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**100 Hickory Street
Greenville, North Carolina 27858
(252) 830-0036
www.cypressglen.org**

DISCLOSURE STATEMENT

Cypress Glen Retirement Community (the "Community") must deliver a Disclosure Statement to a prospective resident prior to or at the time a prospective resident executes a Residency Agreement to provide continuing care, or prior to or at the time a prospective resident transfers any money or other property to the Community, whichever occurs first.

The Community, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. 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.

February 28, 2022

Unless earlier revised, the Community intends for this Disclosure Statement to remain effective until July 28, 2023



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Attachments:

- **Attachment 1 - Audited Financial Statements for The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 2 - Forecasted Financial Statements for The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 3 - Interim Unaudited Financial Statements for The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 4 - Explanations of Material Differences**
- **Attachment 5 - Standard Residency Agreement**
- **Attachment 6 - Communities Managed by Life Care Services LLC**
- **Attachment 7 - List of Extra Charges**

INTRODUCTION

The Cypress Glen Retirement Community (the "Community") brings to residents of the eastern North Carolina area, who are age 62 and over, a way of retirement living known as "continuing care." This concept offers retirees a lifestyle designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities, such as the Community, encompass these important components: a private residence, a wide array of personal services, and the security of care in the on-site Health Center.

The Community is owned and operated by The United Methodist Retirement Homes, Incorporated ("UMRH"). UMRH is a North Carolina not-for-profit corporation that is committed to providing a quality adult community that is fiscally sound and genuinely responsive to resident needs. UMRH also owns Croasdaile Village, a continuing care retirement community located in Durham, North Carolina and Wesley Pines, a continuing care retirement community located in Lumberton, North Carolina. The financial information contained in this Disclosure Statement includes financial information for UMRH and the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines. (See further explanation under the "Financial Information" section of this Disclosure Statement.)

One of the purposes of this Disclosure Statement is to explain to prospective residents, their families, and their advisors who and what is involved in the operation of the Community. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions, which were believed to be realistic as of that date. Such information and assumptions are, of course, subject to change and, in particular, are significantly affected by changes in inflation and interest rates.

Since non-technical language has been used in this Disclosure Statement, the text of this booklet and the language of the Residency Agreement signed by a resident may not be the same. Although this Disclosure Statement details the provisions of the Residency Agreement, the Residency Agreement serves as the sole binding contract between the resident and UMRH.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, or national origin.

THE UNITED METHODIST RETIREMENT HOMES, INCORPORATED

The United Methodist Retirement Homes, Incorporated ("UMRH") is a not-for-profit corporation originally chartered by the State of North Carolina on January 24, 1946. A Restated Charter was filed with the Department of the Secretary of State for the State of North Carolina on October 26, 1992. The principal business address of UMRH is 2600 Croasdaile Farm Parkway, Suite A-500; Durham, North Carolina 27705.

UMRH is operated as a community service organization and is tax exempt under the provisions of Section 501(c)(3) of Internal Revenue Code.

UMRH is the sole shareholder of UMRH Affordable Housing, Inc. UMRH-Affordable Housing, Inc. is located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. It was organized in 2002 in the State of North Carolina in conjunction with the Wesley Ridge project (see more information below). UMRH Affordable Housing, Inc. is not responsible for the contractual or financial obligations of UMRH.

UMRH is the sole member of UMRH Affordable Housing Development, LLC, located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. UMRH Affordable Housing Development, LLC was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing Wesley Ridge, a 24-unit affordable rental housing complex located adjacent to Wesley Pines. UMRH Affordable Housing Development, LLC is not responsible for the contractual or financial obligations of UMRH.

UMRH is affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs. The Foundation is located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. The Board of Trustees of UMRH are the same Board of Trustees for the Foundation. UMRH and the Foundation are jointly obligated under the terms of the various bond agreements entered into for the financing of Croasdaile Village, Cypress Glen and Wesley Pines.

UMRH is related by faith to the North Carolina Annual Conference, Southeastern Jurisdiction, of The United Methodist Church. UMRH is governed by a corporate Board of Trustees. The North Carolina Annual Conference of The United Methodist Church elects forty percent (40%) of the Board of Trustees of UMRH. The North Carolina Annual Conference of The United Methodist Church is not responsible for the financial and contractual obligations of UMRH.

UMRH is also affiliated by membership with LeadingAge North Carolina; the United Methodist Association of Health and Welfare Ministries; and LeadingAge (National).

Other than disclosed above, UMRH is not affiliated with any other religious, charitable or nonprofit organization.

BOARD OF TRUSTEES

The names and addresses of the members of the Board of Trustees of UMRH are listed below:

Ms. Deborah Montague
Chair and Trustee
501 Quinn Court
Chapel Hills, NC 27516

Ms. Nancy Van Antwerp
Secretary and Trustee
649 Lipford Dr.
Cary, NC 27519

Rev. Paul Lee
Vice Chair and Trustee
507 Ringleaf Court
Cary, NC 27513

Mr. Jonathan P. Erickson (ex-officio Trustee)
Corporate Executive Director
2600 Croasdaile Farm Parkway, Suite A-500
Durham, NC 27705

Lee Harris Treasurer and Trustee
205 Shady Circle Dr. Rocky Mount, NC
27893

Trustees:

Ms. Kathryn Bradley, 120 Briarcliff Road, Durham, NC 27707
Mr. Carl Hardy, 4104 Cypress Dr., Apt. B, Wilson, NC 27896
Mr. John Link, 4720 Rapids Lane, Durham, NC 27705
Rev. Gray Southern, P.O. Box 1970, Garner, NC 27529
Dr. Kenneth Steinweg, 108 Jamestown Rd., Greenville, NC 27858
Mr. Charles Mercer, 4140 Parklane Avenue, Suite 200, Raleigh, NC 27612
Ms. Susan Ezekiel, P.O. Box 387, Lumberton, NC 28358

Ex-Officio Members of the Board of Trustees:

Dr. Dick Evans, 100 Hickory St. E305, Greenville, NC 27858
Mrs. Barbara Hastings, 2600 Croasdaile Farm Pkwy, Durham, NC 27705
Rev. Robert Magnum, 1000 Wesley Pines Road, Lumberton, NC 28358
Mr. Fred Mattox, 100 Hickory Street, D214, Greenville, NC 27858
Mr. Clyde McKee, 5216 McLeod Road, Lumberton, NC 28358

There is not any professional service firm, association, trust, partnership or corporation, in which the Executive Director, management staff or any member of the Board of Trustees has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to the Community or to residents of the Community, of an aggregate value of \$500 or more within any year. Further, there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases or services of an aggregate value of \$500 or more within any year to the Community or to the residents of the Community that has a 10% or greater interest in any officer, trustee or management staff (including the Executive Director).

No Trustee or management staff of the Community (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or

misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Section 58-64, North Carolina General Statutes, or a similar law in another state. UMRH is not aware of any actions (as defined) against any person (as defined) requiring disclosure.

CORPORATE EXECUTIVE DIRECTOR

Jonathan P. Erickson has been the corporate executive director over all of the UMRH retirement communities since July 2007. Mr. Erickson holds a bachelor of arts in psychology from North Park College in Chicago, Illinois, a master of science in community health from Northern Illinois University in DeKalb, Illinois, and a certification in long-term care management from the University of Connecticut. He is currently licensed as a nursing home administrator in the State of Connecticut. Mr. Erickson has been an employee of Life Care Services LLC for over 20 years and has over 30 years of experience in the senior housing industry.

EXECUTIVE DIRECTOR

Laurie H. Stallings is the executive director of the Community. She holds a bachelor's degree in social work from East Carolina University, is a graduate of the University of North Texas, Retirement Housing Professional Program, and is a licensed nursing home administrator in the State of North Carolina. Mrs. Stallings has over 30 years of experience in the long-term care industry. She is an employee of UMRH and has been at the Community since 1994.

RESIDENT COUNCIL

Administration assisted residents in establishing the Resident Council and its bylaws. The residents annually elect a council of representatives, which, in turn, forms committees in various areas of concern to advise administration. Monthly meetings are held to facilitate communication among residents, administration, and the Board of Trustees.

LIFE CARE SERVICES LLC

The Provider has retained Life Care Services LLC ("Life Care Services") to provide management services to the Community. As the nation's second largest operator of senior living communities, Life Care Services serves more than 40,000 seniors in more than 140 communities (see Exhibit A). With nearly 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. For more information, visit Life Care Services' website: <https://www.senior-living-management.com/>.

Principal officers of Life Care Services include Joel Nelson, Diane Bridgewater, Rick

Exline, Jason Victor, and Jill Sorenson.

As President and Chief Executive Officer of Life Care Services, Joel Nelson is responsible for executing the business strategy across all business lines in the LCS Family of Companies. He provides leadership and direction for business growth, service excellence, and enhancing the company's stability and value among financial partners, property owners, and other stakeholders in the senior living field. Joel joined Life Care Services in 1986 and has held several executive roles. He is responsible for the oversight of serving more than 40,000 seniors in 140+ communities. Joel serves on the board of managers for Life Care Companies, LCS Holdings, is a member of the compensation committee and a trustee of the Company's 401(k) benefits program. He also has served on the board audit committee and the insurance captive (Hexagon). Outside LCS, Joel serves on various industry and community boards. Within the industry, Joel is member of the National Investment Center operator advisory board, a member of the Argentum Board of Directors and the co-chair of the public policy committee. Joel is active in the Des Moines community and serves as a trustee for ChildServe and is a member of the Central Iowa United Way Board of Directors. Joel holds a bachelor's degree in business management and health care administration from Simpson College.

As a high energy, results-driven executive, Diane Bridgewater directs all financial aspects and operating infrastructure at LCS to ensure corporate, field and community team members have the resources necessary to provide exceptional customer satisfaction to residents. Serving as executive vice president/chief financial and administrative officer at LCS, Diane is responsible for directing all financial and business operations in addition to overseeing the company's insurance business line, information technology, compliance, regulatory and legal matters. In her executive leadership role, Diane helps to drive strategy development and execution resulting in strong financial performance and growth. At LCS, Diane serves on the Board of Managers, Life Care Companies LLC; Audit Committee, Life Care Companies LLC; 401K Administrative Committee, Investment Committee and Enterprise Risk Management Committee. Outside the organization, she is a member of the Argentum – CFO Roundtable. In addition, Diane sits on Casey's General Stores board, audit committee and compensation committee. She is also a member of the board and audit committee at Guide One Insurance. Diane holds bachelor's degrees in accounting and French from the University of Northern Iowa.

Capitalizing on his reputation as a change agent, Chris brings his expertise to the communities Life Care Services serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As Executive Vice President, Chief Operating Officer, Chris oversees Life Care Services, CPS, asset management, procurement, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation. At LCS, Chris mentors future leaders by providing guidance, expertise and resources to develop professional skills in the senior living industry. In addition, he is a member of the LCS Board of Directors and the LCS Audit Committee. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

Serving as Executive Vice President/Senior Managing Director of Life Plan Communities, Rick Exline leads a team of highly skilled professionals dedicated to elevating senior living

experience. With over four decades of knowledge and expertise, Rick oversees the company's Life Plan Community management services, national marketing and sales, and the LCS health care group. Collaborating with the LCS leadership team, Exline identifies growth strategies that maximize market opportunities for single site, affiliated, and third-party managed communities. With a precise focus on performance excellence, Rick's team developed and launched the next generation opportunity platform for third-party managed Life Plan Communities. This innovation transformed the regional operations support model by relocating regional and corporate support staff. At LCS, Rick serves on the board of managers for Life Care Companies LLC and the executive leadership and senior living management teams. Rick is also a trustee for the company's 401(k) benefits program. Outside the organization, Rick serves on the Simpson College Board of Trustees and is a board member for Above & Beyond Cancer. He holds dual bachelor's degrees in business administration and health care leadership.

Jason Victor is Senior Vice President, Controller and Treasurer of Life Care Services. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax and financial management systems. At LCS, Jason serves on the insurance captive, Hexagon, board of directors. Jason holds a bachelor's degree in accounting from the University of Northern Iowa. He is a certified public accountant with an active license in the state of Iowa.

Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson, Senior Vice President and Manager of Life Care Services, leads the regional team serving a portfolio of 13 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill provided leadership to 22 Life Plan communities where she was successful in delivering on occupancy goals and achieving 4 and 5-star ratings from the Centers for Medicare and Medicaid Services. To ensure Life Care Services is serving the customer first and foremost, Jill initiated client satisfaction surveys with client boards and owners to build stronger and more strategic relationships. Outside LCS, Jill has served on the San Diego Region for Aging Services of California and the Aging Services of California Board. She is a frequent presenter at national and state industry conferences on topics affecting the senior living industry. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

Management of the Community is performed by Life Care Services under contract with UMRH. Life Care Services' responsibilities include: recruiting and employing the corporate executive director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community, including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by the Community.

No managing member of Life Care Services (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final

judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Section 58-64, North Carolina General Statutes, or a similar law in another state.

Life Care Services is not financially responsible for the contractual obligations or other obligations of UMRH. The Board of Trustees of UMRH retains the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of the Community.

THE COMMUNITY

Cypress Glen Retirement Community is situated on approximately 95 acres of land and is located one mile from the campus of East Carolina University. It is a continuing care retirement community designed to accommodate persons 62 years of age or older in a dignified manner. As of September 30, 2021, there were 324 residents living at the Community. Following is a breakdown of units:

Apartments	150
Cottages	64
Assisted Living	30
Memory Care Cottage	12
Skilled Nursing	30

All residences are equipped with safety features such as assist bars in the bathroom and an emergency call system, with 24-hour check. The Community also offers additional personal services to residents residing in residential living through its home care program. These residents pay a fee for these services.

In addition to the primary intent of the Community, which is to assure the residents of continuing care throughout their retirement years, the Community is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons building provides areas for dining and meetings without detracting from the homelike environment of the Community. Some of the amenities which residents can enjoy include: a central dining room; a casual dining area; a chapel; a multi-purpose room; a health clinic; a physical and occupational therapy area; card rooms; a game room; a library; a mail area; an arts and crafts studio; lounges; a wellness center with a cardiovascular fitness room, aerobics room, a deep water salt treated pool, and a salon/spa; and a computer wired for Internet access available in the conference room.

The Health Center is licensed by the North Carolina Division of Health Service Regulation. The Health Center offers assisted living, memory care, and nursing care to the residents of the Community. Assisted living services include assistance with the activities of daily living such as ambulation, bathing, dressing, eating, personal hygiene, toileting, and the supervision or administration of medications. Memory care services include scheduled and unscheduled special

care assisted living services to persons with Alzheimer's Disease or related disorders. Six of the skilled nursing facility beds are Medicare certified.

Each continuing care resident at the Community is entitled to receive a total of six (6) days of assisted living, memory care or nursing care at the Community Health Center at no additional charge, except for the charges for physician services and ancillary health services and supplies. Such six (6) days renews on an annual basis and does not accumulate. After the six (6) days of care each year, the services in assisted living, memory care and nursing care at the Community Health Center are available for the per diem charge.

SMOKE-FREE CAMPUS

The Community is a "smoke-free" campus. Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Community campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the residences, hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted at the designated area. Violation of the Smoke-Free Campus Policy can result in cancellation of the Residency Agreement for just cause.

FACILITY DEVELOPMENT/EXPANSION

The Community engaged LCS Development and SB&A Architects for master planning to assess possible expansion and repositioning opportunities at the Community, including independent living, the health center, food services and commons spaces.

THE PROPOSAL

1. Criteria for Resident Acceptance and Continued Acceptance. Residency Agreements are subject to acceptance by UMRH. At the time of the execution of a Residency Agreement, the resident must be 62 years of age or older, capable of living in a residence (with or without reasonable accommodation or reasonable modification), and have sufficient financial resources to pay the Entrance Fee, Monthly Fee, and any extra charges incurred as defined in the Residency Agreement.

UMRH uses the FINAID system to financially evaluate a prospective resident's net worth and monthly income. FINAID projects income for prospective residents based on their financial assets and income sources, and compares this revenue to projected expenses such as monthly fees, personal expenses, and income taxes. Generally, a prospective resident should have a minimum net worth equal to three (3) times the amount of the Entrance Fee (prior to payment of the Entrance Fee). Generally, a prospective resident should have a minimum monthly income range of two times the Monthly Fee (including second person fees when applicable) in effect at the time of residency. Although the asset and income tests listed above are appropriate tests for financial wherewithal, the FINAID software program will be used for all applicants to measure financial qualification.

An inquiry will be made of all prospective residents regarding the prospective resident's

ability to live in a residence, with or without reasonable accommodation or reasonable modification. To determine whether a prospective resident meets the health guidelines, the following information will be gathered: (1) insurance and health information will be obtained from a Confidential Data Application Form and a Personal Health History Form – to be completed by the prospective resident; (2) a Physician’s Report Form will be completed by the prospective resident's physician; and (3) a Memory Health Assessment will be administered by the Community.

After executing a Residency Agreement but prior to occupancy, UMRH can cancel the Residency Agreement if the resident does not pay his or her Entrance Fee; for non-acceptance based on the residency criteria listed above; or if the resident is unable to occupy the residence because of illness, injury or incapacity.

If the resident encounters financial difficulties after residency at the Community and is unable to pay the total Monthly Fee or the per diem charges for care in the Health Center, these charges may be deferred as long as the resident has met all "spend-down" provisions of eligibility for the Medicaid program (if applicable) and any public assistance funds. Financial assistance is not available to a resident if he/she impaired his/her ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. A resident will be permitted to remain at the Community for reduced fees based on his/her ability to pay for as long as the resident establishes facts to justify the deferment. Financial assistance is only available if it does not impair UMRH's ability to operate the Community on a sound financial basis for the benefit of all residents.

UMRH has the right to cancel the resident's residency (i) if the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants, rules, regulations or policies; or (ii) if the resident misrepresented himself/herself during the residency process; or (iii) for nonpayment of fees or charges; or (iv) if it is determined the resident's health status or behavior constitutes a substantial threat to the health or safety of the resident or others, including refusal to consent to relocation, or behavior that would result in physical damage to the property of others or the Community; or (v) if the resident's physical or mental condition cannot be cared for in the Community Health Center within the limits of its license.

2. Residency Agreements. At the time the resident makes application for residency at Cypress Glen Retirement Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to Cypress Glen. For an existing residence, the balance of the Entrance Fee is due upon the earlier of the date the resident occupies the Community or within 90 days after the resident executes the Residency Agreement. For a cottage to be constructed, the resident will pay the Entrance Fee in installments:

- The first is equal to 10% of the total Entrance Fee and is paid upon resident's execution of the Residency Agreement;
- The last installment (the balance of the Entrance Fee) is due on the earlier of (i) the date the resident assumes occupancy at the Community or (ii) within thirty (30) days from the date the resident is notified that the residence is ready for occupancy.

The resident will also pay a non-refundable Application Fee. The Application Fee will be used by Cypress Glen to process resident's application for residency.

The Community offers various types of Residency Agreements for the residential apartments and cottages of the Community: a 90 Percent Return of Capital Plan; an 80 Percent Return of Capital Plan; a 50 Percent Return of Capital Plan; and a Standard Plan. The difference between these types of plans is the amount of the Entrance Fee paid and the amount of the refund a resident (or resident's estate) is entitled to after a resident assumes occupancy at the Community as described in Paragraph 3.5 below.

3. Reimbursement of the Entrance Fee.

3.1 Nonacceptance. If the resident is not accepted for residency at the Community, the full amount of the Entrance Fee paid by the resident will be promptly refunded, without interest. If the resident's spouse or second person does not meet the requirements for residency, said person may be admitted directly into the Health Center as long as accommodations are available, such person qualifies for the care available in the Health Center, and admission is acceptable in accordance with state law and regulations. The resident will pay the full charges for such level of care.

3.2 Right of Rescission. In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within thirty (30) days following the later of (i) his/her execution of the Residency Agreement; or (ii) the receipt of a Disclosure Statement. The resident is not required to move into the Community before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the full amount of the Entrance Fee paid by the resident will be refunded, without interest, within sixty (60) days of receipt of the written notice of rescission.

3.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity or a Substantial Change in Physical, Mental or Financial Condition. If the resident dies before occupying a residence at the Community or if, on account of illness, injury, incapacity, a resident is unable to occupy the residence at the Community, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in the resident's physical, mental or financial condition. In all of these events of cancellation prior to occupancy, the resident or resident's estate will receive a refund of the Entrance Fee paid, without interest, less any costs specifically incurred by the Community at the resident's request. Under a Residency Agreement for an existing unit, said refund will be made within sixty (60) days of receipt of the notice of cancellation. Under a Residency Agreement for a cottage to be constructed, the refund will be paid when the cottage is reserved by a new resident and the new resident has paid the appropriate Entrance Fee installments to equal the Entrance Fee installments to be refunded to the resident.

3.4 Cancellation Prior to Occupancy for Other Reasons. If the resident cancels the Residency Agreement prior to occupancy, but after the right of rescission period, for reasons other than those stated in Paragraph 3.3 above, the resident will receive a refund of the Entrance Fee paid, without interest, less a non-refundable portion of the Entrance Fee

equal to \$2,000 and less any costs specifically incurred by the Community at resident's request. Under a Residency Agreement for an existing unit, said refund will be made within sixty (60) days of receipt of the notice of cancellation. Under a Residency Agreement for a cottage to be constructed, the refund will be paid when the cottage is reserved by a new resident and the new resident has paid the appropriate Entrance Fee installments to equal the Entrance Fee installments to be refunded to the resident.

3.5 Cancellation After Occupancy. In the event the Residency Agreement is canceled after occupancy or in the event of resident's death after occupancy, refund of the Entrance Fee will be as follows:

3.5.1 90 Percent Return of Capital Residency Agreement: Under the 90 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to five (5) months. Subject to the Community's right of offset, the refund of the Entrance Fee will not be less than ninety percent (90%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two (2) years from the date of cancellation, whichever occurs first.

3.5.2 80 Percent Return of Capital Residency Agreement: Under the 80 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to ten (10) months. Subject to the Community's right of offset, the refund of the Entrance Fee will not be less than eighty percent (80%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two (2) years from the date of cancellation, whichever occurs first.

3.5.3 50 Percent Return of Capital Residency Agreement: Under the 50 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to twenty-five (25) months. Subject to the Community's right of offset, the refund of the Entrance Fee will not be less than fifty percent (50%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two (2) years from the date of cancellation, whichever occurs first.

3.5.4 Standard Residency Agreement: Under the Standard Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident

has paid the full amount of the Entrance Fee or within two (2) years from the date of cancellation, whichever occurs first.

3.6 Cancellation Upon Death. In the event of death of the resident at any time after occupancy, the Residency Agreement shall cancel and the refund of the Entrance Fee paid by the resident will be as outlined in Paragraph 3.5 above.

3.7 Additional Cancellation Provisions Due to Cottage Not Available. If the cottage to be constructed is not available for occupancy within two (2) years after the date UMRH executes the Residency Agreement, the resident may cancel the Residency Agreement and receive a full refund of the portion of the Entrance Fee paid.

3.8 Cancellation by UMRH. Upon thirty (30) days written notice to the resident and/or his or her legal representative, UMRH may cancel the Residency Agreement at any time on the following grounds, which shall be determined by UMRH in its sole discretion:

- Resident does not comply with the terms of the Residency Agreement or the Community's procedures, covenants, rules or policies; or
- Resident misrepresents himself or fails to disclose information during the residency process; or
- Resident fails to make payment to UMRH of any fees or charges due UMRH within sixty (60) days of the date when due; or
- Resident's health status or behavior constitutes a substantial threat to the health or safety of resident, other residents, or others, including Resident's refusal to consent to relocation, or would result in physical damage to the property of the Community or others; or
- Resident's physical or mental condition cannot be cared for in the Community Health Center within the limits of the Community's license.

Cancellation by UMRH occurs only as a last resort, after it becomes clear to UMRH that cancellation is necessary, and after the resident and/or the resident's legal representative/responsible party has an opportunity to be heard. Any refund of the Entrance Fee would be computed on the same basis as stated in Paragraph 3.5 above.

4. Payment of a Monthly Fee. The resident is required to pay a Monthly Fee to the Community upon receipt of a statement and by no later than the fifteenth (15th) day of each month. If there are two residents, a second person Monthly Fee will also be paid. The Monthly Fees are paid to provide the services and amenities described in the Residency Agreement and to meet the expenses associated with the operation of the Community. UMRH may increase the Monthly Fee upon thirty (30) days written notice to the residents if UMRH deems it necessary in order to meet the financial needs of the Community and to provide the services to the residents.

5. Health Care Services. Each resident is eligible to receive a total of six (6) days each year of either assisted living care, memory care, or nursing care in the Community Health Center while a resident of his/her residence. If there are two residents under a Residency Agreement, each resident will receive six (6) days, but the days cannot be combined and used by only one resident. Such six (6) days renews on an annual basis and does not accumulate. While utilizing the six (6) days, the resident will be required to continue to pay the Monthly Fee for

his/her residence, as well as any charges for physician services and ancillary health services and supplies. Once a resident is permanently relocated to assisted living, memory care or nursing care, he/she no longer qualifies for the six (6) free days and will be required to pay the per diem charge applicable to the level of care the resident needs. [NOTE: The six (6) days of care is a combined total for assisted living, memory care and nursing care at Cypress Glen Retirement Community.]

6. Relocation/Moves. UMRH reserves the right to relocate a resident to a different residence or a higher level of care after consultation with the resident, resident's family and attending physician if it is determined that such a move should be made for the benefit of the resident or for the proper operation of the Community or to meet the requirements of law.

7. Provisions for New Second Resident. No person other than the resident may occupy the residence without UMRH's prior written approval. If a second person, who is not a party to the Residency Agreement, wishes to become a resident of the Community, that person's acceptance will be in accordance with the current residency policy. An Entrance Fee as determined by the Community will be paid upon residency. In addition, each month the then-current Monthly Fee for second persons will be paid. If the second person does not meet the requirements for residency, he or she will not be permitted to occupy the residence for more than thirty (30) days, except with UMRH's written approval.

8. Provisions for Resident Marrying Resident. Should the resident marry a person who is also a resident of the Community and should they decide to occupy one residence, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence will be as described in Paragraph 3.5 above. Each month, the then-current Monthly Fee for second persons shall be paid.

9. Insurance. The Residency Agreement requires that, when age eligible, the resident maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage acceptable to UMRH. It is also recommended that the resident carry personal property insurance and liability insurance. UMRH's insurance does not cover a resident's personal property or liability.

10. Financial Assistance. Financial assistance may be available to existing continuing care residents who live at the Community under a continuing care residency agreement. The resident cannot impair his/her ability to meet his/her financial obligations by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance as outlined in the Residency Agreement. A resident must have met all "spend-down" provisions established in UMRH's Benevolence Policy. The resident must agree to apply for public assistance funds, if available, and/or Medicaid if the Community's Health Center becomes Medicaid certified. Financial assistance funds are available as long as providing financial assistance does not impair UMRH's ability to operate the Community on a sound financial basis for the benefit of all residents.

UMRH does not offer financial assistance to those residents who are admitted directly to assisted living and memory care as private pay residents. Private pay residents are individuals who did not execute a continuing care residency agreement for residential living.

11. Tax Deductions. In accordance with the Internal Revenue Code of 1954, Section 213 and Revenue Rulings (67-185, 68-625, 76-481, 75-302, 75-303, and 93-72) and a Private Letter Ruling (8213102), residents of Cypress Glen Retirement Community may be entitled to an itemized deduction for medical expenses for that portion of the Monthly Fees and Entrance Fees, which represents medical care in the year paid. The tax regulations do not specifically provide a formal method for computing what this portion is; however, IRS Letter Ruling 8213102 indicates a method of calculating a medical expense percentage by using the ratio of medical expenses to all expenses of the Community. Currently, this methodology is in use, but may be subject to change. Each year, the Community distributes a letter to residents describing the recommended medical expense percentages for tax purposes.

All deductions are, of course, subject to limitations imposed by the Internal Revenue Code. Residents are encouraged to consult with a qualified tax advisor before taking any tax deductions.

THE SERVICES

1. The following services are provided for the Monthly Fee:
 - Dining allowance equal to two meals per day for residents of A and B wings; three meals per day for residents of the C wing; and 25 meals per month for residents of the D wing, East wing, West wing, and cottages. Dining allowance is based on the cost of a meal in the Dining Room and operates on a declining balance beginning the first day of each month. Any remaining balance at the end of each month does not roll over into the next month. Meals and food items prepared in-house and offered in the Stewart Café may be used as part of the dining allowance. Packaged brand items are not included in the meal plans, but may be charged to the Resident's account.
 - Limited meal delivery to be provided when approved by authorized staff.
 - Consultation and preparation of routine special diets.
 - Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal.
 - Standard television cable system.
 - Building janitor and maintenance.
 - Grounds keeping.
 - Weekly housekeeping services.
 - Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing and cottages.
 - Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate.
 - Services of a chaplain.
 - Services of a life enrichment director.
 - Parking for residents and guests.
 - Carpeting (except in kitchen and bath), unless some other floor surface has been installed.
 - Kitchen facilities.
 - Scheduled local transportation as published, including transportation to local medical facilities (non-emergency).
 - Limited additional storage space for A, B, C, D, East, and West wing apartments.

- Emergency call system, with 24 hour check-in.
 - Smoke detectors.
 - Security – 24 hours a day.
 - Six (6) days of assisted living, memory care, or nursing care in the Community Health Center.
2. The following services are available for an extra charge:
- Extra meals, depending upon a resident's dining allowance.
 - Beer and wine.
 - Extended meal delivery as approved by authorized staff.
 - Guest Meals
 - Alcoholic beverages in accordance with the Community's North Carolina ABC Permit.
 - Preparation of special diets (beyond those which are routine), as prescribed by the resident's attending physician.
 - Additional housekeeping services.
 - Guest accommodations, if available.
 - Personal transportation and transportation for special events and group trips.
 - Community Health Center services (including assisted living, memory care, nursing care, and the services of the Clinic).
 - Wireless internet.
 - Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, etc.).

3. The Community Health Center is the portion of the Community which is licensed to provide three levels of care: assisted living care, memory care, and nursing. The Community Health Center is staffed by licensed nursing personnel 24 hours a day. If the resident occupies the Community Health Center, the resident will be required to enter into a separate admission agreement for the applicable level of care. These separate admission agreements will outline in detail the services available in those levels of care. The resident's continuing care Residency Agreement will continue to stay in effect unless it is canceled by the Resident or by UMRH as outlined in the Residency Agreement. Services provided in the Health Center are governed by the North Carolina Division of Health Service Regulation.

4. The Health Center Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an extra charge to the resident.

5. In the event resident needs additional services, he/she may obtain these needed services from a private employee, an independent contractor, or through an agency at the resident's expense. The Community has adopted a personal service provider policy, which sets forth certain requirements and rules of conduct that govern personal service providers.

FEES

1. The fee requirements for living in an apartment or cottage at the Community are as follows:

1.1 Application Fee. Non-refundable application fee of \$250 for an individual or \$350 for a couple is required to be paid at the time of application.

1.2 Entrance Fee. Payment of an Entrance Fee assures a resident a place in the Community for life as long as the resident complies with the Residency Agreement. At the time the resident makes application for residency at the Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. For residents who enter a Residency Agreement for a cottage to be constructed, the balance of the Entrance Fee will be paid in incremental percentages on set dates with the remaining balance paid on the earlier of (i) occupancy or (ii) 30 days from the date that the resident is notified that the residence is ready for occupancy. The amount of the Entrance Fee is determined by single or double occupancy and the size and type of the apartment or cottage reserved. A schedule of Entrance Fees can be found later in this Disclosure Statement. Additional information regarding payment terms and Entrance Fee refunds can be found in Sections 2 and 3 of The Proposal section of this Disclosure Statement.

1.3 Monthly Fee. A Monthly Fee for services is required to be paid each month per person. Monthly Fees are determined by single or double occupancy and the size and type of residence reserved. Following is a table showing the average dollar amount of increase in the Monthly Fees. A table that outlines historical and current Monthly Fees can be found later in this Disclosure Statement.

Monthly Fees – Average Dollar Amount of Increase

2018	2019	2020	2021	2022
\$116.22	\$120.64	\$114.89	\$113.61	\$147.61

1.4 Extra Charges. A list of items available for an extra charge, including the fees for such items, is included in this Disclosure Statement as Attachment 7. The list can also be obtained from the Community's Business Office and the Marketing Office.

2. Assisted Living Fees. The fee requirements for direct admission to an assisted living room at the Community have been established at \$262.00 per day for semi-private room and \$284.00 per day for a private room, with a refundable Entrance Fee of \$15,000 per person (after 50 months of occupancy, the Entrance Fee is non-refundable). There is a non-refundable application fee of \$250 per individual or \$350 for a couple. Following is a table showing the average dollar amount of increase in the assisted living fees.

Assisted Living Fees – Average Dollar Amount of Increase

2018	2019	2020	2021	2022
\$8.07	\$8.35	\$8.13	\$7.50	\$10.50

3. Memory Care Fees. The fee requirements for direct admission to a memory care room at the Community have been established at \$300.00 per day for a private room, with a refundable Entrance Fee of \$15,000 per person (after 50 months of occupancy, the Entrance Fee is non-

refundable). There is a non-refundable application fee of \$250 per individual or \$350 for a couple. Following is a table showing the average dollar amount of increase in the memory care fees.

Memory Care Fees – Average Dollar Amount of Increase

2018	2019	2020	2021	2022
\$8.82	\$9.13	\$9.02	\$8.57	\$12

4. Nursing Care Fees. The per diem charges for nursing care in the Community's Health Center have been established at \$340.00 for a semi-private room and \$328.00 for a private room. Following is a table showing the average dollar amount of increase in the nursing care fees.

Nursing Care Fees – Average Dollar Amount of Increase

2018	2019	2020	2021	2022
\$9.77	\$10.12	\$9.92	\$7.96	\$12

5. Adjustment of Fees. UMRH may adjust the Monthly Fee as determined by the Board of Trustees in order to maintain the desired quality of service and to operate the Community on a fiscally sound basis. The Community shall provide the resident with thirty (30) days' written notice in advance of any change in the Monthly Fees.

Residential Living Apartments

Description	Sq. Ft.	Standard Entrance Fee*	
		Monthly Fee	
		1st person	1st person
A & B Wings		Minimum 2 Meals per day/person	
Studio	230	21,359	2,079
Single	280	26,000	2,184
Deluxe Single	399	37,045	2,728
Deluxe Studio	460	42,713	2,886
Combination	468	44,047	2,942
Deluxe Suite	560	51,997	3,101
1 Bedroom Main	616	53,855	3,153
1 Bedroom Suite	695	64,533	3,172
2 Bedroom Suite	840	77,996	3,322
1 Bedroom Grand	859	80,801	3,350
1 Bedroom Den Main	935	83,000	3,400
2 Bedroom Deluxe Suite	935	83,000	3,400
1 Bedroom Flex	936	88,874	3,400
2 Bedroom Main Grand	1,120	98,037	3,475
D Wing		Minimum 25 Meals per month/person	
One Bedroom	745	103,082	3,173
One Bedroom Deluxe	826	108,663	3,207
Two Bedroom	1,076	134,982	3,604
Two Bedroom Deluxe	1,322	156,341	4,135
Three Bedroom	1,399	161,156	4,399
Three Bedroom Spec/Del	1,455	178,913	4,664
East & West Wings		Minimum 25 Meals per month/person	
One Bedroom Alcove	744	109,125	3,184
One Bedroom	805	115,403	3,206
One Bedroom Den	961	127,508	3,404
Two Bedroom	1,090	147,358	3,620
Two Bedroom Bay	1,301	172,090	4,398
Two Bedroom Greatroom	1,513	193,933	4,727
Second Person Fee add...		9,467	1,213

For Apartments with patios add to entrance fee: \$2,441 for Standard Agreement

*The Standard Entrance Fee Plan amortizes at 2% per month for 50 months. After 50 months, there is no refund.

All rates are reviewed annually /Effective: October 1, 2021



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Monthly fee includes:

- Meal Plan
- Utilities (electricity, water, sewer, trash)
- Basic cable television
- Weekly housekeeping
- Emergency communications system
- Local medical appointment transportation
- Maintenance-free lifestyle
- Planned activities & trips

**Residential Living Apartments
Guaranteed Refund Entrance Fee Options**

		Monthly Fee	50% ROC Entrance Fee*	80% ROC Entrance Fee*	90% ROC Entrance Fee*
Description	Sq. Ft.	1st person	1st Person	1st Person	1st Person
<i>Apartments - A & B Wings</i>		Minimum 2 Meals per day/person			
Studio	230	2,079	29,902	36,310	41,116
Single	280	2,184	36,400	44,200	50,049
Deluxe Single	399	2,728	51,864	62,977	71,312
Deluxe Studio	460	2,886	59,798	72,612	82,221
Combination	468	2,942	61,665	74,879	84,790
Deluxe Suite	560	3,101	72,795	88,394	100,094
1 Bedroom Main	616	3,153	75,397	91,553	103,671
1 Bedroom Suite	695	3,172	90,347	109,707	124,227
2 Bedroom Suite	840	3,322	109,195	132,594	150,143
1 Bedroom Grand	859	3,350	113,122	137,362	155,543
1 Bedroom Den Main	935	3,400	116,200	141,100	159,775
2 Bedroom Deluxe Suite	935	3,400	116,200	141,100	159,775
1 Bedroom Flex	936	3,400	124,423	151,085	171,082
2 Bedroom Main Grand	1,120	3,475	137,252	166,664	188,721
<i>Apartments - D Wing</i>		Minimum 25 Meals per month/person			
One Bedroom	745	3,173	144,315	175,240	198,433
One Bedroom Deluxe	826	3,207	152,128	184,726	209,175
Two Bedroom	1,076	3,604	188,974	229,469	259,840
Two Bedroom Deluxe	1,322	4,135	218,877	265,779	300,955
Three Bedroom	1,399	4,399	225,618	273,965	310,225
Three Bedroom Spec/Del	1,455	4,664	250,478	304,153	344,408
<i>Apartments - East & West Wing</i>		Minimum 25 Meals per month/person			
One Bedroom Alcove	744	3,184	152,775	185,513	210,065
One Bedroom	805	3,206	161,564	196,185	222,151
One Bedroom Den	961	3,404	178,511	216,764	245,453
Two Bedroom	1,090	3,620	206,302	250,509	283,665
Two Bedroom Bay	1,301	4,398	240,926	292,553	331,274
Two Bedroom Greatroom	1,513	4,727	271,506	329,685	373,320
Second Person Fee add...		1,213	13,254	16,094	18,224

For Apartments w/patios add to entrance fee: \$3,417 for 50% ROC Agreement; \$4,150 for 80% ROC Agreement; or \$4,699 for 90% ROC Agreement

*The 50% Refund of Capital Plan (ROC) amortizes at 2% per month for 25 months with 50% refunded as outlined in the Residency Agreement.

*The 80% Refund of Capital Plan (ROC) amortizes at 2% per month for 10 months with 80% refunded as outlined in the Residency Agreement.

*The 90% Refund of Capital Plan (ROC) amortizes at 2% per month for 5 months with 90% refunded as outlined in the Residency Agreement.

All rates are reviewed annually /Effective: October 1, 2021

Cottages and Garden Villas

Style	Sq. Ft.	Standard Entrance Fee*	Monthly Fee
		1st person	1st person
Minimum 25 meals per month/person			
Dogwood Cottage	1,074	137,867	3,562
Cypress Cottage	1,310	174,085	4,399
Birch Cottage	1,437	176,751	4,597
Hawthorn Villa	1,530	230,813	4,667
Alder Cottage	1,680	198,178	4,796
Magnolia Villa	1,708	257,665	4,868
Hawthorn Cottage	1,782	269,082	4,990
Oak Villa	1,865	281,351	5,036
Elm Cottage	2,042	234,034	5,197
Willow Cottage	2,061	255,590	5,303
Evergreen Cottage	2,250	258,750	5,683
Oak Cottage	2,348	304,785	5,753
Second Person Fee add...		9,467	1,213



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Guaranteed Refund Entrance Fee Options		50% ROC EF	80% ROC EF	90% ROC EF	Monthly Fee
Styles	Sq Ft.	1st person	1st person	1st person	1st person
Minimum 25 meals per month/person					
Dogwood Cottage	1,074	193,015	234,375	265,395	3,562
Cypress Cottage	1,130	243,720	295,945	335,115	4,399
Birch Cottage	1,437	247,451	300,477	340,246	4,597
Hawthorn Villa	1,530	323,138	392,382	444,314	4,667
Alder Cottage	1,680	277,449	336,902	381,492	4,796
Magnolia Villa	1,708	360,731	438,031	496,006	4,868
Hawthorn Cottage	1,782	376,715	457,439	517,983	4,990
Oak Villa	1,865	393,891	478,296	541,600	5,036
Elm Cottage	2,042	327,647	397,858	450,516	5,197
Willow Cottage	2,061	357,825	434,503	492,010	5,303
Evergreen Cottage	2,250	362,250	439,875	498,094	5,683
Oak Cottage	2,348	426,700	518,136	586,711	5,753
Second Person Fee add....		13,254	16,094	18,224	1,213

*The Standard Entrance Fee Plan amortizes at 2% per month for 50 months. After 50 months, there is no refund.

*The 50% Refund of Capital Plan (ROC) amortizes at 2% per month for 25 months with 50% refunded as outlined in the Residency Agreement.

*The 80% Refund of Capital Plan (ROC) amortizes at 2% per month for 10 months with 80% refunded as outlined in the Residency Agreement.

*The 90% Refund of Capital Plan (ROC) amortizes at 2% per month for 5 months with 90% refunded as outlined in the Residency Agreement.

FINANCIAL INFORMATION

1. Financial Statements. UMRH operates on a fiscal year ending September 30. The financial position of UMRH is represented by the independent auditors' report prepared by Dixon Hughes Goodman LLP. The audited financial statements for UMRH present the consolidated operations for Croasdaile Village, Cypress Glen and Wesley Pines (continuing care retirement communities owned by UMRH located in North Carolina). The independent auditors' reports for the fiscal year ending September 30, 2021 for UMRH is reproduced in its entirety and is attached to this Disclosure Statement as Attachment 1.

2. Forecasted Financial Statements. Forecasted financial statements for the next five years are included as part of this Disclosure Statement as Attachment 2. These forecasted financial statements present the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Cypress Glen.

3. Interim Unaudited Financial Statements. Interim unaudited financial statements are included as part of this Disclosure Statement as Attachment 3. These statements present the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Cypress Glen.

4. Explanations of Material Differences. Explanations of the material differences for the Balance Sheet, Statement of Operations, and Statement of Cash Flows for the fiscal year 2021 and the actual results for the fiscal year 2021 are included as part of this Disclosure Statement as Attachment 4.

5. Reserves. In accordance with Section 58-64-33 of the North Carolina General Statutes, UMRH is required to maintain an operating reserve for the Community equal to 25 percent of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. Based on the operating reserve calculation submitted to the Department of Insurance, UMRH meets the operating reserve requirement for the Community.

6. Financing. See Notes 7 and 8 of the UMRH audited financial statements for information on long-term debt and financing.

RESERVES AND INVESTMENTS

1. Reserve Requirement. In accordance with Section 58-64-33, North Carolina General Statutes, UMRH is required to maintain \$3,810,787 in an operating reserve for the Community. UMRH meets the operating reserve requirement for the Community, and management believes that UMRH will continue to possess sufficient reserves to satisfy the operating reserve requirement based on the financial forecasts.

2. Financial Assistance Funds. UMRH attempts to provide benevolent care funds to those individuals who have exhausted their resources. The funds are in the amounts necessary to make up the difference between the financial resources of the individual and the Monthly Fees for the occupancy of a unit. Some of the benevolence is covered through apportionments from the North

Carolina Annual Conference of The United Methodist Church, Southeastern Jurisdiction; benevolent care endowments; The United Methodist Retirement Homes Foundation; special offerings conducted by local churches; and individual gifts. Persons receiving benevolent care funds must be residents who have entered the Community under a continuing care residency agreement for residential living and must have met all "spend-down" provisions established in the UMRH Benevolence Policy. UMRH does not offer benevolent care funds to those residents who are admitted directly to assisted living or memory care as private pay residents. Private pay residents are individuals who did not execute continuing care residency agreement for residential living. The resident must agree to apply for public assistance funds, if available, and/or Medicaid if the Community's Health Center becomes Medicaid certified. Benevolent care funds are available as long as providing such funds do not impair UMRH's ability to operate the Community on a sound financial basis for the benefit of all residents.

The Marketing, Occupancy, and Benevolence Committee of the Board of Trustees reviews each benevolence application, provides a recommendation to the Board of Trustees, monitors the availability of benevolent funds, and projects potential future demands on benevolent funds.

3. Investments. Investment decisions are made by the Finance Committee of the Board of Trustees of UMRH. Committee members include: Lee Harris, Charles Mercer, John Link, Paul Lee, Gray Southern, and Susan Ezekiel. Funds are invested in accordance with UMRH's Investment Policy in the following investment portfolios:

(a) *United Methodist Retirement Homes Trust Fund #1. Investment Goal* – Maintain principal values with adequate liquidity for debt/cash ratio.

(b) *United Methodist Retirement Home Reserve Fund. Investment Goal* – This Fund includes assets that may be managed for long-term capital growth with a moderate level of income.

A copy of the Investment Policy is available to residents upon request.

OTHER MATERIAL INFORMATION

As of the date of this Disclosure Statement, there is no material litigation pending against the Community.

AGREEMENTS WITH RESIDENTS

A copy of the current Standard Residency Agreement is attached to this Disclosure Statement as Attachment 5.

This agreement is in compliance with the pertinent specifications of Section 58-64-25 of the North Carolina General Statutes. UMRH reserves the right to offer to new prospective residents alternative forms of agreements from time to time.

ATTACHMENT 1

**Audited Financial Statements
for
The United Methodist
Retirement Homes, Incorporated
(Includes Consolidated Operations of
Croasdaile Village, Cypress Glen
and Wesley Pines)**



The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary



Consolidated Financial Statements and Supplemental Schedules

Years Ended September 30, 2021 and 2020



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Independent Auditors' Report

Board of Trustees of
The United Methodist Retirement Homes, Incorporated,
its Affiliate, and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of their operations, changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 28 - 29 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dixon Hughes Goodman LLP

Raleigh, NC
January 18, 2022

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Balance Sheets
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 8,745,863	\$ 5,663,881
Contributions receivable, current portion	24,721	49,685
Investments	89,249,575	81,866,211
Assets limited as to use, current portion	3,097,758	3,052,646
Accounts receivable, net of allowance for uncollectible accounts of approximately \$310,000 and \$298,000 in 2021 and 2020, respectively	3,652,948	2,235,159
Other receivables	2,002,041	2,739,540
Inventories	131,679	139,029
Prepaid expenses and other current assets	<u>1,188,405</u>	<u>1,085,104</u>
Total current assets	<u>108,092,990</u>	<u>96,831,255</u>
Non-current assets:		
Assets limited as to use, net of current portion	31,367,370	39,941,382
Investments - restricted	9,643,224	7,975,444
Assets held for resale	215,827	215,296
Property and equipment, net	204,684,302	200,818,964
Trusts receivable	156,312	144,997
Deferred marketing costs, net	<u>116,127</u>	<u>130,685</u>
Total non-current assets	<u>246,183,162</u>	<u>249,226,768</u>
Total assets	<u>\$ 354,276,152</u>	<u>\$ 346,058,023</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Balance Sheets
September 30, 2021 and 2020

(Continued)

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Annuity payable, current portion	\$ 108,013	\$ 105,664
Bonds payable, current portion	4,540,000	4,345,000
Accounts payable	4,835,876	3,986,865
Accrued salaries and related expenses	2,374,227	2,885,734
Accrued interest payable	2,713,381	2,743,272
Provider relief advanced funding	605,600	1,425,674
	<u>15,177,097</u>	<u>15,492,209</u>
Total current liabilities		
Long-term liabilities:		
Annuity payable, less current portion	623,436	660,264
Bonds payable, less current portion	140,012,208	144,816,632
Liability to other foundations	8,732	7,714
Liability for refundable advance fees	14,066,851	13,707,147
Deferred revenue from non-refundable advance fees	73,374,773	72,508,136
Funds held for others	186,895	124,431
Interest rate swap agreements	190,745	377,025
	<u>228,463,640</u>	<u>232,201,349</u>
Total long-term liabilities		
	<u>243,640,737</u>	<u>247,693,558</u>
Total liabilities		
Net assets:		
Without donor restrictions	98,067,336	88,209,888
With donor restrictions	12,568,079	10,154,577
	<u>110,635,415</u>	<u>98,364,465</u>
Total net assets		
	<u>\$ 354,276,152</u>	<u>\$ 346,058,023</u>
Total liabilities and net assets		

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues, gains and other support without donor restrictions:		
Net resident and patient service revenue	\$ 65,170,743	\$ 63,617,176
Amortization of advance fees	9,619,811	9,216,218
Net assets released from restrictions	526,923	251,556
Other	25,952	68,723
Interest and dividend income	<u>3,309,597</u>	<u>2,848,608</u>
 Total revenues, gains and other support	 <u>78,653,026</u>	 <u>76,002,281</u>
Expenses:		
Nursing services	18,303,465	16,872,756
Dietary and food services	10,569,171	9,809,173
Administration	11,868,219	11,132,481
Plant operations, maintenance and security	6,779,268	6,167,996
Laundry and housekeeping	3,939,925	3,658,278
Resident services - activities	2,594,140	2,704,408
Home care	3,311,602	3,446,646
Interest	5,722,547	3,275,570
Depreciation and amortization	13,704,313	11,833,029
Bad debt expense	<u>110,471</u>	<u>155,917</u>
 Total expenses	 <u>76,903,121</u>	 <u>69,056,254</u>
 Operating income	 <u>1,749,905</u>	 <u>6,946,027</u>
Non-operating gains (losses):		
Net investment gains, realized	2,910,694	1,131,325
Net investment gains, unrealized	3,982,754	3,150,291
Provider relief funding	1,130,698	664,231
Loss on disposal of property and equipment	(116,109)	(64,142)
Contributions	30,633	32,134
Construction related marketing costs	(144,505)	(59,965)
Change in fair value of interest rate swap agreement	186,280	(158,243)
Other	<u>(3,005)</u>	<u>(3,097)</u>
 Net non-operating gains	 <u>7,977,440</u>	 <u>4,692,534</u>
 Excess of revenues, gains and other support over expenses	 <u>9,727,345</u>	 <u>11,638,561</u>
Net assets released from restrictions for purchase of property and equipment	 <u>130,103</u>	 <u>1,572,349</u>
 Change in net assets without donor restrictions	 <u>\$ 9,857,448</u>	 <u>\$ 13,210,910</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
 Consolidated Statements of Operations and Changes in Net Assets
 Years Ended September 30, 2021 and 2020

(Continued)

	<u>2021</u>	<u>2020</u>
Change in net assets with donor restrictions:		
Contributions	\$ 1,022,201	\$ 1,530,679
Interest and dividend income	311,474	243,029
Net investment gains, realized	202,846	46,445
Net investment gains, unrealized	1,318,725	487,394
Change in split interest agreement	240,246	46,439
Change in value of pledges	(27,891)	(252,504)
Recovery of bad debt expense	2,927	27,123
Net assets released from restrictions	<u>(657,026)</u>	<u>(1,823,905)</u>
Change in net assets with donor restrictions	<u>2,413,502</u>	<u>304,700</u>
Change in net assets	12,270,950	13,515,610
Net assets, beginning of year	<u>98,364,465</u>	<u>84,848,855</u>
Net assets, end of year	<u>\$ 110,635,415</u>	<u>\$ 98,364,465</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,270,950	\$ 13,515,610
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,689,755	11,819,278
Amortization of deferred financing costs	88,754	85,697
Amortization of bond premium	(294,426)	(282,941)
Amortization of deferred marketing costs	14,558	13,751
Amortization of deferred revenue from advance fees	(9,619,811)	(9,216,218)
Non-refundable entrance fees received	13,216,980	11,585,539
Bad debt expense	110,471	155,917
Loss on disposal of property and equipment	116,109	64,142
Unrealized gains on assets limited as to use	(5,301,479)	(3,637,685)
Realized gains on assets limited as to use	(3,113,540)	(1,177,770)
Change in fair value of swap agreement	(186,280)	158,243
Net change in:		
Accounts receivable - residents and patients	(1,528,260)	710,184
Accounts receivable - other	(2,043,246)	(1,341,233)
Trusts receivable	(11,315)	(2,787)
Contributions receivable	24,964	225,381
Inventories	7,350	10,845
Prepaid expenses and other current assets	(103,301)	(180,022)
Deferred marketing costs	-	(8,800)
Accounts payable	1,811,549	(1,348,854)
Accrued salaries and related expenses	(511,507)	411,367
Provider relief advanced funding	(820,074)	1,425,674
Liability to other foundations	1,018	104
Accrued interest payable	(29,891)	(81,525)
Funds held for others	62,464	30,677
	<u>17,851,792</u>	<u>22,934,574</u>
Net cash provided by operating activities		

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020

(Continued)

	<u>2021</u>	<u>2020</u>
Cash flows from investing activities:		
Purchase of property and equipment	\$ (18,633,740)	\$ (26,027,534)
Net change in investments and assets limited as to use	1,462,430	(17,018,893)
Change in assets held for resale	(531)	(749)
Net cash used by investing activities	<u>(17,171,841)</u>	<u>(43,047,176)</u>
Cash flows from financing activities:		
Refunds of deposits and refundable fees	(1,126,181)	(2,008,550)
Refundable entrance fees received	1,536,098	1,659,052
Payments on bonds and note payable	(4,345,000)	(4,095,000)
Deferred costs, net	(58,752)	-
Net change in annuity obligations	(34,479)	35,417
Net cash used by financing activities	<u>(4,028,314)</u>	<u>(4,409,081)</u>
Change in cash	(3,348,363)	(24,521,683)
Cash, cash equivalents, and restricted cash, beginning of year	<u>26,874,266</u>	<u>51,395,949</u>
Cash, cash equivalent, and restricted cash, end of year	<u>\$ 23,525,903</u>	<u>\$ 26,874,266</u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 5,902,666</u>	<u>\$ 4,553,439</u>
Additions of property and equipment included in accounts payable	<u>\$ 2,062,381</u>	<u>\$ 3,024,919</u>

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Organization

The United Methodist Retirement Homes, Incorporated (“UMRH”) is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community in Lumberton, North Carolina, Cypress Glen Retirement Community (“Cypress Glen”) in Greenville, North Carolina, and Croasdaile Village Retirement Community (“Croasdaile Village”) in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH’s corporate office is located in Durham, North Carolina.

The United Methodist Retirement Homes Foundation, Inc. (the “Foundation”), an affiliate of UMRH, is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. The Foundation was incorporated under the laws of the State of North Carolina in 1994.

UMRH Affordable Housing Development, LLC (“UMRH-AHD”), a subsidiary of UMRH, is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD.

The consolidated financial statements include the financial statements of UMRH, the Foundation, and UMRH-AHD. All significant intercompany accounts and transactions have been eliminated. UMRH, the Foundation, and UMRH-AHD are collectively referred to as the “Company”.

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity at acquisition (three months or less when purchased) that there is an insignificant risk of change in value because of changes in interest rates. Cash equivalents are stated at cost, which approximates fair value. Throughout the year the Company has bank balances which exceed federal depository limits.

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total amounts shown in the consolidated statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 8,745,863	\$ 5,663,881
Investments – restricted	198,916	143,912
Assets limited as to use:		
Construction funds	2,879,126	13,115,087
Debt service held by trustee	8,742,988	6,691,611
Held for others	186,895	124,431
Entrance fee escrow	234,120	234,120
Net assets with donor restrictions	<u>2,537,995</u>	<u>901,224</u>
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 23,525,903</u>	<u>\$ 26,874,266</u>

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

Assets Limited as to Use

Assets limited as to use consist of funds held for debt service in accordance with the Company's bond issues, funds reserved by insurance regulation, construction funds, entrance fee escrow funds and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents, and other short-term investments.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents approximates its fair value. The fair value of the Company's investments is presented in Note 3 and is based on quoted market prices. The carrying values of accounts receivable, other receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's interest rate swaps is presented in Note 8. The Company's long-term debt approximates the fair values of those obligations.

Accounts Receivable, Net

Accounts receivable are reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to the Company are reported net of explicit and implicit price concessions. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of accounts receivable involves significant assumptions and judgments. In this regard, the Company has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience are an integral part of the estimation process related to determining the ultimate collectability of accounts. In addition, the Company assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment.

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements

Revisions in reserve estimates are recorded as adjustments to the explicit and implicit price concessions. Management believes that its collection and reserve processes, along with the monitoring of its billing processes, help to reduce the risk associated with material revisions to reserve estimates resulting from adverse changes in collection, reimbursement experience and billing functions.

Trusts Receivable

Trusts receivable represent the present value of irrevocable charitable remainder unitrusts (“CRUTs”) and charitable gift annuities (“CGAs”). The assets related to these CRUTs and CGAs will become the property of the designated beneficiaries upon the donor’s death. An amount equal to the receivable was recorded as net assets with donor restrictions. Adjustments to the asset to reflect changes in present value are recognized as activity through net assets with donor restrictions.

Assets Held for Resale

Assets held for resale consist of two gifted properties, both of which are stated at net book value, which approximates fair value.

Property and Equipment, Net

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Interest is capitalized on facilities during the construction period. Depreciation is provided using the straight-line method over the estimated useful lives of the assets shown below:

Land improvements	15 to 30 years
Buildings and improvements	5 to 40 years
Equipment and fixtures	2 to 25 years

Annuity Payable

The Foundation acts as trustee for irrevocable charitable remainder unitrusts (CRUTs), charitable gift annuities (CGAs), and charitable remainder annuity trusts (“CRATs”). The assets in these trusts will remain in trust, paying distributions to the donors during their lifetimes, and the remainder assets will become the property of the designated beneficiaries upon the donors’ deaths. Such amounts received are recorded as “investments – restricted” on the consolidated balance sheets. These trusts require specified distributions to be made to the trusts’ designated beneficiaries over the trusts’ terms. The present value of the expected distributions is recorded as annuity obligations. Adjustments to the annuity obligations to reflect amortization of discounts, revaluations of the present value of the estimated future payments and changes in actuarial assumptions are recorded as a change in the value of split-interest agreements.

Funds Held for Others

This liability represents agency funds held in trust for UMRH residents. The related asset is included in assets limited as to use.

Interest Rate Swaps

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved. A change in the fair value of the interest rate swap agreements is reported in non-operating gains (losses) in the consolidated statements of operations and changes in net assets.

Liability for Refundable Advance Fees

Optional entrance fee plans available to residents include a standard rate plan, a 50% refundable plan, 80% refundable plan, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first. The total amount of contractual refund obligations under existing contracts (that is, if all residents with a refundable balance were to have withdrawn) totaled approximately \$38,730,000 and \$40,685,000 at September 30, 2021 and 2020, respectively.

Deferred Revenue from Non-refundable Advance Fees

Deferred revenue from non-refundable advance fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is remarketed) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life of each resident, beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

CARES Act Provider Relief Funding

These relief funds are considered voluntary non-exchange transactions subject to terms and conditions specified by the resource provider distributed by the Health Resources Service Administration section of the U.S. Department of Health and Human Services ("HHS"). These conditions create a restriction that such funds must be used to prevent, prepare or respond to the coronavirus ("COVID-19"), creating purpose restrictions in addition to conditions. This conditional grant revenue is recognized as other non-operating gain to the extent conditions/restrictions for entitlement are met for COVID-19 related expenses or lost revenues. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

Net Assets

Net assets of the Company and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Include those net assets subject to donor-imposed stipulations that may or will be met either by action of the Company and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by the Company. Generally, the donors of these assets permit the Company to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions - The Company reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Net Resident and Patient Service Revenues

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for the Company have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Excess of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations and changes in net assets includes excess of revenues, gains and other support over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues, gains and other support over expenses, consistent with industry practice, would include net assets released from restriction for purchase of property and equipment and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

Benevolent Assistance and Community Benefits

The Company currently maintains a benevolent assistance program and policy for residents holding continuing-care residency agreements in the event the resident(s) should become unable to pay for services. The Company reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, the Company may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. The Company may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the Company's ability to operate on a sound financial basis. Since the Company does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in net patient service revenue.

The Company also contributes certain dollars, volunteer hours, healthcare, and housing services to benefit the surrounding community. Total community benefits and charity care were approximately \$5,189,000 and \$6,142,000 for the year ended September 30, 2021 and 2020, respectively, which was made up of \$4,846,000 and \$5,790,000 in unreimbursed healthcare, housing and services and \$343,000 and \$352,000 in community benefits for the year ended September 30, 2021 and 2020, respectively.

Continuing-Care Contracts

The Company enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Company specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Company has the ability to increase fees as deemed necessary. At the end of each fiscal year, the Company calculates the present value of the net cost of future services to be provided to current residents and compares the amount with the deferred revenue from advance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements

advance fees, a liability (obligation for future costs) is recorded. No liability has been recorded as of September 30, 2021 or 2020, because the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from advances fees. The present value of the net cost of future services and use of facilities was discounted at 1.89% and 1.49% in 2021 and 2020, respectively.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. The Company has significant accounts receivable (approximately 32% and 35% in 2021 and 2020, respectively) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2021.

Subsequent Events

The Company evaluated the effect subsequent events would have on the consolidated financial statements through January 18, 2022, which is the date the consolidated financial statements were issued. See Note 7.

2. Revenue Recognition

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

Monthly fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Advanced fees:

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements

future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Health care services:

In the facility, the Company provides assisted and nursing care to residents who are covered by government and commercial payers. The Company is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

The Company disaggregates its revenue from contracts with customers by payor source, as the Company believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

	September 30, 2021			
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total
Private pay	\$ 34,100,567	\$ 10,218,089	\$ 8,237,248	\$ 52,555,904
Government reimbursement	-	48,650	10,429,896	10,478,546
Other third-party payor programs	-	-	2,136,293	2,136,293
Total	<u>\$ 34,100,567</u>	<u>\$ 10,266,739</u>	<u>\$ 20,803,437</u>	<u>\$ 65,170,743</u>

	September 30, 2020			
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total
Private pay	\$ 34,818,783	\$ 8,529,966	\$ 9,612,602	\$ 52,961,351
Government reimbursement	-	50,491	8,977,125	9,027,616
Other third-party payor programs	-	-	1,628,209	1,628,209
Total	<u>\$ 34,818,783</u>	<u>\$ 8,580,457</u>	<u>\$ 20,217,936</u>	<u>\$ 63,617,176</u>

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3. Investments

Aggregate fair values of investments at September 30 are summarized below:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,510,429	\$ 6,197,785
Equity	40,638,923	36,215,052
Fixed income	<u>50,743,447</u>	<u>47,428,818</u>
Total investments	98,892,799	89,841,655
Short-term investments	<u>89,249,575</u>	<u>81,866,211</u>
Investments - restricted	<u>\$ 9,643,224</u>	<u>\$ 7,975,444</u>

A summary of net investment income for the years ended September 30 follows:

	<u>2021</u>	<u>2020</u>
Net realized gains	\$ 3,113,540	\$ 1,177,770
Net unrealized gains	<u>5,301,479</u>	<u>3,637,685</u>
Net investment income	<u>\$ 8,415,019</u>	<u>\$ 4,815,455</u>

4. Assets Limited as to Use

The composition of assets limited as to use at September 30 is set forth in the following table:

	<u>2021</u>	<u>2020</u>
Cash funds and cash equivalents	\$ 10,425,485	\$ 22,214,270
U.S. Government and agency funds	4,155,637	3,254,865
Equity	7,099,062	6,327,475
Fixed income	<u>12,784,944</u>	<u>11,197,418</u>
Total assets limited as to use	<u>\$ 34,465,128</u>	<u>\$ 42,994,028</u>
	<u>2021</u>	<u>2020</u>
Board Designated Assets Limited to Use:		
Construction funds	\$ 2,879,126	\$ 13,115,087
Debt service held by trustees	12,898,625	12,834,305
Insurance regulation	14,595,716	13,756,260
Held for others	186,895	124,431
Prepaid Line of Credit Fees	234,120	234,120
Net assets with donor restrictions	<u>3,670,646</u>	<u>2,929,825</u>
Total assets limited as to use	34,465,128	42,994,028
Less current portion required to meet current obligations	<u>(3,097,758)</u>	<u>(3,052,646)</u>
Assets limited as to use, net of current portion	<u>\$ 31,367,370</u>	<u>\$ 39,941,382</u>

5. Fair Value of Assets and Liabilities

Fair value as defined under U.S. GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- **Level 1:** Observable inputs such as quoted prices in active markets.
- **Level 2:** Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- **Level 3:** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds, exchange-traded funds, government and agency bond funds, and money market funds which are valued based on prices readily available in active markets in which those securities are traded. Level 2 investments include interest rate swap agreements which are valued on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets.

The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2021. There were no changes during 2021 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of September 30, 2021 and 2020.

	September 30, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ 76,797,576	\$ -	\$ -	\$ 76,797,576
Exchange-traded funds	30,288,731	-	-	30,288,731
Government and agency bond funds	4,155,637	-	-	4,155,637
Money market funds	<u>20,383,302</u>	-	-	<u>20,383,302</u>
Total assets at fair value	<u>\$131,625,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$131,625,246</u>
Liabilities:				
Interest rate swap agreements	<u>\$ -</u>	<u>\$ 190,745</u>	<u>\$ -</u>	<u>\$ 190,745</u>

The Company has \$1,732,681 of cash balances included in investments and assets limited as to use as of September 30, 2021, which are not included in the fair value hierarchy.

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	September 30, 2020			Total
	Level 1	Level 2	Level 3	
Assets:				
Mutual funds	\$ 79,141,544	\$ -	\$ -	\$ 79,141,544
Exchange-traded funds	19,127,484	-	-	19,127,484
Government and agency bond funds	4,460,487	-	-	4,460,487
Money market funds	28,749,957	-	-	28,749,957
Total assets at fair value	<u>\$131,479,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$131,479,472</u>
Liabilities:				
Interest rate swap agreements	<u>\$ -</u>	<u>\$ 377,025</u>	<u>\$ -</u>	<u>\$ 377,025</u>

The Company has \$1,356,211 of cash balances included in investments and assets limited as to use as of September 30, 2020, which are not included in the fair value hierarchy.

6. Property and Equipment

Property and equipment consists of the following at September 30:

	2021	2020
Land	\$ 6,604,438	\$ 6,563,698
Land improvements	24,791,542	23,930,510
Buildings and improvements	281,807,436	268,457,323
Equipment and fixtures	22,782,288	20,953,761
Construction in progress	<u>6,857,868</u>	<u>6,196,420</u>
Total property and equipment	342,843,572	326,101,712
Less accumulated depreciation	<u>(138,159,270)</u>	<u>(125,282,748)</u>
Property and equipment, net	<u>\$ 204,684,302</u>	<u>\$ 200,818,964</u>

Construction in progress includes various projects, the largest of which is a campus expansion project. The Company had depreciation expense of approximately \$13,690,000 and \$11,819,000 for the years ended September 30, 2021 and 2020, respectively.

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7. Bonds Payable

Bonds payable consists of the following at September 30:

	<u>2021</u>	<u>2020</u>
First Mortgage Revenue Refunding Bonds, Series 2013A:		
Serial bonds due through October 1, 2022 yielding between 3.05% and 3.68%	\$ 60,000	\$ 90,000
Term bonds:		
Due October 1, 2033 yielding 4.60%	1,730,000	1,730,000
Due October 1, 2033 yielding 4.56%	6,370,000	6,370,000
First Mortgage Revenue Bonds, Series 2014A:		
Variable rate of 3.35% due October 1, 2024 See related swap disclosure in Note 8	2,195,000	3,545,000
First Mortgage Revenue Bonds, Series 2014B:		
Variable rate of 3.35% due October 1, 2024 See related swap disclosure in Note 8	6,305,000	8,205,000
First Mortgage Revenue Bonds, Series 2016A:		
Serial bonds due through October 1, 2026 yielding between 2.500% to 2.625%	4,845,000	4,845,000
Term bonds:		
Due October 1, 2030 yielding 2.880%	8,250,000	8,250,000
Due October 1, 2030 yielding 3.250%	2,500,000	2,500,000
Due October 1, 2031 yielding 2.950%	3,000,000	3,000,000
Due October 1, 2035 yielding 3.600%	13,390,000	13,390,000
Due October 1, 2035 yielding 3.180%	2,500,000	2,500,000
First Mortgage Revenue and Revenue Refunding Bonds, Series 2017A:		
Serial bonds due through October 1, 2047 yielding between 1.84% and 3.28%	23,290,000	24,055,000
Term Bonds:		
Due October 1, 2037 yielding 3.460%	12,670,000	12,670,000
Due October 1, 2038 yielding 3.830%	2,690,000	2,690,000
Due October 1, 2042 yielding 3.530%	12,155,000	12,155,000
Due October 1, 2047 yielding 3.600%	19,040,000	19,040,000
First Mortgage Revenue Bonds, Series 2017B:		
Variable rate term bonds at 2.65% due: October 1, 2041	<u>15,625,000</u>	<u>15,925,000</u>
Total bonds payable	<u>136,615,000</u>	<u>140,960,000</u>
Less current portion of bonds payable	(4,540,000)	(4,345,000)
Less deferred financing costs, net	(2,499,896)	(2,529,898)
Add unamortized premium	<u>10,437,104</u>	<u>10,731,530</u>
Bonds payable, net of current portion	<u>\$ 140,012,208</u>	<u>\$ 144,816,632</u>

In April 2013, the Company issued \$8,370,000 of tax-exempt, fixed rate First Mortgage Revenue Refunding Bonds ("2013A Bonds") through the North Carolina Medical Care Commission. The proceeds of the 2013A Bonds, net of issuance expense and fund amounts deposited into a debt service reserve fund, along with cash reserves held by the Company, were used to refund the Series 2004C Bonds total outstanding debt.

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In September 2014, the Company issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds (“2014A Bonds”) through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. The Company entered into an interest rate swap agreement on the Series 2014A Bonds, which is described in Note 8.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B (“2014B Bonds”) in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. The Company entered into an interest rate swap agreement on the Series 2014B Bonds, which is described in Note 8.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A (“2016A Bonds”) in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

In December 2017, the Company issued \$71,970,000 of rated tax-exempt fixed rate Series 2017A Bonds (“2017A Bonds”), consisting of serial and term maturities from October 1, 2018 to October 1, 2047 and \$31,235,000 of tax-exempt direct purchase bank revenue Series 2017B Bonds (“2017B Bonds”) issued by the North Carolina Medical Care Commission and to be purchased by BB&T Community Holdings Co. The 2017B Bonds consist of \$16,150,000 of Series 2017B-1 Bonds to be redeemed by October 1, 2041. The Series 2017B-2 Bonds of \$15,085,000 were redeemed in full in October 2020 with initial entrance fee proceeds received from the Project’s new independent living units. The interest rate on the 2017B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 0.988%.

Principal repayments on bonds payable, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows:

2022	\$ 4,540,000
2023	4,720,000
2024	4,910,000
2025	5,140,000
2026	5,350,000
Thereafter	<u>111,955,000</u>
	<u>\$ 136,615,000</u>

All series of bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the bonds that are outlined in the Master Trust indentures. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20.

The Company incurred deferred financing costs in the amount of approximately \$2,963,000 in association with the issuance of the above Series Bonds. Amortization expense of approximately \$88,000 and \$86,000 was recognized during 2021 and 2020, respectively, to the interest expense line item on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$463,000 and \$375,000 for the years ended September 30, 2021 and 2020, respectively.

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Subsequent to year end, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds (“2021A Bonds”). The proceeds of the 2021A Bonds will refund a portion of the outstanding 2016A Bonds, refund the 2017B Bonds and build a 54-unit independent living apartment building at Croasdaile Village. The 2021A Bonds have a final maturity of 30-years with a wrapped debt service structure, resulting in a weighted average maturity of 19.9 years and an overall yield to maturity of 3.18%. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission (“2021B Bonds”) and bought by Truist Bank with a 15-year commitment. The proceeds of the 2021B Bonds will refund the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-in swap rate of 1.748% until July 2023, at which time the interest rate will convert to an all-in tax-exempt swap rate of 2.47%.

8. Interest Rate Swap

Variable rate long-term debt exposes the Company to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

In August 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. The Company pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability in 2021 and 2020.

In December 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. The Company pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month Libor plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability in 2021 and 2020.

The following schedule outlines the terms and fair values of the interest rate swap agreement.

	<u>2014A Bond Bank Swap</u>	<u>2014B Bond Bank Swap</u>
Notional amount	\$ 8,955,000	\$ 15,200,000
Trade date	8/25/2014	12/22/2014
Effective date	10/1/2014	10/1/2015
Termination date	10/1/2024	10/1/2024
Fixed rate	2.970%	3.195%
Fair value at September 30, 2019	\$ (39,613)	\$ (179,169)
Unrealized losses	<u>(38,861)</u>	<u>(119,382)</u>
Fair value at September 30, 2020	(78,474)	(298,551)
Unrealized gains	<u>45,886</u>	<u>140,394</u>
Fair value at September 30, 2021	<u>\$ (32,588)</u>	<u>\$ (158,157)</u>

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By using an interest rate swap to hedge exposure to change in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

9. Benevolent Assistance and Other Contractual Adjustments

UMRH maintains records to identify and monitor the level of benevolent assistance it provides. These records include the amount of charges forgone for services and supplies furnished under its benevolent assistance policy. Amounts of benevolent assistance provided based on the cost to provide was approximately \$830,000 and \$780,000 for the years ended September 30, 2021 and 2020, respectively. The benevolent care amount includes approximately \$7,000 for the year ended September 30, 2020 of services discounted for former Methodist Retirement Community (“MRC”) residents who were moved to Croasdaile Village upon the closure of MRC.

Additionally, residents in the health center and assisted living levels of care may be eligible to participate in the North Carolina Medicaid or federal Medicare programs. Contractual adjustments represent the difference between UMRH’s standard rates and the rates paid by net third party payors. For the years ended September 30, 2021 and 2020, the net reduction to patient service revenue by net third party payor contractual adjustments (primarily Medicaid and Medicare) of approximately \$3,241,000 and \$4,229,000, respectively.

10. Retirement Plans

Effective July 1, 2002, UMRH formed a 403(b) defined-contribution retirement plan covering substantially all its employees. UMRH matches 50% of eligible employee contributions up to eight percent on employees’ annual compensation. Matching contributions begin on the first payroll of the first calendar quarter after the employee’s hire date. The employees are immediately vested in their contributions. UMRH matching contributions are vested after the twelfth consecutive month period beginning with the first day of the plan year and ending with the last day of the plan year in which the employee is credited with at least 1,000 hours of service. At the end of the plan year, UMRH’s matching contributions are vested on a sliding scale from zero to 100% based on years of vesting service where employees are 100% vested after 5 years. Retirement plan expense amounted to approximately \$435,000 and \$366,000 for the years ended September 30, 2021 and 2020, respectively.

11. Net Assets with Donor Restrictions

Net assets at September 30 were available for the following purposes:

	<u>2021</u>	<u>2020</u>
Benevolent care	\$ 3,494,288	\$ 2,335,990
Split interest agreements	382,889	336,625
Use and maintenance of the Cypress Glen facility	1,814,041	1,377,461
Other	1,461,652	996,737
Facility operations and maintenance	163,016	120,714
Capital campaign	<u>13,127</u>	<u>13,127</u>
	<u>\$ 7,329,013</u>	<u>\$ 5,180,654</u>

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Net assets restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2021</u>	<u>2020</u>
Benevolent endowment fund	\$ 3,063,434	\$ 2,992,565
Split interest agreements	838,177	644,196
Use and maintenance of the Cypress Glen facility	649,525	649,525
Other	587,239	586,946
Facility operations and maintenance	<u>100,691</u>	<u>100,691</u>
	<u>\$ 5,239,066</u>	<u>\$ 4,973,923</u>
Total net assets with donor restrictions	<u>\$ 12,568,079</u>	<u>\$ 10,154,577</u>

12. Commitments and Contingencies

The Company is involved in litigation in the ordinary course of business related to professional liability claims. Management believes these claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis, with insurance limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

Should the policies not be renewed or replaced with equivalent insurance, claims based on occurrences during their terms but reported subsequently would be uninsured. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

13. Contingent Liabilities

The Company is self-insured for its employee health insurance and records an estimate for claims incurred but unpaid at year end. The estimated liability for these claims approximated \$303,000 and \$300,000 for the years ended September 30, 2021 and 2020, respectively. The liability is included in current liabilities. The total self-insurance expenses were approximately \$3,090,000 and \$2,990,000. The self-insured plan has a stop loss coverage of \$125,000 and \$80,000 per individual per plan year ended September 30, 2021 and 2020, respectively, and has an \$1,000,000 annual aggregate.

14. Management Fees

The Company pays management fees to Life Care Services LLC ("LCS") pursuant to a Client Services Agreement dated January 1, 2018. Under this Agreement, LCS is to: (i) provide a qualified Corporate Executive Director, who is an employee of LCS; (ii) perform general, financial, personnel, facility and other management services necessary for operation of UMRH's corporate office and the operation and marketing of the communities. The term of the Client Services Agreement is five years terminable by UMRH, with six months' notice, at the conclusion of the third anniversary without cause or penalty. The Company recognized management fee expenses of approximately \$2,265,000 and \$2,209,000 for the years ended September 30, 2021 and 2020, respectively which are included in administrative expenses on the consolidated statement of operations and changes in net assets.

15. Endowment Funds

The Company's endowments consist of individual funds established for a variety of purposes including support for residents in financial need, plant operations and maintenance and other general obligations. The endowments consist of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Company has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
 - The purposes of the Company and the donor-restricted endowment fund
 - General economic conditions
 - The possible effect of inflation and deflation
 - The expected total return from income and the appreciation of investments
 - Other resources of the Company
 - The investment policies of the Company
- ***Endowment Net Asset Composition by Type of Fund as of September 30, 2021***

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 11,347,012	\$ 11,347,012

Changes in Endowment Net Assets for the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 9,173,756	\$ 9,173,756
Investment gains	-	1,833,045	1,833,045
Contributions to principal and transfers, net	-	1,022,201	1,022,201
Change in value of pledges	-	(27,891)	(27,891)
Bad debt expense, net	-	2,927	2,927
Releases from restriction	-	(657,026)	(657,026)
Endowment net assets, end of year	\$ -	\$ 11,347,012	\$ 11,347,012

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Endowment Net Asset Composition by Type of Fund as of September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 9,173,756	\$ 9,173,756

Changes in Endowment Net Assets for the Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 8,915,494	\$ 8,915,494
Investment gains	-	776,868	776,868
Contributions to principal and transfers, net	-	1,530,679	1,530,679
Change in value of pledges	-	(252,837)	(252,837)
Bad debt expense, net	-	27,457	27,457
Releases from restriction	-	(1,823,905)	(1,823,905)
Endowment net assets, end of year	\$ -	\$ 9,173,756	\$ 9,173,756

Return Objectives and Risk Parameters

The Company has adopted investment and spending policies for endowment assets that attempt to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. Endowment assets include those assets of donor-restricted funds that the Company must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Company relies on a combination strategy of capital preservation and modest capital growth. The Company targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Company has a policy of utilizing the interest and dividends earned on these endowments for their restricted purposes. The Company believes the investment policy established will facilitate the growth of these endowed funds and allow for earnings on these endowed funds to be used consistent with the intent of the donors.

16. Liquidity and Availability

As part of its liquidity management, the Company has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, the Company invests cash in excess of daily operating funds in short-term investments such as mutual funds, exchange-traded funds, and, money market funds.

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The following schedule reflects the Company's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months. The Company seeks to maintain sufficient liquid assets to cover 120 days' operating and capital expenses.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 8,745,863	\$ 5,663,881
Contributions receivable, current portion	24,721	49,685
Accounts receivable	3,652,948	2,235,159
Other receivables	2,002,041	2,739,540
Investments	<u>89,249,575</u>	<u>81,866,211</u>
	<u>\$ 103,675,148</u>	<u>\$ 92,554,476</u>

17. Schedule of Expenses by Natural Classification and Function

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2021:

	<u>September 30, 2021</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 25,216,048	\$ 7,391,793	\$ 196,580	\$ 32,804,421
Fees for services	5,588,248	1,663,404	7,600	7,259,252
Supplies	5,349,017	724,358	1,247	6,074,622
Medical and personal care	3,152,847	-	-	3,152,847
Occupancy	2,253,113	16,801	-	2,269,914
Insurance	782,639	65,714	-	848,353
Interest	5,718,285	4,262	-	5,722,547
Depreciation and amortization	13,414,362	289,951	-	13,704,313
Other	<u>3,047,958</u>	<u>1,995,035</u>	<u>23,859</u>	<u>5,066,852</u>
Total expense	<u>\$ 64,522,517</u>	<u>\$ 12,151,318</u>	<u>\$ 229,286</u>	<u>\$ 76,903,121</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2020:

	September 30, 2020			Total
	Program Services	Management and General	Fundraising	
Salaries and benefits	\$ 24,170,658	\$ 6,851,527	\$ 181,062	\$ 31,203,247
Fees for services	5,106,872	1,499,975	21,145	6,627,992
Supplies	5,024,982	599,838	620	5,625,440
Medical and personal care	2,877,871	-	-	2,877,871
Occupancy	2,229,945	16,670	-	2,246,615
Insurance	705,892	59,825	-	765,717
Interest	3,271,133	4,437	-	3,275,570
Depreciation and amortization	11,510,439	322,590	-	11,833,029
Other	2,585,191	1,985,506	30,076	4,600,773
Total expense	\$ 57,482,983	\$ 11,340,368	\$ 232,903	\$ 69,056,254

18. COVID-19 Pandemic

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act was the establishment of the Provider Relief Funds, administered by the U.S. Department of Health and Human Services (HHS). The Provider Relief Funds are being distributed to healthcare providers throughout the country to support the battle against the COVID-19 outbreak. The Company received approximately \$310,000 and \$2,083,000 in general Provider Relief Funds ("PRF") in fiscal year 2021 and 2020, respectively. These funds are intended to reimburse qualifying expenses and lost revenues attributable to COVID-19 and are subject to the terms, conditions, and regulatory requirements set forth by HHS. If the total distributions received by the Company exceed the cumulative amount of qualifying expenses and lost revenues attributable to COVID-19 through December 31, 2021, any excess funding may be subject recoupment. The Provider Relief Funds are accounted for as voluntary nonexchange transactions and related revenues are recognized as eligibility criteria are met. The company recognized approximately \$1,131,000 and \$664,000 in Non-operating gains for the years ended September 30, 2021 and 2020, respectively.



Supplementary Information

The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary
Consolidating Balance Sheet Information
September 30, 2021

	Corporate	Wesley Pines	Cypress Glen	Croasdalle Village	Eliminating Entries	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
ASSETS											
Current assets:											
Cash	\$ 8,545,585	\$ 400	\$ 2,260	\$ 550	\$ -	\$ 8,548,795	\$ 110,522	\$ -	\$ 8,659,317	\$ 86,546	\$ 8,745,863
Contributions receivable, current portion	-	35,403	745,410	82,562	-	863,375	24,721	(863,375)	24,721	-	24,721
Investments	103,745,290	-	-	-	(14,495,715)	89,249,575	-	-	89,249,575	-	89,249,575
Assets limited as to use - debt service, current portion	-	-	199,191	2,585,924	-	2,785,115	-	-	2,785,115	-	2,785,115
Assets limited as to use, current portion	109	20,502	269,373	22,359	-	312,343	-	-	312,343	300	312,643
Accounts receivable, net of allowance for uncollectible accounts	-	895,547	213,629	2,543,772	-	3,652,948	-	-	3,652,948	-	3,652,948
Other receivables	6,465	259,100	468,298	1,268,178	-	2,002,041	-	-	2,002,041	-	2,002,041
Due from related parties	1,799,214	-	32,212,655	73,803,501	(107,632,424)	182,946	-	(182,946)	-	-	-
Inventories	225	37,289	25,905	68,260	-	131,679	-	-	131,679	-	131,679
Prepaid expenses and other current assets	159,309	142,460	259,944	626,692	-	1,188,405	-	-	1,188,405	-	1,188,405
Total current assets	114,256,197	1,390,701	34,396,665	81,001,798	(122,128,139)	108,917,222	135,243	(1,046,321)	108,006,144	86,846	108,092,990
Non-current assets:											
Assets limited as to use - statutory operating reserve	-	2,229,585	3,511,756	8,754,375	-	14,495,716	100,000	-	14,595,716	-	14,595,716
Assets limited as to use - debt service, net of current portion	-	-	1,525,639	11,466,997	-	12,992,636	-	-	12,992,636	-	12,992,636
Assets limited as to use, net of current portion	674,525	-	1,814,041	234,120	-	2,722,686	1,056,332	-	3,779,018	-	3,779,018
Investments - restricted	-	-	-	-	-	-	9,643,224	-	9,643,224	-	9,643,224
Assets held for resale	183,277	32,550	-	-	-	215,827	-	-	215,827	-	215,827
Property and equipment, net	191,794	12,022,841	38,654,939	153,814,728	-	204,684,302	-	-	204,684,302	-	204,684,302
Trusts receivable	-	-	-	-	-	-	156,312	-	156,312	-	156,312
Contributions receivable, net of current portion	-	732,182	3,444,724	3,584,157	-	7,761,063	-	(7,761,063)	-	-	-
Deferred marketing costs, net	-	-	7,847	108,280	-	116,127	-	-	116,127	-	116,127
Total non-current assets	1,049,596	15,017,158	48,958,946	177,962,657	-	242,988,357	10,955,868	(7,761,063)	246,183,162	-	246,183,162
Total assets	\$ 115,305,793	\$ 16,407,859	\$ 83,355,611	\$ 258,964,455	\$ (122,128,139)	\$ 351,905,579	\$ 11,091,111	\$ (8,807,384)	\$ 354,189,306	\$ 86,846	\$ 354,276,152
LIABILITIES AND NET ASSETS											
Current liabilities:											
Annuity payable, current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,013	\$ -	\$ 108,013	\$ -	\$ 108,013
Bonds payable, current portion	-	98,000	1,022,000	3,420,000	-	4,540,000	-	-	4,540,000	-	4,540,000
Accounts payable	682,755	477,003	449,215	3,197,143	-	4,806,116	29,760	-	4,835,876	-	4,835,876
Accrued salaries and related expenses	760,652	291,950	588,865	732,760	-	2,374,227	-	-	2,374,227	-	2,374,227
Accrued interest payable	-	171,348	316,869	2,225,164	-	2,713,381	-	-	2,713,381	-	2,713,381
Provider relief advanced funding	605,600	-	-	-	-	605,600	-	-	605,600	-	605,600
Insurance regulation - statutory operating reserve	-	2,229,585	3,511,756	8,754,375	(14,495,716)	-	-	-	-	-	-
Due to related parties	105,757,509	1,874,914	-	-	(107,632,423)	-	-	-	-	-	-
Contributions payable, current portion	-	-	-	-	-	-	863,375	(863,375)	-	-	-
Total current liabilities	107,806,516	5,142,800	5,888,705	18,329,442	(122,128,139)	15,039,324	1,001,148	(863,375)	15,177,097	-	15,177,097
Long-term liabilities:											
Annuity payable, less current portion	-	-	-	-	-	-	623,436	-	623,436	-	623,436
Bonds payable, less current portion	-	8,397,761	14,007,818	117,606,629	-	140,012,208	-	-	140,012,208	-	140,012,208
Liability to other foundations	-	-	-	-	-	-	8,732	-	8,732	-	8,732
Liability for refundable advance fees	-	48,223	6,381,755	7,636,873	-	14,066,851	-	-	14,066,851	-	14,066,851
Deferred revenue from non-refundable advance fees	-	1,609,404	17,462,295	54,303,074	-	73,374,773	-	-	73,374,773	-	73,374,773
Deferred revenue - other	-	-	-	-	-	-	-	-	-	-	-
Contributions payable, less current portion	-	-	-	-	-	-	7,761,063	(7,761,063)	-	-	-
Due to related parties	-	-	-	-	-	-	182,946	(182,946)	-	-	-
Funds held for others	-	19,187	148,880	18,828	-	186,895	-	-	186,895	-	186,895
Interest rate swap agreements	-	-	21,896	168,849	-	190,745	-	-	190,745	-	190,745
Total long-term liabilities	-	10,074,575	38,022,644	179,734,253	-	227,831,472	8,576,177	(7,944,009)	228,463,640	-	228,463,640
Total liabilities	107,806,516	15,217,375	43,911,349	198,063,695	(122,128,139)	242,870,796	9,577,325	(8,807,384)	243,640,737	-	243,640,737
Net assets:											
Without donor restrictions	6,824,643	421,584	33,319,594	57,230,509	-	97,796,330	184,460	-	97,980,790	86,546	98,067,336
With donor restrictions	674,634	768,900	6,124,668	3,670,251	-	11,238,453	1,329,326	-	12,567,779	300	12,568,079
Total net assets	7,499,277	1,190,484	39,444,262	60,900,760	-	109,034,783	1,513,786	-	110,548,569	86,846	110,635,415
Total liabilities and net assets	\$ 115,305,793	\$ 16,407,859	\$ 83,355,611	\$ 258,964,455	\$ (122,128,139)	\$ 351,905,579	\$ 11,091,111	\$ (8,807,384)	\$ 354,189,306	\$ 86,846	\$ 354,276,152

See Independent Auditors' Report.

The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary
Consolidating Statement of Operations and Changes in Net Assets Information
September 30, 2021

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
Unrestricted revenues, gains and other support:										
Net resident and patient service revenue	\$ -	\$ 8,471,582	\$ 16,414,984	\$ 40,284,177	\$ 65,170,743	\$ -	\$ -	\$ 65,170,743	\$ -	\$ 65,170,743
Amortization of advance fees	-	297,039	2,585,051	6,737,721	9,619,811	-	-	9,619,811	-	9,619,811
Net assets released from restriction	741	52,566	159,804	310,219	523,330	58,555	(54,962)	526,923	-	526,923
Other	20,600	237	10,075	(4,960)	25,952	-	-	25,952	-	25,952
Interest and dividend income	3,224,621	-	25,757	59,120	3,309,498	90	-	3,309,588	9	3,309,597
Total unrestricted revenues, gains and other support	3,245,962	8,821,424	19,195,671	47,386,277	78,649,334	58,645	(54,962)	78,653,017	9	78,653,026
Expenses:										
Nursing services	-	4,191,035	4,180,155	9,932,275	18,303,465	-	-	18,303,465	-	18,303,465
Dietary and food services	-	1,319,229	2,855,646	6,394,296	10,569,171	-	-	10,569,171	-	10,569,171
Administration	5,178,005	878,126	1,895,860	3,905,761	11,857,752	65,229	(54,962)	11,868,019	200	11,868,219
Plant operations, maintenance and security	-	685,367	2,335,974	3,757,927	6,779,268	-	-	6,779,268	-	6,779,268
Laundry and housekeeping	-	472,846	906,176	2,560,903	3,939,925	-	-	3,939,925	-	3,939,925
Resident services - activities	-	117,409	554,020	1,922,711	2,594,140	-	-	2,594,140	-	2,594,140
Home care	-	-	-	3,311,602	3,311,602	-	-	3,311,602	-	3,311,602
Interest	-	338,293	713,704	4,670,550	5,722,547	-	-	5,722,547	-	5,722,547
Depreciation and amortization	136,298	614,275	3,179,159	9,774,581	13,704,313	-	-	13,704,313	-	13,704,313
Bad debt expense	-	56,138	1,434	52,899	110,471	-	-	110,471	-	110,471
Total expenses	5,314,303	8,672,718	16,622,128	46,283,505	76,892,654	65,229	(54,962)	76,902,921	200	76,903,121
Operating income (loss)	(2,068,341)	148,706	2,573,543	1,102,772	1,756,680	(6,584)	-	1,750,096	(191)	1,749,905
Non-operating gains (losses):										
Net investment gains, realized	2,910,694	-	-	-	2,910,694	-	-	2,910,694	-	2,910,694
Net investment gains, unrealized	4,058,972	-	(24,428)	(51,790)	3,982,754	-	-	3,982,754	-	3,982,754
Provider relief funding	-	73,181	411,462	646,055	1,130,698	-	-	1,130,698	-	1,130,698
Gain (loss) on disposal of property and equipment	(4,245)	-	(39,705)	(72,159)	(116,109)	-	-	(116,109)	-	(116,109)
Contributions	18,206	896	239	7,555	26,896	3,737	-	30,633	-	30,633
Construction related marketing costs	-	-	(16,746)	(127,759)	(144,505)	-	-	(144,505)	-	(144,505)
Change in fair value of interest rate swap agreement	-	-	30,831	155,449	186,280	-	-	186,280	-	186,280
Other	25	-	338	(3,368)	(3,005)	-	-	(3,005)	-	(3,005)
Net non-operating gains (losses)	6,983,652	74,077	361,991	553,983	7,973,703	3,737	-	7,977,440	-	7,977,440
Excess of revenues, gains and other support over expenses	4,915,311	222,783	2,935,534	1,656,755	9,730,383	(2,847)	-	9,727,536	(191)	9,727,345
Net assets released from restrictions for purchase of property and equipment	-	-	122,754	7,349	130,103	-	-	130,103	-	130,103
Change in net assets without donor restrictions	4,915,311	222,783	3,058,288	1,664,104	9,860,486	(2,847)	-	9,857,639	(191)	9,857,448
Change in net assets with donor restrictions:										
Contributions	850	24,653	590,422	338,991	954,916	67,285	-	1,022,201	-	1,022,201
Interest and dividend income	-	19,862	167,992	86,130	273,984	37,490	-	311,474	-	311,474
Investment income	-	95,705	830,449	414,782	1,340,936	180,635	-	1,521,571	-	1,521,571
Change in split interest agreement	-	15,318	52,650	166,875	234,843	5,403	-	240,246	-	240,246
Change in value of pledges	-	-	-	(27,891)	(27,891)	-	-	(27,891)	-	(27,891)
Recovery of bad debt expense	-	-	-	2,927	2,927	-	-	2,927	-	2,927
Net assets released from donor restriction	(741)	(24,403)	(278,577)	(294,750)	(598,471)	(58,555)	-	(657,026)	-	(657,026)
Change in net assets with donor restrictions	109	131,135	1,362,936	687,064	2,181,244	232,258	-	2,413,502	-	2,413,502
Change in net assets	4,915,420	353,918	4,421,224	2,351,168	12,041,730	229,411	-	12,271,141	(191)	12,270,950
Net assets, beginning of year	2,583,857	836,566	35,023,038	58,549,592	96,993,053	1,284,375	-	98,277,428	87,037	98,364,465
Net assets, end of year	\$ 7,499,277	\$ 1,190,484	\$ 39,444,262	\$ 60,900,760	\$ 109,034,783	\$ 1,513,786	\$ -	\$ 110,548,569	\$ 86,846	\$ 110,635,415

ATTACHMENT 2

**Forecasted Financial Statements
for
The United Methodist
Retirement Homes, Incorporated
Includes**

- **Consolidated Operations of Croasdaile Village, Cypress Glen and Wesley Pines**
- **Individual Operations of Cypress Glen**



The United Methodist Retirement Homes, Incorporated



Forecasted Financial Statements

Years Ending September 30, 2022 through 2026



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Independent Accountants' Compilation Report

Board of Trustees of
The United Methodist Retirement Homes, Incorporated
Durham, NC

Management is responsible for the accompanying forecast of The United Methodist Retirement Homes, Incorporated ("UMRH"), which comprises the forecasted consolidated balance sheets as of September 30, 2022 through 2026, and the forecasted consolidated statements of operations and changes in net assets, and forecasted consolidated cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed 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 forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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.

The accompanying forecasts and this report are intended solely for the information and use of UMRH and to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64, they are not intended to be and should not be used by anyone other than these specified parties.

As disclosed in Note 1 to the audited consolidated financial statements for UMRH and Affiliates, accounting principles generally accepted in the United States of America require that the financial statements for affiliates meeting certain criteria be consolidated with the parent organization's financial statements. For purposes of this forecast, the financial statements of two affiliates, which should be consolidated with UMRH's consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the forecasted financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the forecasted financial position, results of operations and cash flows have not been determined.



The accompanying supplementary information on pages 15 - 23 is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Dixon Hughes Goodman LLP

Raleigh, NC
February 23, 2022

The United Methodist Retirement Homes, Incorporated
Forecasted Consolidated Balance Sheets
September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
ASSETS					
Current assets:					
Cash	\$ 12,172	\$ 14,696	\$ 25,599	\$ 30,664	\$ 36,300
Contributions receivable from					
UMRH Foundation, current portion	686	536	386	361	212
Investments	89,866	90,910	92,574	94,689	96,856
Assets limited as to use - debt service, current portion	988	976	968	958	942
Assets limited as to use - future construction, current portion	-	2,713	18,310	18,310	18,310
Assets limited as to use - all other, current portion	312	312	312	312	312
Accounts receivable, net	3,840	3,978	4,219	4,358	4,495
Other receivables	2,373	3,721	5,506	3,606	3,730
Due from related parties	183	183	183	183	183
Inventories	133	137	141	146	150
Prepaid expenses and other current assets	1,263	1,339	1,396	1,437	1,477
Total current assets	<u>111,816</u>	<u>119,501</u>	<u>149,594</u>	<u>155,024</u>	<u>162,967</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	15,528	17,074	18,065	18,670	19,289
Assets limited as to use - debt service, net of current portion	20,704	5,126	5,123	4,941	4,923
Assets limited as to use - all other, net of current portion	2,534	2,580	2,628	2,677	2,727
	<u>38,766</u>	<u>24,780</u>	<u>25,816</u>	<u>26,288</u>	<u>26,939</u>
Property and equipment, net	215,748	225,816	221,298	218,035	215,846
Other assets:					
Assets held for resale	217	217	218	219	220
Contributions receivable from					
UMRH Foundation, net of current portion	7,762	7,762	7,762	7,636	7,636
Deferred marketing costs, net	102	140	123	107	91
	<u>8,081</u>	<u>8,119</u>	<u>8,103</u>	<u>7,962</u>	<u>7,947</u>
Total assets	<u>\$ 374,411</u>	<u>\$ 378,216</u>	<u>\$ 404,811</u>	<u>\$ 407,309</u>	<u>\$ 413,699</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, current portion	\$ 4,720	\$ 4,910	\$ 5,140	\$ 5,350	\$ 5,540
Accounts payable	4,983	4,999	4,385	4,530	4,674
Accrued salaries and related expenses	2,111	2,273	2,582	2,241	2,929
Accrued interest payable	1,313	1,353	1,331	1,308	1,279
Total current liabilities	<u>13,127</u>	<u>13,535</u>	<u>13,438</u>	<u>13,429</u>	<u>14,422</u>
Long-term liabilities:					
Bonds payable, less current portion	164,721	159,505	153,871	148,183	142,295
Liability for refundable advanced fees	14,680	15,085	16,452	17,270	18,229
Deferred revenue for non-refundable advanced fees	73,041	79,179	104,074	102,526	102,389
Fund held for others	187	187	187	187	187
Interest rate swap agreement	191	191	191	191	191
Total long-term liabilities	<u>252,820</u>	<u>254,147</u>	<u>274,775</u>	<u>268,357</u>	<u>263,291</u>
Total liabilities	<u>265,947</u>	<u>267,682</u>	<u>288,213</u>	<u>281,786</u>	<u>277,713</u>
Net assets:					
Net assets without donor restrictions	97,404	99,474	105,538	114,463	125,076
Net assets with donor restrictions	11,060	11,060	11,060	11,060	10,910
Total net assets	<u>108,464</u>	<u>110,534</u>	<u>116,598</u>	<u>125,523</u>	<u>135,986</u>
Total liabilities and net assets	<u>\$ 374,411</u>	<u>\$ 378,216</u>	<u>\$ 404,811</u>	<u>\$ 407,309</u>	<u>\$ 413,699</u>

The United Methodist Retirement Homes, Incorporated
Forecasted Consolidated Statements of Operations and Changes in Net Assets
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenue:					
Net resident services, apartments	\$ 31,949	\$ 33,381	\$ 38,261	\$ 39,739	\$ 41,163
Net resident services, health care center	22,555	23,087	23,632	24,195	24,777
Net resident services, assisted living	9,456	9,797	10,150	10,517	10,897
Net resident services, memory care	2,962	3,068	3,178	3,291	3,410
Net resident services, home care	2,186	2,273	2,364	2,459	2,557
Amortization of advanced fees	9,475	9,926	12,361	13,890	14,038
Net assets released from restriction	554	554	554	554	554
Other	634	28	28	28	28
Interest and dividend income	1,757	2,701	2,767	2,832	2,901
	<u>81,528</u>	<u>84,815</u>	<u>93,295</u>	<u>97,505</u>	<u>100,325</u>
Total revenue					
Expenses:					
Health care center	16,076	16,563	17,065	17,581	18,114
Assisted living	2,999	3,090	3,182	3,277	3,376
Memory care	1,018	1,048	1,080	1,113	1,147
Home care	2,317	2,386	2,458	2,531	2,607
Resident services	2,733	2,817	2,915	3,004	3,095
Dietary and food service	12,431	12,836	13,384	14,044	14,434
Housekeeping	3,929	4,158	4,524	4,667	4,806
Laundry	200	206	212	219	225
Plant	7,411	7,684	8,281	8,578	8,840
General and administration	12,568	12,991	13,669	14,019	14,460
Depreciation	14,561	13,770	14,510	13,713	13,118
Interest	5,856	5,196	5,951	5,834	5,640
	<u>82,099</u>	<u>82,745</u>	<u>87,231</u>	<u>88,580</u>	<u>89,862</u>
Total expenses					
Excess (deficiency) of revenue over expenses	(571)	2,070	6,064	8,925	10,463
Net assets beginning of year	<u>109,035</u>	<u>108,464</u>	<u>110,534</u>	<u>116,598</u>	<u>125,523</u>
Net assets end of year	<u>\$ 108,464</u>	<u>\$ 110,534</u>	<u>\$ 116,598</u>	<u>\$ 125,523</u>	<u>\$ 135,986</u>

The United Methodist Retirement Homes, Incorporated
Forecasted Consolidated Statements of Cash Flows
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	2022	2023	2024	2025	2026
Operating activities:					
Change in net assets	\$ (571)	\$ 2,070	\$ 6,064	\$ 8,925	\$ 10,463
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	14,561	13,770	14,510	13,713	13,118
Amortization of deferred financing costs	105	110	171	84	84
Amortization of bond premium	(393)	(416)	(665)	(422)	(432)
Amortization of advanced fees	(9,475)	(9,926)	(12,361)	(13,890)	(14,038)
Non-refundable entrance fees received	11,097	21,023	43,463	18,733	19,479
Bad debt expense	140	117	123	127	131
Net change in:					
Accounts receivable - residents and patients	(327)	(255)	(364)	(266)	(268)
Accounts receivable - other	(343)	(1,348)	(1,785)	1,900	(124)
Contributions receivable/(payable)	150	150	150	150	150
Due to/from related parties	-	-	-	-	-
Inventories	(1)	(4)	(4)	(5)	(4)
Prepaid expenses and other current assets	(74)	(76)	(57)	(41)	(40)
Accounts payable	173	16	(614)	145	144
Accrued salaries and related expenses	(7)	162	309	(341)	688
Provider relief advanced funding	(606)	-	-	-	-
Accrued interest payable	(1,656)	40	(22)	(23)	(29)
Net cash provided by operating activities	<u>11,124</u>	<u>22,842</u>	<u>46,264</u>	<u>26,069</u>	<u>26,536</u>
Investing activities:					
Purchase of property and equipment	(25,609)	(23,822)	(9,976)	(10,434)	(10,913)
Net change in investments and assets limited as to use	(5,725)	12,831	(15,634)	144	(17)
Change in assets held for resale	(1)	-	(1)	(1)	(1)
Net cash used in investing activities	<u>(31,335)</u>	<u>(10,991)</u>	<u>(25,611)</u>	<u>(10,291)</u>	<u>(10,931)</u>
Financing activities:					
Refunds of deposits and refundable fees	(2,946)	(6,797)	(7,814)	(7,816)	(6,940)
Refundable entrance fees received	1,603	2,243	2,974	2,243	2,321
Payments on bonds and note payable	(4,540)	(4,720)	(4,910)	(5,140)	(5,350)
Deferred financing costs	(338)	(53)	-	-	-
Proceeds from issuance of bonds	30,055	-	-	-	-
Net cash provided by (used in) financing activities	<u>23,834</u>	<u>(9,327)</u>	<u>(9,750)</u>	<u>(10,713)</u>	<u>(9,969)</u>
Change in cash	3,623	2,524	10,903	5,065	5,636
Cash, beginning of year	<u>8,549</u>	<u>12,172</u>	<u>14,696</u>	<u>25,599</u>	<u>30,664</u>
Cash, end of year	<u>\$ 12,172</u>	<u>\$ 14,696</u>	<u>\$ 25,599</u>	<u>\$ 30,664</u>	<u>\$ 36,300</u>

Summary of Significant Forecasted Assumptions and Accounting Policies

1. Nature of Business

The United Methodist Retirement Homes, Incorporated (“UMRH”) is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community (“Wesley Pines”) in Lumberton, North Carolina, Cypress Glen Retirement Community (“Cypress Glen”) in Greenville, North Carolina, and Croasdaile Village Retirement Community (“Croasdaile Village”) in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH’s corporate office is located in Durham, North Carolina.

The financial forecast presents, to the best of management’s knowledge and belief, the expected financial position, results of operations, and cash flows for the forecast period of UMRH, excluding its two affiliates, UMRH Affordable Housing Development, LLC (“UMRH-AHD”) and The United Methodist Retirement Homes Foundation, Inc. (the “Foundation”). UMRH-AHD is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD. The Foundation is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. Accordingly, this forecast reflects management’s judgment as of February 23, 2022, the date of completion of this forecast, of the expected conditions and its course of action.

The assumptions disclosed herein are those that management believes are significant to the forecasted statements. UMRH recognizes that there will be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements included in the forecast have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) with the exception of excluding its two Affiliates. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive, however.

Use of Estimates

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

Cash

Short-term investments presented as investments in the consolidated balance sheets are not considered cash equivalents since UMRH considers them part of their investing activities. Throughout the year UMRH has bank balances which exceed federal depository limits.

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

Restricted Cash

During 2020 UMRH adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendment's in this update require that a statement of cash flows explain the cash during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents which reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. As of September 30, 2021 and 2020, UMRH had approximately \$23,530,000 and \$26,870,000, respectively, invested in cash, cash equivalents, and restricted cash on the statements of cash flows. For purposes of the forecast, management has not presented restricted cash on the statement of cash flows.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

Assets Limited as to Use

Assets limited as to use consist of funds held for debt service in accordance with UMRH's bond issues, funds reserved by insurance regulation, entrance fee escrow funds, funds held for future construction, and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents and other short-term investments.

Accounts Receivable, net

Accounts receivable are reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to UMRH are reported net of explicit and implicit price concessions. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. In this regard, UMRH has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience is an integral part of the estimation process related to determining the ultimate collectability of accounts. In addition, UMRH assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment. Revisions in reserve estimates are recorded as an adjustment to accounts receivable. Management believes that its collection and reserve processes, along with the monitoring of its billing processes, help to reduce the risk associated with material revisions to reserve estimates resulting from adverse changes in collection, reimbursement experience and billing functions.

Inventories

Inventories are stated at average cost (approximately first-in, first-out) not in excess of net realizable value.

Assets Held for Resale

Assets held for resale consist of two gifted properties, both of which are stated at net book value, which approximates fair value.

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. The cost of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition of equipment, the asset and related accumulated depreciation accounts are relieved and the related gain or loss is credited or charged to operating gains or losses. Expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	8 to 30 years
Buildings and improvements	5 to 40 years
Furniture and equipment	2 to 25 years

Funds Held for Others

The liability balance represents agency funds held in trust for UMRH residents. The related asset is included in assets limited as to use. Activity related to these funds is not recorded in UMRH's statements of forecasted operations and changes in net assets.

Interest Rate Swaps

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved. A change in the fair value of the interest rate swap agreements is reported in non-operating gains (losses) in the consolidated statements of operations and changes in net assets.

Liability for Refundable Advance Fees

Optional Entrance Fee plans available to residents include a standard rate plan, a 50% refundable, 80% refundable, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue for non-refundable advanced fees. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Deferred Revenue for Non-refundable Advance Fees

Deferred revenue from non-refundable advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

Net Assets

Net assets of UMRH and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

Net Assets with Donor Restrictions - include those net assets subject to donor-imposed stipulations that may or will be met either by action of UMRH and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by UMRH. Generally, the donors of these assets permit UMRH to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions - UMRH reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Net Resident and Patient Service Revenues

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for UMRH have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Benevolent Assistance

UMRH currently maintains a benevolent assistance program and policy for residents holding continuing care residency agreements in the event the resident(s) should become unable to pay for services. UMRH reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, UMRH may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. UMRH may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the UMRH's ability to operate on a sound financial basis. Since UMRH does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in revenue.

Continuing-Care Contracts

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

Revenue Recognition

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

The United Methodist Retirement Homes, Incorporated

Summary of Significant Forecasted Assumptions and Accounting Policies

Monthly fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Advanced fees:

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Health care services:

In the facility, UMRH provides assisted and nursing care to residents who are covered by government and commercial payers. UMRH is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. UMRH has significant accounts receivable whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

Income Taxes

UMRH has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, no provision for income taxes is included in the accompanying forecasted financial statements.

3. Summary of Significant Forecasted Balance Sheet Assumptions

Cash

Forecasted cash is a result from the application of all other assumptions.

Investments

Forecasted short-term investments are a result of all other forecasted changes. The forecasted amounts do not include any estimate for a change in the fair value of the underlying securities.

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

Accounts Receivable, net

The 2022 forecasted accounts receivable is based on the 2022 budget. Forecasted accounts receivable are based on the percentage change in forecasted operating revenues and are forecasted to increase by an average of approximately 4.0% in 2023 through 2026. Other receivables are forecasted to increase by an average of approximately 18.4% in 2023 through 2026.

Assets Limited as to Use

Forecasted assets limited as to use is based on the forecasted change in restricted cash.

Inventories

The 2022 balances are based on the 2022 budget. Inventories are forecasted to increase by an average of approximately 3.1% in years 2023 through 2026.

Prepaid Expenses and other current assets

The 2022 balances are based on the 2022 budget. Prepaid expenses and other current assets are forecasted to increase by an average of approximately 4.0% in years 2023 through 2026.

Property and Equipment

The 2022 property and equipment additions are based on UMRH's budgeted additions. Additions are estimated to be as follows (dollars in thousands).

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Beginning of year, property and equipment	\$ 342,844	\$ 368,453	\$ 364,751	\$ 345,723	\$ 328,747
Additions	25,609	23,822	9,976	10,434	10,913
Disposals	-	(27,524)	(29,004)	(27,410)	-
End of year, property and equipment	368,453	364,751	345,723	328,747	339,660
Accumulated depreciation	(152,705)	(138,935)	(124,425)	(110,712)	(121,625)
Total property and equipment, net	<u>\$ 215,748</u>	<u>\$ 225,816</u>	<u>\$ 221,298</u>	<u>\$ 218,035</u>	<u>\$ 218,035</u>

Forecasted depreciation is computed on the straight-line method over the estimated lives of depreciable property and equipment. The forecast assumes all disposals during the forecast period will be fully depreciated with no resulting gain or loss.

Contributions Receivable from UMRH Foundation

Contributions receivable from UMRH Foundation are forecasted to decrease in future years at the completion of various renovation and expansion projects.

Due from Related Party

Due from related parties represents the net amount due to affiliates of UMRH. The 2022 balance is based on the 2022 budget and forecasted to remain consistent from 2023 through 2026.

Accounts Payable and Accrued Salaries and Related Expenses

The 2022 balances are based on the 2022 budget. Forecasted accounts payable and accrued expenses are based on the percentage change in forecasted operating expenses and capital expenditures less depreciation expense and are forecasted to increase by an average of approximately 4.2% in years 2023 through 2026.

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

Deferred Entrance Fee Revenue and Entrance Fees Earned

Forecasted annual resident entry fees are based on estimated average unit prices times an actuarial forecasted number of units released coupled with a 1.0% per year increase in the average entry fee for the years 2023 through 2026. Forecasted refunds are based on actuarial estimates of the number of refunds times the estimated average refund potential. Amortization into revenue of these advance fees is computed using the straight-line method over the estimated remaining life expectancy of the resident.

Long-Term Debt

In April 2013, UMRH issued \$8,370,000 of tax-exempt, fixed rate First Mortgage Revenue Refunding Bonds (“2013A Bonds”) through the North Carolina Medical Care Commission. The proceeds of the 2013A Bonds, net of issuance expense and fund amounts deposited into a debt service reserve fund, along with cash reserves held by UMRH, were used to refund the Series 2004C Bonds total outstanding debt.

In September 2014, UMRH issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds (“2014A Bonds”) through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. UMRH entered into an interest rate swap agreement on the Series 2014A Bonds, which is described below.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B (“2014B Bonds”) in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 1.692%. UMRH entered into an interest rate swap agreement on the Series 2014B Bonds, which is described below.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A (“2016A Bonds”) in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

In December 2017, UMRH issued \$71,970,000 of rated tax-exempt fixed rate Series 2017A Bonds (“2017A Bonds”), consisting of serial and term maturities from October 1, 2018 to October 1, 2047 and \$31,235,000 of tax-exempt direct purchase bank revenue Series 2017B Bonds (“2017 Bonds”) issued by the North Carolina Medical Care Commission and to be purchased by Truist Bank. The 2017B Bonds consist of \$16,150,000 of Series 2017B-1 Bonds to be redeemed by October 1, 2041 and \$15,085,000 of Series 2017B-2 Bonds, to be redeemed in full by October 1, 2020 with initial entrance fee proceeds received from the Project's new independent living units. The interest rate on the 2017B Bonds is variable based on prevailing market rates and is reset monthly based on 82.65% of 1-Month LIBOR plus 0.988%.

In December 2021, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds (“2021A Bonds”). The proceeds of the 2021A Bonds refunded a portion of the outstanding 2016A Bonds, refunded the 2017B Bonds, and build a 54-unit independent living apartment building at Croasdaile Village. The 2021A Bonds have a final maturity of 30-years with a wrapped debt service structure, resulting in a weighted average maturity of 19.9 years and an overall yield to maturity of 3.18%. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission (“2021B Bonds”) and bought by Truist Bank with a 15-year commitment. The proceeds of the 2021B Bonds refunded the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

in swap rate of 1.748% until July 2023, at which time the interest rate will convert to an all-in tax-exempt swap rate of 2.47%.

Principal repayments, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows (in thousands):

2022	\$	4,540
2023		4,720
2024		4,910
2025		5,140
2026		5,350
Thereafter		<u>111,955</u>
	\$	<u>141,965</u>

Interest Rate Swaps

Variable rate long-term debt exposes UMRH to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. The 2022 balance is based on the 2022 budget and is forecasted to remain consistent over the forecasted period.

In August 2014, UMRH entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. UMRH pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability.

In December 2014, UMRH entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. UMRH pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month Libor plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term liability.

By using an interest rate swap to hedge exposure to change in interest rates, UMRH exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

4. Summary of Significant Forecasted Assumptions for Revenues and Expenses

Resident Services

Apartments, Health Care Center, Assisted Living, Memory Care, and Home Care revenue is reported at the estimated net realizable amounts from residents. They are based on average daily fees and occupancy levels. Daily rates are forecasted based on 2022 budgeted rates for each type of unit. Apartment revenues are forecasted to increase on average approximately 6.6% in years 2023 through 2026. Health Care Center revenues are forecasted to increase on average approximately 2.4% in years 2023 through 2026. Assisted

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies

Living revenues are forecasted to increase on average approximately 3.6% in years 2023 through 2026. Memory Care revenues are forecasted to increase on average approximately 3.0% in years 2023 through 2026. Home Care revenues are forecasted to increase on average approximately 4.0% in years 2023 through 2026.

Interest and Dividend Income

Interest and dividend income is forecasted to increase on average approximately 15.2% in years 2023 through 2026.

Other Revenue

Other revenue is based on budgeted other revenue for 2022 and is projected to remain consistent throughout the projection period with the exception of 2022 where it is forecasted UMRH will recognized the \$606 in provider relief funding.

Expenses

The 2022 expenses, which include resident care, dietary, housekeeping, plant, and general and administrative expenses are forecasted based on the 2022 budget. Expenses are forecasted to increase approximately 2.3% in years 2023 through 2026.

5. Debt Service Coverage Ratio

Credit analysts and lenders generally consider the debt service coverage ratio to be an important factor in evaluating a continuing care retirement community's ability to fund annual debt service with cash flow from net cash revenues and net entrance fees. The debt service coverage ratio computation is not defined by GAAP and is described as a non-GAAP metric. The lack of standardization in calculating debt service coverage ratios makes it difficult to draw relevant comparisons among companies.

The debt service coverage ratio as calculated below comes from the 2014 Financial Ratios & Trends of CARF-CCAC Accredited Organizations, calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service. (dollars in thousands):

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Excess (deficiency) of revenue over expenses	\$ (571)	\$ 2,070	\$ 6,064	\$ 8,925	\$ 10,463
Interest expense	5,856	5,196	5,951	5,834	5,640
Depreciation	14,561	13,770	14,510	13,713	13,118
Net proceeds from advance fees	9,754	16,469	38,623	13,160	14,860
Amortization of advanced fees	<u>(9,475)</u>	<u>(9,926)</u>	<u>(12,361)</u>	<u>(13,890)</u>	<u>(14,038)</u>
Cash available for debt service (1)	<u>\$ 20,125</u>	<u>\$ 27,579</u>	<u>\$ 52,787</u>	<u>\$ 27,742</u>	<u>\$ 30,043</u>
Interest (A)	\$ 5,856	\$ 5,196	\$ 5,951	\$ 5,834	\$ 5,640
Principal payments	<u>4,540</u>	<u>4,720</u>	<u>4,910</u>	<u>5,140</u>	<u>5,350</u>
Annual Debt Service (2)	<u>\$ 10,396</u>	<u>\$ 9,916</u>	<u>\$ 10,861</u>	<u>\$ 10,974</u>	<u>\$ 10,990</u>
Debt Service Coverage Ratio (1/2)	<u>1.94</u>	<u>2.78</u>	<u>4.86</u>	<u>2.53</u>	<u>2.73</u>

(A) Interest includes interest capitalized and interest expense as assumed by management.



Supplementary Information

Wesley Pines Retirement Community
Forecasted Balance Sheets
September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
ASSETS					
Current assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable from UMRH Foundation, current portion	35	35	35	35	35
Assets limited as to use - all other, current portion	21	21	21	21	21
Accounts receivable, net	888	909	931	953	976
Other receivables	15	16	16	17	17
Inventories	38	39	40	42	43
Prepaid expenses and other current assets	146	150	154	158	162
Total current assets	<u>1,143</u>	<u>1,170</u>	<u>1,197</u>	<u>1,226</u>	<u>1,254</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve current portion	<u>2,273</u>	<u>2,360</u>	<u>2,430</u>	<u>2,566</u>	<u>2,569</u>
Property and equipment, net	<u>11,818</u>	<u>11,676</u>	<u>11,557</u>	<u>11,483</u>	<u>11,434</u>
Other assets:					
Assets held for resale	33	33	33	33	34
Contributions receivable from UMRH Foundation, net of current portion	732	732	732	732	732
	<u>765</u>	<u>765</u>	<u>765</u>	<u>765</u>	<u>766</u>
Total assets	<u>\$ 15,999</u>	<u>\$ 15,971</u>	<u>\$ 15,949</u>	<u>\$ 16,040</u>	<u>\$ 16,023</u>
LIABILITIES AND NET ASSETS (DEFICIT)					
Current liabilities:					
Bonds payable, current portion	\$ 213	\$ 238	\$ 516	\$ 245	\$ 255
Accounts payable	622	643	664	684	704
Accrued salaries and related expenses	295	321	359	295	412
Accrued interest payable	27	26	24	23	22
Insurance regulation - statutory operating reserve	2,273	2,360	2,430	2,566	2,569
Due to related parties	2,597	3,770	5,689	7,599	8,869
Other	-	-	-	-	-
Total current liabilities	<u>6,027</u>	<u>7,358</u>	<u>9,682</u>	<u>11,412</u>	<u>12,831</u>
Long-term liabilities:					
Bonds payable, less current portion	8,174	7,924	7,383	7,125	6,858
Liability for refundable advanced fees	48	48	48	48	48
Deferred revenue for non-refundable advanced fees	1,423	1,253	461	253	343
Fund held for others	19	19	19	19	19
Total long-term liabilities	<u>9,664</u>	<u>9,244</u>	<u>7,911</u>	<u>7,445</u>	<u>7,268</u>
Total liabilities	<u>15,691</u>	<u>16,602</u>	<u>17,593</u>	<u>18,857</u>	<u>20,099</u>
Net assets (deficit):					
Net deficit without donor restrictions	(461)	(1,400)	(2,413)	(3,586)	(4,845)
Net assets with donor restrictions	769	769	769	769	769
Total net assets (deficit)	<u>308</u>	<u>(631)</u>	<u>(1,644)</u>	<u>(2,817)</u>	<u>(4,076)</u>
Total liabilities and net assets (deficit)	<u>\$ 15,999</u>	<u>\$ 15,971</u>	<u>\$ 15,949</u>	<u>\$ 16,040</u>	<u>\$ 16,023</u>

Wesley Pines Retirement Community
Forecasted Statements of Operations and Changes in Net Assets (Deficit)
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenue:					
Net resident services, apartments	\$ 928	\$ 960	\$ 994	\$ 1,028	\$ 1,064
Net resident services, health care center	5,502	5,601	5,701	5,804	5,910
Net resident services, assisted living	1,972	2,041	2,112	2,186	2,262
Net resident services, memory care					
Amortization of advanced fees	275	243	214	79	43
Net assets released from restriction	48	48	48	48	48
Other	39	-	-	-	-
	<u>8,764</u>	<u>8,893</u>	<u>9,069</u>	<u>9,145</u>	<u>9,327</u>
Expenses:					
Health care center	3,676	3,787	3,900	4,017	4,138
Assisted living	467	481	495	510	525
Memory care	-	-	-	-	-
Resident services	137	141	145	149	154
Dietary and food service	1,393	1,435	1,478	1,522	1,568
Housekeeping	469	483	498	513	528
Plant	747	769	793	816	841
General and administration	1,007	1,037	1,066	1,097	1,129
Depreciation	640	598	594	570	567
Interest	328	299	270	269	254
Corporate allocation - depreciation	11	7	5	3	2
Corporate allocation - all other	771	795	838	852	880
	<u>9,646</u>	<u>9,832</u>	<u>10,082</u>	<u>10,318</u>	<u>10,586</u>
Deficiency of revenue over expenses and change in net assets	(882)	(939)	(1,013)	(1,173)	(1,259)
Net assets (deficit) beginning of year	<u>1,190</u>	<u>308</u>	<u>(631)</u>	<u>(1,644)</u>	<u>(2,817)</u>
Net assets (deficit) end of year	<u>\$ 308</u>	<u>\$ (631)</u>	<u>\$ (1,644)</u>	<u>\$ (2,817)</u>	<u>\$ (4,076)</u>

Wesley Pines Retirement Community
Forecasted Statements of Cash Flows
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Operating activities:					
Change in net assets	\$ (882)	\$ (939)	\$ (1,013)	\$ (1,173)	\$ (1,259)
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	640	598	594	570	567
Amortization of deferred financing costs	4	4	11	4	6
Amortization of bond premium	(15)	(16)	(36)	(17)	(18)
Amortization of advanced fees	(275)	(243)	(214)	(79)	(43)
Non-refundable entrance fees received	117	121	125	128	133
Bad debt expense	86	57	58	60	61
Net change in:					
Accounts receivable - residents and patients	(78)	(78)	(80)	(82)	(84)
Accounts receivable - other	244	(1)	(1)	-	(1)
Due to/from related parties	722	1,173	1,920	1,910	1,270
Inventories	(1)	(1)	(1)	(2)	(1)
Prepaid expenses and other current assets	(4)	(4)	(4)	(4)	(4)
Accounts payable	146	21	21	19	20
Accrued salaries and related expenses	5	26	38	(64)	117
Accrued interest payable	(144)	(1)	(2)	(1)	(1)
Net cash provided by operating activities	<u>565</u>	<u>717</u>	<u>1,416</u>	<u>1,269</u>	<u>763</u>
Investing activities:					
Purchase of property and equipment	<u>(436)</u>	<u>(456)</u>	<u>(475)</u>	<u>(496)</u>	<u>(518)</u>
Financing activities:					
Refunds of deposits and refundable fees	(31)	(48)	(703)	(257)	-
Payments on bonds and note payable	<u>(98)</u>	<u>(213)</u>	<u>(238)</u>	<u>(516)</u>	<u>(245)</u>
Net cash used in financing activities	<u>(129)</u>	<u>(261)</u>	<u>(941)</u>	<u>(773)</u>	<u>(245)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cypress Glen Retirement Community
Forecasted Balance Sheets
September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
ASSETS					
Current assets:					
Cash	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Contributions receivable from					
UMRH Foundation, current portion	595	445	295	271	121
Assets limited as to use - debt service, current portion	199	198	198	197	196
Assets limited as to use - all other, current portion	269	269	269	269	269
Accounts receivable, net	229	236	244	252	260
Other receivables	625	762	783	807	834
Due from related parties	31,342	30,202	29,616	29,241	29,691
Inventories	26	27	27	28	29
Prepaid expenses and other current assets	267	274	281	288	296
Total current assets	<u>33,554</u>	<u>32,415</u>	<u>31,715</u>	<u>31,355</u>	<u>31,698</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	3,811	3,931	4,062	4,184	4,316
Assets limited as to use - debt service, net of current portion	1,526	1,526	1,526	1,531	1,531
Assets limited as to use - all other, net of current portion	1,859	1,906	1,954	2,002	2,052
current portion	<u>7,196</u>	<u>7,363</u>	<u>7,542</u>	<u>7,717</u>	<u>7,899</u>
Property and equipment, net	39,120	39,895	40,879	42,051	43,492
Other assets:					
Contributions receivable from					
UMRH Foundation, net of current portion	3,445	3,445	3,445	3,319	3,319
Deferred costs, net	7	6	5	4	3
	<u>3,452</u>	<u>3,451</u>	<u>3,450</u>	<u>3,323</u>	<u>3,322</u>
Total assets	<u>\$ 83,322</u>	<u>\$ 83,124</u>	<u>\$ 83,586</u>	<u>\$ 84,446</u>	<u>\$ 86,411</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, current portion	\$ 483	\$ 403	\$ 397	\$ 197	\$ 204
Accounts payable	622	645	666	687	709
Accrued salaries and related expenses	583	624	685	597	771
Accrued interest payable	222	217	215	212	211
Insurance regulation - statutory operating reserve	3,811	3,931	4,062	4,184	4,316
Total current liabilities	<u>5,721</u>	<u>5,820</u>	<u>6,025</u>	<u>5,877</u>	<u>6,211</u>
Long-term liabilities:					
Bonds payable, less current portion	13,532	13,135	12,728	12,519	12,301
Liability for refundable advanced fees	7,132	7,548	8,044	8,603	9,218
Deferred revenue for non-refundable advanced fees	16,472	15,239	14,372	13,817	13,573
Fund held for others	149	149	149	149	149
Interest rate swap agreement	22	22	22	22	22
Total long-term liabilities	<u>37,307</u>	<u>36,093</u>	<u>35,315</u>	<u>35,110</u>	<u>35,263</u>
Total liabilities	<u>43,028</u>	<u>41,913</u>	<u>41,340</u>	<u>40,987</u>	<u>41,474</u>
Net assets:					
Net assets without donor restrictions	34,320	35,387	36,572	37,935	39,563
Net assets with donor restrictions	5,974	5,824	5,674	5,524	5,374
Total net assets	<u>40,294</u>	<u>41,211</u>	<u>42,246</u>	<u>43,459</u>	<u>44,937</u>
Total liabilities and net assets	<u>\$ 83,322</u>	<u>\$ 83,124</u>	<u>\$ 83,586</u>	<u>\$ 84,446</u>	<u>\$ 86,411</u>

Cypress Glen Retirement Community
Forecasted Statements of Operations and Changes in Net Assets
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	2022	2023	2024	2025	2026
Revenue:					
Net resident services, apartments	\$ 10,315	\$ 10,676	\$ 11,050	\$ 11,437	\$ 11,837
Net resident services, health care center	3,293	3,381	3,471	3,563	3,659
Net resident services, assisted living	2,709	2,790	2,874	2,960	3,049
Net resident services, memory care	1,260	1,298	1,337	1,377	1,419
Amortization of advanced fees	2,300	2,309	2,299	2,341	2,430
Net assets released from restriction	206	206	206	206	206
Other	223	3	3	3	3
Interest and dividend income	21	21	21	21	21
Total revenue	20,327	20,684	21,261	21,908	22,624
Expenses:					
Health care center	2,631	2,714	2,800	2,888	2,980
Assisted living	1,226	1,263	1,301	1,340	1,381
Memory care	535	551	568	585	603
Resident services	632	652	671	692	713
Dietary and food service	3,315	3,421	3,531	3,644	3,761
Housekeeping	1,060	1,093	1,126	1,161	1,196
Plant	2,481	2,559	2,640	2,723	2,809
General and administration	2,007	2,068	2,133	2,198	2,263
Depreciation	3,531	3,401	3,380	3,387	3,324
Interest	685	632	590	567	556
Corporate allocation - depreciation	19	12	9	5	4
Corporate allocation - all other	1,355	1,401	1,477	1,505	1,556
Total expenses	19,477	19,767	20,226	20,695	21,146
Excess of revenue over expenses	850	917	1,035	1,213	1,478
Net assets released from donor restrictions for purchase of property and equipment	150	150	150	150	150
Change in net assets without donor restrictions	\$ 1,000	\$ 1,067	\$ 1,185	\$ 1,363	\$ 1,628
Change in net assets with donor restrictions Net assets released from restrictions	(150)	(150)	(150)	(150)	(150)
Change in net assets	850	917	1,035	1,213	1,478
Net assets beginning of year	39,444	40,294	41,211	42,246	43,459
Net assets end of year	\$ 40,294	\$ 41,211	\$ 42,246	\$ 43,459	\$ 44,937

Cypress Glen Retirement Community
Forecasted Statements of Cash Flows
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Operating activities:					
Change in net assets	\$ 850	\$ 917	\$ 1,035	\$ 1,213	\$ 1,478
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	3,531	3,401	3,380	3,387	3,324
Amortization of deferred financing costs	23	23	27	5	5
Amortization of bond premium	(15)	(17)	(37)	(17)	(19)
Amortization of advanced fees	(2,300)	(2,309)	(2,299)	(2,341)	(2,430)
Non-refundable entrance fees received	2,643	3,429	3,524	3,632	3,753
Bad debt expense	2	2	2	2	2
Net change in:					
Accounts receivable - residents and patients	(17)	(9)	(10)	(10)	(10)
Accounts receivable - other	(156)	(137)	(22)	(24)	(27)
Contributions receivable/(payable)	150	150	150	150	150
Due to/from related parties	871	1,140	587	375	(450)
Inventories	-	(1)	-	(1)	(1)
Prepaid expenses and other current assets	(7)	(7)	(7)	(7)	(8)
Accounts payable	171	23	21	22	23
Accrued salaries and related expenses	(6)	41	61	(87)	174
Accrued interest payable	(95)	(4)	(2)	(3)	(1)
Net cash provided by operating activities	<u>5,645</u>	<u>6,642</u>	<u>6,410</u>	<u>6,296</u>	<u>5,963</u>
Investing activities:					
Purchase of property and equipment	(3,995)	(4,176)	(4,364)	(4,559)	(4,765)
Assets limited as to use	(45)	(46)	(47)	(53)	(49)
Net cash used in investing activities	<u>(4,040)</u>	<u>(4,222)</u>	<u>(4,411)</u>	<u>(4,612)</u>	<u>(4,814)</u>
Financing activities:					
Refunds of deposits and refundable fees	(1,644)	(3,092)	(2,783)	(2,512)	(2,219)
Refundable entrance fees received	1,061	1,155	1,187	1,225	1,267
Payments on bonds and note payable	(1,022)	(483)	(403)	(397)	(197)
Net cash used in financing activities	<u>(1,605)</u>	<u>(2,420)</u>	<u>(1,999)</u>	<u>(1,684)</u>	<u>(1,149)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Cash, end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

Croasdaile Village Retirement Community
Forecasted Balance Sheets
September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
ASSETS					
Current assets:					
Cash	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Contributions receivable from					
UMRH Foundation, current portion	55	55	55	55	55
Assets limited as to use - debt service, current portion	789	777	770	761	746
Assets limited as to use - future construction, current portion	-	2,713	18,310	18,310	18,310
Assets limited as to use - all other, current portion	22	22	22	22	22
Accounts receivable, net	2,723	2,833	3,044	3,153	3,259
Other receivables	1,727	2,938	4,700	2,776	2,873
Due from related parties	79,905	84,644	97,948	105,257	111,615
Inventories	69	71	74	76	78
Prepaid expenses and other current assets	685	745	785	810	833
Total current assets	<u>85,976</u>	<u>94,799</u>	<u>125,709</u>	<u>131,221</u>	<u>137,792</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	9,444	10,783	11,573	11,920	12,404
Assets limited as to use - debt service, net of current portion	19,179	3,601	3,598	3,410	3,393
Assets limited as to use - all other, net of current portion	-	-	-	-	-
current portion	<u>28,623</u>	<u>14,384</u>	<u>15,171</u>	<u>15,330</u>	<u>15,797</u>
Property and equipment, net	164,643	174,076	168,680	164,288	160,674
Other assets:					
Contributions receivable from					
UMRH Foundation, net of current portion	3,584	3,584	3,584	3,584	3,584
Deferred costs, net	95	134	118	103	87
	<u>3,679</u>	<u>3,718</u>	<u>3,702</u>	<u>3,687</u>	<u>3,671</u>
Total assets	<u>282,921</u>	<u>286,977</u>	<u>313,262</u>	<u>314,526</u>	<u>317,934</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, current portion	4,024	4,269	4,227	4,908	5,081
Accounts payable	3,164	3,120	2,429	2,523	2,603
Accrued salaries and related expenses	728	801	985	797	1,145
Accrued interest payable	1,065	1,110	1,092	1,072	1,047
Insurance regulation - statutory operating reserve	9,444	10,783	11,573	11,920	12,404
Total current liabilities	<u>18,425</u>	<u>20,083</u>	<u>20,306</u>	<u>21,220</u>	<u>22,280</u>
Long-term liabilities:					
Bonds payable, less current portion	143,014	138,446	133,760	128,539	123,136
Liability for refundable advanced fees	7,500	7,489	8,359	8,619	8,963
Deferred revenue for non-refundable advanced fees	55,146	62,686	89,242	88,456	88,473
Fund held for others	19	19	19	19	19
Interest rate swap agreement	169	169	169	169	169
Total long-term liabilities	<u>205,848</u>	<u>208,809</u>	<u>231,549</u>	<u>225,802</u>	<u>220,760</u>
Total liabilities	<u>224,273</u>	<u>228,892</u>	<u>251,855</u>	<u>247,022</u>	<u>243,040</u>
Net assets:					
Net assets without donor restrictions	55,005	54,442	57,764	63,861	71,251
Net assets with donor restrictions	3,643	3,643	3,643	3,643	3,643
Total net assets	<u>58,648</u>	<u>58,085</u>	<u>61,407</u>	<u>67,504</u>	<u>74,894</u>
Total liabilities and net assets	<u>\$ 282,921</u>	<u>\$ 286,977</u>	<u>\$ 313,262</u>	<u>\$ 314,526</u>	<u>\$ 317,934</u>

See Independent Accountants' compilation report.

Croasdaile Village Retirement Community
Forecasted Statements of Operations and Changes in Net Assets
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenue:					
Net resident services, apartments	\$ 20,706	\$ 21,745	\$ 26,217	\$ 27,274	\$ 28,262
Net resident services, health care center	13,760	14,105	14,460	14,828	15,208
Net resident services, assisted living	4,775	4,966	5,164	5,371	5,586
Net resident services, memory care	1,702	1,770	1,841	1,914	1,991
Net resident services, home care	2,186	2,273	2,364	2,459	2,557
Amortization of advanced fees	6,900	7,374	9,848	11,470	11,565
Net assets released from restriction	300	300	300	300	300
Other	352	5	5	5	5
Interest and dividend income	45	45	45	45	45
	<u>50,726</u>	<u>52,583</u>	<u>60,244</u>	<u>63,666</u>	<u>65,519</u>
Expenses:					
Health care center	9,770	10,063	10,365	10,676	10,996
Assisted living	1,306	1,346	1,386	1,427	1,470
Memory care	483	497	512	528	544
Home care	2,317	2,386	2,458	2,531	2,607
Resident services	1,964	2,024	2,099	2,163	2,228
Dietary and food service	7,723	7,980	8,375	8,878	9,105
Housekeeping	2,400	2,582	2,900	2,993	3,082
Laundry	200	206	212	219	225
Plant	4,183	4,356	4,848	5,039	5,190
General and administration	4,071	4,220	4,497	4,648	4,789
Depreciation	10,314	9,723	10,499	9,736	9,211
Interest	4,843	4,265	5,091	4,998	4,830
Corporate allocation - depreciation	46	29	23	12	10
Corporate allocation - all other	3,359	3,469	3,657	3,721	3,842
	<u>52,979</u>	<u>53,146</u>	<u>56,922</u>	<u>57,569</u>	<u>58,129</u>
Excess (deficiency) of revenue over expenses and change in net assets	(2,253)	(563)	3,322	6,097	7,390
Net assets beginning of year	<u>60,901</u>	<u>58,648</u>	<u>58,085</u>	<u>61,407</u>	<u>67,504</u>
Net assets end of year	<u>\$ 58,648</u>	<u>\$ 58,085</u>	<u>\$ 61,407</u>	<u>\$ 67,504</u>	<u>\$ 74,894</u>

Croasdaile Village Retirement Community
Forecasted Statements of Cash Flows
For the years ending September 30, 2022 through 2026
(dollars in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Operating activities:					
Change in net assets	\$ (2,253)	\$ (563)	\$ 3,322	\$ 6,097	\$ 7,390
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	10,314	9,723	10,499	9,736	9,211
Amortization of deferred financing costs	78	83	134	74	74
Amortization of bond premium	(363)	(382)	(593)	(387)	(396)
Amortization of advanced fees	(6,900)	(7,374)	(9,848)	(11,470)	(11,565)
Non-refundable entrance fees received	8,337	17,473	39,814	14,972	15,593
Bad debt expense	52	59	63	66	68
Net change in:					
Accounts receivable - residents and patients	(232)	(169)	(274)	(175)	(174)
Accounts receivable - other	(431)	(1,211)	(1,762)	1,924	(97)
Due to/from related parties	(6,101)	(4,739)	(13,304)	(7,309)	(6,358)
Inventories	(1)	(2)	(3)	(2)	(2)
Prepaid expenses and other current assets	(59)	(60)	(40)	(25)	(23)
Accounts payable	(34)	(44)	(691)	94	80
Accrued salaries and related expenses	(4)	73	184	(188)	348
Accrued interest payable	(1,160)	45	(18)	(20)	(25)
Net cash provided by operating activities	<u>1,243</u>	<u>12,912</u>	<u>27,483</u>	<u>13,387</u>	<u>14,124</u>
Investing activities:					
Purchase of property and equipment	(21,129)	(19,142)	(5,087)	(5,329)	(5,582)
Assets limited as to use	<u>(5,680)</u>	<u>12,877</u>	<u>(15,587)</u>	<u>197</u>	<u>33</u>
Net cash used in investing activities	<u>(26,809)</u>	<u>(6,265)</u>	<u>(20,674)</u>	<u>(5,132)</u>	<u>(5,549)</u>
Financing activities:					
Refunds of deposits and refundable fees	(1,273)	(3,657)	(4,326)	(5,047)	(4,720)
Refundable entrance fees received	542	1,087	1,786	1,019	1,053
Payments on bonds and note payable	(3,420)	(4,024)	(4,269)	(4,227)	(4,908)
Deferred financing costs	(338)	(53)	-	-	-
Proceeds from issuance of debt	<u>30,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>25,566</u>	<u>(6,647)</u>	<u>(6,809)</u>	<u>(8,255)</u>	<u>(8,575)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Cash, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

ATTACHMENT 3

**Interim Unaudited Financial Statements
of
The United Methodist
Retirement Homes, Incorporated
Includes**

- **Consolidated Operations of Croasdaile Village, Cypress Glen and Wesley Pines**
- **Individual Operations of Wesley Pines**

The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary
Consolidating Balance Sheet Information
January 31, 2022

	Corporate	Wesley Pines	Cypress Glen	Croasdale Village	Eliminating entries	UMRH	UMKH Foundation	Eliminating entries	Obligated Group	UMKH AHD	Consolidated
ASSETS											
Current assets:											
Cash	14,729,265	400	2,260	550	-	14,732,475	77,101	-	14,809,576	86,549	14,896,125
Contributions receivable, current portion	-	35,638	2,739,668	112,938	-	2,888,244	24,721	(2,888,244)	24,721	-	24,721
Investments	102,988,012	-	-	-	(15,527,967)	87,460,045	-	-	87,460,045	-	87,460,045
Assets limited as to use - debt service, current portion	-	-	0	504,814	-	504,815	-	-	504,815	-	504,815
Assets limited as to use - all other, current portion	28	24,615	402,165	196,987	-	623,795	-	-	623,795	300	624,095
Accounts receivable, net of allowance for uncollectible accounts	-	778,730	164,746	2,517,537	-	3,461,014	-	-	3,461,014	-	3,461,014
Other receivables	7,460	280,164	316,261	738,418	-	1,342,302	-	-	1,342,302	-	1,342,302
Due from related parties	2,096,768	-	33,159,820	81,434,187	(116,541,447)	149,329	-	(149,329)	-	-	-
Inventories	825	39,243	24,300	85,283	-	149,651	-	-	149,651	-	149,651
Prepaid expenses and other current assets	197,739	93,587	184,452	393,413	-	869,191	-	-	869,191	-	869,191
Total current assets	120,020,097	1,252,378	36,993,672	85,984,128	(132,069,414)	112,180,861	101,821	(3,037,573)	109,245,110	86,849	109,331,959
Non-current assets:											
Assets limited as to use - statutory operating reserve	-	2,273,224	3,810,787	9,443,956	-	15,527,967	100,000	-	15,627,967	-	15,627,967
Assets limited as to use - debt service, net of current portion	-	-	1,253,898	29,381,353	-	30,635,251	-	-	30,635,251	-	30,635,251
Assets limited as to use - all other, net of current portion	674,525	-	1,826,843	234,120	-	2,735,487	3,072,132	-	5,807,620	-	5,807,620
Investments - restricted	-	-	-	-	-	-	8,156,029	-	8,156,029	-	8,156,029
Assets held for resale	183,458	32,550	-	-	-	216,008	-	-	216,008	-	216,008
Property and equipment, net	164,242	11,863,743	38,149,639	154,861,122	-	205,038,746	-	-	205,038,746	-	205,038,746
Trusts receivable	-	-	-	-	-	-	156,313	-	156,313	-	156,313
Contributions receivable, net of current portion	-	734,845	3,434,400	2,125,363	-	6,294,608	(1,499)	(6,294,608)	(1,499)	-	(1,499)
Deferred costs, net	-	-	7,553	103,721	-	111,275	-	-	111,275	-	111,275
Total non-current assets	1,022,224	14,904,362	48,483,121	196,149,636	-	260,559,343	11,482,974	(6,294,608)	265,747,709	-	265,747,709
Total assets	121,042,321	16,156,740	85,476,793	282,133,764	(132,069,414)	372,740,204	11,584,796	(9,332,181)	374,992,819	86,849	375,079,668
LIABILITIES AND NET ASSETS											
Current liabilities:											
Annuity payable, current portion	-	-	-	-	-	-	108,013	-	108,013	-	108,013
Bonds payable, current portion	-	112,000	962,000	3,251,000	-	4,325,000	-	-	4,325,000	-	4,325,000
Accounts payable	385,904	237,850	299,507	3,439,541	-	4,362,802	177	-	4,362,979	-	4,362,979
Accrued salaries and related expenses	719,042	342,616	713,340	1,090,322	-	2,865,320	-	-	2,865,320	-	2,865,320
Accrued interest payable	-	109,184	204,888	1,429,259	-	1,743,331	-	-	1,743,331	-	1,743,331
Insurance regulation - statutory operating reserve	-	2,273,224	3,810,787	9,443,956	(15,527,967)	-	-	-	-	-	-
Due to related parties	114,594,007	1,947,440	-	-	(116,541,447)	-	-	-	-	-	-
Contributions payable, current portion	-	-	-	-	-	-	2,888,244	(2,888,244)	-	-	-
Total current liabilities	115,698,953	5,022,314	5,990,522	18,654,078	(132,069,414)	13,296,453	2,996,435	(2,888,244)	13,404,644	-	13,404,644
Long-term liabilities:											
Annuity payable, less current portion	-	-	-	-	-	-	602,158	-	602,158	-	602,158
Bonds payable, less current portion	-	7,990,704	13,838,174	142,142,949	-	163,971,828	-	-	163,971,828	-	163,971,828
Qualified intermediate-term debt	-	-	-	-	-	-	-	-	-	-	-
Liability of other foundations	-	-	-	-	-	-	8,733	-	8,733	-	8,733
Liability for refundable advance fees	-	48,223	5,905,701	7,919,360	-	13,873,283	-	-	13,873,283	-	13,873,283
Deferred revenue from non-refundable advance fees	-	1,534,180	17,762,517	54,406,199	-	73,702,896	-	-	73,702,896	-	73,702,896
Deferred revenue - other	516,150	-	-	-	-	516,150	-	-	516,150	-	516,150
Contributions payable, less current portion	-	-	-	-	-	-	6,294,608	(6,294,608)	-	-	-
Due to related parties	-	-	-	-	-	-	149,329	(149,329)	-	-	-
Funds held for others	-	23,300	270,318	17,673	-	311,291	-	-	311,291	-	311,291
Interest rate swap agreement	-	-	21,896	168,849	-	190,746	-	-	190,746	-	190,746
Total long-term liabilities	516,150	9,596,407	37,798,607	204,655,030	-	252,566,194	7,054,827	(6,443,937)	253,177,085	-	253,177,085
Total liabilities	116,215,103	14,618,721	43,789,129	223,309,108	(132,069,414)	265,862,648	10,051,262	(9,332,181)	266,581,729	-	266,581,729
Net assets:											
Unrestricted	4,152,665	766,222	33,554,906	56,537,546	-	95,011,339	178,890	-	95,190,230	86,549	95,276,779
Temporarily restricted	28	532,759	6,224,598	1,852,910	-	8,610,295	822,843	-	9,433,139	300	9,433,439
Permanently restricted	674,525	239,039	1,908,159	434,199	-	3,255,922	531,800	-	3,787,722	-	3,787,722
Total net assets	4,827,218	1,538,019	41,687,664	58,824,655	-	106,877,556	1,533,534	-	108,411,090	86,849	108,497,939
Total liabilities and net assets	121,042,321	16,156,740	85,476,793	282,133,764	(132,069,414)	372,740,204	11,584,796	(9,332,181)	374,992,819	86,849	375,079,668

The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary
Consolidating Statement of Operations and Changes in Net Assets Information
January 31, 2022

	Corporate	Wesley Pines	Cypress Glen	Croasdale Village	UMRH	UMRH Foundation	Eliminating entries	Obligated Group	UMRH AHD	Consolidated
Unrestricted revenues, gains and other support:										
Net resident and patient service revenue										
Net resident and patient service revenue	-	3,551,031	5,932,270	14,458,753	23,942,054	-	-	23,942,054	-	23,942,054
Amortization of advance fees	-	116,224	910,802	2,150,358	3,177,385	-	-	3,177,385	-	3,177,385
Net assets released from restriction	961	3,099	120,386	211,629	336,074	2,818	-	338,892	-	338,892
Other	4,058	732	88,676	(1,001)	92,465	-	-	92,465	-	92,465
Interest and dividend income	2,307,470	-	6,260	13,527	2,327,257	46	-	2,327,303	3	2,327,306
Total unrestricted revenues, gains and other support	2,312,489	3,671,086	7,058,394	16,833,266	29,875,234	2,864	-	29,878,099	3	29,878,101
Expenses:										
Nursing services	-	1,515,209	1,502,298	3,544,612	6,562,119	-	-	6,562,119	-	6,562,119
Dietary and food services	-	478,616	1,070,332	2,295,318	3,844,265	-	-	3,844,265	-	3,844,265
Administration	1,912,897	289,964	746,152	1,351,370	4,300,384	11,050	-	4,311,433	-	4,311,433
Plant operations, maintenance and security	-	252,185	763,504	1,325,688	2,341,377	-	-	2,341,377	-	2,341,377
Laundry and housekeeping	-	150,600	383,986	860,537	1,395,124	-	-	1,395,124	-	1,395,124
Resident services - activities	-	45,612	205,645	609,136	860,392	-	-	860,392	-	860,392
Home care	-	-	-	1,132,855	1,132,855	-	-	1,132,855	-	1,132,855
Interest	-	121,084	223,181	1,677,482	2,021,747	-	-	2,021,747	-	2,021,747
Depreciation and amortization	31,052	210,770	1,128,953	3,400,509	4,771,284	-	-	4,771,284	-	4,771,284
Bad debt expense	-	10,520	-	5,758	16,278	-	-	16,278	-	16,278
Total expenses	1,943,950	3,074,560	6,024,051	16,203,264	27,245,824	11,050	-	27,256,874	-	27,256,874
Operating income (loss)	368,540	596,526	1,034,342	630,002	2,629,410	(8,185)	-	2,621,225	3	2,621,228
Non-operating gains (losses):										
Interest and dividend income	-	-	-	-	-	-	-	-	-	-
Net investment gain, realized	-	-	-	-	-	-	-	-	-	-
Net investment gain, unrealized	(3,041,517)	-	(11,027)	(23,015)	(3,075,560)	-	-	(3,075,560)	-	(3,075,560)
Loss on disposal of property and equipment	-	-	(2,269)	(2,885)	(5,153)	-	-	(5,153)	-	(5,153)
Contributions	1,000	570	100	2,010	3,680	2,621	-	6,301	-	6,301
Loss on extinguishment of debt	-	(252,555)	(898,964)	(1,296,252)	(2,447,771)	-	-	(2,447,771)	-	(2,447,771)
Construction related marketing costs	-	-	(497)	(2,824)	(3,321)	-	-	(3,321)	-	(3,321)
Change in fair value of interest rate swap agreement	-	-	-	-	-	-	-	-	-	-
Other	-	96	454	-	550	-	-	550	-	550
Net non-operating gains (losses)	(3,040,517)	(251,889)	(912,203)	(1,322,966)	(5,527,575)	2,621	-	(5,524,954)	-	(5,524,954)
Excess of revenues, gains and other support over expenses	(2,671,978)	344,637	122,139	(692,963)	(2,898,165)	(5,565)	-	(2,903,730)	3	(2,903,727)
Net assets released from restrictions for purchase of property and equipment	-	-	113,175	-	113,175	-	-	113,175	-	113,175
Change in unrestricted net assets	(2,671,978)	344,637	235,314	(692,963)	(2,784,990)	(5,565)	-	(2,790,555)	3	(2,790,552)
Change in temporarily restricted net assets:										
Contributions	880	175	2,236,012	264,979	2,502,046	16,091	-	2,518,137	-	2,518,137
Interest and dividend income	-	25,584	217,479	111,986	355,050	48,319	-	403,369	-	403,369
Investment gain (loss)	-	(22,195)	(196,218)	(97,342)	(315,754)	(42,004)	-	(357,758)	-	(357,758)
Change in split interest agreement	-	-	(14,507)	(225)	(14,732)	(26)	-	(14,758)	-	(14,758)
Change in value of pledges	-	-	-	-	-	-	-	-	-	-
Recovery of bad debt, net (bad debt expense)	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction	(961)	-	(233,020)	(207,768)	(441,749)	(2,818)	-	(444,567)	-	(444,567)
Change in temporarily restricted net assets	(81)	3,564	2,009,747	71,630	2,084,860	19,563	-	2,104,423	-	2,104,423
Change in permanently restricted net assets:										
Contributions	-	60	2,620	19,941	22,621	5,806	-	28,427	-	28,427
Interest and dividend income	-	-	-	-	-	-	-	-	-	-
Investment gain (loss)	-	-	-	-	-	-	-	-	-	-
Change in split interest agreement	-	(727)	(4,277)	(1,473,213)	(1,478,217)	(56)	-	(1,478,273)	-	(1,478,273)
Change in value of pledges	-	-	-	(1,666)	(1,666)	-	-	(1,666)	-	(1,666)
Recovery of bad debt, net (bad debt expense)	-	-	-	167	167	-	-	167	-	167
Net assets released from restriction	-	-	-	-	-	-	-	-	-	-
Change in permanently restricted net assets	-	(667)	(1,657)	(1,454,772)	(1,457,095)	5,750	-	(1,451,345)	-	(1,451,345)
Change in net assets	(2,672,059)	347,534	2,243,404	(2,076,105)	(2,157,226)	19,748	-	(2,137,477)	3	(2,137,474)

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	UMRH	UMRH Foundation	Eliminating entries	Obligated Group	UMRH AHD	Consolidated
Net assets, beginning of year	7,499,277	1,190,484	39,444,260	60,900,760	109,034,782	1,513,785	-	110,548,567	86,846	110,635,413
Net assets, end of year	4,827,218	1,538,019	41,687,664	58,824,655	106,877,556	1,533,534	-	108,411,090	86,849	108,497,939

ATTACHMENT 4

Explanations of Material Differences

Balance Sheet

Statement of Operations

Statement of Cash Flows

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences
Between Previous Pro Forma Balance Sheet Projection for 2021
and 2021 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2021 actual results with the projected results for 2021.

Sources and (Uses)
(Figures stated below are in thousands)

	2021 Actual	2021 Projected	Fav/(Unfav) Difference	Variance Percentage
<u>Assets</u>				
Current Assets:				
Cash (1)	8,549	18,528	(9,979)	-53.86%
Short-term investments	89,250	82,904	6,346	7.65%
Accounts receivable, net	5,655	6,270	(615)	-9.81%
Assets limited as to use, current portion (2)	3,097	1,237	1,860	150.36%
Inventories and prepaid expenses	1,320	1,251	69	5.52%
Contributions receivable from UMRH Foundation, current portion (3)	863	443	420	94.81%
Due from related party, current (4)	183	150	33	22.00%
Total current assets	108,917	110,783	(1,866)	
Assets limited as to use:				
Insurance regulation	14,496	14,496	-	0.00%
Other assets limited as to use (5)	15,715	7,346	8,369	113.93%
Assets limited as to use, non-current	30,211	21,842	8,369	
Property and equipment, net				
Assets held for resale	204,684	196,036	8,648	4.41%
Contributions receivable from UMRH Foundation, net of current portion (6)	216	216	-	0.00%
Deferred marketing costs, net (7)	7,761	6,287	1,474	23.45%
Total non-current assets	116	131	(15)	-11.45%
Total assets	8,093	6,634	1,459	
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Current maturities of long-term debt	4,540	4,540	-	0.00%
Accounts payable and accrued expenses (8)	10,499	7,724	2,775	35.93%
Total current liabilities	15,039	12,264	2,775	
Long-term liabilities				
Liability for refundable advance fees and deposits	14,067	14,733	(666)	-4.52%
Deferred revenue from non--refundable advance fees	73,375	67,478	5,897	8.74%
Long-term debt, less current portion	140,012	140,070	(58)	-0.04%
Funds held for others (9)	187	124	63	50.81%
Interest rate swap agreement (10)	191	377	(186)	-49.34%
Total long-term liabilities	227,832	222,782	5,050	
Total liabilities	242,871	235,046	7,825	
Net assets:				
Without donor restriction	97,796	91,343	6,453	7.06%
With donor restriction (11)	11,238	8,906	2,332	26.18%
Total liabilities and net assets	351,905	335,295	16,610	

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences Footnotes
Balance Sheet

Variations of 10% or greater between actual and projected results are considered material variations which are explained below:

1. Cash Excessive funds were moved to short-term investments.
2. Assets limited as to use, current portion Debt service funds available for use on the forecast were underestimated.
3. Contributions receivable from UMRH Foundation, current portion Since the change in this number is dependent upon donations to the UMRH Foundation for the benefit of UMRH, the forecast conservatively assumes no change year over year. The variance is due to greater than anticipated donations.
4. Due from related party, current Since the change in this number is dependent upon donations to the UMRH Foundation for the benefit of UMRH, the forecast conservatively assumes no change year over year. The variance is due to greater than anticipated donations.
5. Other assets limited as to use Debt service funds available for use on the forecast were underestimated.
6. Contributions receivable from UMRH Foundation, current portion Since the change in this number is dependent upon donations to the UMRH Foundation for the benefit of UMRH, the forecast conservatively assumes no change year over year. The variance is due to greater than anticipated donations.
7. Deferred marketing costs, net The forecast had amortization beginning in 2022 when it actually began in 2021.
8. Accounts payable and accrued expenses Accrued interest was underestimated on the forecast. Provider relief advanced funding from COVID was included in long-term liabilities in the forecast.
9. Funds held for others Resident deposits exceeded expectation. The forecast assumes no change for conservatism.
10. Interest rate swap agreement The forecast assumes no change year over year. The variance represents the actual change.

11. Without donor restriction The forecast assumes no change year over year. The variance represents the actual change.

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences
Between Previous Pro Forma Statement of Operations and Change in Net Deficits for 2021
and 2021 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2021 actual results with the projected results for 2021.

Sources and (Uses)
(Figures stated below are in thousands)

	2021 Actual	2021 Projected	Fav/(Unfav) Difference	Variance Percentage
Revenues				
Apartments	31,462	30,990	472	1.52%
Health care	21,283	20,911	372	1.78%
Assisted living	10,267	10,539	(272)	-2.58%
Home care (1)	2,159	2,871	(712)	-24.80%
Amortization of deferred residence fees	9,620	9,260	360	3.89%
Investment income (2)	3,309	1,916	1,393	72.70%
Net assets released from restrictions (3)	523	120	403	335.83%
Other (4)	26	1,466	(1,440)	-98.23%
Total revenue	78,649	78,073	576	
Expenses				
Health care	14,732	14,924	(192)	-1.29%
Assisted living	3,571	3,777	(206)	-5.45%
Resident services	2,594	2,709	(115)	-4.25%
Home care (5)	3,312	2,758	554	20.09%
Dietary	10,569	11,064	(495)	-4.47%
Housekeeping	3,940	3,982	(42)	-1.05%
Plant	6,779	6,712	67	1.00%
General and administration	11,968	11,602	366	3.15%
Depreciation and amortization	13,704	13,824	(120)	-0.87%
Interest (6)	5,723	3,465	2,258	65.17%
Total expenses	76,892	74,817	2,075	
Operating income (loss)	1,757	3,256	(1,499)	
Non-operating gains (losses) (7)	8,104	-	8,104	0.00%
Change in unrestricted net assets	9,861	3,256	6,605	
Change in donor restricted net assets (8)	2,181	-	14,709	0.00%
Change in net assets	12,042	3,256	8,786	
Net assets, beginning of the year	96,993	96,993	-	
Net assets, end of the year	109,035	100,249	8,786	

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences Footnotes
Operating Statement

Variances of 10% or greater between actual and projected results are considered material variances which are explained below:

1. Home care revenue Utilization of Home Care services were less than anticipated on the forecast.
2. Investment income Actual investment returns exceeded what was expected in the forecast.
3. Net assets released from restriction The forecast assumes no change in temporarily restricted net assets for conservatism. The audit reflects the actual use of these funds.
4. Other revenue The forecast included provider relief funds here and the audit has this recorded in non-operating gains/(losses).
5. Home care expense Home Care expenses were more than anticipated on the forecast.
6. Interest expense Some expense was expected to be capitalized on the forecast, but was expensed on the audit.
7. Non-operating gains (losses) Due to the uncertainty and volatility of investment gains or losses, contributions, changes in the fair value of interest rate swap agreements and gains or losses on the disposal of PP&E, the forecast conservatively assumes zero. Also, the audit reflects the actual use of provider relief funds here, whereas the forecast includes this in other revenue.
8. Change in donor restricted net assets For conservatism, the forecast assumes no change in temporarily restricted net assets unless there is certainty in the use of or receipt of funds.

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences
Between Previous Pro Forma Statement of Cash Flows Projection for 2021
and 2021 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2021 actual results with the projected results for 2021.

Sources and (Uses)

(Figures stated below are in thousands)

	2021 Actual	2021 Projected	Fav/(Unfav) Difference	Variance Percentage
Cash flows from operating activities				
Change in net assets (1)	12,042	3,256	8,786	270%
Adjustments to reconcile increase in net assets to net cash from operating activities				
Depreciation	13,690	13,824	(134)	-1%
Amortization of deferred financing costs	89	85	4	5%
Amortization of bond premium	(294)	(292)	(2)	1%
Amortization of marketing costs (2)	15	-	15	
Amortization of deferred resident fees	(9,620)	(9,260)	(360)	4%
Proceeds from non-refundable advance fees (3)	13,217	6,394	6,823	107%
Bad debt expense (4)	110	145	(35)	-24%
Loss on disposal of property & equipment (5)	116	-	116	100%
Unrealized gains on investments and assets limited as to use (6)	(5,145)	-	(5,145)	100%
Realized gains on investments and assets limited as to use (7)	(3,089)	-	(3,089)	100%
Change in fair value of swap agreement (8)	(186)	-	(186)	100%
Net change in:				
Current/non-current assets (9)	(5,445)	(2,748)	(2,697)	98%
Current/non-current liabilities (10)	505	(1,866)	2,371	-127%
Net cash from operating activities	16,005	9,538	6,467	68%
Cash flows from investing activities				
Additions to property and equipment and construction in progress (11)	(18,634)	(9,039)	(9,595)	106%
Net change in investments and assets limited as to use (12)	2,794	18,026	(15,232)	-85%
Change in assets held for resale (13)	(1)	(2)	1	-50%
Net cash from investing activities	(15,841)	8,985	(24,826)	-276%
Cash flows from financing activities				
Refunds of entrance fees (14)	(1,126)	(2,421)	1,295	-53%
Proceeds from refundable advance fees (15)	1,536	1,281	255	20%
Principal payments on debt	(4,345)	(4,345)	-	0%
Deferred financing costs, net (16)	(59)	-	(59)	
Net cash from financing activities	(3,994)	(5,485)	1,491	-27%
Net change in cash	(3,830)	13,038	(16,868)	-129%
Cash at beginning of year	25,804	5,490	20,314	370%
Cash at end of year	21,974	18,528	3,446	19%

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences Footnotes
Cash Flow

Variations of 10% or greater between actual and projected results are considered material variations which are explained below:

1. Change in net assets See various explanations in footnotes to operating statement.
2. Amortization of marketing costs The forecast had amortization beginning in 2022 when it actually began in 2021.
3. Proceeds from non-refundable advance fees The timing of advance fees from new construction was different than forecasted.
4. Bad debt expense Actual expenses were less than forecasted.
5. Loss on disposal of property & equipment This is not separately categorized in the cash flow on the forecast as it is on the audit.
6. Unrealized gains on investments and assets limited as to use Conservatively, the forecast assumes no unrealized gains or losses.
7. Realized gains on investments and assets limited as to use Conservatively, the forecast assumes no realized gains or losses.
8. Change in fair value of swap agreement The forecast assumes no change year over year. The variance represents the actual change.
9. Current/non-current assets See the variances listed on the balance sheet material differences spreadsheet.
10. Current/non-current liabilities See the variances listed on the balance sheet material differences spreadsheet.
11. Additions to property and equipment and construction in progress Delays in construction put actual expenditures behind one year when compared to the forecast.
12. Net change in investments and assets limited as to use See the variances listed on the balance sheet material differences spreadsheet.

13. Change in assets held for resale Actual costs were less than forecasted.
14. Refunds of entrance fees Actual refunds were less than forecasted.
15. Proceeds from refundable advance fees Proceeds were greater than forecasted.
16. Deferred financing costs, net Delays in construction put capitalization of financing costs one year behind when compared to the forecast.

ATTACHMENT 5

Standard Residency Agreement



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Standard Residency Agreement

02-28-2022



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Exhibit A – Options and Custom Features Added at Resident's Request

GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" means the Residency Agreement, entered into between the Resident and The United Methodist Retirement Homes, Incorporated, which outlines the contractual obligations of both parties.

"Community" means the continuing care retirement community known as "Cypress Glen Retirement Community," including all of the residences, common areas, and site amenities.

"Entrance Fee" means payment that assures a resident a place at the Community for life as long as the resident complies with terms of this Agreement. At the time the resident makes application for residency at the Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid on the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. Specific information is located in Paragraph 1.2 of this Agreement.

"Extra Charges" means the additional fees required to be paid for the additional services and amenities requested by Resident, as set forth in Paragraph 2.2 of this Agreement.

"Health Center" means the portion of the Community, which is licensed to provide three levels of care: assisted living care, memory care, and nursing care, as described in Section 4 of the Agreement.

"Monthly Fee" means that fee payable each month by the Resident as set forth in Paragraphs 1.3 and 1.4 of the Agreement, in consideration for the services and amenities provided to the residents of the Community described in Paragraph 2.1 of this Agreement. If there are Joint Residents under this Agreement, the Monthly Fee will include a "Second Person Monthly Fee."

"Residence" means the apartment or cottage at the Community identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee and the Monthly Fee.

"Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "Joint Resident." Further, both Residents may be referred to as "Joint Residents." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Responsible Party" refers to that person who may act on resident's behalf, including signing this Agreement.

"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us" means the owner of the retirement community known as Cypress Glen Retirement Community, including all of the residences, common areas, and site amenities associated with these areas. The United Methodist Retirement Homes, Incorporated is a North Carolina non-profit corporation.



Residency Agreement Standard

INTRODUCTION

This Standard Residency Agreement ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Cypress Glen Retirement Community is a continuing care retirement community located at 100 Hickory Street; Greenville, NC 27858 ("Cypress Glen" or "Community").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number _____
Residence Style _____

You may select certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Community prior to adding them to the Residence. The Executive Director of the Community has consented to your request to add the options and custom features set forth on Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth on Exhibit A to cover the charges for such items.

As a Resident of the Community, you are offered lifetime use of your Residence and lifetime access to the Community Health Center, subject to the terms and conditions of this Agreement.

To be accepted for residency, you must meet our residency criteria, which includes: having reached the age of 62 (or sharing your Residence with a Joint Resident who is 62 or older); financial guidelines; and the ability to live in a residence (with or without reasonable accommodation and/or reasonable modification) – all as outlined in our current residency policy.

The purpose of this Agreement is to set forth your rights and duties as a Resident of the Community and to delineate the services to be provided at the Community.

1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

1.1 Application Fee. Prior to or upon your execution of this Agreement, you will pay to us a non-refundable Application Fee of \$____. The Application Fee will be used by us to process your application for residency.

1.2 Entrance Fee. In order to reside at the Community for life, subject to this Agreement, and to receive the services and amenities described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$____ (includes first and second person, if applicable). The total amount of the Entrance Fee shall be payable as follows:

1.2.1 Ten percent (10%) of the total Entrance Fee is \$____, less any previously paid Future Resident Fee (\$____), equals \$____, which amount is due and payable upon your execution of this Agreement.

1.2.2 The balance of \$____ of the Entrance Fee shall be paid on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier.

1.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee is due upon receipt of a statement from us and by no later than the fifteenth (15th) of each month. The Monthly Fee is initially set at a specific amount that can be increased as described in Paragraph 1.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

1.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$____ per month and an additional \$____ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

1.5 Continuance of Monthly Fee. Payment of the Monthly Fee will continue as follows:

1.5.1 In the event of your death (in the case of Joint Residents, the death of the surviving Resident), until your estate removes all of your personal property from the Residence and from any storage unit.

1.5.2 In the event of your permanent relocation to Health Center Level Services or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need, until you or your personal representative removes all of your personal property from the Residence and from any storage unit.

1.5.3 In the event of cancellation of this Agreement as outlined in Section 7 or 8, until expiration of the cancellation period and continues until you remove all of your personal property from the Residence and from any storage unit.

1.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement and is intended to meet the expenses associated with the operation of the Community. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Community or to provide quality services to the Residents.

1.7 Reduction in Monthly Fee Due to Absence. Upon the request of the Resident, the Community will provide a reduction in the Monthly Fee when a Resident is absent from the Community, equal to the raw food costs determined through the Community's budgeting process, outlined as follows:

- Two (2) Meals a Day Plan: Must be absent from the Community for more than forty-five (45) consecutive days to qualify for the reduction. The reduction begins on day 46.
- Twenty-Five (25) Meals a Month Plan: Must be absent from the Community for more than ninety (90) consecutive days to qualify for the reduction. The reduction begins on day 91.

1.8 Reserve Funds. The amount of the Monthly Fee also is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Community.

1.9 Late Payment Charge. We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fees or any Extra Charges are not paid by the fifteenth (15th) day of the month. Balances over thirty (30) days old will be assessed a one percent (1%) interest charge per month. If we hire a collection agency or attorney to collect the Monthly Fee and Extra Charges past due from you, you are to pay any and all costs of collection, including reasonable attorney's fees, costs, and expenses associated with such collection efforts.

2. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

2.1 Services Provided for the Monthly Fee. We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Community:

- Dining allowance equal to two (2) meals per day for residents of A and B wings; three (3) meals per day for residents of the C wing; and twenty-five (25) meals per month for residents of the D wing, East wing, West wing, and cottages;
- Limited meal delivery to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Standard television cable system;
- Building janitor and maintenance;
- Grounds keeping;

- Weekly housekeeping services;
- Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing and cottages;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Services of a life enrichment director;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities;
- Scheduled local transportation as published by us, including transportation to local medical facilities (non-emergency);
- Limited additional storage space for A, B, C, D, East and West wing apartments;
- Emergency call system, with 24-hour check-in;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days each year of assisted living, memory care or nursing care in the Community Health Center as outlined in Paragraph 4.4.

2.2 Supplemental Services Provided for Extra Charge. Supplemental services, when available, will be provided at Extra Charge and are described below. A list of Extra Charges for these supplemental services can be obtained from administration.

- Extra meals, depending upon a resident's dining allowance;
- Beer and wine;
- Extended meal delivery as approved by authorized staff;
- Preparation of special diets (beyond those which are routine), as prescribed by your attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Guest meals;
- Personal transportation and transportation for special events and group trips;
- Community Health Center services as outlined in Section 4 (including assisted living, memory care, nursing care, and the services of the Clinic);
- Wireless Internet; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, etc.) as outlined in Paragraph 4.10.

3. TERMS OF RESIDENCY.

3.1 Use of the Residence. The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only the right to live in the Residence, access to other facilities of the Community, and to available services and amenities, subject to the terms and conditions of this Agreement.

3.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our residency policy, or this Agreement is canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that you need assisted living services, memory care services, or nursing care services, you will be requested to relocate to the Community Health Center or Comparable Facility (as defined in Paragraph 4.2).

3.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in the case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence after the date we sign this Agreement (said acceptance to be in accordance with our current residency policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days, except with our express written approval.

If the Resident marries a person who is also a resident of the Community, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence, if any, will be provided as described in Paragraph 9.5 of this Agreement.

3.4 Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of our residents.

3.5 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from such liability.

3.6 Insurance. Our insurance does not cover your personal property or your liability. It is recommended that you carry personal property insurance and liability insurance at your own expense to cover against any loss or damage to your personal property or to the property of others caused by your negligence or that of your guests. If requested by us, you agree to provide us with proof of such insurance coverage.

3.7 Removal and Storage of Resident's Personal Property.

3.7.1 Within thirty (30) days following the date of your death (the death of the surviving Resident in the case of Joint Residents). If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge your estate the Monthly Fee as outlined in Paragraph 1.5.1 above, or we may remove and store such personal property at the expense and risk of your estate. Your Entrance Fee will continue to amortize, if applicable, until the Residence

and any storage unit is completely vacated. We will only allow the executor(s) named in your Will to remove or dispose of your personal property in your living accommodation and any related storage unit at the Community. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

3.7.2 Within thirty (30) days following the date notice is delivered to you of your permanent relocation to the Community Health Center or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need. If your personal property is not removed from your Residence and from any storage unit within such thirty (30) days, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.2 above, or we may remove and store such personal property at your expense and risk.

3.7.3 At the end of the cancellation period outlined in Section 7 or 8. If your personal property is not removed from your Residence and from any storage unit by the end of the cancellation period, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.3 above, or we may remove and store such personal property at your expense and risk. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated.

3.8 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Paragraph 2.1. Furnishings provided by you shall not be such as to interfere with your health, safety or general welfare, or that of other residents or others.

3.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Community, or to the Community Health Center or a Comparable Facility (as defined in Paragraph 4.2), or to a hospital or other health care facility for the protection of your health or safety or for the health or safety of the other residents of the Community.

3.10 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval. Said alterations will be set forth in a separate addendum to this Agreement, signed by you and us.

3.11 Condition of Residence. Upon vacating the Residence, you agree to leave it in good and clean condition. You shall be liable to us for any charges incurred to restore your Residence to good and clean condition, except for normal wear and tear.

3.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent relocation of one Resident to a different level of care at the Community, or other inability of that Resident to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

3.13 Smoke-Free Community. The Community is a smoke-free community, pursuant to its Smoke-Free Community Policy (a copy of which is available upon request), wherein the campus and buildings have been designated as "smoke free". Smoking (including E-Cigarettes) is not allowed by residents, guests, staff, and business invitees in any part of the Community (except in designated outdoor areas), including, but not limited to, the residences, the Community Health Center (including the assisted living facility, memory care unit, and the nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas of the Community. Outside designated smoking areas will be posted. Violation of the Smoke-Free Community Policy can result in our cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

3.14 Firearms Policy. The Community has adopted a policy governing the possession of firearms at the Community. Firearms need to be registered with the Community and properly secured. In the event that you are unable to safely maintain a firearm, we will contact your designated power of attorney, legal representative or family member to remove any firearms from your Residence.

4. THE COMMUNITY HEALTH CENTER.

4.1 Description. The Community Health Center is the portion of the Community which is licensed to provide three levels of care: assisted living care, memory care, and nursing care (collectively "Health Center Level Services"). The Community Health Center is staffed by licensed nursing personnel 24 hours a day.

4.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Community Health Center. In the event the Community Health Center is fully occupied when you are determined to need such care, you agree to relocate to an alternate health care facility that provides services similar to the Community Health Center or to another care facility licensed to provide the appropriate care you need (a "Comparable Facility") until an appropriate space becomes available for you at the Community. We will not be responsible for the charges associated with the Comparable Facility. Upon your relocation to a Comparable Facility, you shall continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

4.3 Clinic. The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an Extra Charge to you.

4.4 Six (6) Days of Assisted Living, Memory Care or Nursing Care. You are eligible to receive a total of six (6) days each year of either assisted living care, memory care or nursing care in the Community Health Center while you are a resident of your Residence. In the case of Joint Residents, each of you will receive six (6) days, but the days cannot be combined and used by only one of you. Such six (6) days renews on an annual basis and does not accumulate. You are required to pay the charges for physician services and any additional health services as outlined in Paragraph 4.10. Once you are permanently assigned to assisted living, memory care or nursing care in the Community Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living, memory care or nursing care and will be required to pay the per diem charge for such care. **[NOTE: The six (6) days of care is a**

combined annual total for assisted living, memory care and nursing care at the Community.]

4.5 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Community Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

4.6 Temporary Relocation to the Community Health Center. In the event you require temporary care in the Community Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. In addition, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above.

4.7 Permanent Relocation to Health Center Level Services. In the event you require permanent care in the Community Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. If you are determined appropriate for Health Center Level Services, and are permanently relocated to the Community Health Center or a Comparable Facility, you will be required to release your Residence to us, and remove all of your personal property from the Residence and from any storage unit as outlined in Paragraph 3.7.2. We shall have the right to reassign the Residence for occupancy by others except as provided in Paragraph 3.12. Release of the Residence due to your permanent relocation to the Community Health Center or to a Comparable Facility does not qualify you for a refund of the Entrance Fee, unless this Agreement is canceled. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

4.8 Relocation within the Community Health Center. We reserve the right to relocate you to a different level of care within the Community Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

4.9 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

4.10 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your own expense. If your personal physician will be providing you with

services in the Community Health Center, he/she may do so upon providing us with his/her credentials and with proof of liability insurance, and he/she agrees to abide by our policies and procedures. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

4.11 Advanced Payment for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon cancellation of this Agreement for any reason, any amounts due to us under this Paragraph 4.11 shall be offset against any refund of the Entrance Fee.

4.12 Medicare and Health Insurance. The Community Health Center has received Medicare certification on six (6) of its nursing beds. When eligible, you are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Community Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Community Health Center as provided in Paragraph 4.4 and your stay in the Community Health Center is a Medicare-qualified stay, such six (6) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Community Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 6.1, and we retain the right to cancel the Residency Agreement as provided in Section 8.

4.13 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

4.13.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.13.2 Not a Participating Provider. If the Community Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care services. In addition, while receiving health care services at the managed care participating provider, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above. Such a stay at a managed care participating provider will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable.

4.13.3 Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.13.4 No Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive nursing care in the Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community Health Center will reduce by one day the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. During any such Medicare-qualified stay in the Community Health Center, you agree that you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above and any charges for physician services and any additional health services as outlined in Paragraph 4.10. If at any time during any such Medicare-qualified stay in the Community Health Center you are no longer eligible to receive any of the days of care provided for in Paragraph 4.4, then you agree to pay the per diem charge for your care in the Community Health Center, the Monthly Fee for your Residence in accordance with

Paragraph 1.5.2 above, and any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.13.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.13, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without additional charge as provided in Paragraph 4.4, as applicable.

4.14 Long-Term Care Insurance. We will use reasonable efforts to assist you in working with your long-term care insurance provider to obtain the benefits to which you may be entitled.

4.15 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Community Health Center is licensed to provide, you will be transferred to a hospital or other care facility. Our staff will not accompany you to the hospital or other facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5 above.

4.16 Community Health Center Admission Agreement. If you require care in the Community Health Center, you agree to enter into a separate admission agreement for the appropriate level of care, which will be signed by you and us.

4.17 Under Age 62. If you are under the age of 62 when you occupy your Residence under this Agreement, you are not eligible to receive the six (6) days of care in the Community Health Center as described in Paragraph 4.4 until you attain the age of 62. During this time, you will be entitled to Health Center Level Services at the then-current per diem charge being charged to nonresidents until age 62.

5. REPRESENTATIONS.

5.1 Our Representations. We represent and warrant that we are a nonprofit corporation. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with the North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction. The North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction is not responsible for our financial or contractual obligations.

5.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Community. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

6. PROMISES.

6.1 Our Promises. It is and shall be our declared policy to operate as a non-profit organization. We will not cancel this Agreement without just cause as specified in Section 8. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee or the per diem charge for care in the Community Health Center, provided you have met all "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Community for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Community on a sound financial basis for the benefit of all residents.

6.2 Your Promises. You agree to comply with all policies and procedures of the Community as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent; to apply for public assistance funds (if available) and/or Medicaid (if the Community Health Center becomes Medicaid certified) if you should need financial assistance as outlined in Paragraph 6.1 above while receiving Health Center Level Services; and to abide by all other terms of this Agreement.

7. CANCELLATION BY RESIDENT.

7.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. However, if you occupy the Residence during the rescission period and then rescind this Agreement, you will only be charged a Monthly Fee for the period of time that you actually occupied the Residence. Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.2.

7.2 Cancellation Prior to Occupancy. You may cancel this Agreement for any reason at any time before you move into the Community by giving us written notice signed by you (both of you in the case of Joint Residents). Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.3 or 9.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. Refund of the Entrance Fee shall be as outlined in Paragraph 9.3.

7.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Community by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must remove your personal property from the Residence and from any storage unit within said thirty (30) day notice period as outlined in Paragraph 3.7.3. You are obligated to pay the Monthly Fee during the thirty (30) days, and thereafter if the Residence has not been released to us in accordance with Paragraph 1.5.3 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

7.4 Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (unless you have a surviving Joint Resident). Your estate must remove your personal property from the Residence and from any storage unit within thirty (30) days after your death as outlined in Paragraph 3.7.1. Your estate will be obligated to pay the Monthly Fee as outlined in Paragraph 1.5.1 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

8. CANCELLATION BY UMRH.

8.1 Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

8.1.1 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.

8.1.2 Misrepresentation. You misrepresent yourself or fail to disclose information during the residency process.

8.1.3 Nonpayment. You fail to pay any charges to us, subject to the provisions of Paragraph 6.1, within forty-five (45) days of the date when such charges are due.

8.1.4 Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health, safety or peace of yourself, other residents, or others including your refusal to consent to relocation, or behavior that would result in physical damage to the property of the Community or others.

8.1.5 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Community Health Center within the limits of our license.

8.2 Default Notice. Prior to cancellation for any Default described in Paragraph 8.1.1, 8.1.2 or 8.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5 above, if we or the Medical Director determines that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

9. REFUND OF ENTRANCE FEE.

9.1 Nonacceptance by Us. If we do not accept you for residency at the Community, the full amount of the Entrance Fee you have paid will be promptly refunded to you, without interest.

9.2 Right of Rescission. If you rescind this Agreement as provided in Paragraph 7.1, you shall receive a full refund of the portion of the Entrance Fee paid by you, without interest, within sixty (60) days of our receipt of the written notice of rescission.

9.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, or Incapacity. If, prior to occupancy and after your right of rescission period has expired, you die or you cancel this Agreement because of illness, injury or incapacity, you or your estate will receive a refund of the portion of the Entrance Fee you have paid, without interest, less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your written notice of cancellation.

9.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Paragraphs 9.2 or 9.3 above, you shall receive a refund of the Entrance Fee paid, less a non-refundable portion of the Entrance Fee equal to Two Thousand Dollars (\$2,000) and less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days after our receipt of the written notice of cancellation.

9.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of residency or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid, without interest, at such time as a new resident has paid the full amount of the Entrance Fee for your Residence or within two (2) years from the date of cancellation, whichever occurs first.

9.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 9.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

9.6.1 The amount of any unpaid Monthly Fees, prorated Monthly Fees for the period of time the Residence was occupied (which shall include the period of time until you or your personal representative removes all of your personal property from the Residence and from any storage unit) after cancellation of this Agreement, any Extra Charges, or other charges deferred by us on your behalf under Paragraph 6.1; and

9.6.2 Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

9.6.3 Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Paragraph 3.11; and

9.6.4 Any charges incurred as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

10. MISCELLANEOUS.

10.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to receipt of the amounts described in Section 9; (ii) this Agreement and your contractual right to occupy the Community will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Community but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Community.

10.2 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

10.3 Force Majeure. Community shall not be liable to Resident for any default, breach or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason of the occurrence of a Force Majeure Event. A "Force Majeure Event" is defined as the occurrence of an event which materially interferes with the ability of Community to perform its obligations or duties hereunder which is not within the reasonable control of Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, terrorism, government uprising, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, acts of authority or change in law. Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide

Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.

10.4 Amendment. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

10.5 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Community, including the Residence, to meet the requirements of any applicable law or regulation.

10.6 Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Community.

10.7 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid upon receipt and by no later than the fifteenth (15th) day of each month.

10.8 Responsible Party for Business and Financial Decision Making. Prior to assuming residency at the Community, you agree to execute and deliver to us a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Community.

10.9 Disposition of Furniture, Possessions, and Property. You agree to make provision by Will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Community within sixty (60) days after the date of residency.

10.10 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, promises, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, promises, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

10.11 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail, return receipt requested, with all postage and charges prepaid, or hand-delivered to the Executive Director of the Community at 100 Hickory Street; Greenville, North Carolina 27858. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community or at such other place as you shall designate to us in writing and sent by certified mail or hand delivered. All notices mailed in accordance with this Paragraph shall be deemed to be given when mailed whether or not they are actually received.

10.12 Indemnity. We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to, or in any way connected with your negligent or intentional act or omission or that of your guests.

10.13 Severability. The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

10.14 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Community, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

10.15 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

10.16 Resident. In the case of Joint Residents, the rights and obligations of each are joint and several, except as the context of this Agreement otherwise requires.

10.17 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Community caused by your intentional, careless, or negligent acts or omissions or that of your guests.

10.18 Charges for Collection. You agree to reimburse us for any charges we incur to collect any unpaid amounts you or estate owes to us under this Agreement.

10.19 Sale or Transfers of Interest. We may sell or transfer our interest in the Community provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Community and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

10.20 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding personal service providers, and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, in our sole option, to cancel this Agreement.

10.21 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement as more fully explained in our Disclosure Statement.

10.22 Management. We have engaged the services of Life Care Services LLC ("LCS") to manage Cypress Glen. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of Cypress Glen.

10.23 Governing Law. This Agreement will be governed, interpreted and construed according to the laws of the State of North Carolina.

10.24 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 10.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Community, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11. MEDIATION AND ARBITRATION.

11.1 Mediation. In the event a dispute, claim or controversy of any kind arises between the parties – except for those disputes, claims or controversies arising under Paragraph 11.3 below – that cannot be resolved by mutual agreement, the parties agree to submit such dispute, claim or controversy to a neutral mediator for possible resolution. The parties will jointly agree on a neutral mediator. Each party shall submit all evidence or information in writing to the mediator in support of its contentions or allegations and any defense either party may have with respect to the dispute, claim or controversy. Each party shall have the right to a hearing before the mediator and to personally present information pertinent to such dispute, claim or controversy. The mediator shall assist each party, in an unbiased manner, in reaching an amicable agreement regarding the dispute, claim or controversy. If an amicable agreement is not reached, or if either party fails or refuses to negotiate or mediate in good faith to resolve the matter, or if a neutral mediator cannot be agreed upon between the parties, then the parties agree to submit such dispute, claim or controversy to an arbitration process as outlined below.

11.2 Arbitration. In the event a dispute, claim or controversy of any kind arising out of or relating to this Agreement – except for those disputes, claims or controversies arising under Paragraph 11.3 below – cannot be resolved through mediation as described in Paragraph 11.1 above, the parties agree that said dispute, claim, or controversy will be submitted to and determined by arbitration in Pitt County, North Carolina in accordance with the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Community provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one (1) resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

You may withdraw your agreement to arbitrate within thirty (30) days after signing this Agreement by giving written notice of your withdrawal to us. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

11.3 Voluntary Arbitration of Negligent Health Care Claims. For all claims for damages in personal injury or wrongful death actions, based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C. G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate negligent health care claims. Thus, Paragraphs 11.1 and 11.2 do not apply to personal injury or wrongful death actions based on alleged negligence in the provision of health care. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

[Signature Page Follows]

You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement dated _____, 20_____.

Executed this _____ day of _____, 20_____.

**THE UNITED METHODIST
RETIREMENT HOMES,
INCORPORATED
d/b/a Cypress Glen Retirement
Community**

RESIDENT

By _____
Executive Director

Witness

Date: _____

RESIDENT

By _____
Authorized Agent of UMRH

Witness

Date: _____

Attachment: Exhibit A



02-28-2022
Standard Residency Agreement (2022-02-28) CLEAN

Exhibit A

Options and Custom Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$

Initials _____
Community _____

Resident(s)

Resident(s)

WBD(US) 41242208v3

ATTACHMENT 6

Communities Managed by Life Care Services LLC

**SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 11/19/2021**

Alabama, Birmingham – Galleria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Fountain Hills – Fountain View Village
Arizona, Peoria – Sierra Winds
Arizona, Phoenix – Clarendale Arcadia
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – Forum at Rancho San Antonio, The
California, Palo Alto – Moldaw Residences
California, San Diego – Casa de las Campanas
California, San Rafael – Aldersly
California, Santa Rosa – Arbol Residences of Santa Rosa
California, Santa Rosa – Oakmont Gardens
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Southbury – Pomperaug Woods
Delaware, Newark – Millcroft
Delaware, Wilmington – Foulk Manor
Delaware, Wilmington – Shipley Manor
Florida, Aventura – Sterling Aventura
Florida, Boca Raton – Toby & Leon Cooperman Sinai Residences of Boca Raton
Florida, Bradenton – Freedom Village of Bradenton
Florida, Celebration – Windsor at Celebration
Florida, Clearwater – Regency Oaks
Florida, Hollywood – Presidential Place
Florida, Jacksonville – Cypress Village
Florida, Leesburg – Lake Port Square
Florida, Naples – The Glenview at Pelican Bay
Florida, Palm City – Sandhill Cove
Florida, Port Charlotte – South Port Square
Florida, Seminole – Freedom Square of Seminole
Florida, Seminole – Lake Seminole Square
Florida, Sun City Center – Freedom Plaza
Florida, The Villages – Freedom Point at The Villages
Georgia, Evans – Brandon Wilde
Georgia, Savannah – Marshes of Skidaway Island, The
Georgia, Stone Mountain – Park Springs (Consulting)
Hawaii, Honolulu – Hale Ola Kino
Illinois, Addison – Clarendale of Addison
Illinois, Algonquin – Clarendale of Algonquin
Illinois, Chicago – Clare, The
Illinois, Godfrey – Asbury Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing

Illinois, St. Charles – River Glen of St. Charles
Illinois, Wheaton – Wyndemere
Indiana, Carmel – Magnolia Springs at Bridgewater
Indiana, Carmel – Rose Senior Living – Carmel
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Magnolia Springs Southpointe
Indiana, Indianapolis – Marquette
Indiana, Schererville – Clarendale of Schererville
Indiana, Terre Haute – Westminster Village
Indiana, West Lafayette – Westminster Village West Lafayette
Iowa, Ames – Green Hills Community
Iowa, Cedar Rapids – Cottage Grove Place
Kansas, Atchison – Dooley Center
Kansas, Bel Aire – Catholic Care Center
Kentucky, Florence – Magnolia Springs Florence
Kentucky, Lexington – Magnolia Springs Lexington
Kentucky, Lexington – Richmond Place Senior Living
Kentucky, Louisville – Magnolia Springs East
Kentucky, Louisville – Magnolia Springs at Whipps Mill
Maryland, Annapolis – Baywoods of Annapolis
Maryland, Columbia – Residences at Vantage Point
Maryland, Pikesville (Baltimore) – North Oaks
Maryland, Timonium – Mercy Ridge
Maryland, Towson (Baltimore) – Blakehurst
Michigan, Battle Creek – NorthPointe Woods
Michigan, Clinton Township – Rose Senior Living – Clinton Township
Michigan, East Lansing – Burcham Hills
Michigan, Holland – Freedom Village
Michigan, Kalamazoo – Friendship Village
Michigan, Novi – Rose Senior Living at Providence Park
Michigan, Waterford – Canterbury-on-the-Lake
Minnesota, Champlin – Champlin Shores
Minnesota, Plymouth – Trillium Woods
Minnesota, Vadnais Heights – Gable Pines
Missouri, Higginsville – John Knox Village East
Missouri, St. Peters – Clarendale of St. Peters
Nebraska, Lincoln – Woodlands at Hillcrest, The
New Hampshire, Keene – Hillside Village
New Jersey, Bridgewater – Delaney of Bridgewater, The
New Jersey, Bridgewater – Laurel Circle
New Jersey, Burlington – Masonic Village at Burlington
New Jersey, Lakewood – Harrogate (Consulting)
New York, Levittown – Village Green A Carlisle Assisted Living Community
New York, Patchogue – Village Walk Patchogue
New York, Rye Brook – Broadview Senior Living at Purchase College
New York, Staten Island – Brielle at Seaview, The
North Carolina, Chapel Hill – Cedars of Chapel Hill, The
North Carolina, Charlotte – Cypress of Charlotte, The
North Carolina, Durham – Croasdaile Village
North Carolina, Greensboro – WhiteStone
North Carolina, Greenville – Cypress Glen
North Carolina, Lumberton – Wesley Pines

North Carolina, Raleigh – Cypress of Raleigh, The
North Carolina, Wilmington – Plantation Village
Ohio, Avon – Rose Senior Living – Avon
Ohio, Beachwood – Rose Senior Living – Beachwood
Ohio, Dublin – Friendship Village of Dublin
Ohio, Mason – Magnolia Springs Loveland
Oklahoma, Bartlesville – Green Country Village
Oregon, Dallas – Dallas Retirement Village
Oregon, Salem – Capital Manor
Pennsylvania, Coatesville – Freedom Village at Brandywine
Pennsylvania, Warrington – Solana Doylestown, The
South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island
South Carolina, Hilton Head Island – Cypress of Hilton Head, The
Tennessee, Brentwood – Heritage at Brentwood, The
Tennessee, Hendersonville – Clarendale at Indian Lake
Tennessee, Memphis – Heritage at Irene Woods
Tennessee, Nashville – Clarendale at Bellevue Place
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – Delaney at Georgetown Village, The
Texas, League City – Delaney at South Shore, The
Texas, Lubbock – Carillon
Texas, Richmond – Delaney at Parkway Lakes, The
Texas, Spring – Village at Gleannloch Farms, The
Texas, The Woodlands – Village at the Woodlands Waterway, The
Texas, Waco – Delaney at Lake Waco, The
Vermont, White River – Village at White River Junction, The
Virginia, Fairfax – Virginian, The
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care
Virginia, Virginia Beach – Atlantic Shores
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Greendale – Harbour Village
Wisconsin, Milwaukee – Eastcastle Place

ATTACHMENT 7

List of Extra Charges

Master Charge List

Rates in effect October 1, 2021 thru September 30, 2022

Amenities	
Guest Room	\$65.00 per night; Fee charged without 24-hour cancellation notice
Roll-away Bed	\$12.00/night
Beauty Shop Charges	Services rendered by licensed beauticians
Shampoo Only	\$5.50
Shampoo w/style & Blow Dry	\$23.00
Shampoo & Blow Dry (Men Only)	\$12.00
Medicated Shampoo	\$2.60
Style Only	\$18.00
Cut (women)	\$21.50
Cut (men) Note; Clean Hair Please	\$16.50
Partial Cut	\$10.00
Conditioner	\$2.60 plus other services
Perm	\$69.00
Color rinse	\$3.00 plus set
Color Package	\$73.00 includes cut, blow dry/style & conditioning
Highlight when added as a service with getting color	\$37.00
Heat Cap (conditioner)	\$10.00 plus other services
Simple Up-do	\$25.00 includes shampoo & style –based on hair length and complexity of style.
Up-do	\$35.00
Eyebrow arch	\$7.00
Brow tint	\$10.50
Facial Trim (female)	\$4.50
Neckline trim	\$4.00
Eyebrow waxing	\$10.00
Hair Removal- Lip	\$8.00
Hair Removal- Chin & Neck	\$11.00
Re-comb	\$10.00

Moustache Trim	\$5.50
Beard Trim	\$7.50
<p>Chemical use: The licensed beauticians provide chemicals for these services. They do not guarantee the style or service if you provide your own chemicals. There will be no price reduction for the use of your chemicals. We strongly suggest that you use the chemicals provided by our licensed beauticians. Our beauticians reserve the right to refuse to use your chemicals if they are old or in an unlabeled container. This is for your own safety and well-being.</p>	
Masseuse Charges	Services rendered by a licensed masseuse.
Relaxing Massage	
30 minutes	\$35.00
60 minutes	\$60.00
90 minutes	\$85.00
2 hours	\$110.00
Myokinesthetic Treatments	
1 st Visit	\$45.00 includes postural analysis and determination of treatment and application
2 nd – 6 th Visit	\$30.00
7 th visit	\$45.00 includes re-evaluation of posture and determination of new treatment schedule as needed.
8 th - 12 th Visit	\$30.00
Manicurist Charges	Services rendered by a licensed manicurist
Manicure with regular polish	\$28.00
Manicure with gel polish	\$38.00
Pedicure with regular polish	\$40.00
Pedicure with gel polish	\$55.00
Polish Change Regular polish	\$12.00
Polish Change Gel polish	\$25.00
Dipping Powder Manicure with Polish	\$55.00
Dipping Powder Manicure full set with gel polish	\$60.00
Dipping Powder fill in with gel polish	\$50.00
Nail Cut and Trim and Buff with regular polish	\$20.00
Nail Cut and Trim and Buff	\$30.00

with gel polish	
Buff & Polish	\$18.00
Nail Trim and Shape	\$15.00
Toenail Cut and Trim and Buff with regular polish	\$20.00
Toenail Cut and Trim and Buff with Gel polish	\$30.00
Toe Trim and Shape	\$20.00
Salon Staff House Calls	\$7.00 this charge is for IL residents only
Beauticians, Manicurists, and Masseuse may not accept tips.	
Cable Charges	
Independent & Assisted	
Included in daily rate and monthly fees, unless otherwise stated by contract or agreement	
Memory Care	No charge
Skilled	No charge
Telephone Charges	
Initial Setup	\$95.00 per line
Monthly Telephone Charge	\$25.00 per line
Telephone Transfer Charge to higher level of Care	No Charge
Telephone Transfer Charge for convenience move	\$75.00 per move
Vocicemail- Message Line	\$21.00 set-up charge/ \$6.95 a month
Caller ID	No Charge
Disconnect	No Charge
Long Distance Charges	Expanded Local Calling for Greenville – Free. Please refer to Information Section in telephone book. State-to-State cost is .027 cents a minute In-state calls are .044 cents a minute.
International Charges	Rates vary; Please contact Business Office for rates.

WIFI- Wireless Secure Connection	\$35.00 per month
IT Support	\$25.00 an hour by appointment
Shred Charge- Front desk staff will weigh your documents using a tray.	\$0.40 per pound Residents will be billed in one-pound increments. Magazines, newspapers or envelopes will not be accepted.
Housekeeping	There is no charge for weekly housekeeping. For additional services, charges are as follows:
Housekeeping service	\$16.00/hour
Carpet Cleaning	\$65.00/room
Deep Cleaning – Annual Clean based on move-in date. (In addition to the one time per year at no charge)	No Charge
Studio- A/B	\$80.00
Single- A/B	\$80.00
Deluxe Studio- A/B	\$80.00
Deluxe Single- A/B	\$80.00
Combination- A/B	\$120.00
Deluxe Suite- A/B	\$120.00
Two Bedroom Suite-A/B	\$150.00
Deluxe Patio Suite	\$150.00
One Bedroom Apt.-D	\$150.00
One Bedroom Deluxe-D	\$150.00
Two Bedroom –D	\$160.00
Two Bedroom Grand-A/B	\$160.00
Two Bedroom Deluxe-D	\$160.00
Three Bedroom-D	\$170.00
Three Bedroom Special-D	\$170.00
Three Bedroom Deluxe-D	\$170.00
One Bedroom Alcove-W	\$150.00
One Bedroom East	\$150.00
One Bedroom Den	\$150.00
Two Bedroom-East/ West	\$160.00
Two Bedroom Bay	\$160.00
Two Bedroom Great room	\$160.00
The Alder	\$200.00
The Birch	\$190.00
The Cypress	\$190.00
The Dogwood	\$180.00

The Elm	\$220.00
The Evergreen	\$240.00
The services listed below are some of the services nursing and independence plus can provide for independent residents.	
Independence Plus Services	Personal Service Rates
Service/ hour M-F	\$22.15
Weekends	\$24.56
New Year's, Memorial Day, July 4 th , Labor Day, Thanksgiving Day, and Christmas Day	\$29.61
Single non-licensed task by doctor's order. (Service no longer than 15 minutes) Examples: Vital Signs, Height & Weight, Application of TED Hose	\$5.63 per task
Whirlpool Bath (Does not apply to SNF or AL)	\$22.86
Chronic "Episodic" Event Assistance	\$13.96 per visit
Daily Medication Monitoring Based on frequency of visits.	1 time a day- \$71.76 per week 2 times a day- \$78.31 per week 3 times a day- \$84.81 per week 4 times a day- \$91.33 per week
Medication Preparation	\$58.74 per week
Staff Accompaniment to Doctor's Office	\$21.60 per hour
IL Blood draw in Clinic	\$10.80 plus supplies
II Blood draw on Assisted Living or Skilled Care	\$13.85 plus supplies
IL In Apartment Blood Draw	\$18.00 plus supplies
IL Blood glucose check in Clinic or Assisted Living	\$10.80 plus supplies
Dressing Change (Resident comes to AL, Skilled or Clinic)	\$13.85 plus supply costs

IL In Apartment/Cottage Dressing Change	\$18.00 plus supply costs
Non-Emergency Visits by Nurse	\$18.00 per visit
In room visit for Independent Cath. change	\$21.60
Emergency Transportation of Lab work	\$16.61

Maintenance	
Relocation Refurbishment Fee Includes Telephone Transfer Fee To a:	
Healthcare Room to another Healthcare Room (Includes Assisted Living, and Memory Care)	\$425.00
Studio- A/B	\$1,555.00
Single – A/B	\$1,855.00
Deluxe Single-A/B	\$2,600.00
Deluxe Studio- A/B	\$2,990.00
Combination- A/B	\$3,045.00
Deluxe Suite- A/B	\$3,640.00
One Bedroom Main- A/B	\$4,005.00
One Bedroom Suite-A/B	\$4,520.00
Two Bedroom Suite-A/B	\$5,460.00
Two Bedroom Deluxe Suite	\$5,460.00
One Bedroom – D	\$4,845.00
One Bedroom Deluxe-D	\$5,370.00
Two Bedroom-D	\$6,995.00
Two Bedroom Grand- A/B	\$7,280.00
Two Bedroom Deluxe-D	\$8,595.00
Three Bedroom-D	\$9,100.00
Three Bedroom Special-D	\$9,460.00
Three Bedroom Deluxe-D	\$9,800.00
One Bedroom Alcove-W	\$4,840.00
One Bedroom East	\$5,235.00
One Bedroom Den	\$6,250.00
Two Bedroom East/West	\$7,085.00
Two Bedroom Bay	\$8,460.00
Two Bedroom Great room	\$9,840.00
The Alder	\$10,920.00
The Birch	\$9,345.00
The Cypress	\$8,515.00
The Dogwood	\$6,985.00
The Elm	\$13,275.00
Evergreen	\$14,625.00

Key Replacement	\$14.00
Key Fob	\$15.00
Pendant Replacement	\$50.00
Maintenance Services One-hour increments only. Services will be scheduled by the Director of Facility Services	\$24.00 per hour plus supplies
Pine Straw, Seasonal Flowers, and other plantings	Current Market price plus labor from landscaping maintenance provider
Lawn Care Services	Current Market price plus labor from landscaping maintenance provider
Meals	
Guest Continental Breakfast	\$5.00
Guest Breakfast	\$8.25
Guest Lunch	\$12.00
Guest Dinner	\$12.00
Guest Soup and salad bar are not sold separately;	
Guest Children 7- 12	\$8.50
Guest Children under 6	\$6.00
Guest Children under two	free
Resident meals beyond # provided for in contract	\$7.14 (see "Dining Allowance" information)
Future Residency Agreement meals	\$7.14 for any meal
Dining Allowance Benefit	May use dining allowance for the purchase of one guest meal one time per month
Delivery (First 3 days per spell of illness)	No charge
Meal Delivery – illness (after 3 days) or convenience	\$2.50 per meal
Supplemental service: Preparation of special diets and textures as prescribed by your physician.	\$2.50 per meal Applies to Independent Living Residents only.
Transportation	
Local Medical- scheduled	No charge
Personal (M-F 8am-5pm)	\$10.00 per hour (1hour min.) and \$.50 per mile
Personal (Non-business	\$15.00 per hour and \$.50 per mile

hours)	
Skilled Nursing Daily Rate	
Private Room	\$340.00
Semiprivate Room	\$318.00
Assisted Living Daily Rate	
Private Room	\$284.00
Semiprivate Room	\$262.00
Memory Care Cottage Daily Rate	\$300.00
Typing Services	\$5.00 per page
Copying Services	\$.06 per page after 20 pages
Space Use	Charges apply to outside groups
Four Seasons Room/Café	\$175.00
Auditorium	\$175.00
Private Dining Room	No charge with \$225.00 food cost
Parlor	\$100.00
Barnes Private Dining Room	\$125.00
Classroom	\$100.00
D - Wing Game Room	\$125.00
Conference Room	\$100.00
Wellness Center Aerobics Room	\$100.00
Pet Deposit	\$500.00 per pet(nonrefundable); see pet policy for details.
Pricing effective: October 1, 2021	

Revised 2/11/22