadows reserves the sole right in making the best decisions for individuals when considering safety and security concerns for all residents and staff in The Green.
- 5.4 The Green is a secured environment which utilizes a magnetic safety system. The exterior doors of the Green are secured by an electronic magnet. You may be required to wear a device which receives transmissions from transponders located throughout The Green. The device is used to prevent unattended egress from The Green. Carolina Meadows provides ample space and amenities as part of The Green to enjoy outside activities while preserving your safety and security.
- 5.5 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Carolina Meadows will not be responsible for loss of personal clothing. Resident shall be responsible for providing insurance protection on personal items.
- 5.6 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.7 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.8 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.9 Carolina Meadows reserves the right to ask you to leave for non-payment of fees.
- 5.10 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to the Pines Health Center or another facility if your care needs change beyond our ability to successfully address them.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT B as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revised May 30, 2022

Exhibit C: Pines Health Center Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
The current daily per diem for your home is _____ and will take effect on _____.
The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem.

Carolina Meadows is committed to a person-centered care approach in our Pines Health Center tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You have received copies of the following material and the information has been explained to you:

- | | |
|---|---|
| <input type="checkbox"/> Policies and Procedures | <input type="checkbox"/> CPR policy |
| <input type="checkbox"/> Medical Care Decisions, Advance Directives | <input type="checkbox"/> Fee Schedule |
| <input type="checkbox"/> Residents’ Rights in long term care facilities | <input type="checkbox"/> Restraint Free Environment |

Personal Laundry: You wish to have Carolina Meadows Pines Health Center do your personal laundry. You have been advised of the fees for this service and understand that this service is optional and may be cancelled at any time.

Yes No

1. The Pines Health Center provides general nursing care, room and board and other health services for your comfort and well-being. You authorize us to provide these services. Depending on room availability and changing needs of the health center, you may be asked to move to a different room during your stay.
2. The Pines Health Center is not a hospital but is licensed as a nursing facility. We do not provide diagnostic or acute care for an unstable condition.

3. Physicians do not visit daily but communicate with the nursing staff by phone to prescribe medications and treatments. We are not liable for any acts or omissions of your physician in accurately following his/her instructions.
4. You have received a copy of the fee schedule and agree to pay all charges. Please note: upon permanent discharge from the Pines Health Center, you are responsible for daily fees as long as your belongings remain in the room. In the case of a resident's death, there will be no room charge for the first five days (day one being the date of death); bedhold charges will begin on the sixth day should belongings still remain in the room. After 10 days, Carolina Meadows reserves the right to remove said belongings and to store them at your expense. You may be charged a fee up to \$500 for removal of excessive trash and items abandoned in the room.
5. Should it be deemed necessary, you may be required to wear a device to prevent wandering outside The Pines unless attended by staff.
6. The Pines Health Center may require you to have an escort for away-appointments. On some occasions a family member or resident volunteer may be both available and suitable. On others, a paid agency escort may be needed, the cost for which you are responsible. The Pines Health Center will consult with you prior to scheduling.
7. You understand that we contract for certain services (lab, x-ray, pharmacy, rehabilitative therapies). They are provided upon order of your physician. To the extent possible, these providers' bill third party payers for these services, however, you are responsible for payment.
8. You authorize us to release medical records to: any insurance company to process payment, to Medical Claims Rx to assist in claim processing, to a hospital or other medical facility if you are discharged, and to licensing inspectors.
9. If the Carolina Meadows Care Coordination Team determines that one-on-one companion or additional care is deemed necessary, such care will be your financial responsibility. We are not liable for any harm for failure to provide such services nor are we liable for any acts performed or omitted by such staff.
10. Smoking and vaping are prohibited in all areas of the Pines Health Center.
11. We are not responsible for loss, theft or destruction of personal property. This includes personal items such as dentures, glasses or hearing aids that are occasionally lost. Reasonable efforts are made to minimize the risk of loss, theft or destruction of personal property but it cannot be guaranteed. Items that are irreplaceable due to cost or sentiment should not be brought into the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT C as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022

**Attachment 6(D): Residence and Services Agreement Following Early Advantage:
Declining Balance Refund Option**



Residence and Services Agreement

Following Early Advantage

Declining Balance Option

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

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Residence and Services Agreement

Following Early Advantage

Introduction – Declining Balance Option

This Residence and Services Agreement (the “Agreement”) takes effect on the ____ day of _____. The Agreement is between Carolina Meadows, Inc. and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, Resident(s) or “Co-Resident(s)” refer to _____ . All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517. We are a Life Plan Community licensed as a continuing-care retirement community organized to provide housing, recreation, health care and other services to people after they reach age 62 or older. At least one party to the Agreement, if a couple or Co-Resident arrangement, must be at least 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to a right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree that prior to you entering into this Agreement, you and Carolina Meadows were a party to an Early Advantage Agreement dated_____, 20___, pursuant to which you were a resident of Carolina Meadows without lodging in order for you to access some of the services provided by Carolina Meadows while remaining and living in your own home. You and Carolina Meadows also agree that this Agreement supersedes the Early Advantage Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence and Date of Financial Responsibility

You shall have the exclusive right to occupy, use, and enjoy Residence number _____, model _____, an independent living unit that hereinafter will be referred to as your "Residence", until this Agreement is terminated by either you or us in accordance with Sections 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven and microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

1.1 Your Entry Fee for the Residence specified in this Agreement is \$ _____, comprised of the following:

1.1a. Base Entry Fee: _____

1.1b Second Person Entry Fee, if applicable: _____

1.1c Resident Assistance Reserve Fee: _____

1.1d Less Early Advantage Fee paid: _____

1.1e Less any Ready List Fee paid in excess
the Early Advantage Entry fee: _____

1.1f Less any initial Priority Wait List fee paid: _____

1.1g Balance of Entry Fee due: _____

The balance of the Entry Fee of is due on or before _____ and must be paid by certified check or wire transfer. _____ initials

1.2 The Resident Assistance Reserve Fee is refundable only if you cancel this Agreement within the 30-day Rescission or "Opt Out" period. (see Section 5).

- 1.3 The Date of Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, when we make available your Residence to occupy, and when your obligation to pay for services begins. Should your desired modifications delay your ability to occupy your Residence beyond the Date of Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Occupancy. Your Date of Occupancy is _____ . _____ initials
- 1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Accommodation Fees

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. The first-person Monthly Accommodation Fee is currently \$_____, per month. The second-person Monthly Accommodation Fee, if applicable, is currently \$_____, per month. We may increase the Monthly Accommodation Fees from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason. _____ initials

If a couple occupies the Residence or if Co-Residents occupy the Residence and one of the members of the couple or one of the Co-Residents cancels this Agreement or dies, the second person Monthly Accommodation Fee will cease and the remaining person will continue to pay the first-person Monthly Accommodation Fee.

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
 - B. Professional management of the community and its facilities
 - C. Regularly scheduled transportation
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
 - E. Repair of all equipment and appliances that we provide
 - F. Housekeeping in hallways, elevators, rest rooms, lounges and other common areas
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since

we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage

- H. 24-hour security
- I. Water and sewer services; all utilities in common areas; standard television cable service
- J. Removal of trash and recyclables deposited by residents as designated by us.
- K. Use of the enclosed swimming pool and exercise room
- L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
- M. Wireless Internet availability in designated areas throughout the campus

3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.

3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the "Meal Minimum") currently \$_____ per resident per month, in our Dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a 20% surcharge and will be billed against your Meal Minimum or may be paid by credit card or check at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. The specific charge for each of these additional services may be changed by us from time to time as *deemed* appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations)
- B. Care in the Fairways Assisted Living
- C. Medical treatment in the Primary Care Medical Practice
- D. Home Care services
- E. Rehabilitation services
- F. Use of guest room accommodations
- G. Transportation services

- H. Personal fitness training
- I. Housekeeping and/or handyman services
- J. Home meal delivery
- K. Meals or catering in excess of the monthly food minimum
- L. Guest meals for your visitors
- M. Assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

Section 5: Your Right to Rescind or “Opt Out” within 30 Days

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may, but are not required to, move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The Rescission Period begins when you sign the Agreement, or when you receive from us the state-required Disclosure Statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1 and 1.2 minus a service charge not to exceed the greater of \$1,000 or 2% of the Entry Fee and minus any nonstandard charges incurred by Carolina Meadows at your request. We will issue your refund within 30 days after we receive written notice of your desire to cancel this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later. Modification costs to your Residence paid by you are nonrefundable.

Section 6: Termination of This Agreement Prior to Occupancy and After the Thirty Day Rescission Period has Expired

6.1 Termination by You Prior to Occupancy: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received.

You will continue to pay your Monthly Accommodation Fee(s) and Meal Minimum(s) until the later of (i) the expiration of such 60-day written notice of cancellation period; or (ii) the date you vacate your Residence and remove all your furniture and other property from the Residence and stored within any storage unit on campus. _____initials

Your refund, without interest, of the Entry Fee and Resident Assistance Fee you have paid less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

- 6.2 **Termination by Carolina Meadows Prior to Occupancy:** Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material financial, medical, or other information given during the application process; (iii) your financial status changes such that you no longer meet the financial requirements for admission; or (iv) your health status changes such that independent living is no longer possible.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

Your refund, without interest, of the Entry Fee and Resident Assistance Fee you have paid less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, Carolina Meadows will withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee. Modification costs to your Residence paid by you are nonrefundable.

- 6.3 **Death, Illness or Incapacitation Prior to Occupancy:** If you die before occupying your Residence or become ill or incapacitated such that you can no longer occupy your Residence, this Agreement shall be cancelled automatically. You or your legal representative shall receive a full refund of the Entry Fee and Resident Assistance Fee paid. Modification costs to your Residence paid by you are nonrefundable.

Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period has Expired

- 7.1 **Termination by You after Occupancy:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Accommodation Fee and monthly meal allowance.

After occupancy, should you cancel this Agreement pursuant to Sections 6 or 7, or in the event of your death (the death of the survivor if there are two of you) or incapacitation, Carolina Meadows will refund the Entry Fee paid, without interest, less a nonrefundable fee equal to four percent (4%) of the Entry Fee, and less two percent (2%) per month for each month or partial month of occupancy. After 48 months of occupancy, the entire Entry Fee will be considered earned by us, and no portion of the Entry Fee will be repayable to you. Any refund owed, less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

You will continue to pay your Monthly Accommodation Fee(s) and Meal Minimum(s) until the later of (i) the expiration of such 60-day written notice of cancellation period; or (ii) the date you vacate your Residence and remove all your furniture and other property from the Residence and stored within any storage unit on campus. _____initials

- 7.2 **Termination by Carolina Meadows after Occupancy:** Carolina Meadows may terminate the Residence and Services Agreement if you fail to pay the Monthly Accommodation Fee, the Monthly Meal Allowance, ancillary charges, or fail to follow the standard written rules and regulations of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents or employees are jeopardized as a result of your activities or conduct, or if you misrepresented or omitted financial, medical or other information, we can terminate this Agreement. Carolina Meadows may terminate this Agreement if

you fail to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carolina Meadows to be in your best interest. Carolina Meadows may terminate if you refuse to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' Care coordination team to be in your best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement.

You will continue to pay your Monthly Accommodation Fee(s) and Meal Minimum(s) until the later of (i) the expiration of such 60-day written notice of cancellation period; or (ii) the date you vacate your Residence and remove all of your furniture and other property from the Community. If removal of all your furniture and personal belongings is not accomplished, we may remove and store your furniture and personal belongings at the expense and risk of you and your estate. Your Entry Fee will stop amortizing and the Agreement will automatically terminate on the date you vacate the Residence and remove all your furniture and personal belongings from Carolina Meadows.

With respect to Co-Residents, Carolina Meadows will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this agreement will remain in effect for the remaining Co-Resident.

If, after occupancy and after the 30-day Recission period has expired, Carolina Meadows terminates this Agreement or in the event of your death (or the death of the survivor if there are two of you) or incapacitation, we will refund the Entry Fee paid, without interest, less a nonrefundable fee equal to four percent (4%) of the Entry Fee, and less two percent (2%) per month for each month or partial month of occupancy. After 48 months of occupancy, the entire Entry Fee will be considered earned by us, and no portion of the Entry Fee will be repayable to you. Any repayment owed, less any nonstandard charges incurred by Carolina Meadows at your request, will be made thirty (30) days after the Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. In addition, any unpaid periodic charges specified in this Agreement or any amendment to this Agreement for the period the Residence was actually occupied will be deducted from your refund.

- 7.3 **Death, Illness or Incapacity after Occupancy:** If you die after occupying your Residence or become ill or incapacitated such that you are no longer able to occupy your Residence, this Agreement shall be cancelled automatically. You or your estate shall receive a refund of the Entry Fee paid, as noted in 7.2. Modification costs to your Residence paid by you are nonrefundable

Section 8: Moving to another Residence at Carolina Meadows and Care Coordination

- 8.1 If after occupancy begins, you then desire to move to a different Residence for which the then-current Entry Fee is higher or lower than the Entry Fee for the Residence identified in this Agreement, you will be required to execute an addendum for the new Residence. Any adjustment to the Entry Fee required for the difference in costs between Residences and the amortization of the original Entry Fee will be determined at the time of the requested change in Residences and will be addressed in the addendum. Amortization of the Entry Fee shall continue during the transition to a new Residence and will be adjusted accordingly based on the new Entry Fee for the different Residence. Final approval of any such request is in Carolina Meadows' sole judgment and discretion. Prior to approving a move to another Residence, Carolina Meadows reserves the right to inspect the current Residence. Any modifications made by you or damages beyond normal wear and tear caused by you while living in the Residence that Carolina Meadows, its sole discretion, considers to delay or prevent the ability to resale the current Residence must be paid by you before a move will be allowed. Such costs are not considered part of the Entry Fee for a new Residence. You may move to a new Residence 30 days after another resident has paid the then current Entry Fee for the vacated Residence. _____ initials
- 8.2 In the event that you temporarily transfer to the Fairways Assisted Living facility, The Green memory care at the Fairways, to the Pines Health Center, or another off-site facility, you must continue to pay the Monthly Accommodation Fee for your permanent Residence identified in this Agreement in addition to the per diem and applicable ancillary fees of the temporary residence. The fee for the temporary residence shall be prorated on a daily basis for the period of the temporary transfer. Payment of the Monthly Accommodation Fee for your

permanent Residence assures that such residence will remain available to you during the time of the temporary transfer.

- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.
- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.
- 8.5 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you to assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Fairways Assisted Living, the Green Memory support care or the Pines Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee.

- 8.6 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to

an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

If you move permanently to a Fairways Assisted Living residence, your Entry Fee will stop amortizing on the date you vacate your independent living Residence and remove all your furniture and personal belongings. The provisions of the Fairways Assisted Living Agreement in Exhibit A shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Fairways. Carolina Meadows reserves the right to change Exhibit A from time to time in its sole discretion to reflect current operating practices and procedures for The Fairways. Such changes shall be effective when given in writing to you. This Residence and Services Agreement shall continue in effect during your residency in The Fairways until terminated as otherwise provided in this Agreement. _____initials

If you move permanently to The Green Memory Care, your Entry Fee will stop amortizing on the date you vacate your independent living Residence and remove all your furniture and personal belongings. The provision of The Green Memory Care Agreement in Exhibit B shall apply. You will be responsible for paying the then current per diem rate for your accommodations at The Green. Carolina Meadows reserves the right to change Exhibit B from time to time in its sole discretion to reflect current operating practices and procedures for The Green. Such changes shall be effective when given in writing to you. This Residence and Services Agreement shall continue in effect during your residency in The Green until terminated as otherwise provided in this Agreement. _____initials

If you move permanently to the Pines Health Center, your Entry Fee will stop amortizing on the date you vacate your independent living Residence and remove all your furniture and personal belongings. If you move permanently to the Pines Health Center, the provisions in Exhibit C shall apply. You will be responsible for paying the then current per diem rate for your accommodations at the Pines Health Center. Carolina Meadows reserves the right to change Exhibit C from time to time in its sole discretion to reflect current operating practices and procedures for the Pines Health Center. Such changes shall be effective when given in writing to you. This Residence and Services Agreement shall continue in effect during your residency in the Pines Health Center until terminated as otherwise provided in this Agreement. _____initials

Section 9: Calculating Your Refund

During the first forty-eight (48) months of occupancy, should you (or the survivor or remaining Co-Resident if there are two residents) die or cancel the Residence and Services Agreement, repayment of the Entry Fee will be as follows: we will refund to you or your estate or beneficiaries if specified by an addendum to this Agreement, the Entry Fee paid, without interest, less four percent (4%) of the Entry Fee paid and less two percent (2%) of the Entry Fee paid per month for each month or partial month of occupancy. After 48 months of occupancy, the entire Entry Fee will be considered earned by us, and no portion of the Entry Fee will be repayable to you or your estate. Any repayment will be made upon occupancy of the Residence by a new resident and within 30 days of our receipt of the new Entry Fee paid by the new resident.

If you move to a higher care level, we also reserve the right to determine whether proceeds due to you under this Agreement should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from an account would be available to offset your care expenses. Any funds remaining in such an account will be available to you or your Estate upon your death or permanent move out of the Carolina Meadows community.

All refunds will be paid to you or your estate. However, you may direct payment of a refund to your trust by an addendum to this Agreement which clearly states the name, address, and date of your trust. _____ initials

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations, and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
 - Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Names of persons having the right of entry into your Residence
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Name, address, and phone number of funeral director (prior arrangements are encouraged)
 - Information necessary to complete a death certificate

- Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving spouse.
 - Name and address of the executor of your Estate
- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain as a part of the Residence after you leave. You may have to pay to restore the residence to its original condition if the next resident does not wish to keep the modifications made.
- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for maintenance purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents and staff.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments that will appear white or off-white from the outside.
- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this

clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living facility or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter your Residence, remove your property and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day time period or if your Monthly Accommodation Fee goes unpaid for 30 days or more. A trash removal fee may be charged for removal of excessive trash and items abandoned in the residence. _____ initials

- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property with your vehicle, you agree that you will file a claim under your auto policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your auto policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.
- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-

term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____ initials
- 10.18 You represent and warrant that all of the information you have provided about yourself is accurate and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.
- 10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the

Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoking, and vaping free campus. You agree that you or your guests will not use tobacco, smoking, or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

Generally, this Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

Section 13: Dual Occupancy

- 13.1 In cases of dual occupancy, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all of your duties and obligations under this Agreement.
- 13.2 If you and your spouse or you and a blood relative such as a brother or sister live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related companion (Co-Resident) live together in a Residence at Carolina Meadows, and your companion dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount

due under Section 7 of this Agreement unless otherwise specified through a separate addendum to this Agreement.

- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new companion will be accepted as a resident only after going through the following standard qualification and application procedures:
- A. They must be qualified to become Carolina Meadows residents
 - B. They must complete all application forms and go through the standard interview and approval process
 - C. They must execute a Residence and Services Agreement acceptable to us
 - D. They must pay an Application Fee, a Resident Assistance Fee, and a Second Person Entry Fee
 - E. They must agree to pay Monthly Accommodation Fees and monthly meal allowances, and abide by the rules and regulations of the Carolina Meadows community

Section 14: Financial Assistance

Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident. However, as long as you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Accommodation Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Accommodation Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you, and you agree to provide supporting

documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Accommodation Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets in order to keep your account on a current basis before applying for and receiving any financial assistance. _____ initials

14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.

14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows. _____ initials

Section 15: No Unauthorized Assignment

Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

Section 16: Visitors

Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

Section 17: Private Duty Nurses and Companions

Carolina Meadows offers a list of preferred service providers including Carolina Meadows Home Care. You agree to abide by any and all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

Section 18: Pet Policy

"Pets" shall be defined as household dogs, cats, tropical fish and caged birds. No other animals will be permitted without the approval of Management. Each pet must be viewed and approved by the Carolina Meadows staff before the pet can be brought into the Carolina Meadows community. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents, staff, visitors or pets and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pet. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to have your pet in control at all times when outside your Residence.

Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services

Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be transferred to another facility capable of managing your condition(s) or terminate your Residence and Services Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residence and Services Agreement and vacate your residence or unit.

Section 20: Miscellaneous Provisions

- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.

20.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign.

Section 21: Entire Agreement

All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022

Exhibit A: Fairways Assisted Living Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Fairways tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of the Fairways Assisted Living at Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Fairways Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy Fairways Residence number _____, hereinafter referred to as your “Residence”, until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement. We agree to equip your Residence with wall-to-wall flooring, refrigerator, individually controlled heating and air conditioning and blinds on external windows. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy, you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. The base Daily Service Fee may include an additional Daily Level of Care Fee for your level of care needs, currently set at \$____ per day. The Level of Care determination is based on your care plan, which is completed within thirty days of admission, annually or with a significant change of condition. All Fairways Assisted Living residents must have care plans in place. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Fairways Assisted Living Residence in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Fairways Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Daily light housekeeping services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining facility where you may take meals. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:
- A. Medical care in the Pines Health Center (private or semi-private accommodations)
 - B. Medical treatment in the Community Health Clinic
 - C. Rehabilitation services
 - D. Use of guest room accommodations
 - E. Transportation Services
 - F. Home Care services
 - G. Personal fitness training
 - H. Housekeeping beyond routine scheduled services
 - I. Handyman services for personal requests or damaged items
 - J. Guest meals for your visitors
 - K. Assistance by a nurse or aide through a licensed home care or home health agency as medically required
 - L. Nutrition and diet counseling
 - M. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services

Section 5: Additional Requirements

- 5.1 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Resident shall be responsible for providing insurance protection on personal items.
- 5.2 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.3 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.4 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.

- 5.5 Carolina Meadows reserves the right to ask you to leave for non-payment of fees. You are entitled to a 30-day notice.
- 5.6 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to The Green, the Pines Health Center or another more appropriate care facility if your care needs exceed our capabilities for which we are licensed to provide.
- 5.7 You may be charged a trash removal fee up to \$500 for removal of excessive trash or items abandoned upon vacating a unit.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT A as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022



Exhibit B: The Green Memory Care at the Fairways Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

“You”, “Your”, or “Resident(s)” shall refer to _____.
Your new Residence is room number _____. The current daily per diem for your new Residence is _____ and will take effect on _____. An additional daily level of care fee may apply based on your individual plan of care as determined within thirty days of admission, quarterly or following a significant change of condition. The daily per diem and daily level of care fee may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem. You may enjoy your Residence until terminated by either you or us in accordance with Section 7 of your Residence and Services Agreement.

Carolina Meadows is committed to a person-centered care approach in The Green tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You desire to become a resident of The Green at Carolina Meadows and to use and enjoy facilities, programs and services provided by The Green subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific unit within The Green, and you want to obtain related contractual services as described later in this Agreement.

You and Carolina Meadows agree as follows:

Section 1: Your Residence

You shall have the exclusive right to occupy, use, and enjoy The Green unit number _____ that hereinafter will be referred to as your “Residence”. We agree to equip your Residence with wall-to-wall flooring, individually controlled heating and air conditioning and blinds. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable law. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

Section 2: Daily Service Fee

On the Date of Occupancy, you will begin paying a base Daily Service Fee, billed on a monthly basis, currently set at \$____ per day. You are responsible for paying the Daily Service Fee and all ancillary fees by the 10th day of each month, in advance, even when you are away, regardless of the reason. We may raise Daily Service Fees and/or Level of Care Fees annually to reflect changes in operating expenses and services.

Section 3: Services We Provide and Other Duties We Acknowledge

- 3.1 In addition to the services and facilities described in Section 3.1 of your Residence and Services Agreement that you received while living in your independent living residence, we will provide these additional services and facilities while you are residing in your Residence at The Green in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. Activities programming
 - B. Three meals daily, seven days a week
 - C. Bed and bath linens
 - D. Assistance with activities of daily living
 - E. Medication administration
 - F. Twenty-four (24) hour nursing staff in Assisted Living
 - G. Access to campus wide health monitoring and promotion programs
 - H. Concierge services including shopping, personal errand running (unaccompanied) and information technology support services
- 3.2 We will pay the property taxes on your Residence and the taxes on common areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We will provide a central dining venue. You are welcome to entertain guests in the dining room as space permits. The charges for guests will be placed on your monthly bill.

Section 4: Additional Available Services

- 4.1 You may purchase the following additional services or items for a fee, separate from the Daily Service Fee. These additional services are not included in the services covered by the Daily Service Fee. The specific charge for each of these

additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Medical care in the Pines Health Center (private or semi-private accommodations)
- B. Medical treatment in the Community Health Clinic
- C. Home Care services
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Transportation Services
- G. Housekeeping beyond routine scheduled services
- H. Handyman services for personal requests or damaged items
- I. Home meal delivery as medically required
- J. Guest meals for your visitors
- K. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- L. Nutrition and diet counseling

Section 5: Additional Requirements

5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:

- Cognitive Health
- Physical Health
- Physical Functioning
- Behavior Status
- Sensory Capabilities
- Decision-Making Capacity
- Communication Abilities
- Personal Background
- Cultural Preferences
- Spiritual Needs and Preferences

5.2 The assessment tool and periodic staff observations are designed to anticipate changes in behaviors and abilities across different staff shifts. Such changes can be seen as a form of communication and an expression of preferences to which our staff will respond to accordingly.

- 5.3 Family members and/or responsible parties are encouraged to participate in any medical consultations. Family involvement is key to success in The Green and participation is encouraged in support groups. However, Carolina Meadows reserves the sole right in making the best decisions for individuals when considering safety and security concerns for all residents and staff in The Green.
- 5.4 The Green is a secured environment which utilizes a magnetic safety system. The exterior doors of the Green are secured by an electronic magnet. You may be required to wear a device which receives transmissions from transponders located throughout The Green. The device is used to prevent unattended egress from The Green. Carolina Meadows provides ample space and amenities as part of The Green to enjoy outside activities while preserving your safety and security.
- 5.5 Carolina Meadows shall not be responsible for loss of any property belonging to you or your guests or invitees due to theft, fire, or any other cause. Carolina Meadows will not be responsible for loss of personal clothing. Resident shall be responsible for providing insurance protection on personal items.
- 5.6 You agree to abide by the rules and regulations of Carolina Meadows as may be established or revised from time to time.
- 5.7 Except for changes required by law, Carolina Meadows will notify you of any proposed change in the scope of services provided at least 30 days before such change is effective.
- 5.8 Carolina Meadows shall have the right at all reasonable times to enter your Residence for the purpose of inspecting or repairing it.
- 5.9 Carolina Meadows reserves the right to ask you to leave for non-payment of fees.
- 5.10 Carolina Meadows recognizes you have the right of self-determination. We will attempt to involve you or your representative in all decisions related to moves and changes in level of care. However, Carolina Meadows reserves sole authority in determining whether you should be moved to the Pines Health Center or another facility if your care needs change beyond our ability to successfully address them.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT B as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revised May 30, 2022

Exhibit C: Pines Health Center Agreement

The rights and responsibilities contained within the Residence and Services Agreement, to which this Exhibit is a part, shall remain in full force and effect and are not changed by this Exhibit.

"You", "Your", or "Resident(s)" shall refer to _____.
The current daily per diem for your home is _____ and will take effect on _____.
The daily per diem may be adjusted periodically by management as approved by the Board of Directors. Carolina Meadows is required to give you thirty (30) days written notice prior to a change in the daily per diem.

Carolina Meadows is committed to a person-centered care approach in our Pines Health Center tailored to the abilities and changing needs of each resident. To that end, we focus our care in meeting your physical, mental, and emotional needs by providing an environment in which you may maintain identity and independence, value relationships, make choices, use abilities in meaningful activities and feel safe and secure.

You have received copies of the following material and the information has been explained to you:

<input type="checkbox"/> Policies and Procedures	<input type="checkbox"/> CPR policy
<input type="checkbox"/> Medical Care Decisions, Advance Directives	<input type="checkbox"/> Fee Schedule
<input type="checkbox"/> Residents' Rights in long term care facilities	<input type="checkbox"/> Restraint Free Environment

Personal Laundry: You wish to have Carolina Meadows Pines Health Center do your personal laundry. You have been advised of the fees for this service and understand that this service is optional and may be cancelled at any time.

Yes No

1. The Pines Health Center provides general nursing care, room and board and other health services for your comfort and well-being. You authorize us to provide these services. Depending on room availability and changing needs of the health center, you may be asked to move to a different room during your stay.
2. The Pines Health Center is not a hospital but is licensed as a nursing facility. We do not provide diagnostic or acute care for an unstable condition.

3. Physicians do not visit daily but communicate with the nursing staff by phone to prescribe medications and treatments. We are not liable for any acts or omissions of your physician in accurately following his/her instructions.
4. You have received a copy of the fee schedule and agree to pay all charges. Please note upon permanent discharge from the Pines Health Center, you are responsible for daily fees as long as your belongings remain in the room. In the case of a resident's death, there will be no room charge for the first five days (day one being the date of death); bedhold charges will begin on the sixth day should belongings still remain in the room. After 10 days, Carolina Meadows reserves the right to remove said belongings and to store them at your expense. You may be charged a fee up to \$500 for removal of excessive trash and items abandoned in the room.
5. Should it be deemed necessary, you may be required to wear a device to prevent wandering outside The Pines unless attended by staff.
6. The Pines Health Center may require you to have an escort for away-appointments. On some occasions a family member or resident volunteer may be both available and suitable. On others, a paid agency escort may be needed, the cost for which you are responsible. The Pines Health Center will consult with you prior to scheduling.
7. You understand that we contract for certain services (lab, x-ray, pharmacy, rehabilitative therapies). They are provided upon order of your physician. To the extent possible, these providers' bill third party payers for these services, however, you are responsible for payment.
8. You authorize us to release medical records to: any insurance company to process payment, to Medical Claims Rx to assist in claim processing, to a hospital or other medical facility if you are discharged, and to licensing inspectors.
9. If the Carolina Meadows Care Coordination Team determines that one-on-one companion or additional care is deemed necessary, such care will be your financial responsibility. We are not liable for any harm for failure to provide such services nor are we liable for any acts performed or omitted by such staff.
10. Smoking and vaping are prohibited in all areas of the Pines Health Center.
11. We are not responsible for loss, theft or destruction of personal property. This includes personal items such as dentures, glasses or hearing aids that are occasionally lost. Reasonable efforts are made to minimize the risk of loss, theft or destruction of personal property but it cannot be guaranteed. Items that are irreplaceable due to cost or sentiment should not be brought into the Pines Health Center.

IN WITNESS WHEREOF, the parties hereto have executed EXHIBIT C as part of your Residence and Services Agreement.

CAROLINA MEADOWS, INC.

RESIDENT/RESPONSIBLE PARTY

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____

Revision Date: May 30, 2022

Attachment 6(E): Early Advantage Agreement



Early Advantage Agreement

This Early Advantage Agreement (the "Agreement") takes effect on the ____ day of _____. The Agreement is between **Carolina Meadows, Inc.** and you. In this paragraph and throughout the rest of the Agreement, the words "we", "us", "our" or "Carolina Meadows" refer to Carolina Meadows, Inc., and the words "you", "your", and Member refer to _____. All Members that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation. We are a Life Plan Community licensed as a continuing care retirement community organized to provide housing, recreation, health care and other services to people after they reach retirement age or older. Carolina Meadows is located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517.

You desire to become a member of Carolina Meadows Early Advantage program and to use and enjoy the common facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. You have access to related contractual services as described later in this Agreement. Your specific rights and responsibilities are detailed in this Agreement.

During the time that you are a Carolina Meadows Early Advantage member, but not yet residing on campus, Carolina Meadows will offer an annual in home visit by a Carolina Meadows staff member. If more frequent in-home visits are needed, or if any needs are identified that may require subsequent in-home services, Carolina Meadows staff will refer you to our partner providers.

As a member of Carolina Meadows Early Advantage program, you will remain on our Ready List. Your priority number will remain _____, which was provided at the original date of application.

At the time you choose to reserve an apartment or villa on our campus, having already been accepted as a member of Carolina Meadows Early Advantage program, you will not have to repeat an admission process. Based on the passage of time from the date of your original acceptance, we reserve the right to seek updated medical and financial information in order to determine your ability to live independently and to have maintained sufficient assets for any additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Your acceptance as a member of Carolina Meadows Early Advantage program, however, will continue to remain in effect.

You and Carolina Meadows agree as follows:

1. YOUR MEMBERSHIP.

- 1.1 The Early Advantage Entry Fee is _____.
Less previous deposits of _____.
Remaining balance due _____.
If previous deposits exceed the remaining balance due, the excess of _____ will be applied to future Entry Fees upon moving on campus.
The Entry Fee amortizes over 25 months after which no refund will be made. However, if you later move into Carolina Meadows, your full entry fee will be applied toward the then current entry fee for your desired home.
- 1.2 You will begin paying your Monthly Membership Fee as described in Section 2 on _____.
- 1.3 Upon moving to campus, your Early Advantage Entry Fee will be credited towards your Independent Living Entry Fee. If you move directly to a higher level of care on campus without paying an Independent Living Entry Fee first, your Early Advantage Fee will continue to amortize in accordance with this agreement.

- 2. MONTHLY MEMBERSHIP FEE.** When you sign this agreement you agree to begin paying the Monthly Membership Fee. The Monthly Membership Fee is currently _____, but we may raise it from time to time to reflect changes in operating expenses and benefits. You are responsible for paying the Monthly Membership Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

3. MEMBERSHIP SERVICES AND BENEFITS WE PROVIDE.

- 3.1 We will provide these benefits in the manner we deem appropriate for all the members of the Early Advantage program of Carolina Meadows on a non-exclusive basis:
- A. Priority access to Assisted Living or Health Center should a change in health status require a move onto campus
 - B. Five (5) free days of room and board a year (up to ten (10) lifetime total available) for the Pines Health Center prior to moving into Carolina Meadows
 - C. Access to our on-site primary care medical practice
 - D. Care Coordination provided by a member of our Care Coordination Team, including an in home annual visit by a Carolina Meadows staff member. Social services, counseling and support programs are coordinated by the Care Coordination team

- E. Access to the Resident website portal
- F. Participation in all social, educational, recreational and cultural activities
- G. Regularly scheduled transportation from campus, including shopping and events
- H. Two scheduled medical transportation trips per month
- I. Access to our numerous dining venues, as well as Gourmet-to-Go pick-up from campus
- J. Use of campus amenities including wellness center, indoor pool and Jacuzzi, library, craft and art studio, woodworking shop and resident business center
- K. Use of the Carolina Meadows golf course and other outdoor sport venues including tennis courts, bocce courts, dog park and walking trails. You may be required to pay a greens fee to play the Carolina Meadows golf course
- L. Wireless internet availability in designated areas throughout the campus
- M. Concierge services on campus, including notary, basic Information Technology services and postage and shipping assistance from campus
- N. Access to on-site gift shop and beauty salon

4. ADDITIONAL AVAILABLE BENEFITS.

4.1 You may purchase the following on campus additional services on an *a la carte basis*, separate from the Monthly Membership Fee. These additional services are not included in the benefits covered by the Monthly Membership Fee. The specific charge for each of these additional benefits may be changed by us from time to time as deemed appropriate in our discretion:

- A. Pines Health Center short-term stay (private or semi-private accommodations)
- B. Medical treatment in the on-site primary care medical practice. Medical specialty services (podiatry, dermatology, audiology and mental health services) provided by independent licensed practitioners
- C. Rehabilitation services
- D. Personal fitness training
- E. Guest meals for your visitors
- F. Fee-for-Service Concierge services
- G. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- H. Nutrition and diet counseling
- I. Access to integrative health therapies, including massage and acupuncture
- J. Access to partner providers, including home care agencies

5. CARE COORDINATION AND TRANSFER TO ASSISTED LIVING OR THE HEALTH CENTER.

- 5.1 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you (i) assess your needs; (ii) develop a transition plan; (iii) help identify reputable local providers to meet your needs; and (iv) follow up to ensure that your needs are appropriately met.
- 5.2 You hereby acknowledge and agree that Carolina Meadows is not responsible for providing medical or other personal care services in your home. All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Assisted Living or Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee. Any support services in your home would be your financial responsibility.
- 5.3 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Assisted Living or Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. You will be financially responsible for these additional services. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.
- 5.4 Carolina Meadows does not provide services or care for the following conditions but may direct you to providers who do:
- Drug or alcohol abuse or addiction
 - Dangerous Communicable Diseases
 - Severe psychiatric or mental health disorders

6. YOUR RIGHT TO RESCIND THIS AGREEMENT WITHIN 30 DAYS.

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. The Rescission Period begins when you sign this Agreement. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1 minus a service charge not to exceed \$1,000 or 2% of the Entry Fee. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement.

7. TERMINATION AND REFUNDS.

- 7.1 Termination by you: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. You may be entitled to a prorated refund of the Entry Fee.
- 7.2 Termination by Carolina Meadows: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material, financial, medical or other information requested during the application process; (iii) you fail to pay the Monthly Membership Fee for three consecutive months; (iv) your financial status changes such that you no longer meet the financial requirements for membership; or (iv) you no longer qualify for independent living and fail to follow recommendations of the Carolina Meadows Care Coordination Team including moving to a higher level of care or obtaining sufficient support in the home.
- 7.3 In the event of your death at any time after the Date of Early Advantage this Agreement will terminate upon the date of death. Your estate may be entitled to a prorated refund of the Entry Fee.
- 7.4 Your refund, without interest, of the Entry Fee you have paid will be calculated on a pro-rated basis. The twenty-five (25) month period begins with signing of this document. If termination of this Agreement occurs during the first twenty-five (25) months of this Agreement, you or your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) for each month that this Agreement has been in effect for up to twenty-five (25) months; less (iii) any amounts due to Carolina Meadows. After twenty-five (25) months there is no refund of the Entry Fee. Refund payment, if any, shall be made within thirty (30) Days of written notice of termination.
- 7.5 Should you not move on campus, any excess deposits above the Early Advantage Fee will be refunded to you or your estate.

8. YOUR OBLIGATIONS AS A CAROLINA MEADOWS EARLY ADVANTAGE RESIDENT.

- 8.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 8.2 You agree to provide Carolina Meadows with the following information prior to occupancy:

- Emergency contact information for persons to notify in an emergency
 - Name of your local physician
 - Copy of current Durable Power of Attorney
 - Copy of current Health Care Power of Attorney
 - Copy of any Advance Directives
 - Copies of relevant portions of trusts indicating where any refunds should be sent if not to the estate or surviving spouse.
 - Name of the executor of your Estate
- 8.3 You agree, upon membership and approximately annually thereafter, to participate in an in-home visit for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency. You have the right to access your health information.
- 8.4 You accept the community's ideals of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 8.5 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 8.6 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement.
- 8.7 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you later choose to move on-campus into any level of care and if you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Fees and other costs associated with living at Carolina Meadows.

- 8.8 If you carry long-term care insurance at the time you execute this Agreement and Section 8.7 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days (30) prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 8.9 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 8.10 You agree to pay, in full and on time, all fees due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
_____initial
- 8.11 You represent and warrant that all of the information you have provided about yourself is accurate, and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 8.12 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence, acts or omissions.
- 8.13 You agree to provide updated financial information every two years, or as reasonably requested.
- 8.14 Upon permanently moving on campus to any Carolina Meadows' level of care, you must execute a Residency and Care Agreement following Early Advantage and become subject to the terms of that Agreement. This Early Advantage Agreement shall terminate upon execution of a Residency and Care Agreement following Early Advantage.

9. AMENDMENTS AND PARTIAL INVALIDATION. Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

10. **NO ASSIGNMENT.** The rights and privileges granted to you under this agreement are specific to you and may not be assigned to anyone else.

11. **MISCELLANEOUS PROVISIONS.**

11.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.

11.2 By signing this Agreement, you authorize the release to Carolina Meadows any information we might reasonably need or request. _____initial

11.3 Carolina Meadows will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign. _____initial

12. **ENTIRE AGREEMENT.** All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

You have carefully read or had your legal or financial counsel review this agreement before signing. _____initial

(Signature Page Follows on Next Page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____