



## **Disclosure Statement**

May 30, 2023

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

- This Disclosure Statement may be delivered until revised, but not after May 30, 2024.
- Delivery of the Disclosure Statement to a contracting party before execution of a contract is required;
- This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

Carolina Meadows is located at: 100 Carolina Meadows, Chapel Hill, NC 27517. The corporate website is: [www.carolinameadows.org](http://www.carolinameadows.org)

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## **Section 1: Provider Introduction and Information**

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### **Name and Business Address**

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

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

### **Not-for-Profit Status**

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

### **Affiliations and Memberships**

The CCRC is affiliated with Carolina Meadows Senior Communities & Services, Inc. (“the Parent”), Carolina Meadows Home Care (“Home Care”), Carolina Meadows Foundation (“Foundation”), and Carolina Meadows Management and Development (“Management and Development”). The Parent is the sole member of the CCRC, Home Care, Foundation, and Management and Development boards of directors. The Parent is also the sole shareholder of Management and Development, a North Carolina for profit corporation.

The Parent, Home Care, and Foundation organizations are North Carolina nonprofit corporations recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. The Parent, Home Care, Foundation, and Management and Development are recognized as Section 509(a)(3) supporting organizations of the CCRC.

The Parent elects its own board directors and elects board directors of each affiliate including the CCRC board. The Parent does not have any members. A majority of the CCRC board directors must be directors of the Parent board. A majority of the board of directors of Home Care, Foundation, and Management and Development must also be directors of the CCRC board of directors. Certain actions of each affiliate board require the consent and approval of the Parent.

The CCRC is also affiliated with Novare, LLC, a consortium of single-site and small-system CCRCs in non-competing markets around the country that provide opportunities for collaboration, sharing best practices, leadership development, and fostering innovation within the senior living industry. None of the entities affiliated with the CCRC is responsible for the financial and contractual obligations of the CCRC.

The CCRC is a member of both LeadingAge – North Carolina and LeadingAge – National in Washington, DC. LeadingAge is a community of nonprofit aging services providers and other mission-driven organizations serving older adults.

The CCRC is also a member of Caring Communities, a self-insured insurance company providing insurance policies for Professional and General Liability, Employment Practices, Directors and Officers, Fiduciary, and Crime coverage for industry leading organizations throughout the country. It is a member-owned organization with strong roots in preventative risk analysis and education.

### **Required Criminal Violations Statement**

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

## **Board of Directors**

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

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

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

**Dr. Nancy Chescheir, MD (Vice Chair)**  
**441 Lystra Estates Drive**  
**Chapel Hill, NC 27517**

Dr. Chescheir received her B.S. in Zoology in 1977, M.D. in 1982, completed her Residency in Obstetrics and Gynecology in 1986, and her Fellowship in Maternal Fetal Medicine in 1988 from UNC Chapel Hill. She has been board certified in Obstetrics and Gynecology since 1989 and Maternal-Fetal Medicine since 1990. Dr. Chescheir is a semi-retired clinical professor of Obstetrics and Gynecology and a Maternal Fetal Medicine Specialist. Her primary interests are in global women's health, fetal disorders, and high order multiple gestations. She has served in multiple administrative roles, including the chair of obstetrics and gynecology at Vanderbilt University School of Medicine, acting chair at UNC School of Medicine, Associate Dean for the Curriculum at UNC, and Chief of Staff at Bokamoso Private Hospital in Botswana.

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

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

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

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

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

Mr. Herman-Giddens is a Partner at Galbraith, PLLC's Naples, FL and Chapel Hill, NC offices practicing in the areas of estate planning and trust administration. Greg is a trust and estates attorney, having practiced law for over 31 years. He holds a B.A. from UNC-Chapel Hill, a J.D. from Tulane Law School, and an LL.M. in Estate Planning from the University of Miami School of Law. Greg is certified as a Specialist in Estate Planning and Probate Law by the North Carolina State Bar Board of Legal Specialization and is a Certified Financial Planner. He is licensed to practice law in North Carolina, Florida, New York and Tennessee as well as the Supreme Court of the United States, U.S. Tax Court, and the U.S. District Court, Middle District of North Carolina.

**Judy Jones (Resident)**

**President of the Residents Association and Ex-Officio Board Member**

**323 Carolina Meadows Villa**

**Chapel Hill, NC 27517**

Ms. Jones was born and raised in California where she enjoyed exploring the San Francisco Game Reserve with her younger brother. She went on to receive her degree in Biological Sciences (minor in Chemistry) and her M.A.T. from Stanford University. She took her love of biology and spent 32 joyful years as a high school biology and chemistry teacher (primarily in the Chapel Hill-Carrboro School System). She was also active at the state level as a curriculum writer and has mentored many student teachers. She earned her National Board Certification for Adolescent Science and was a Presidential Awardee for Excellence in Science Teaching. She occasionally served as an adjunct professor at UNC-Chapel Hill to support the science teacher observation and evaluation process. As a Carolina Meadows resident, Ms. Jones has been Precinct Secretary and Precinct Representative to the RA Council, served as chair of the Community Outreach Committee, helped with the resident website, MeadowLife and managed the resident listserv, MeadowTalk. She also helped work on the CM Pandemic Project, specifically the book of stories - Chronicles of the Pandemic. Currently, she is President of the Residents Association. Judy and her late husband, Morgan, moved to Carolina Meadows in 2017 after living 35 years in Chapel Hill.

**Ralph Karpinos**

**112 Braswell Road**

**Chapel Hill, NC 27516**

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

**Dr. Judith Kramer**  
**267 Carolina Meadows Villa**  
**Chapel Hill, NC 27517**

Dr. Kramer received her BS and MS degrees in Pharmacy and her MD degree from UNC-Chapel Hill. Her professional career has included direct patient care, clinical research, and scientific administration. In 2018, Dr. Kramer and her husband moved to Carolina Meadows, where she has been a very active member of the community. In 2020 she joined the Health and Wellness Committee where she chaired the Subcommittee for a proposed new skilled nursing facility and a Subcommittee on the Emergency Medical Assistance Program. She has most recently served as Chair of the Health and Wellness Committee before being elected to the Board of Directors in 2023.

**William “Bill” Lehrburger (Resident)**  
**104 Carolina Meadows Villa**  
**Chapel Hill, NC 27517**

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

Buildings, Grounds, and Safety Advisory Committee and as a member of the Subcommittee for a proposed new skilled nursing facility.

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

Ms. McDuffie is a Principal of Blackman & Sloop, CPAs, P. A. in Chapel Hill where she has over thirty years of experience working with individuals, businesses and not-for-profit organizations. Ms. McDuffie works in the assurance area providing audits, reviews and compilation of financial statements. Many of her assurance clients are in the construction and not-for-profit industries. In addition, she has expertise in tax compliance and consulting for individuals and nonprofits. Ms. McDuffie has a Bachelor of Science degree in business administration with a concentration in accounting from the University of North Carolina at Chapel Hill. She is a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants. She volunteers her time and talents throughout the community and serves on various boards of directors for non-profit organizations. Per NCGS §58-64-20 (a)(3)(b) the firm in which Ms. McDuffie is a Principal may provide periodic tax services to residents of Carolina Meadows, the anticipated cost of which cannot be estimated.

**Steve Miller**  
**177 Crystal Springs Court**  
**Chapel Hill, NC 27516**

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

**Leah Ogden**  
**320 Kirkwood Dr. Chapel Hill, NC 27514**  
**Chapel Hill, NC 27514**

Ms. Ogden received a Bachelor of Arts degree from Kenyon College and a MBA from Duke University where she was a Fuqua Scholar. She currently serves as a Financial Advisor with Morgan Stanley. Prior to joining Morgan Stanley, she was an advisor with Raymond James, where she focused on collaborative and holistic financial planning, creating customized investment strategies for high-net-worth clients. She also held senior and vice president-level positions in the bond and fixed income industry, where she led the management of multibillion-dollar portfolios. Ms. Ogden earned the designation of Chartered Financial Analyst (CFA). She is passionate about empowering women in the areas of personal finance and teaching young adults about saving and the power of compound interest.

**Dr. Aron Silverstone**  
**6 Osborne Place**  
**Durham, NC 27705**

Dr. Silverstone received his A. B degree from Harvard College and his Ph.D. in Plant Physiology from the University of California, Davis. Dr. Silverstone retired from Syngenta Crop Protection in Greensboro, NC with his base in the Research Triangle. He led teams of scientists overseeing residue studies for regulatory submissions in the U.S. and Canada. He supported the product development of new active ingredients and expanded the use of registered pesticides. He served on leadership teams to ensure Residue Science perspectives continue to contribute to overall strategic decisions in crop science.

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

Dr. Tilson, M.D. (Washington University, St. Louis, Missouri 1964), Dr.P.H. (Harvard University School of Public Health 1972) spent fifteen years each in public service, the multinational pharmaceutical industry, and academia. He continues as an active consultant and researcher. Recognized as a public health systems and workforce, pharmacoepidemiology, and outcomes researcher focusing on drug safety, he is a Lifetime National Associate of the National Academies of Science. He recently completed his duties as a member of the national Public Health



Accreditation Board (PHAB). Prior to being appointed the Board of Directors, he has been an active volunteer and committee member/chair. Among others, he has served as an officer of the Resident Health and Wellness Committee; the Medical Ambassadors; the ad hoc task force on the future of the Pines Health Center; the “Connect and Engage” Taskforce; Carolina Meadows University; UNC TV Annual Fund Drive; and as a Precinct Representative to the Resident Association Council. He and his wife Judy received the 2015 CM Residents’ Association Presidents Award.

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

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

### **Executive Management Team**

**Kevin A. McLeod, CPA**  
**President and Chief Executive Officer**

Mr. McLeod is the President and Chief Executive Officer of Carolina Meadows Senior Communities and Services, Inc. He previously served as Carolina Meadows’ Chief Financial Officer from 1998 to January 2006. Prior to joining Carolina Meadows, he was the Chief Financial Officer at a multi-site retirement community in Greensboro, NC. He is a licensed Certified Public Accountant having worked in public accounting prior to joining the senior living industry. He received his Bachelor of Science degree in Geology from the University of North Carolina at Chapel Hill and he completed his accounting coursework at North Carolina State University. He currently serves as Board member, Treasurer and Chair of the Finance Committee of Caring Communities, Inc., a member-owned professional and general liability insurance company

exclusively serving not-for-profit senior housing and care organizations around the nation. He currently serves on the NC Department of Insurance Continuing Care Advisory Committee as an appointed member. He is a member of the North Carolina Association of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. McLeod formerly served as a financial and administrative surveyor with CARF, the international accrediting organization for continuing care retirement communities. He is a former Board Member and Past Chair of the Board of Directors of Leading Age North Carolina.

**Ben Cornthwaite**  
**Executive Vice President and Chief Operating Officer**

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

**Gary Levine, CPA**  
**Executive Vice President and Chief Financial Officer**

Mr. Levine is the Executive Vice President and Chief Financial Officer. Prior to serving as the Chief Financial Officer, he served as the Director of Finance for Carolina Meadows from 2009 to 2015. Prior to Carolina Meadows, Mr. Levine spent almost 20 years in the biotechnology and pharmaceutical industries, working for several independent biotechnology firms, having been through several public market IPOs, as well as holding responsibility for financial consolidation in Eli Lilly Research Laboratories. He began his career in public accounting with the national "Big 8" firm of Ernst & Whinney in New York City, New York. He also worked for a land developer and real estate management group in Raleigh, North Carolina. Mr. Levine received his Bachelor of Science in Business Administration degree from Washington University in St. Louis with a double major in Sociology and History. He is a licensed CPA and member of the American

Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

**Dr. Donna Miller, DO  
Medical Director**

Dr. Miller is a graduate of Muhlenberg College. She earned her DO degree from Philadelphia College of Osteopathic Medicine where she also completed an internship and residency in Internal Medicine. She was the first DO to complete a two-year Geriatric Fellowship at The Cleveland Clinic in Ohio. She returned to Pennsylvania to head the newly created Geriatrics Institute at St. Luke's Hospital and Health Network. She left St. Luke's Hospital to open her own private practice which specialized in long term care and was the Medical Director of two Pennsylvania nursing homes before coming to Carolina Meadows. Dr. Miller is a Certified Medical Director. She has a broad range of experience in geriatric care in all settings.

## **Section 2: Facility Introduction and Information**

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Situated on 166 acres of rolling wooded land, Carolina Meadows is located in north Chatham County approximately four miles south of Chapel Hill. There are 476 independent living homes consisting of 161 apartments in six three-story buildings, 280 single story villas and 40 hybrid homes arranged in four separate buildings providing multiple views and outdoor connections. The campus is home to over 750 residents living in apartments, villas, hybrid homes, assisted living, memory care, and health center accommodations. A system of walkways, most of which are covered, connect the apartment buildings with the central Club Center. Numerous outdoor seating areas are accessible from a walking path system encompassing the par 3, nine-hole golf course and meandering throughout the campus.

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

meditation labyrinth, resident memorial gardens and a woodworking shop.

The Club Center Dining facilities include multiple dining venues including a pub, bakery, formal dining room, and a less formal dining area all serving a variety of fresh, made-to-order meals. The newest dining venue, known as the Piedmont, features a fully stocked bar serving adult alcoholic beverages. A private dining room with state-of-the-art audio and visual amenities for meetings and presentations is also nestled in the Club Center area.

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

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

Rehabilitation is provided on site through contract services in areas specially equipped to encompass both physical and occupational therapies. Speech therapy is available as well. To the extent that services provided by the rehabilitation services contractor are covered by Medicare Part B, the contractor will bill both Medicare and secondary insurances. Rehabilitation services that are not covered by Medicare will be billed to the resident.

A Community Health Clinic includes exam rooms, a laboratory area and offices for private consultation. In addition to nurse practitioners and registered nurses, Carolina Meadows employs its own full-time physician who is a geriatrician. Carolina Meadows also contracts for physician services through UNC Health Care to support the health care needs of residents. The Clinic accepts Medicare Part B for the billing of medical services provided by physicians and medical staff. Secondary insurance may also be billed in the Clinic. Other contracted medical services include

dentistry, dermatology, audiology and psychology and are billed separately by the provider.

### **On-Campus Living and Early Advantage Program (“EA Program”)**

Carolina Meadows offers two ways by which persons can become residents of Carolina Meadows:

1. **On-Campus Living:** If a villa or apartment is available, one can reserve that accommodation, proceed through Carolina Meadows’ admission process, take residency of the accommodation, and enjoy on-campus retirement living and related services, plus ensure access to future health care services as needed.
2. **EA Program membership:** If a vacancy in the EA Program is available, a person who is a member of the Waiting/Ready Lists can join the EA Program, proceed through Carolina Meadows’ admission process, become a resident of Carolina Meadows with full access to the campus amenities, and ensure access to future health care services as needed while remaining in their current home until their desired unit becomes available on campus.

Only persons who are on Carolina Meadows’ Ready List will be offered available residences on campus, and only those on the Ready/Waiting Lists will be offered membership in the EA Program. Once a person has reserved a residence or desires to become a member of the EA Program, the admission process is identical, and includes financial and health assessments. Once a person becomes a resident of Carolina Meadows, whether living on campus or through the EA Program, they have equal access to all common areas of campus, equal standing as members of the Residents Association, and equal access to Carolina Meadows’ health care facilities.

To emphasize the wide array of similarities and differences between the EA Program and On-Campus Living, Sections 4 and 5 provide helpful tables with side-by-side comparisons of the EA Program and On-Campus Living.

## **Section 3: Ongoing or Proposed Expansion/Repositioning**

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The current skilled nursing facility at Carolina Meadows offers the highest quality of care to our residents as evidenced by multiple years of deficiency free surveys. Current industry trends in skilled nursing favor more home-like environments that facilitate person-directed care with a more

holistic approach to wellness. The Board of Carolina Meadows intends to replace the existing skilled nursing center within the next 1-2 years. Planning is currently in the design development phase.

As part of the replacement of the skilled nursing facility, the Board has engaged in much broader master campus planning to determine potential need for additional independent living units and the minimum number of new units that could augment the replacement of the skilled nursing facility. At this time, it is estimated that an additional 40 independent living units could be constructed on the site of the current skilled nursing facility. The master plan is intended to look short term over the next 3 – 5 years and long term beyond 5 years.

## **Section 4: Admissions and Residency Requirements**

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Carolina Meadows is an inclusive community offering single, couple, or co-resident occupancy. The admission requirements for on-campus living and the EA Program at Carolina Meadows are non-discriminatory with respect to race, creed, religion, gender, sexual orientation or gender expression. Admission to the Carolina Meadows EA program or on-campus living is restricted to persons 62 or older. If a couple or co-resident is moving on campus, at least one person must be 62 or older. Please refer to the Tables below that explain the agreement type, their purpose, and the expected time entry fees and monthly accommodation fees are due:

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

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**Table 1 - Agreement Type and Purpose**

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

**Table 2- Comparison of Admissions Requirements**

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



<b>Table 3 – Comparison of Timing of Signing Agreements and Entry Fee Payments</b>		
	<b>Early Advantage</b>	<b>On-Campus</b>
Upon 10 days of receiving notice of acceptance by Carolina Meadows Admissions Committee	Any previous Ready List deposit made will be applied to the balance of Early Advantage Entry fee owed	Resident’s Ready List deposit of 5% is transferred to their entry fee specified in their Residence and Services Agreement
Date of Financial Responsibility	Within 10 days of when Early Advantage Agreement is executed, and remaining Entry Fee is paid.	Within 110 days of executing the Residence and Services Agreement. Customized modifications may delay your move in date but will not delay date of Financial Responsibility.
	30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.	30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.

**Financial and Insurance Criteria**

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

While Carolina Meadows encourages you to utilize long-term care insurance as an



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

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

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### General Campus Amenities included in Fees

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

## **Residential Services Included in Fees**

The following services are included in the monthly accommodation fees and Entry Fee.

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

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

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

**Health Care and Wellness Services and Benefits Included in Fees**

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

## **Health Care and Wellness Services for an Extra Charge**

For Both Early Advantage and On-Campus, residents are charged per diem charges each day that they receive assisted living, assisted nursing or skilled nursing services.

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

## Section 6: Entrance and Periodic Fees

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### On Campus Fees

Carolina Meadows requires the following fees to be paid for admission: A non-refundable application fee, currently \$300 per unit, and a non-refundable Resident Assistance Fee, currently \$8,500 for single residents or \$17,000 for couples. In addition, an entry fee based on the desired floorplan chosen is required on or before entry. Residents can choose between two entry fee refund agreements: the Equity Advantage Refund or the Seventy-Five Percent (75%) Return of Equity Refund.

**Equity Advantage Refund Agreement:** Under this agreement, residents have an opportunity to share in the appreciation of their living unit as entry fees may increase annually at amounts determined by Carolina Meadows. Any amount in excess of the resident's original entry fee, after deducting marketing and refurbishing costs at the then prevailing amounts, is split equally between Carolina Meadows and the resident or their estate. Please see Attachment 5 for the agreement.

**Seventy-Five percent (75%) Return of Equity Refund Agreement:** Under this agreement, a non-refundable administrative fee equal to 1% of the entry fee is due upon signing the agreement. The entry fee is then amortized 2% per month over the next 12 months. At the end of the 12 months amortization period, the entry fee refund is guaranteed to be 75% of the original entry fee paid. There are no remarketing and refurbishment costs associated with the 75% refundable contract. The 75% Return of Equity provides a predictable refund at the time of entry into the community. Please see Attachment 6 for the agreement.

Carolina Meadows maintains a Waiting List and a Ready List. The Waiting List is designed for applicants whose desired occupancy date is undetermined. A \$300 non-refundable application fee is required upon application. Once approved, a fully refundable deposit of \$3,000 is required. A refund of the deposit is without interest.

The Ready List is designed for applicants who plan to move as soon as their chosen unit type is available within the next 1 to 2 years. The Ready List deposit requirement is 5% of



the entry fee of the highest priced preferred floorplan plus the \$3,000 initial deposit. If you choose to withdraw once on the Ready List, there is a \$1,000 forfeiture fee withheld from the refund of the Ready List deposit amount. The refund is without interest. Both the \$3,000 waiting list and the 5% ready list deposits are applicable toward the entry fee.

The following fees illustrate the fee schedules in effect as of January 1, 2023; it is subject to change from time to time but generally changes each January 1.

Entry Fees

Apartments	\$136,900	to	\$399,800
Villas and Duplexes	\$329,100	to	\$818,500
Non-Refundable Second Person Entry Fee			\$15,000

<u>Resident Assistance Fee</u>	\$8,500	to	\$17,000
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Monthly Accommodation Fees

Single Occupancy	\$3,220	to	\$4,235
Double Occupancy	\$4,281	to	\$5,296
Monthly Food Minimum ( <i>per person</i> )	\$265		

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

<i>Assisted Living</i>		<i>Nursing Care</i>	
Single	\$258	Private	\$399
Couple/2 bath	\$415	Semi-Private	\$379
Single/1.5 bath	\$290		
Couple/1.5 bath	\$385		
Special Care	\$329		

**Early Advantage Program Fees**

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

### Entry and Monthly Program Fees

Entry Fee: \$15,000 per person

Monthly Program Fee: \$605 per person

The Entry fee is amortized over 25 months, at which point there is no refund. Please see Attachment 7 for the agreement. If your membership within the Early Advantage program should terminate, you will be refunded any unamortized balance remaining, without interest, within 30 days of termination from the program. If you decide to move on to campus into independent living, your entire Early Advantage entry fee will be credited to the entry fee for your desired unit regardless of whether the 25-month amortization has been completed or not. You will pay the prevailing rates as noted above for the applicable level of care. You will be required to pay the Resident Assistance Fee once you move permanently to campus.

### **Historical Changes in Fees**

Fees are generally changed annually on January 1 in conjunction with approval of Carolina Meadows' annual budget. Resident input in the annual budgeting process is channeled through the Residents Association Budget & Finance Advisory Committee, prior to presentation to the Board at its November meeting. All fee changes are approved by the Board of Directors. Residents are provided with at least a thirty-day (30) written notice of such changes. Carolina Meadows' goal is to maintain fees at the lowest rate consistent with sound fiscal policies while providing for continued quality service to its residents and generating enough surplus sufficient to provide for proper maintenance and operation of its facilities.

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

**Table 4 - Historical Monthly Accommodation Fee Increases and Per Diems**

	2023	2022	2021	2020	2019
<b>Independent Living Monthly Accommodation Fees</b>					
<b>Single Occupancy</b>	<b>\$3,220 to \$4,235</b>	<b>\$3,038 to \$3,995</b>	<b>\$2,938 to \$3,864</b>	<b>\$2,937 to \$3,586</b>	<b>\$2,852 to \$3,448</b>
<i>Average Monthly Increase</i>	\$215	\$118	\$102	\$111	\$110
<b>Double Occupancy</b>	<b>\$4,281 to \$5,296</b>	<b>\$4,039 to \$4,996</b>	<b>\$3,929 to \$4,855</b>	<b>\$3,918 to \$4,567</b>	<b>\$3,814 to \$4,410</b>
<i>Average Monthly Increase</i>	\$275	\$128	\$112	\$130	\$129
<b>Monthly Food Allowance per Person</b>	<b>\$265</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>
<i>Average Monthly Increase</i>		\$0	\$0	\$0	\$0
<b>Health Center Per Diems</b>					
<b>Private - Daily</b>	<b>\$399</b>	<b>\$380</b>	<b>\$370</b>	<b>\$360</b>	<b>\$350</b>
<i>Average Per Diem Increase</i>	\$19	\$10	\$10	\$10	\$9
<b>Semi-Private - Daily</b>	<b>\$379</b>	<b>\$361</b>	<b>\$351</b>	<b>\$342</b>	<b>\$334</b>
<i>Average Per Diem Increase</i>	\$18	\$10	\$9	\$8	\$9
<b>Assisted Living Per Diems</b>					
<b>Single</b>	<b>\$258</b>	<b>\$246</b>	<b>\$239</b>	<b>\$233</b>	<b>\$227</b>
<i>Average Per Diem Increase</i>	\$12	\$7	\$6	\$6	\$6
<b>Couple - 2 bath</b>	<b>\$415</b>	<b>\$395</b>	<b>\$384</b>	<b>\$364</b>	<b>\$354</b>
<i>Average Per Diem Increase</i>	\$20	\$11	\$10	\$10	\$10
<b>Single - 1.5 bath</b>	<b>\$290</b>	<b>\$276</b>	<b>\$269</b>	<b>\$262</b>	<b>\$255</b>
<i>Average Per Diem Increase</i>	\$14	\$7	\$7	\$7	\$7
<b>Couple - 1.5 bath</b>	<b>\$385</b>	<b>\$367</b>	<b>\$357</b>	<b>\$347</b>	<b>\$338</b>
<i>Average Per Diem Increase</i>	\$18	\$10	\$9	\$9	\$9
<b>Special Care</b>	<b>\$329</b>	<b>\$313</b>	<b>\$305</b>	<b>\$297</b>	<b>\$289</b>
<i>Average Per Diem Increase</i>	\$16	\$8	\$8	\$8	\$8
<b>Early Advantage Program Monthly Fee</b>					
<i>Monthly per person fee</i>	\$605	\$575	\$575	\$575	\$575
<b>Table 5 – Remarketing Fee Percentage Charged on Unit Resales</b>					
<i>Based on current entry fee amount</i>	5%	5%	5%	5%	5%

**Table 6- Historical Villa and Apartment Entry Fee Increases**

	2023		2022		2021		2020		2019	
	Inc.	Entry Fee	Inc.	Entry Fee	Inc.	Entry Fee	Inc.	Entry Fee	Inc.	Entry Fee
<b>Villas</b>										
Redwood	20,000	818,500	19,500	798,500	-	779,000	-	779,000	-	-
Poplar	18,700	765,900	18,200	747,200	-	729,000	-	729,000	-	-
Laurel	17,600	722,800	17,200	705,200	-	688,000	-	688,000	-	-
Aspen	16,900	693,400	16,500	676,500	-	660,000	-	660,000	-	-
Montgomery	18,100	743,700	17,700	725,600	13,900	707,900	91,100	694,000	11,800	602,900
Madison	16,500	678,300	16,100	661,800	12,700	345,700	42,000	633,000	11,600	591,000
Hanover	15,700	642,000	15,300	626,300	12,000	611,000	23,300	599,000	11,300	575,700
Caldwell	14,500	595,800	14,200	581,300	11,100	567,100	5,300	556,000	10,800	550,700
Regent	14,500	593,100	14,100	578,600	11,100	564,500	10,800	553,400	10,600	542,600
Fairfax	14,100	578,700	13,800	564,600	10,800	550,800	18,400	540,000	10,200	521,600
Manchester	13,700	561,400	13,400	547,700	10,500	534,300	10,300	523,800	10,100	513,500
Chatham	12,600	515,500	12,300	502,900	9,600	490,600	9,500	481,000	9,200	471,500
Davidson	11,500	471,600	11,200	460,100	8,800	448,900	8,600	440,100	8,500	431,500
Brunswick	11,000	450,100	10,700	439,100	8,400	428,400	8,200	420,000	8,100	411,800
Cumberland	10,500	430,000	10,200	419,500	8,000	409,300	7,900	401,300	7,700	393,400
Albemarle	8,000	329,100	7,800	321,100	6,100	313,300	6,000	307,200	5,900	301,200
<i>Avg Inc.</i>	<i>13,392</i>		<i>13,067</i>		<i>10,250</i>		<i>20,100</i>		<i>9,700</i>	
<b>Apartments</b>										
Kinston	9,800	399,800	9,500	390,000	7,500	380,500	10,700	373,000	7,100	362,300
Combo	8,600	353,600	8,400	345,000	6,600	336,600	6,400	330,000	6,300	323,600
Halifax	7,8700	321,300	7,600	313,500	6,000	305,900	6,000	299,900	5,800	293,900
Julian	7,800	319,800	7,600	312,000	6,000	304,400	5,800	298,400	5,700	292,600
Iredell	6,900	284,800	6,800	277,900	5,300	271,100	5,200	265,800	5,100	260,600
Forsyth	5,300	218,900	2,100	213,600	2,100	211,500	2,100	209,400	4,100	207,300
Lenoir	3,800	155,300	1,500	151,500	1,500	150,000	1,500	148,500	2,900	147,000
Edgecombe	3,300	136,900	1,300	133,600	1,300	132,300	1,300	131,000	2,500	129,700
<i>Avg Inc.</i>	<i>6,663</i>		<i>5,600</i>		<i>4,538</i>		<i>4,875</i>		<i>4,938</i>	
<b>Early Advantage</b>										
	-	\$15,000	-	\$13,500	-	\$13,500	-	\$13,500		\$13,500

## **Section 7: Marriages/New Second Occupants/School-Age Children**

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

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

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

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

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

Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and the Original Entry Fee paid is the appreciation (positive or negative) realized. The resident is also entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred percent (100%) of the negative appreciation, if any.

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

## **Section 8: Financial Assistance for Residents with Financial Hardships**

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

As long as a resident has acted in good faith in his/her dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with the resident toward a confidential plan that will assist in his/her continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

## **Section 9: Refunds in the Event of Cancellation and Rescission**

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### **Cancellation of Waiting or Ready List/Early Advantage Reservations**

- 1) Waiting List Reservation Deposit:** Applicants on the Waiting List (whether waiting for membership in Early Advantage or moving to campus) may cancel Waiting List Reservations anytime upon written request and be removed from the Waiting List.

The \$3,000 Waiting list deposit is fully refundable. The \$300 application deposit is non-refundable.

- 2) **Ready List/Early Advantage Reservation Deposit:** Applicants on the Ready List (whether waiting for Early Advantage or Residential contracts) may cancel Ready List/Early Advantage Reservations anytime upon written request. The Ready List/Early Advantage Deposit, without interest, minus a \$1,000 forfeiture fee shall be refunded within thirty (30) days. The \$300 application fee is non-refundable.

### **Rescission Period**

**Residence and Services Agreement:** A resident may rescind the Residence and Services Agreement within thirty (30) days of the latter of the execution of the Agreement or receipt of this Disclosure Statement. A resident is not required to move into Carolina Meadows during such thirty (30) day period.

A resident will receive a refund of all funds paid to Carolina Meadows, without interest, less (i) any periodic charges applicable only to the period during which the unit was actually occupied and as specified in the Residence and Services Agreement, (ii) any non-standard costs incurred by Carolina Meadows at the resident's request, and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs paid by a Resident are non-refundable.

**Early Advantage Agreement:** A resident may rescind the Early Advantage Agreement within thirty (30) days of the latter of the execution of the Agreement or receipt of this Disclosure Statement. Residents will receive a refund of the entry fee paid, without interest, less a service charge not to exceed the greater of one thousand dollars (\$1,000) or 2% of the entry fee paid.

### **Cancellation of Early Advantage Agreement After Rescission Period**

**Cancellation by Resident:** A resident may cancel the Early Advantage Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days written notice of intent to cancel.

**Cancellation by Carolina Meadows:** Carolina Meadows may cancel the Early Advantage Agreement (i) automatically if a Member dies; (ii) with a thirty (30) day written notice if a Member misrepresents or omits material financial, medical, or other information given during the application process; or (iii) with a thirty (30) day written notice if a Member's financial status changes such that he or she no longer meets the financial requirements for admission; (iv) with a thirty (30) day written notice if a Member no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

**Refund:** If cancellation occurs within the first 25 months after execution of the Agreement, the Member is entitled to a pro-rated refund of the entry fee paid less any unpaid membership fees up to the date cancellation occurs. The portion of the Entry Fee that is refundable, without interest, shall decline at a rate of 4% per month following the Early Advantage Agreement Date. After 25 months, there is no refund of the Early Advantage Entry Fee. The Member shall be responsible for payment of the monthly membership fees accrued through the date that the Early Advantage Agreement is cancelled.

### **Cancellation of Residence and Services Agreement After Rescission Period**

**Cancellation by Carolina Meadows Prior to Occupancy:** Carolina Meadows may cancel the Residence and Services Agreement (i) automatically if a resident dies; (ii) with a thirty (30) day notice if a resident misrepresents or omits material financial, medical, or other information given during the application process; (iii) with a thirty (30) day written notice if a change in financial status has occurred such that a resident no longer meets the financial requirements for admission; or (iv) with a thirty (30) day written notice if a resident no longer qualifies for Independent Living and fails to follow recommendations



of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

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

**Cancellation by Carolina Meadows After Occupancy:** Carolina Meadows may cancel the Residence and Services Agreement with a thirty (30) day written notice if a resident (i) has misrepresented or omitted financial, medical, or other information given during the application process; (ii) fails to comply with the provisions of the Residence and Services Agreement; (iii) fails to comply with the rules and regulations as Carolina Meadows may establish; (iv) fails to pay the monthly fees or any other required charges as specified by the Residence and Services Agreement, or by the rules and regulations of Carolina Meadows; (v) abandons the residence; or (vi) develops a physical or mental condition that cannot be cared for by Carolina Meadows within the limits of Carolina Meadows' license; (vii) no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

**Refund:** A refund, without interest, will be made thirty (30) days after the residence is covered by a new Residence and Services Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the resident; a remarketing fee based on the new sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly accommodation fees for the actual time the unit was occupied. Modification costs incurred and the Residents Assistance Fee are non-refundable.

**Cancellation by Resident Prior to Occupancy:** A resident may cancel the Residence and Services Agreement prior to occupancy for any reason by giving sixty (60) days advance written notice of intent to cancel.

**Refund:** The Entry Fee and the Resident Assistance Fee paid shall be refunded, without interest, less a remarketing fee based on the current sales price of the unit and any nonstandard charges incurred by Carolina Meadows at the request of the resident. The refund shall be made thirty (30) days after the residence is covered by a new Residence and Services Agreement with another person or persons and all new fees have been paid in full. In addition, Carolina Meadows shall withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs incurred are non-refundable.

**Cancellation by Resident After Occupancy:** A resident may cancel the Residence and Services Agreement after occupancy. A resident must give sixty (60) days advance written notice of intent to terminate.

**Refund:** The entry fee, less the Residence Assistance fee, shall be refunded, without interest, thirty (30) days after the residence is covered by a new Residence and Services Agreement with another person or persons and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the resident; a remarketing fee based on the current sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly accommodation fees for the actual time the unit was occupied. Modification costs incurred are non-refundable.

### **Cancellation Upon Death**

The Residence and Services Agreement shall automatically cancel upon the death of the resident.

Refunds, without interest, will be made thirty (30) days after the residence is covered by a new Residence and Services Agreement with another resident or co-resident and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges

incurred by Carolina Meadows at the request of the resident; a remarketing fee based on the current sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly accommodation fees for the actual time the unit was occupied. Modification costs incurred are non-refundable. The Resident Assistance Fee is also non-refundable.

## **Section 10: Resident Transfers or Moves**

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

Moves from one Independent Living unit to another are permitted usually in cases where changes have occurred in a resident's health status, financial status, marital status, or some other necessity prompting being closer to the center of the campus. Management, in its sole discretion, approves of such moves. Charges and credits are adjusted pursuant to the then prevailing entry fees and monthly accommodation fees for the Independent Living units in question.

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

## **Section 11: Financial and Other Information**

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### **Reserves, Escrows, and Trusts: Operating Reserve Requirement**

NCGS 58-64-33 requires Carolina Meadows to maintain an operating reserve equal to 50% of its forecasted operating costs for the twelve-month period following the period covered by the most recent annual disclosure statement filed with the North Carolina Department

of Insurance. The reserve requirement drops to 25% of the total forecasted operating costs if occupancy levels are in excess of 90%. Such reserves may only be released upon approval by the Commissioner of the North Carolina Department of Insurance. Occupancy is calculated on the number of Independent Living Units and Assisted Living Units but does not include occupancy in skilled nursing.

According to the Operating Reserve Requirements, Carolina Meadows' forecasted financial statements as of December 31, 2023, (Attachment 4) indicate a minimum reserve requirement of \$10,805,000 based on forecasted occupancy of 95%. Occupancy is forecasted to exceed 90% throughout the forecast period 2023 to 2027.

Per the Audited Financial Statements for the Year Ending December 31, 2022 (Attachment 1) Carolina Meadows, Inc. had the following investments available to more than fund the Operating Reserve Requirement for 2021:

Assets Limited as to Use	\$15,449,822
Investments	<u>\$19,059,034</u>
Total at Fair Market Value	<u>\$34,508,856</u>
Total at Cost	<u>\$33,292,578</u>

Carolina Meadows' investment accounts are maintained and managed by UBS Investment Banking Company. Overall policies and decisions relative to the magnitude of reserve funds, investment of reserve funds and financial assistance funds are under the direction of the Finance Committee of the Board of Directors. Within the parameters of these policies, specific investment decisions made UBS and their investment managers must follow the asset allocation guidelines developed and approved by the Board of Directors of Carolina Meadows, Inc.

### **Shared Appreciation**

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

## Attachments

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**Attachment 1: Audited Financial Statements**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**



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

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

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Carolina Meadows Senior Communities & Services, Inc. and Affiliates (Carolina Meadows), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Carolina Meadows as of December 31, 2022 and 2021, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

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

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 supplemental consolidating schedules listed in the table of contents are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. The supplemental combining information in the combining statements of levels of care is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of each level of care, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 27, 2023



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 916,296	\$ 17,021,154
Accounts Receivable	2,174,378	2,197,101
Sales Tax Refund Receivable	219,193	778,720
Inventories	383,839	345,041
Prepaid Expenses	304,935	211,893
Total Current Assets	3,998,641	20,553,909
<b>ASSETS LIMITED AS TO USE</b>	15,449,822	14,004,610
<b>INVESTMENTS</b>	19,059,034	26,382,132
<b>PROPERTY AND EQUIPMENT</b>	104,413,351	98,848,116
<b>INTEREST RATE SWAP AGREEMENTS</b>	1,093,610	-
Total Assets	\$ 144,014,458	\$ 159,788,767
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 735,000	\$ 715,000
Line of Credit	-	20,036,263
Accounts Payable	1,144,578	608,206
Accrued Expenses	2,139,590	3,962,329
Total Current Liabilities	4,019,168	25,321,798
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	9,654,164	10,355,686
<b>DEFERRED REVENUE AND OTHER LIABILITIES</b>		
Deferred Revenue from Advance Fees	449,078	164,625
Advance Fee Liability	180,291,300	165,819,900
Other Deferred Revenue	487,778	437,078
Deposits on Occupied Units	4,145,654	7,308,490
Agency Funds Due Residents	479,168	651,940
Interest Rate Swap Agreements	-	34,979
Total Deferred Revenue and Other Liabilities	185,852,978	174,417,012
<b>NET ASSETS (DEFICIT)</b>		
Net Deficit Without Donor Restrictions	(55,584,493)	(50,305,729)
Net Assets With Donor Restrictions	72,641	-
Total Net Assets (Deficit)	(55,511,852)	(50,305,729)
Total Liabilities and Net Assets (Deficit)	\$ 144,014,458	\$ 159,788,767

See accompanying Notes to Consolidated Financial Statements.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Resident Fees Earned:		
On Campus	\$ 36,747,075	\$ 33,706,467
Early Advantage	618,249	755,287
Amortization of Advance Fees:		
On Campus	215,045	171,322
Early Advantage	(181,493)	8,391
Contributions	682,426	591,502
Resident Assistance Fund Fees	799,000	595,000
Dining Services	2,308,320	2,100,141
Maintenance Services	17,083	11,219
Housekeeping Services	312,385	297,506
Resident Services	65,635	27,836
Medical and Ancillary Charges	177,078	685,115
Home Care Services	918,648	618,506
Miscellaneous Income	184,549	166,883
Remarketing Income	759,124	284,730
Modification and Refurbishment Revenue	2,902,678	1,586,876
Realized Gains on Investments, Net	111,602	2,240,897
Investment Income	1,022,570	1,013,829
CARES Act Provider Relief Funds and State Grants	69,170	418,366
Total Revenues, Gains, and Other Support Without Donor Restrictions	47,729,144	45,279,873
<b>EXPENSES</b>		
Administrative Services	4,191,665	3,790,142
Early Advantage	12,540	123,109
Dining Services	7,780,610	7,034,357
Housekeeping and Laundry Services	1,916,143	1,678,970
Plant Operations	4,664,382	4,275,880
Grounds	1,205,287	1,125,765
Resident Services	764,717	723,321
Human Resources	908,215	1,239,148
On-site Medical Practice	1,252,349	1,293,584
Wellness	377,766	344,339
Home Care Services	829,246	608,871
Nursing Services	5,375,074	5,150,119
Assisted Living Services	2,276,908	1,972,332
Marketing	694,583	684,897
Social Services	451,382	431,435
Activities	597,780	668,373
Information Technology	1,825,349	1,812,377
General	2,300,461	2,382,735
Upgrades and Refurbishments	122,865	1,575,012
Shared Appreciation Expense	3,033,372	1,273,305
Depreciation	5,237,487	4,504,639
Interest Expense and Amortization	386,942	292,953
Resident Assistance Expense	234,661	351,266
Total Expenses	46,439,784	43,336,929
Net Operating Income	1,289,360	1,942,944

See accompanying Notes to Consolidated Financial Statements.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**(CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
Net Operating Income	\$ 1,289,360	\$ 1,942,944
Change in Fair Value of Interest Rate Swap Agreements	1,128,589	454,574
Unrealized Gains (Losses) on Investments, Net	(7,681,386)	1,956,299
Transfer of Net Assets	(59,873)	-
Net Assets Released From Restrictions	44,546	-
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	(5,278,764)	4,353,817
<b>NET ASSETS WITH DONOR RESRICTIONS</b>		
Transfer of Net Assets	59,873	-
Restricted Contributions	57,314	-
Net Assets Released From Restrictions	(44,546)	-
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	72,641	-
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(5,206,123)	4,353,817
Net Deficit - Beginning of Year	(50,305,729)	(54,659,546)
<b>NET DEFICIT - END OF YEAR</b>	\$ (55,511,852)	\$ (50,305,729)

See accompanying Notes to Consolidated Financial Statements.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets (Deficit)	\$ (5,206,123)	\$ 4,353,817
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Amortization of Advance Fees	(33,552)	(179,713)
Equity Refund Advances	-	(210,495)
Depreciation	5,237,487	4,504,639
Amortization of Deferred Financing Costs	33,478	45,662
Gain Related to Interest Rate Swap Agreements	(1,128,589)	(454,574)
Net Unrealized and Realized Investment (Gains) Losses	7,569,784	(4,197,196)
Net Change in:		
Accounts Receivable	22,723	(3,076)
Sales Tax Refund Receivable	559,527	(427,850)
Inventories	(38,798)	(162)
Prepaid Expenses and Other Assets	(93,042)	(53,234)
Accounts Payable	536,372	(1,046,667)
Accrued Expenses	(1,822,739)	(3,571,088)
Deferred Revenue - Provider Relief Funding	-	(151,466)
Net Cash Provided by Operating Activities	5,636,528	(1,391,403)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	14,309,515	18,672,600
Purchase of Investments and Assets Limited as to Use	(16,174,185)	(19,738,248)
Acquisition and Construction of Property and Equipment	(10,802,722)	(16,298,848)
Net Cash Used by Investing Activities	(12,667,392)	(17,364,496)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change from Deposits on Occupied and Unconstructed Units	(3,162,836)	1,196,445
Proceeds from Advance Fees	27,358,300	21,074,200
Refunds of Advance Fees	(12,518,195)	(5,439,948)
Principal Payments on Long-Term Debt	(715,000)	(713,583)
Proceeds from Line of Credit	1,294,787	17,791,327
Payments on Line of Credit	(21,331,050)	(7,360,043)
Net Change from Deposits in Agency Accounts	(172,772)	51,928
Net Cash Provided (Used) by Financing Activities	(9,246,766)	26,600,326
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(16,277,630)	7,844,427
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	17,673,094	9,828,667
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 1,395,464	\$ 17,673,094
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Cash and Cash Equivalents	\$ 916,296	\$ 17,021,154
Restricted Cash Included in Assets Limited as to Use (See Note 3)	479,168	651,940
Total	\$ 1,395,464	\$ 17,673,094
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Payments for Interest	\$ 478,389	\$ 515,421

See accompanying Notes to Consolidated Financial Statements.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

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

**Carolina Meadows Senior Communities & Services, Inc.**

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

**Carolina Meadows Management and Development Services, Inc.**

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

**Carolina Meadows Home Care, Inc.**

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

**Carolina Meadows, Inc.**

Carolina Meadows, Inc. (Carolina Meadows or the CCRC) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3). The CCRC provides housing, health care and other related services to residents through the operation of a continuing care retirement community consisting of 280 villas, 196 apartments, 78 assisted living apartments and a 90-bed health center located in Chatham County, North Carolina.

**Carolina Meadows Foundation, Inc.**

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



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

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

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets consisting of all resources that have no donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions. Carolina Meadows had no net assets with donor restrictions in 2021.

**Cash and Cash Equivalents**

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

**Accounts Receivable**

Resident accounts receivable consist of resident monthly accommodation fees. Carolina Meadows provides an allowance for uncollectible accounts using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. At December 31, 2022 and 2021, management has determined that no allowance for uncollectible accounts is necessary related to resident accounts receivable.

**Inventories**

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

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

**Assets Limited as to Use**

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

**Investments**

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

**Fair Value Measurements**

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

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

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

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

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

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



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

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

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

**Derivatives**

Derivatives and hedging instruments are recorded at fair value in the consolidated financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying consolidated balance sheets at estimated fair value at December 31, 2022 and 2021. Carolina Meadows does not hold or issue financial instruments for trading purposes.

**Risks and Uncertainties**

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

**Excess (Deficit) of Revenues Over (Under) Expenses**

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

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. During the years ended December 31, 2022 and 2021, Carolina Meadows capitalized interest costs of approximately \$50,000 and \$256,000, respectively. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

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

Commencing in 2022, the organization began capitalizing and depreciating refurbishment costs related to independent living unit turnover over a 10-year period.

**Early Advantage Program**

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

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on consolidated financial statements and five-year forecasts. Carolina Meadows had 102 and 99 residents under contract in the Early Advantage program as of December 31, 2022 and 2021, respectively.

**Advance Fees**

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



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

**Advance Fees (Continued)**

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

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

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

**Deferred Costs**

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

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

**Income Tax Status**

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

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

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation has had no impact on Carolina Meadows' consolidated financial statements. Carolina Meadows has determined that it does not have any material unrecognized tax benefit or obligation as of December 31, 2022.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

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

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Management has determined that there were no material leases at December 31, 2022.

**Reclassifications**

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation for comparative purposes with no effect on the previously reported change in net assets.

**Subsequent Events**

Carolina Meadows has evaluated the effect subsequent events would have on the consolidated financial statements through April 27, 2023, which is the date the consolidated financial statements were available to be issued.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS**

Investments stated at fair value at December 31 include:

	<u>2022</u>	<u>2021</u>
Cash and Certificates of Deposit		
Unavailable for Investment	\$ 479,168	\$ 651,940
Liquid Investments, Principally Money Market Funds	1,369,067	1,507,092
Mutual Funds	11,106,387	22,763,035
Equity Securities	18,936,443	4,327,875
Government Bonds	793,024	3,488,749
Corporate Bonds	248,731	4,904,496
Alternative Investments	1,576,036	2,743,555
Total	<u>\$ 34,508,856</u>	<u>\$ 40,386,742</u>

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

	<u>2022</u>	<u>2021</u>
Assets Limited as to Use:		
By Board Designation	\$ 4,145,654	\$ 4,038,670
NC Operating Reserve	10,825,000	9,314,000
Resident Funds Held in Agency Accounts	479,168	651,940
Total Assets Limited as to Use:	<u>15,449,822</u>	<u>14,004,610</u>
Unrestricted Investments	19,059,034	26,382,132
Total	<u>\$ 34,508,856</u>	<u>\$ 40,386,742</u>

Historical cost of investments was \$33,292,578 and \$32,080,031 at December 31, 2022 and 2021, respectively.

Board designations of investments at December 31 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Designated for Unit Deposits and Reservations	<u>\$ 4,145,654</u>	<u>\$ 4,038,670</u>

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

**Alternative Investments**

As Carolina Meadows has the ability and intent to hold these investments until fair value is recovered, it does not consider the impairment of these investments to be other-than-temporary at December 31, 2022 and 2021.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES**

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

	2022			
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 11,106,387	\$ 11,106,387	\$ -	\$ -
Equity Securities	18,936,443	18,936,443	-	-
Government Bonds	793,024	793,024	-	-
Corporate Bonds	248,731	248,731	-	-
Alternative Investments	1,576,036	-	-	1,576,036
Interest Rate Swaps	1,093,610	-	1,093,610	-
Financial Assets	<u>\$ 33,754,231</u>	<u>\$ 31,084,585</u>	<u>\$ 1,093,610</u>	<u>\$ 1,576,036</u>
	2021			
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 22,763,035	\$ 22,763,035	\$ -	\$ -
Equity Securities	4,327,875	4,327,875	-	-
Government Bonds	3,488,749	3,488,749	-	-
Corporate Bonds	4,904,496	4,904,496	-	-
Alternative Investments	2,743,555	-	-	2,743,555
Financial Assets	<u>\$ 38,227,710</u>	<u>\$ 35,484,155</u>	<u>\$ -</u>	<u>\$ 2,743,555</u>
Liabilities:				
Interest Rate Swaps	<u>\$ 34,979</u>	<u>\$ -</u>	<u>\$ 34,979</u>	<u>\$ -</u>

Investments include cash equivalents of \$1,848,235 and \$2,159,032 as of December 31, 2022 and 2021, respectively.

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



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)**

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

	2022					
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period	Principal Valuation Technique	Unobservable Inputs
Brown Advisory Private Equity Partners III, LLP	\$ 539,709	\$ 28,125	N/A	-	Net Asset Value	Value of Underlying Asset
Viking Global Opportunities	747,761	-	Monthly	95 Business Days	Net Asset Value	Value of Underlying Asset
Ziegler Link-Age Fund II, L.P.	288,566	-	N/A	-	Net Asset Value	Value of Underlying Asset
Total	<u>\$ 1,576,036</u>	<u>\$ 28,125</u>				

  

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

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

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment at December 31 are summarized as follows:

	2022	2021
Land	\$ 2,469,975	\$ 2,469,975
Land Improvements	7,099,765	6,782,532
Buildings and Building Improvements	163,023,579	139,355,515
Construction in Progress	2,037,636	17,926,309
Furniture and Fixtures	13,179,185	11,595,375
Computer Equipment	3,224,983	2,151,025
Vehicles	832,539	784,211
Subtotal	<u>191,867,662</u>	<u>181,064,942</u>
Less: Accumulated Depreciation	<u>(87,454,311)</u>	<u>(82,216,826)</u>
Total	<u>\$ 104,413,351</u>	<u>\$ 98,848,116</u>

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)**

Construction in progress at December 31, 2022 relates to various projects expected to be completed in the future. Construction in progress at December 31, 2021 relates to construction costs of the Birchtree project of approximately \$14,563,000, which was completed in 2022, and other various projects.

**NOTE 6 LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Public Finance Authority Retirement Facilities Revenue Bond Series 2019, Bank Qualified Debt Maturing in 2034, Bearing Interest at a Variable Rate (5.17% and 1.15% at December 31, 2022 and 2021)	\$ 10,570,000	\$ 11,285,000
Subtotal	10,570,000	11,285,000
Less: Unamortized Deferred Financing Costs	(180,836)	(214,314)
Less: Current Maturities	<u>(735,000)</u>	<u>(715,000)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 9,654,164</u>	<u>\$ 10,355,686</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 735,000
2024	760,000
2025	785,000
2026	810,000
2027	835,000
Thereafter	<u>6,645,500</u>
Total	<u>\$ 10,570,500</u>

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

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



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 6 LONG-TERM DEBT (CONTINUED)**

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

Under the terms of the agreement related to the Series 2019 Bond, subject to the Master Trust Indenture and Bond Purchase and Loan Agreement, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1x. Management is not aware of any noncompliance with all such covenants at December 31, 2022.

Under the Credit Agreement with Truist Bank (Truist), Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1x. In addition, Carolina Meadows must meet minimum reporting requirements and limit investment exposure as outlined by the Carolina Meadows investment policy. According to these agreements, Carolina Meadows has the ability to remedy any covenant violation within thirty days after receiving written notification from Truist, without accelerating the debt payments. Management is not aware of any noncompliance with all such covenants at December 31, 2022.

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

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

On November 21, 2019, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. At December 31, 2020, Carolina Meadows has an outstanding interest rate swap agreement with Truist, having a total notional principal amount of \$5,987,500, which became effective December 22, 2020 and terminates on December 1, 2034. This agreement effectively limits Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44% and .86%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counterparty. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 6 LONG-TERM DEBT (CONTINUED)**

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

Below is a table listing the fair value of the (asset) liability for interest rate swaps as of December 31:

	<u>2022</u>	<u>2021</u>
Derivatives Designated as Hedging Instruments:		
Interest Rate Swap Agreements	<u>\$ (1,093,610)</u>	<u>\$ 34,979</u>

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

	<u>2022</u>	<u>2021</u>
Changes in Value of Interest Rate Swap Agreements	<u>\$ 1,128,589</u>	<u>\$ 454,574</u>

**NOTE 7 LINE OF CREDIT**

In February 2015, Carolina Meadows entered into a loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$2,500,000, to meet cash flow needs, if any. In June 2022 Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to June 30, 2023.

This line of credit bears interest at prime rate plus 1.85%. At the close of business on December 31, 2022 and 2021, the rate was 6.17% and 5.10%, respectively, on the outstanding balance and is secured by deposits and investments maintained by the borrower with Truist and any affiliates. At December 31, 2022 and 2021, Carolina Meadows had no balance outstanding.

Under the Agreement to Commercial Note with Truist, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 200 days' cash on hand and a debt service coverage ratio of at least 1.25x to 1x. Management is not aware of any noncompliance with all such covenants at December 31, 2022.

In November 2019 Carolina Meadows entered into a loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$12,000,000. The proceeds were used for the purpose of construction of the Birchtree project consisting of 40 independent living apartments at the Carolina Meadows campus. The revolving line of credit was paid in full during 2022, matured on December 21, 2022, and not renewed.



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**NOTE 7 LINE OF CREDIT (CONTINUED)**

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

In October 2020 Carolina Meadows entered into a second loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$15,000,000. The proceeds are to be used for the purpose of construction of the Birchtree project consisting of 40 independent living units at the Carolina Meadows campus. The revolving line of credit matured on April 30, 2022 and not renewed. The second line of credit for the Birchtree construction project was entered into to cover anticipated constructions costs in excess of the initial \$12,000,000 line of credit as a result of construction costs being incurred before entrance fees would be collected to pay down these costs on finished units. Any balance exceeding the initial line of credit can be paid down first.

The line of credit bore interest at Secured Overnight Financing Rate plus 1.40%. At the close of business on December 31, 2021 the rate was 1.45% on the outstanding balance and was secured by mortgaged property and the pledged assets by the borrower with Truist and any affiliates. At December 31, 2021, the balance of the line of credit was approximately \$8,036,000.

**NOTE 8 RETIREMENT PLAN**

Carolina Meadows has a retirement plan under Internal Revenue Code Section 403(b), which operates as a deferred annuity contract and is available to all regular full-time employees. Carolina Meadows may, at its discretion, elect to make a qualified matching contribution to the retirement plan. Carolina Meadows matches 100% of participant deferrals up to 5% of their compensation. Effective July 2019, The Carolina Meadows Retirement Plan was amended to include an Automatic Enrollment Arrangement of 1% of compensation for all eligible employees, including an opportunity to opt out of the Arrangement. Participants may make voluntary contributions between 1% and 20% of their annual compensation not to exceed the statutory limit (\$20,500 for year ended December 31, 2022). Eligible participants are also permitted to make after-tax Roth contributions. Participants who have attained age 50 before the end of the plan year are eligible to make statutory limit catch-up contributions. Expenses relating to the plan were approximately \$537,000 and \$548,000 in 2022 and 2021, respectively.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
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**NOTE 9 AGENCY FUNDS DUE RESIDENTS**

Resident funds held in agency accounts represent advance fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents' behalf in certificates of deposit or money market funds with a financial institution. Carolina Meadows acts as custodian for the agency accounts, which are legally owned by the residents. At December 31, 2022 and 2021, agency funds due residents were approximately \$479,000 and \$652,000, respectively.

**NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS**

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

Carolina Meadows has estimated its direct and indirect costs of providing benevolent care under its benevolence care policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amount charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent care. Using this methodology, Carolina Meadows has estimated the costs for services under its benevolence care policy to be approximately \$223,000 and \$334,000 for the years ended December 31, 2022 and 2021, respectively.

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

	2022	2021
Charges Foregone for Benevolent Care	\$ 234,661	\$ 351,266
Charitable Donations	83,144	125,291
Donated Volunteer Services by the Staff of Carolina Meadows	53,534	47,483
Total	\$ 371,339	\$ 524,040

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

Carolina Meadows self-insures a portion of its employee health benefits exposure up to \$100,000 per employee, with stop-loss coverage for the majority of the employee claims in excess of \$100,000. An accrual for the self-insurance program was established to provide for estimated claims and losses and applicable legal expenses for claims incurred through December 31, 2022 but not reported. This accrual was determined by management and totaled approximately \$165,000 and \$154,000 at December 31, 2022 and 2021, respectively. The accrual is included in accrued expenses in the consolidated balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

**NOTE 12 LIQUIDITY AND AVAILABILITY**

Carolina Meadows' general philosophy is to maintain daily liquidity on all investments. The one exception is the alternative investment category. Carolina Meadows' investment committee is limited to selecting fund groups with no more than 90-day liquidity. The alternative investment category equals approximately 5% of the total assets available to meet liquidity needs. Carolina Meadows' historical turnover of net accounts receivables is no more than 30 days.

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

	2022	2021
Cash and Cash Equivalents	\$ 916,296	\$ 17,021,154
Investments	19,059,034	26,382,132
Board-Designated Assets Limited as to Use	4,145,654	4,038,670
Subtotal	<u>24,120,984</u>	<u>47,441,956</u>
Resident Accounts Receivable	2,117,350	2,179,044
Sales Tax Refund Receivable	219,193	778,720
Total Assets Available to Meet Liquidity Needs	<u>\$ 26,457,527</u>	<u>\$ 50,399,720</u>

**NOTE 13 FUNCTIONALIZED EXPENSES**

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

The following is a summary of functional expenses for the year ended December 31, 2022:

	Program Services				Management and General	Total
	Independent Living	Assisted Living	Other Healthcare Service	Total Program Services		
Salaries and Benefits	\$ 9,636,675	\$ 3,478,004	\$ 10,188,538	\$ 23,303,217	\$ 672,684	\$ 23,975,901
Depreciation	4,794,079	355,316	88,092	5,237,487	-	5,237,487
Other Operating Expenses	8,852,943	1,137,437	3,238,298	13,228,678	3,610,776	16,839,454
Interest and Amortization Expense	122,224	207,918	56,800	386,942	-	386,942
Total	<u>\$ 23,405,921</u>	<u>\$ 5,178,675</u>	<u>\$ 13,571,728</u>	<u>\$ 42,156,324</u>	<u>\$ 4,283,460</u>	<u>\$ 46,439,784</u>

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 13 FUNCTIONALIZED EXPENSES (CONTINUED)**

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

	Program Services				Management and General	Total
	Independent Living	Assisted Living	Other Healthcare Service	Total Program Services		
Salaries and Benefits	\$ 8,808,385	\$ 3,139,590	\$ 9,335,160	\$ 21,283,135	\$ 541,939	\$ 21,825,074
Depreciation	4,047,643	368,904	88,092	4,504,639	-	4,504,639
Other Operating Expenses	8,203,746	1,095,068	3,685,640	12,984,454	3,729,809	16,714,263
Interest and Amortization Expense	91,204	158,517	43,232	292,953	-	292,953
Total	<u>\$ 21,150,978</u>	<u>\$ 4,762,079</u>	<u>\$ 13,152,124</u>	<u>\$ 39,065,181</u>	<u>\$ 4,271,748</u>	<u>\$ 43,336,929</u>

**NOTE 14 RESIDENT SERVICE REVENUE**

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

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

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

Resident revenue is primarily private pay for the years ended December 31, 2022 and 2021.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)**

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

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

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

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

	<u>2022</u>	<u>2021</u>
Service Lines:		
Independent Living	\$ 28,434,823	\$ 24,862,318
Assisted Living	6,790,672	6,741,874
Healthcare	9,665,681	8,612,868
Home Care	918,648	618,506
Amortization of Advance Fees	33,552	179,713
Total	<u>\$ 45,843,376</u>	<u>\$ 41,015,279</u>
Method of Reimbursement:		
Monthly Accommodation Fees	\$ 37,365,324	\$ 34,461,754
Amortization of Advance Fees	33,552	179,713
Fee for Service	8,444,500	6,373,812
Total	<u>\$ 45,843,376</u>	<u>\$ 41,015,279</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	<u>\$ 45,843,376</u>	<u>\$ 41,015,279</u>

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

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)**

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue from Advance Fees
Balance as of January 1, 2021	\$ 1,983,530	\$ 376,152
Balance as of December 31, 2021	2,197,101	164,625
Balance as of December 31, 2022	2,174,378	449,078

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

**CARES Act Provider Relief Funds and State Grants**

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

Total PRFs approved and received by Carolina Meadows was approximately \$831,000. The PRF monies are subject to certain reporting requirements, including restrictions on eligible expenses or uses. PRF monies may be subject to audit. In addition, for the year ended December 31, 2021, Carolina Meadows received funds from the North Carolina Department of Health and Human Services (NCDHHS) in the amount of approximately \$267,000. At December 31, 2022 and 2021, Carolina Meadows recognized approximately \$69,000 and \$418,000, respectively, as CARES Act Provider Relief Funds and State Grants revenue in the consolidated statements of operations. Management believes the amounts have been recognized appropriately as of December 31, 2022 and 2021.

**NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisting of contributions restricted as to purpose consist of the following at December 31:

	2022	2021
Employee Assistance Funds	\$ 24,371	\$ -
Memorial Funds	10,400	-
Scholarship Fund	12,718	-
Other Donor Restrictions	25,152	-
Total	<u>\$ 72,641</u>	<u>\$ -</u>

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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

	<u>2022</u>	<u>2021</u>
Employee Assistance Funds	\$ 40,446	\$ -
Memorial Funds	100	-
Other Donor Restrictions	4,000	-
Total	<u>\$ 44,546</u>	<u>\$ -</u>

**SUPPLEMENTARY INFORMATION**

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 57,866	\$ 771,485	\$ 86,945	\$ -	\$ 916,296
Accounts Receivable	-	-	124,128	2,050,250	-	-	2,174,378
Sales Tax Refund Receivable	-	-	-	219,193	-	-	219,193
Inventories	-	-	-	383,839	-	-	383,839
Prepaid Expenses	-	-	-	304,935	-	-	304,935
Total Current Assets	-	-	181,994	3,729,702	86,945	-	3,998,641
<b>ASSETS LIMITED AS TO USE</b>	-	-	-	15,449,822	-	-	15,449,822
<b>INVESTMENTS</b>							
Investments	-	-	-	17,636,020	1,423,014	-	19,059,034
Total Investments and Other Assets	-	-	-	17,636,020	1,423,014	-	19,059,034
<b>PROPERTY AND EQUIPMENT</b>	-	-	-	104,413,351	-	-	104,413,351
<b>DUE FROM RELATED PARTY</b>	-	-	-	406,661	-	(406,661)	-
<b>INTEREST RATE SWAP AGREEMENTS</b>	-	-	-	1,093,610	-	-	1,093,610
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,994</u>	<u>\$ 142,729,166</u>	<u>\$ 1,509,959</u>	<u>\$ (406,661)</u>	<u>\$ 144,014,458</u>



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

LIABILITIES AND NET ASSETS (DEFICIT)	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
<b>CURRENT LIABILITIES</b>							
Current Maturities of Long-Term Debt	\$ -	\$ -	\$ -	\$ 735,000	\$ -	\$ -	\$ 735,000
Accounts Payable	-	-	769	1,143,380	429	-	1,144,578
Accrued Expenses	-	-	69,772	2,069,818	-	-	2,139,590
Total Current Liabilities	-	-	70,541	3,948,198	429	-	4,019,168
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	-	-	-	9,654,164	-	-	9,654,164
<b>DEFERRED REVENUE AND OTHER LIABILITIES</b>							
Deferred Revenue from Advance Fees	-	-	-	449,078	-	-	449,078
Advance Fee Liability	-	-	-	180,291,300	-	-	180,291,300
Other Deferred Revenue	-	-	-	487,778	-	-	487,778
Deposits on Occupied Units	-	-	-	4,145,654	-	-	4,145,654
Agency Funds Due Residents	-	-	-	479,168	-	-	479,168
Due to Related Parties	167,901	43,701	124,701	-	70,358	(406,661)	-
Total Deferred Revenue and Other Liabilities	167,901	43,701	124,701	185,852,978	70,358	(406,661)	185,852,978
<b>NET ASSETS (DEFICIT)</b>							
Net Assets (Deficit) Without Donor Restrictions	(167,901)	(43,701)	(13,248)	(56,726,174)	1,366,531	-	(55,584,493)
Net Assets (Deficit) With Donor Restrictions	-	-	-	-	72,641	-	72,641
Total Net Assets (Deficit)	(167,901)	(43,701)	(13,248)	(56,726,174)	1,439,172	-	(55,511,852)
Total Liabilities and Net Assets (Deficit)	\$ -	\$ -	\$ 181,994	\$ 142,729,166	\$ 1,509,959	\$ (406,661)	\$ 144,014,458



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEAR ENDED DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
<b>REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>							
Resident Fees Earned:							
On Campus	\$ -	\$ -	\$ -	\$ 36,747,075	\$ -	\$ -	\$ 36,747,075
Early Advantage	-	-	-	618,249	-	-	618,249
Amortization of Advanced Fees:							
On Campus	-	-	-	215,045	-	-	215,045
Early Advantage	-	-	-	(181,493)	-	-	(181,493)
Contributions	-	-	-	100	682,326	-	682,426
Resident Assistance Fund Fees	-	-	-	-	799,000	-	799,000
Dining Services	-	-	-	2,308,320	-	-	2,308,320
Maintenance Services	-	-	-	17,083	-	-	17,083
Housekeeping Services	-	-	-	312,385	-	-	312,385
Resident Services	-	-	-	65,635	-	-	65,635
Medical and Ancillary Charges	-	-	-	177,078	-	-	177,078
Home Care Services	-	-	918,648	-	-	-	918,648
Miscellaneous Income	-	-	-	184,549	-	-	184,549
Remarketing Income	-	-	-	759,124	-	-	759,124
Modification and Refurbishment Revenue	-	-	-	2,902,678	-	-	2,902,678
Realized Gains on Investments, Net	-	-	-	123,536	(11,934)	-	111,602
Investment Income	-	-	-	1,011,421	11,149	-	1,022,570
CARES Act Provider Relief Funds and State Grants	-	-	-	69,170	-	-	69,170
Total Revenues, Gains, and Other Support Without Donor Restrictions	-	-	918,648	45,329,955	1,480,541	-	47,729,144
<b>EXPENSES</b>							
Administrative Services	6,216	2,104	18,760	3,416,793	747,792	-	4,191,665
Early Advantage	-	-	-	12,540	-	-	12,540
Dining Services	-	-	-	7,780,610	-	-	7,780,610
Housekeeping and Laundry Services	-	-	-	1,916,143	-	-	1,916,143
Plant Operations	-	-	-	4,664,382	-	-	4,664,382
Grounds	-	-	-	1,205,287	-	-	1,205,287
Resident Services	-	-	-	764,717	-	-	764,717
Human Resources	-	-	8,674	899,541	-	-	908,215
On-site Medical Practice	-	-	-	1,252,349	-	-	1,252,349
Wellness	-	-	-	377,766	-	-	377,766
Home Care Services	-	-	829,246	-	-	-	829,246
Nursing Services	-	-	-	5,375,074	-	-	5,375,074
Assisted Living Services	-	-	-	2,276,908	-	-	2,276,908
Marketing	-	-	-	694,583	-	-	694,583
Social Services	-	-	-	451,382	-	-	451,382
Activities	-	-	-	597,780	-	-	597,780
Information Technology	-	-	-	1,825,349	-	-	1,825,349
General	-	-	-	2,300,461	-	-	2,300,461
Upgrades and Refurbishments	-	-	-	122,865	-	-	122,865
Shared Appreciation Expense	-	-	-	3,033,372	-	-	3,033,372
Depreciation	-	-	-	5,237,487	-	-	5,237,487
Interest Expense and Amortization	-	-	-	386,942	-	-	386,942
Resident Assistance Expense	-	-	-	234,661	-	-	234,661
Total Expenses	6,216	2,104	856,680	44,826,992	747,792	-	46,439,784
Net Operating Income (Loss)	(6,216)	(2,104)	61,968	502,963	732,749	-	1,289,360

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
Net Operating Income (Loss)	\$ (6,216)	\$ (2,104)	\$ 61,968	\$ 502,963	\$ 732,749	-	\$ 1,289,360
Change in Fair Value of Interest Rate Swap Agreements	-	-	-	1,128,589	-	-	1,128,589
Unrealized Gains on Investments, Net	-	-	-	(7,576,427)	(104,959)	-	(7,681,386)
Net Assets Released From Restrictions	-	-	-	-	44,546	-	44,546
Transfer of Net Assets	-	-	357,461	(380,847)	(36,487)	-	(59,873)
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NETASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS</b>	(6,216)	(2,104)	419,429	(6,325,722)	635,849	-	(5,278,764)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>							
Transfer of Net Assets	-	-	-	-	59,873	-	59,873
Restricted Contribution	-	-	-	-	57,314	-	57,314
Net Assets Released From Restrictions	-	-	-	-	(44,546)	-	(44,546)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	-	-	-	-	72,641	-	72,641
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(6,216)	(2,104)	419,429	(6,325,722)	708,490	-	(5,206,123)
Net Assets (Deficit) - Beginning of Year	(161,685)	(41,597)	(432,677)	(50,400,452)	730,682	-	(50,305,729)
<b>END OF YEAR</b>	<u>\$ (167,901)</u>	<u>\$ (43,701)</u>	<u>\$ (13,248)</u>	<u>\$ (56,726,174)</u>	<u>\$ 1,439,172</u>	<u>\$ -</u>	<u>\$ (55,511,852)</u>

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Change in Net Deficit Without Donor Restrictions	\$ (6,216)	\$ (2,104)	\$ 419,429	\$ (6,325,722)	\$ 708,490	\$ -	\$ (5,206,123)
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:							
Amortization of Advance Fees	-	-	-	(33,552)	-	-	(33,552)
Equity Refund Advances	-	-	-	-	-	-	-
Change in Accounting Estimate	-	-	-	-	-	-	-
Depreciation	-	-	-	5,237,487	-	-	5,237,487
Amortization of Deferred Financing Costs	-	-	-	33,478	-	-	33,478
Gain Related to Interest Rate Swap Agreements	-	-	-	(1,128,589)	-	-	(1,128,589)
Due to (from) Related Parties	6,216	2,104	(354,823)	339,731	6,772	-	-
Net Unrealized and Realized Investment Losses	-	-	-	7,569,784	-	-	7,569,784
Net Change in:							
Accounts Receivable	-	-	(69,440)	92,163	-	-	22,723
Sales Tax Refund Receivable	-	-	36	559,491	-	-	559,527
Inventories	-	-	-	(38,798)	-	-	(38,798)
Prepaid Expenses and Other Assets	-	-	-	(93,042)	-	-	(93,042)
Accounts Payable	-	-	706	550,247	(14,581)	-	536,372
Accrued Expenses	-	-	14,109	(1,836,848)	-	-	(1,822,739)
Net Cash Provided by Operating Activities	-	-	10,017	4,925,830	700,681	-	5,636,528
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	-	-	-	14,163,232	146,283	-	14,309,515
Purchase of Investments and Assets Limited as to Use	-	-	-	(14,994,646)	(1,179,539)	-	(16,174,185)
Acquisition and Construction of Property and Equipment	-	-	-	(10,802,722)	-	-	(10,802,722)
Net Cash Used by Investing Activities	-	-	-	(11,634,136)	(1,033,256)	-	(12,667,392)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Net Change from Deposits on Occupied and Unconstructed Units	-	-	-	(3,162,836)	-	-	(3,162,836)
Proceeds from Advance Fees	-	-	-	27,358,300	-	-	27,358,300
Refunds of Advance Fees	-	-	-	(12,518,195)	-	-	(12,518,195)
Principal Payments on Long-Term Debt	-	-	-	(715,000)	-	-	(715,000)
Proceeds from Line of Credit	-	-	-	1,294,787	-	-	1,294,787
Payments on Line of Credit	-	-	-	(21,331,050)	-	-	(21,331,050)
Net Change from Deposits in Agency Accounts	-	-	-	(172,772)	-	-	(172,772)
Net Cash Used by Financing Activities	-	-	-	(9,246,766)	-	-	(9,246,766)
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	-	-	10,017	(15,955,072)	(332,575)	-	(16,277,630)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	-	-	47,849	17,205,725	419,520	-	17,673,094
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	\$ -	\$ -	\$ 57,866	\$ 1,250,653	\$ 86,945	\$ -	\$ 1,395,464

**CAROLINA MEADOWS, INC.**  
**COMBINING STATEMENTS OF LEVELS OF CARE**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2022			2021		Percent Change
	Independent Living	Health Center	Assisted Living	Total	Total	
Resident Fees Earned:						
On Campus	\$ 20,448,651	\$ 9,544,359	\$ 6,754,065	\$ 36,747,075	\$ 33,706,467	9%
Early Advantage	618,249	-	-	618,249	755,287	-18%
Amortization of Advance Fees:						
On Campus	-	-	215,045	215,045	171,322	26%
Early Advantage	(181,493)	-	-	(181,493)	8,391	-2263%
Dining Services	2,286,740	3,878	17,702	2,308,320	2,100,141	10%
Maintenance Services	12,833	1,555	2,695	17,083	11,219	52%
Housekeeping Services	312,385	-	-	312,385	297,506	5%
Resident Services	65,635	-	-	65,635	27,836	136%
Medical Ancillary Charges	48,953	115,889	12,236	177,078	685,115	-74%
Miscellaneous Income	184,475	-	74	184,549	166,883	11%
Remarketing Income	759,124	-	-	759,124	284,730	167%
Modification and Refurbishment Revenue	2,898,778	-	3,900	2,902,678	1,586,876	83%
Contributions	100	-	-	100	12,915	-99%
Realized Gains on Investments, Net	70,415	33,355	19,766	123,536	2,234,530	-94%
Investment Income	749,469	162,835	99,117	1,011,421	1,005,125	1%
CARES Act Provider Relief Funds and State Grants	(210,431)	211,322	68,279	69,170	418,366	-83%
Total Operating Revenues	<u>28,063,883</u>	<u>10,073,193</u>	<u>7,192,879</u>	<u>45,329,955</u>	<u>43,472,709</u>	<u>4%</u>
Administrative Services	2,261,843	672,465	482,485	3,416,793	3,142,777	9%
Early Advantage	12,540	-	-	12,540	123,109	-90%
Dining Services	5,388,461	1,186,738	1,205,411	7,780,610	7,034,357	11%
Housekeeping and Laundry Services	875,460	695,868	344,815	1,916,143	1,678,970	14%
Plant Operations	4,178,087	167,506	318,789	4,664,382	4,275,880	9%
Grounds	1,205,287	-	-	1,205,287	1,125,765	7%
Resident Services	764,717	-	-	764,717	723,321	6%
Human Resources	899,541	-	-	899,541	1,228,457	-27%
On-site Medical Practice	1,252,349	-	-	1,252,349	1,293,584	-3%
Wellness	377,766	-	-	377,766	344,339	10%
Nursing Services	-	5,375,074	-	5,375,074	5,150,119	4%
Assisted Living Services	-	-	2,276,908	2,276,908	1,972,332	15%
Marketing	694,583	-	-	694,583	684,792	1%
Social Services	451,382	-	-	451,382	431,435	5%
Activities	231,782	192,454	173,544	597,780	668,373	-11%
Information Technology	1,825,349	-	-	1,825,349	1,812,377	1%
General Expenses	1,685,589	332,178	282,694	2,300,461	2,382,735	-3%
Upgrades and Refurbishments	18,359	52,413	52,093	122,865	1,575,012	-92%
Shared Appreciation Expense	3,033,372	-	-	3,033,372	1,273,305	138%
Depreciation	4,794,079	88,092	355,316	5,237,487	4,504,639	16%
Interest Expense and Amortization	122,224	56,800	207,918	386,942	292,953	32%
Resident Assistance Expense	-	112,691	121,970	234,661	351,266	-33%
Overhead Allocations	(1,708,900)	843,900	865,000	-	-	0%
Total Operating Expenses	<u>28,363,870</u>	<u>9,776,179</u>	<u>6,686,943</u>	<u>44,826,992</u>	<u>42,069,897</u>	<u>7%</u>
Total Operating Surplus (Deficit) Before Nonoperating Activities	(299,987)	297,014	505,936	502,963	1,402,812	-64%
Nonoperating Activities:						
Changes in Fair Value of Interest						
Rate Swap Agreements	1,128,589	-	-	1,128,589	454,574	148%
Unrealized Gains on Investments, Net	(4,336,201)	(2,034,560)	(1,205,666)	(7,576,427)	1,951,927	-488%
Transfer of Net Assets	(380,847)	-	-	(380,847)	-	-
Total Nonoperating Activities	<u>(3,588,459)</u>	<u>(2,034,560)</u>	<u>(1,205,666)</u>	<u>(6,828,685)</u>	<u>2,406,501</u>	<u>-384%</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<u>\$ (3,888,446)</u>	<u>\$ (1,737,546)</u>	<u>\$ (699,730)</u>	<u>\$ (6,325,722)</u>	<u>\$ 3,809,313</u>	<u>-266%</u>

**Attachment 2: Actual vs. Projected Results**



**Carolina Meadows, Inc.**  
**Balance Sheets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Year Ended December 31, 2022**

	Per Audited Financials <b>2022</b> <b>Actual</b>	Per Five Year Forecast <b>2022</b> <b>Forecasted</b>	<b>Variance</b> <b>Over (Under)</b>	<b>Notes *</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents, Non-Restricted	\$ 771,485	\$ 14,108,000	\$ (13,336,515)	<b>1</b>
Accounts Receivable	2,050,250	2,142,000	(91,750)	
Sales Tax Refund Receivable	219,193	779,000	(559,807)	<b>2</b>
Inventories	383,839	345,000	38,839	
Prepaid Expenses	304,935	212,000	92,935	
Total Current Assets	<u>3,729,702</u>	<u>17,586,000</u>	<u>(13,856,298)</u>	
<b>ASSETS LIMITED AS TO USE (including Agency Funds)</b>	15,449,822	14,005,000	1,444,822	<b>3</b>
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	17,636,020	25,992,000	(8,355,980)	<b>4</b>
Deferred Costs	-	-	-	
Total Investments and Other Assets	<u>17,636,020</u>	<u>25,992,000</u>	<u>(8,355,980)</u>	
<b>PROPERTY AND EQUIPMENT</b>	<u>104,413,351</u>	<u>97,252,000</u>	<u>7,161,351</u>	<b>5</b>
<b>DUE FROM OTHER ASSETS, INCL. RELATED PARTY</b>	<u>406,661</u>	<u>696,000</u>	<u>(289,339)</u>	
Total Assets	<u>\$ 141,635,556</u>	<u>\$ 155,531,000</u>	<u>\$ (13,895,444)</u>	
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 735,000	\$ 735,000	\$ -	
Construction Line of Credit	-	-	-	
Accounts Payable	1,143,380	593,000	550,380	<b>6</b>
Accrued Expenses	2,069,818	3,907,000	(1,837,182)	<b>7</b>
Advance Fees and Refunds Due	-	-	-	
Total Current Liabilities	<u>3,948,198</u>	<u>5,235,000</u>	<u>(1,286,802)</u>	
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	9,654,164	9,643,000	11,164	
<b>DEFERRED REVENUE AND OTHER LIABILITIES</b>				
Advance Refundable Fees - On Campus	180,291,300	183,045,000	(2,753,700)	<b>8</b>
Advance Refundable Fees - Early Advantage	449,078	278,000	171,078	
Other Deferred Revenue	487,778	437,000	50,778	
Deposits on Occupied Units	4,145,654	3,600,000	545,654	<b>9</b>
Agency Funds Due Residents	479,168	652,000	(172,832)	
Interest Rate Swap Agreements	(1,093,610)	35,000	(1,128,610)	<b>10</b>
Total Deferred Revenue and Other Liabilities	<u>184,759,368</u>	<u>188,047,000</u>	<u>(3,287,632)</u>	
<b>NET DEFICIT</b>				
Without Donor Restrictions	<u>(56,726,174)</u>	<u>(47,394,000)</u>	<u>(9,332,174)</u>	<b>14</b>
Total Liabilities and Net Deficit	<u>\$ 141,635,556</u>	<u>\$ 155,531,000</u>	<u>\$ (13,895,444)</u>	

*\*See Notes on Following Page for Variances Greater than \$500,000 which is 1% of actual operating revenues*

**Carolina Meadows, Inc.**  
**Balance Sheets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Notes for Variances**  
**As of and for the Year Ended December 31, 2022**

*Carolina Meadows considers anything greater than \$500,000 to be material for purposes of analyzing Balance Sheet variances between actual and forecasted results.*

1. Cash was below forecast due to the use of deposits previously held on the Birchtree project for forty new independent living units towards completely paying down the related line of credit for \$20.0m, as well as unanticipated inflation and supply chain issues impacting costs, and difficulties in recruiting and retaining staff, even with an unforecasted internal 16% minimum wage rate increase.
2. Sales Tax Refund Receivable was below forecast due mainly to early than anticipated receipts of refunds largely related to the Birchtree independent living unit construction project.
3. Assets Limited As To Use were higher than forecasted related to an increase in the North Carolina Operating Reserve.
4. Investments were lower than forecasted from the 2022 stock market decline leading to material unrealized investment losses.
5. Property and Equipment was greater due to the completion of certain large capital projects, including the Birchtree project.
6. Accounts Payable were higher than forecasted due to timing of payments and changes in pricing and patterns related to inflation and economic conditions.
7. Accrued Expenses were lower than forecasted largely due to the timing of accruing for large scale construction projects, including campus-wide fiber installation.
8. Advance Refundable Fees - On Campus were lower than forecast due to the size and mix of unit types that were resold during 2022.
9. reservations.
10. Interest Rate Swap Agreements gains were not forecasted due to the unanticipated change in interest rates throughout 2022.

**Carolina Meadows, Inc.**  
**Statements of Operations and Changes in Net Assets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Year Ended December 31, 2022**

	Per Audited Financials	Per Five Year Forecast	Variance	
	<b>2022</b>	<b>2022</b>	<b>Over (Under)</b>	<b>Notes *</b>
	<b>Actual</b>	<b>Forecasted</b>		
Independent Living resident fees	\$ 20,448,651	\$ 21,344,000	\$ (895,349)	<b>1</b>
Health Center fees	9,544,359	8,672,000	872,359	<b>2</b>
Assisted Living fees	6,754,065	6,433,000	321,065	
Early Advantage fees	618,249	690,000	(71,751)	
Resident assistance fund fees	-	-	-	
Dining services	2,308,320	2,331,000	(22,680)	
Medical and ancillary charges	177,078	643,000	(465,922)	
Housekeeping services	312,385	300,000	12,385	
Resident services	65,635	25,000	40,635	
Maintenance services	17,083	12,000	5,083	
Remarketing income	759,124	365,000	394,124	
Refurbishing reimbursements	2,902,678	1,560,000	1,342,678	<b>3</b>
Miscellaneous	184,549	168,000	16,549	
Investment income	1,011,421	1,918,000	(906,579)	<b>4</b>
CARES Act Provider Relief Funds and State Grants	69,170	-	69,170	
<b>Total operating revenues without donor restrictions</b>	<b>45,172,767</b>	<b>44,461,000</b>	<b>711,767</b>	
On-site Medical Practice	1,252,349	1,357,000	(104,651)	
Nursing services	5,375,074	4,826,000	549,074	<b>5</b>
Assisted living services	2,276,908	1,990,000	286,908	
Dining services	7,780,610	7,497,000	283,610	
Plant operations and grounds	5,992,534	6,937,000	(944,466)	<b>6</b>
Housekeeping and laundry services	1,916,143	1,872,000	44,143	
Resident services	764,717	818,000	(53,283)	
General and administrative expense	5,717,254	5,713,000	4,254	
Early Advantage program	12,540	150,000	(137,460)	
Information Technology	1,825,349	1,668,000	157,349	
Human resources	899,541	824,000	75,541	
Marketing	694,583	587,000	107,583	
Wellness, social services and activities	1,426,928	1,535,000	(108,072)	
Shared appreciation expense	3,033,372	350,000	2,683,372	<b>7</b>
Interest and letter of credit fees expense	386,942	222,000	164,942	
<b>Total operating expenses</b>	<b>39,354,844</b>	<b>36,346,000</b>	<b>3,008,844</b>	
<b>Total operating surplus before other revenues and expenses</b>	<b>5,817,923</b>	<b>8,115,000</b>	<b>(2,297,077)</b>	
<b><u>Other Revenues and Expenses</u></b>				
Contributions	100	-	100	
Amortization of advance fees - On Campus	215,045	-	215,045	
Amortization of advance fees - Early Advantage	(181,493)	10,000	(191,493)	
Realized and unrealized investment losses, net	(7,452,891)	-	(7,452,891)	<b>8</b>
Change in fair value of interest rate swap agreements	1,128,589	-	1,128,589	<b>9</b>
Transfer of Net Assets	(380,847)	-	(380,847)	
Resident assistance expense	(234,661)	-	(234,661)	
Depreciation and amortization	(5,237,487)	(5,118,000)	(119,487)	
<b>Total other revenues and expenses</b>	<b>(12,143,645)</b>	<b>(5,108,000)</b>	<b>(7,035,645)</b>	
<b>Change in Net Surplus (Deficit) without donor restrictions</b>	<b>\$ (6,325,722)</b>	<b>\$ 3,007,000</b>	<b>\$ (9,332,722)</b>	

\*See Notes on Following Page for Variances Greater than \$500,000 which is 1% of actual operating revenues

**Carolina Meadows, Inc.**  
**Statements of Operations and Changes in Net Assets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Notes for Variances**  
**As of and for the Year Ended December 31, 2022**

*Carolina Meadows considers anything greater than \$500,000 to be material for purposes of analyzing Statements of Operations variances between actual and forecasted results.*

Independent Living revenue was lower than forecasted due specifically to a delay in Birchtree buildings 9 and 10 completion and the resulting occupancy lag, including mostly couples versus singles. The new Birchtree units carry higher monthly fees than the remainder of campus, including couples with second person fees, and have a resulting disproportionate impact on revenue versus

1. existing units. Actual occupancy census for 2022 was 94.3% versus a forecasted rate of 97.0%.

Health Center revenue was higher than forecasted due to greater actual occupancy. Actual skilled nursing occupancy census for

2. 2022 was 79.3% versus a forecasted rate of 71.0%.

Refurbishing Reimbursement revenue was higher than forecasted due largely to incoming residents choosing significant

3. modifications to their Independent Living units, including the new Birchtree units.

Investment income was lower than forecasted due to decision to hold more cash in advance of potential capital projects, a portfolio

4. balance that deemphasized investment returns of interest and dividends, and the general market decline during 2022.

Nursing Services exceed forecast due to both the greater than forecasted occupancy for the skilled nursing facility, as well as a 16%

5. increase to our internal minimum hourly wage during 2022, which impacted many of our direct care team members.

Plant Operations and Grounds was below forecast largely due to the organization beginning to capitalize and depreciate over a ten-

6. year period refurbishment and modification costs that exceed our capital threshold

Shared Appreciation expenses were uncertain and difficult to forecast due to the recent required adoption of ASU 2014-09 and the

7. provisions under this new accounting standard related to our contract type.

8. Realized and Unrealized Investment Gains and Losses are uncertain, unpredictable and not forecasted.

9. Change in Fair Value of Interest Rate Swap Agreements are uncertain, unpredictable and not forecasted.

**Carolina Meadows, Inc.**  
**Statements of Cash Flows**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Year Ended December 31, 2022**

	Per Audited Financials <b>2022</b>	Per Five Year Forecast <b>2022</b>	<b>Variance</b>	
	<b>Actual</b>	<b>Forecasted</b>	<b>Over (Under)</b>	<b>Notes *</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Surplus (Deficit) Without Donor Restrictions	\$ (6,325,722)	\$ 3,007,000	\$ (9,332,722)	<b>1</b>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	5,237,487	5,096,000	141,487	
Amortization of Deferred Costs	-	-	-	
Equity Refund Advances	-	-	-	
Amortization of Advance Fees - On Campus	(215,045)	-	(215,045)	
Amortization of Advance Fees - Early Advantage	181,493	(10,000)	191,493	
Amortization of Deferred Financing Costs	33,478	22,000	11,478	
(Gain) Loss Related to Interest Rate Swap Agreements	(1,128,589)	-	(1,128,589)	<b>2</b>
Realized and Unrealized Investment Losses, Net	7,569,784	-	7,569,784	<b>3</b>
Net Change in:				
Accounts Receivable	92,163	-	92,163	
Accrued Interest Receivable	-	-	-	
Sales Tax Refund Receivable	559,491	-	559,491	<b>4</b>
Inventories	(38,798)	-	(38,798)	
Prepaid Expenses and Other Assets, Including Related Party	246,689	50,000	196,689	
Accounts Payable	550,247	-	550,247	<b>5</b>
Accrued Expenses	(1,836,848)	-	(1,836,848)	<b>6</b>
Deferred Revenue - Provider Relief Funding	-	-	-	
Net Cash Provided By Operating Activities	<u>4,925,830</u>	<u>8,165,000</u>	<u>(3,239,170)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	14,163,232	-	14,163,232	<b>7</b>
Purchase of Investments and Assets Limited as to Use	(14,994,646)	-	(14,994,646)	<b>8</b>
Acquisition and Construction of Property and Equipment	(10,802,722)	(3,500,000)	(7,302,722)	<b>9</b>
Net Cash (Used) in Investing Activities	<u>(11,634,136)</u>	<u>(3,500,000)</u>	<u>(8,134,136)</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net Change from Deposits on Occupied and Unconstructed Units	(3,162,836)	(3,708,000)	545,164	<b>10</b>
Principal Payments on Long-Term Debt	(715,000)	(715,000)	-	
Principal Payments on Line of Credit on Construction Loan	(21,331,050)	(20,036,000)	(1,295,050)	<b>11</b>
Debt Issuance Cost	-	-	-	
Proceeds from Advance Fees - On Campus, including Assisted Living Direct Admits	26,966,800	34,489,000	(7,522,200)	<b>12</b>
Proceeds from Advance Fees - Early Advantage	391,500	203,000	188,500	
Refunds of Advance Fees - On Campus, including Assisted Living Direct Admits	(12,229,655)	(17,254,000)	5,024,345	<b>13</b>
Refunds of Advance Fees - Early Advantage	(288,540)	(90,000)	(198,540)	
Net Proceeds from Line of Credit on Construction Loan	1,294,787	-	1,294,787	<b>14</b>
Net Change from Deposits in Agency Accounts	(172,772)	-	(172,772)	
Net Cash Provided By (Used) in Financing Activities	<u>(9,246,766)</u>	<u>(7,111,000)</u>	<u>(2,135,766)</u>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,955,072)</b>	<b>(2,446,000)</b>	<b>(13,509,072)</b>	
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	17,205,725	16,554,000	651,725	
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 1,250,653</u>	<u>\$ 14,108,000</u>	<u>\$ (12,857,347)</u>	
Cash and Cash Equivalents	\$ 771,485			
Restricted Cash Included in Assets Limited as to Use (Resident Funds Held in Agency)	\$ 479,168			
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 1,250,653</u>			

*\*See Notes on Following Page for Variances Greater than \$500,000 which is 1% of operating revenues*



**Carolina Meadows, Inc.**  
**Statements of Cash Flows**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Notes for Variances**  
**As of and for the Year Ended December 31, 2022**

*Cash Flows are determined by the changes within the Balance Sheet accounts and the operating results contained with the Statements of Operations and since those variances have been identified in the preceding pages, Carolina Meadows considers anything greater than \$500,000 to be material for purposes of analyzing variances between actual and forecasted cash flows.*

The change in the Net Deficit Without Donor Restrictions was lower than forecasted largely due to realized and unrealized losses on

1. investments which are uncertain, unpredictable and not forecasted.

2. The actual change in Interest Rate Swap Agreements was not forecasted.

3. The actual change in Realized and Unrealized Investment Gains was not forecasted.

4. The actual change in Sales Tax Refund Receivable was not forecasted.

5. The actual change in Accounts Payable was not forecasted.

6. The actual change in Accrued Expenses was not forecasted.

7. Proceeds from Sales and Maturities of Investments and Assets Limited As To Use was uncertain and not forecasted.

8. Purchases of Investments and Assets Limited as to Use was uncertain and not forecasted.

Acquisition and Construction of Property and Equipment was impacted by the completion of certain large capital projects, including

9. the Birchtree project.

Net Change from Deposits on Occupied and Unconstructed Units compared to forecast was impacted by the use of deposits held for Birchtree towards occupancy as these units were completed, as well as by the timing, number, and mix of deposits for existing unit

10. types.

Principal Payments on Line of Credit on Construction Loan were greater than forecasted due to delays in the completion of the

11. Birchtree project for forty new Independent Living units, as well as supply chain and inflationary impact on construction materials.

Proceeds From Advance Fees - On Campus were lower than the forecast due to delays for completion of the Birchtree project, as

12. well as the unit type mix and number of closings for existing units.

Refunds of Advance Fees - On Campus were lower than the forecast due to fewer than anticipated refunds, as well as variation in the

13. number and mix of unit types refunded.

**Attachment 3: Interim Financial Statements**

**CAROLINA MEADOWS, INC.**  
**Statements of Financial Position**  
**March 31, 2023 and 2022**

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Current Assets		
Cash and cash equivalents	\$ 1,905,703	\$ 6,222,675
Accounts receivable	2,089,623	2,106,099
Sales tax refund	297,340	870,032
Inventories	383,840	352,416
Prepaid expenses	1,008,637	326,711
Total current assets	5,685,143	9,877,933
Assets Limited as to Use		
Board designated funds	4,145,654	4,151,088
N.C. operating reserve fund	10,825,000	9,314,000
Resident funds held in agency accounts	759,968	621,658
	15,730,622	14,086,746
Investments and Other Assets		
Investments	19,110,867	22,727,830
Deferred costs	180,836	205,923
	19,291,703	22,933,753
Property and Equipment	105,375,530	100,556,569
<b>Total Assets</b>	<b>146,082,998</b>	<b>147,455,001</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Current maturities of long-term debt	760,000	735,000
Line of Credit - Birchtree Construction	-	6,634,743
Due to (from) Parent Company	(167,900)	(166,300)
Due to (from) Home Care Company	(131,301)	(486,018)
Due to (from) Foundation	(71,909)	(41,597)
Due to (from) Management Company	(43,701)	(63,587)
Accounts payable	1,832,659	985,890
Accrued expenses	3,416,438	3,768,128
Advance fees and refunds due	-	-
Total current liabilities	5,594,286	11,366,259
Long-term debt, less current maturities	9,630,000	10,385,000
Deferred Revenue and Other Liabilities		
Deferred revenue from advance fees	418,013	122,419
Other deferred revenue	487,778	456,578
Advance reservation deposits	4,296,729	4,776,148
Advanced fee liability	180,632,155	173,772,075
Agency funds due residents	759,968	621,658
Interest rate swap agreements	(932,834)	450,175
	185,661,809	180,199,053
Total Liabilities	200,886,095	201,950,312
Net Assets without Donor Restrictions	(54,803,097)	(54,495,311)
<b>Total Liabilities and Net Assets</b>	<b>\$ 146,082,998</b>	<b>\$ 147,455,001</b>

**CAROLINA MEADOWS, INC.**  
**Statements of Activities**  
**For the Years Ended March 31, 2023 and 2022**

	2023	2023	2023	2022
	Actual	Budget	Budget Variance fav(unfav)	Actual
<b>Operating Revenues</b>				
Resident Fees Earned	\$ 9,923,497	\$ 9,487,193	\$ 436,304	\$ 8,973,856
Early Advantage Fees	181,429	193,335	(11,906)	159,311
Dining Services	561,407	608,319	(46,912)	495,573
Maintenance Services	18,040	5,959	12,081	4,751
Housekeeping Services	74,748	76,940	(2,192)	76,057
Resident Services	22,788	21,779	1,009	14,720
Ancillary and Miscellaneous Services	147,618	188,124	(40,506)	51,843
Remarketing Income	154,625	186,460	(31,835)	63,935
Refurbishment and Modification Income	746,889	558,823	188,066	460,724
CARES Act and State Grants	-	-	-	-
Investment Income	135,804	215,753	(79,949)	212,658
<b>Total Operating Revenues</b>	<b>11,966,845</b>	<b>11,542,685</b>	<b>424,160</b>	<b>10,513,428</b>
<b>Operating Expenses</b>				
Administrative Services	807,030	957,082	150,052	858,026
Early Advantage	1,995	-	(1,995)	-
Dining Services	1,985,159	2,092,315	107,156	1,788,154
Housekeeping and Laundry	416,446	525,526	109,080	464,934
Plant Operations	1,238,464	1,230,041	(8,423)	1,126,043
Grounds	333,107	302,622	(30,485)	371,048
Resident Services	181,631	211,241	29,610	181,775
Human Resources	237,319	229,031	(8,288)	231,475
On-site Medical Practice	296,115	347,499	51,384	285,238
Wellness	103,850	103,833	(17)	92,688
Nursing Services	1,264,574	1,340,310	75,736	1,362,907
Assistant Living Services	536,677	601,816	65,139	588,168
Marketing	173,789	163,381	(10,408)	171,338
Social Services	114,818	138,107	23,289	104,281
Community Life	149,450	164,860	15,410	157,975
Information Technology	492,854	454,488	(38,366)	436,778
General Expenses	593,198	605,614	12,416	581,568
Refurbishment and Modification Expense	272,493	483,707	211,214	317,060
Shared Appreciation Expense	520,261	414,740	(105,521)	210,458
Interest Expense	145,415	70,841	(74,574)	70,351
<b>Total Operating Expenses</b>	<b>9,864,645</b>	<b>10,437,054</b>	<b>572,409</b>	<b>9,400,265</b>
<b>Total Operating Surplus (Deficit) Before Other Revenues and Expenses</b>	<b>2,102,200</b>	<b>1,105,631</b>	<b>996,569</b>	<b>1,113,163</b>
<b>Other Revenues and (Expenses)</b>				
Amortization of Deferred Revenue	-	-	-	(33,794)
Change in Fair Value of Interest Rate Swap Agreements	(160,776)	-	(160,776)	(415,196)
Realized Gains (Losses) on Investments	372,310	-	372,310	282,499
Unrealized Gains (Losses) on Investments	1,008,857	-	1,008,857	(3,596,224)
Contributions	-	-	-	100
Depreciation	(1,347,506)	(1,258,508)	(88,998)	(1,373,928)
Amortization	-	(8,137)	8,137	(8,391)
Resident Assistance Expense	(52,001)	(57,945)	5,944	(63,088)
<b>Total Other Revenues and Expenses</b>	<b>(179,116)</b>	<b>(1,324,590)</b>	<b>1,145,474</b>	<b>(5,208,022)</b>
<b>Change in Net Assets without Donor Restrictions</b>	<b>\$ 1,923,084</b>	<b>\$ (218,959)</b>	<b>\$ 2,142,043</b>	<b>\$ (4,094,859)</b>

**CAROLINA MEADOWS, INC.**  
**Statements of Cash Flows**  
**For the Years Ended March 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,923,084	\$ (4,094,859)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in advance fees valuation *	-	-
Depreciation	1,347,506	1,373,928
Amortization of advance fees	-	33,794
Amortization of deferred costs, including financing	-	-
Equity refund advances	(66,028)	(31,666)
Amortization of other deferred revenue	-	-
(Gains) losses related to interest rate swap agreements	160,776	415,196
Net unrealized and realized investment (gains) losses	(1,381,167)	3,313,725
Net change in:		
Accounts receivable	26,655	67,980
Sales tax refund receivable	(78,147)	(91,348)
Inventories	(1)	(7,375)
Prepaid expenses and other assets	(703,702)	(114,818)
Due to (from) Parent Company	-	(4,615)
Due to (from) Home Care Company	(6,599)	(6,494)
Due to (from) Management Company	-	-
Due to (from) Foundation	(1,551)	(1)
Accounts payable	689,272	392,757
Accrued expenses	1,346,620	(138,538)
Net cash provided by operating activities	3,256,718	1,107,666
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments and assets limited as to use	3,719,200	10,543,569
Purchase of investments and assets limited as to use	(4,093,680)	(10,674,886)
Acquisition and construction of property and equipment	(2,309,685)	(3,082,381)
Increase in debt issuance costs	-	8,391
Net cash used in investing activities	(2,684,165)	(3,205,307)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change from unit deposits	151,075	(2,532,342)
Net proceeds from line of credit	-	(13,401,520)
Principal payments on long-term debt	(180,000)	(165,000)
Proceeds from advance fees, including Birchtree	2,823,890	9,392,107
Refunds of advance fees, including Birchtree	(2,514,100)	(1,496,432)
Net change in refunds due	-	-
Deferred modification revenue	-	-
Deferred government grants (PFR) revenue	-	-
Net change from deposits in agency accounts	280,800	(30,282)
Net cash used in financing activities	561,665	(8,233,469)
Net increase (decrease) in cash	1,134,218	(10,331,110)
Cash beginning	771,485	16,553,785
Cash ending	\$ 1,905,703	\$ 6,222,675

Unaudited - For Management Purposes Only



**Attachment 4: Forecasted Financial Statements (5-Years)**

**CAROLINA MEADOWS, INC.**

FORECASTED FINANCIAL STATEMENTS

For the Years Ending December 31, 2023 through 2027

**CAROLINA MEADOWS, INC.**  
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Years Ending December 31, 2023 Through 2027

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## ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial forecast of Carolina Meadows, Inc., which comprises the forecasted balance sheets as of December 31, 2023 through 2027, and the related forecasted statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial forecast.

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

*Sanders, Walsh & Eaton, CPAs, LLC*

Osterville, Massachusetts

May 19, 2023

**CAROLINA MEADOWS, INC.**  
**Forecasted Balance Sheets**  
**At December 31, 2023 through 2027**  
(Dollars in Thousands)

	<b>ASSETS</b>				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 402	\$ 1,962	\$ 2,355	\$ 3,392	\$ 11,130
Accounts receivable, net	2,173	2,303	2,441	2,587	2,742
Sales tax refund receivable	219	219	219	219	219
Inventories	384	384	384	384	384
Prepaid expenses	305	305	305	305	305
<b>Total current assets</b>	<u>3,483</u>	<u>5,173</u>	<u>5,704</u>	<u>6,887</u>	<u>14,780</u>
<b>Assets limited as to use:</b>					
Board designated, agency and escrow accounts	4,645	39,558	2,473	1,141	622
Reserves required by state statute	10,805	11,892	12,977	14,309	14,828
<b>Total assets limited as to use</b>	<u>15,450</u>	<u>51,450</u>	<u>15,450</u>	<u>15,450</u>	<u>15,450</u>
<b>Investments and other assets:</b>					
Investments	17,636	17,636	17,636	17,636	17,636
Deferred cost, net	-	-	-	-	-
<b>Total investments and other assets</b>	<u>17,636</u>	<u>17,636</u>	<u>17,636</u>	<u>17,636</u>	<u>17,636</u>
<b>Property, plant and equipment:</b>	195,867	237,854	290,322	311,851	322,565
Less accumulated depreciation	<u>(92,589)</u>	<u>(98,589)</u>	<u>(104,739)</u>	<u>(111,039)</u>	<u>(117,439)</u>
<b>Net property and equipment</b>	<u>103,278</u>	<u>139,265</u>	<u>185,583</u>	<u>200,812</u>	<u>205,126</u>
Due from related party	406	406	406	406	406
Interest rate swap agreements	1,094	1,094	1,094	1,094	1,094
<b>Total assets</b>	<u>\$ 141,347</u>	<u>\$ 215,024</u>	<u>\$ 225,873</u>	<u>\$ 242,285</u>	<u>\$ 254,492</u>
	<b>LIABILITIES AND NET DEFICIT</b>				
<b>Current Liabilities:</b>					
Current maturities of long-term debt	\$ 761	\$ 785	\$ 810	\$ 2,091	\$ 2,177
Accounts payable	1,200	1,260	1,323	1,389	1,458
Accrued expenses	2,174	2,283	2,397	2,517	2,643
Advance fees and refunds due	-	-	-	-	-
<b>Total current liabilities</b>	<u>4,135</u>	<u>4,328</u>	<u>4,530</u>	<u>5,997</u>	<u>6,278</u>
Line of credit	-	-	-	-	-
Long-term debt, less current maturities	9,394	79,989	87,042	85,619	72,637
<b>Deferred revenue and other liabilities:</b>					
Advance fee liability - On Campus	178,781	182,166	185,879	203,373	228,043
Advance refundable fees - Early Advantage	562	675	720	765	810
Other deferred revenue	488	488	488	488	488
Deposits on occupied units	4,146	4,146	4,146	4,146	4,146
Agency funds due residents	479	479	479	479	479
Interest rate swap agreement	-	-	-	-	-
<b>Total deferred revenue and other liabilities</b>	<u>184,456</u>	<u>187,954</u>	<u>191,712</u>	<u>209,251</u>	<u>233,966</u>
<b>Total liabilities</b>	197,985	272,271	283,284	300,867	312,881
<b>Net deficit:</b>					
Without donor restrictions	(56,638)	(57,247)	(57,411)	(58,582)	(58,389)
With donor restrictions	-	-	-	-	-
<b>Total net deficit</b>	<u>(56,638)</u>	<u>(57,247)</u>	<u>(57,411)</u>	<u>(58,582)</u>	<u>(58,389)</u>
<b>Total liabilities and net deficit</b>	<u>\$ 141,347</u>	<u>\$ 215,024</u>	<u>\$ 225,873</u>	<u>\$ 242,285</u>	<u>\$ 254,492</u>

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



**CAROLINA MEADOWS, INC.**  
**Forecasted Statements of Operations and Changes in Net Deficit**  
**For the Years Ending December 31, 2023 through 2027**  
(Dollars in Thousands)

	2023	2024	2025	2026	2027
Revenue, gains and other support without donor restrictions:					
Resident fees earned, On Campus	\$ 22,091	\$ 23,390	\$ 24,799	\$ 26,616	\$ 30,272
Resident fees earned, Early Advantage Program	784	823	864	908	953
Health Care:					
Health Center fees	9,792	9,732	9,959	10,406	11,163
Assisted Living fees	7,321	7,910	8,543	9,179	9,787
Amortization of advance fees, On Campus	-	-	-	-	-
Amortization of advance fees, Early Advantage Program	130	180	230	280	330
Resident assistance fund fees	-	-	-	-	-
Dining services	2,467	2,590	2,720	2,856	2,999
Maintenance services	23	24	25	27	28
Housekeeping services	312	328	344	361	379
Resident services	88	92	97	102	107
Medical ancillary charges	521	547	575	603	633
Miscellaneous	244	256	269	282	297
Remarketing income	756	794	833	875	919
Modification and refurbishing revenue	2,266	2,379	2,498	2,623	2,754
Investment/interest income	934	951	1,037	1,130	1,140
Contribution/gift income	-	-	-	-	-
Total revenue, gains and other support	<u>47,729</u>	<u>49,996</u>	<u>52,793</u>	<u>56,248</u>	<u>61,761</u>
Expenses:					
Health care:					
On-site Medical Practice	1,409	1,479	1,553	1,631	1,713
Nursing Services	5,436	5,708	5,993	6,293	6,608
Assisted Living Services	2,441	2,563	2,691	2,826	2,967
Dietary services	8,486	8,910	9,356	9,824	10,315
Maintenance, plant operations, and grounds	8,177	8,586	9,016	9,640	10,121
Housekeeping and laundry services	2,131	2,238	2,349	2,525	2,651
Resident services	857	900	945	992	1,042
General and administrative services	6,263	6,576	6,905	7,366	7,734
Human resources	929	975	1,024	1,075	1,129
Information technology	1,843	1,935	2,032	2,134	2,240
Marketing	588	617	648	680	714
Wellness, social services, and activities	1,650	1,732	1,819	1,910	2,005
Early Advantage Program	150	158	165	174	182
Interest expense	207	193	176	1,808	3,395
Shared appreciation expense	1,682	1,766	1,854	1,947	2,044
Resident assistance fund expense	235	247	259	272	286
Depreciation	5,135	6,000	6,150	6,300	6,400
Amortization	22	22	22	22	22
Total expenses	<u>47,641</u>	<u>50,605</u>	<u>52,957</u>	<u>57,419</u>	<u>61,568</u>
Net operating income (loss)	<u>88</u>	<u>(609)</u>	<u>(164)</u>	<u>(1,171)</u>	<u>193</u>
Net change in net deficit without donor restrictions	88	(609)	(164)	(1,171)	193
Net deficit without donor restrictions:					
Beginning of Year	<u>(56,726)</u>	<u>(56,638)</u>	<u>(57,247)</u>	<u>(57,411)</u>	<u>(58,582)</u>
End of Year	<u>\$ (56,638)</u>	<u>\$ (57,247)</u>	<u>\$ (57,411)</u>	<u>\$ (58,582)</u>	<u>\$ (58,389)</u>

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

**CAROLINA MEADOWS, INC.**  
**Forecasted Statements of Cash Flows**  
**For the Years Ending December 31, 2023 through 2027**  
(Dollars in Thousands)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Cash flows from operating activities:					
Change in net assets without donor restrictions	\$ 88	\$ (609)	\$ (164)	\$ (1,171)	\$ 193
Adjustments to reconcile change in net deficit to net cash provided by operating activities:					
Net realized and unrealized gains on investments and assets limited as to use	-	-	-	-	-
Depreciation	5,135	6,000	6,150	6,300	6,400
Amortization of deferred costs	-	-	-	-	-
Amortization of financing cost	22	22	22	22	22
Amortization of other deferred revenue	-	-	-	-	-
Amortization of advance fees	(130)	(180)	(230)	(280)	(330)
Gain related to interest rate swap agreement	-	-	-	-	-
Net change in:					
Accounts receivable	(123)	(130)	(138)	(146)	(155)
Sales tax refund receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from related party	-	-	-	-	-
Accounts payable	57	60	63	66	69
Accrued expenses	104	109	114	120	126
Net cash provided by operating activities	<u>5,153</u>	<u>5,272</u>	<u>5,817</u>	<u>4,911</u>	<u>6,325</u>
Cash flows from investing activities:					
Purchase of investments and assets as limited as to use	-	(36,000)	36,000	-	-
Acquisition and Construction of property and equipment	<u>(4,000)</u>	<u>(41,987)</u>	<u>(52,468)</u>	<u>(21,529)</u>	<u>(10,714)</u>
Net cash used by investing activities	<u>(4,000)</u>	<u>(77,987)</u>	<u>(16,468)</u>	<u>(21,529)</u>	<u>(10,714)</u>
Cash flows from financing activities:					
Net change from deposits on occupied units	-	-	-	-	-
Principal payments of long-term debt	(735)	(1,402)	(1,927)	(15,564)	(19,335)
Principal payments of line of credit	-	-	-	-	-
Proceeds from advance fees - On Campus	15,310	15,159	16,191	30,519	38,750
Proceeds from advance fees - Early Advantage Program	203	203	135	135	135
Refunds of advance fees - On Campus	(16,690)	(11,595)	(12,248)	(12,744)	(13,750)
Refunds of advance fees - Early Advantage Program	(90)	(90)	(90)	(90)	(90)
Net proceeds from bank loan	-	72,000	8,983	15,400	6,417
Net change from deposits in agency accounts	-	-	-	-	-
Net cash (used) provided by financing activities	<u>(2,002)</u>	<u>74,275</u>	<u>11,044</u>	<u>17,656</u>	<u>12,127</u>
Net change in cash and cash equivalents	(849)	1,560	393	1,038	7,738
Cash and cash equivalents, beginning of year	<u>1,251</u>	<u>402</u>	<u>1,962</u>	<u>2,355</u>	<u>3,392</u>
Cash and cash equivalents, end of year	<u>\$ 402</u>	<u>\$ 1,962</u>	<u>\$ 2,355</u>	<u>\$ 3,392</u>	<u>\$ 11,130</u>
Supplemental disclosure of cash flow information					
Cash paid for interest	<u>\$ 207</u>	<u>\$ 193</u>	<u>\$ 176</u>	<u>\$ 1,808</u>	<u>\$ 3,395</u>

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

**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
**Assumptions and Accounting Policies**  
**For the Years Ending December 31, 2023 through 2027**

Financial Statements Presentation Assumptions

This financial forecast presents, to the best of the management's knowledge and belief, the expected financial position, results of operations, and cash flows of Carolina Meadows, Inc. ("Carolina Meadows") for the forecast period. Accordingly, the forecast reflects management's judgment as of May 19, 2023, the date of this forecast, of the expected conditions and its expected course of action. This report was prepared for Carolina Meadows, Inc.'s management to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Management does not intend to revise this forecast to reflect the changes in present circumstances or the occurrence of unanticipated events.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Organization

Carolina Meadows, Inc. is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) and established in 1983 for the purpose of providing housing, health care and other related services to residents through the operation of a continuing care retirement community. The built inventory consists of 280 villas, 196 apartments, 78 assisted living facility apartments, and a 90-bed licensed health center located in Chatham County, North Carolina.

Basis of Presentation

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

Net Assets

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

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

Cash and Cash Equivalents

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

**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
**Assumptions and Accounting Policies**  
**For the Years Ending December 31, 2023 through 2027**

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

Accounts Receivable

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

Inventories

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

Assets Limited As To Use

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

Investments

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

Fair Value Measurements

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

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

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

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

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

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

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

**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
**Assumptions and Accounting Policies**  
**For the Years Ending December 31, 2023 through 2027**

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

Fair Value Measurements (continued):

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

Derivatives

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

Risks and Uncertainties

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

Excess (Deficit) of Revenues Over (Under) Expenses

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

Property and Equipment

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

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

Commencing in 2022, the organization began capitalizing and depreciating refurbishment costs over a ten-year period.

Advance Fees

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

**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
**Assumptions and Accounting Policies**  
**For the Years Ending December 31, 2023 through 2027**

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

Advance Fees (continued):

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

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

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

Estimates

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

Income Tax Status

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

**NOTE B - LONG-TERM DEBT:**

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

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

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

During 2019, Carolina Meadows entered into an interest rate swap agreement to reduce the impact of changes in interest rates. During 2020, Carolina Meadows entered into a second interest rate swap agreement to reduce the impact of changes in interest rates. These agreements effectively limit Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44% and .86%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counter-party to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counter-party. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.



**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
**Assumptions and Accounting Policies**  
**For the Years Ending December 31, 2023 through 2027**

**NOTE C - FORECASTED REVENUE AND EXPENSES:**

Revenue

Forecasted revenue from service fees on the existing and expanded facilities starting in 2023 are based on the following schedule of forecasted fees (assumes 6.0% independent living monthly fee inflation; and 5.0% assisted living and nursing care inflation) and forecasted occupancy:

<u>Independent Living</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Monthly Fees:					
Early Advantage Program	\$ 605	\$ 641	\$ 680	\$ 721	\$ 764
Basic:					
Entrants Prior to January 1, 2001	\$ 3,017	\$ 3,198	\$ 3,390	\$ 3,593	\$ 3,809
New Entrants Beginning January 1, 2001	\$ 3,218	\$ 3,411	\$ 3,616	\$ 3,833	\$ 4,063
Square Footage Rate Beginning January 1, 2011	\$ 3,494	\$ 3,704	\$ 3,926	\$ 4,161	\$ 4,411
Square Footage Rate Beginning January 1, 2016	\$ 3,741	\$ 3,965	\$ 4,203	\$ 4,456	\$ 4,723
Sq. Ft. Rate Beginning January 1, 2021, Birchtree units	\$ 4,131	\$ 4,379	\$ 4,642	\$ 4,920	\$ 5,215
Second Person Fees Prior to January 1, 2016	\$ 899	\$ 953	\$ 1,010	\$ 1,071	\$ 1,135
Second Person Fees After January 1, 2016	\$ 1,061	\$ 1,125	\$ 1,192	\$ 1,264	\$ 1,339
Food Allowance	\$ 265	\$ 300	\$ 325	\$ 350	\$ 375
Units Available	476	476	476	496	516
Occupancy Percent	96%	96%	96%	93%	95%
<u>Health Center</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Daily Rates:					
Private	\$ 399	\$ 419	\$ 440	\$ 462	\$ 485
Semi-Private	\$ 379	\$ 398	\$ 418	\$ 439	\$ 461
Beds Available	86	86	86	86	86
Occupancy Percent	77%	79%	81%	84%	86%
<u>Assisted Living</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Daily Rates:					
Single	\$ 258	\$ 271	\$ 284	\$ 299	\$ 314
Single Unit Couple	\$ 415	\$ 436	\$ 458	\$ 480	\$ 504
1.5 Bath Unit - Single	\$ 290	\$ 305	\$ 320	\$ 336	\$ 352
1.5 Bath Unit - Couple	\$ 385	\$ 404	\$ 424	\$ 446	\$ 468
2 Bath Unit	\$ 310	\$ 326	\$ 342	\$ 359	\$ 377
Special Care	\$ 329	\$ 345	\$ 363	\$ 381	\$ 400
Units Available	78	78	78	78	78
Occupancy Percent	90%	90%	90%	90%	90%

The actual rate increases may be greater than those estimated above based on increased costs to operate Carolina Meadows because of inflation, economic, pandemic, and other uncertain and unpredictable factors which may cause costs to exceed what has been forecasted by Management. All independent living square footage rates are average monthly rates across all unit types.

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

**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
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**For the Years Ending December 31, 2023 through 2027**

**NOTE C - FORECASTED REVENUE AND EXPENSES (continued):**

Revenue (continued):

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Units Filled From Turnover	31	33	34	35	36
Units Filled from Vacant/New Sales	5	-	-	16	24
Units Emptied	(31)	(33)	(34)	(35)	(36)
Entrance Fee Receipts on Turnover	\$ 13,676	\$ 15,159	\$ 16,191	\$ 16,962	\$ 18,307
Entrance Fee Receipts on New Sales	1,634	-	-	13,557	20,443
Entrance Fee Refunds	(16,690)	(11,595)	(12,248)	(12,744)	(13,750)
Net Proceeds	<u>\$ (1,380)</u>	<u>\$ 3,564</u>	<u>\$ 3,943</u>	<u>\$ 17,775</u>	<u>\$ 25,000</u>

Other Revenue

Management forecasts other revenues of maintenance services, housekeeping services, resident services, medical and ancillary charges, miscellaneous, remarketing income, modification and refurbishing revenue to increase at rates of 5.0% per year.

Investment Income

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

Expenses

After giving effect to increases related to turnover, operating expenses (excluding depreciation, amortization, and interest expense), economic, and pandemic conditions are forecasted to increase annually by an average of 5.0% over the forecast period.

Capital Additions

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

<u>Year</u>	<u>Amount</u>
2023	\$ 4,000
2024	\$ 4,000
2025	\$ 4,000
2026	\$ 4,000
2027	\$ 4,000

Depreciation expense is computed using the straight-line method over the useful lives of the assets.

Under the Carolina Meadows campus master plan, the years 2024 and 2025 each include one-half of the estimated cost of \$72,000,000 for a new skilled nursing facility, and the years 2024 through 2026 include a total of \$30,800,000 of estimated cost for 40 potential new independent living units. The new skilled nursing facility will replace the current health center. The new independent living units will be presold with occupancy anticipated to begin during 2026. A total of \$7,601,000 in capitalized interest is included for this five-year period for the new buildings.

**CAROLINA MEADOWS, INC.**  
**Summary of Significant Forecast**  
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**For the Years Ending December 31, 2023 through 2027**

**NOTE D - CAROLINA MEADOWS EARLY ADVANTAGE PROGRAM:**

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

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

**Attachment 5: Equity Advantage Refund Residence and Services Agreement:**



## **Residence and Services Agreement**

**Equity Advantage Refund Option**

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# Residence and Services Agreement

## Equity Advantage Refund Option

### Introduction

---

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

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

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

You and Carolina Meadows agree as follows:

### Section 1: Your Residence and Date of Financial Occupancy

---

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

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

- 1.1 The Entry Fee is \$\_\_\_\_\_, and if applicable, a non-refundable Second Person Entry Fee of \$\_\_\_\_\_. The Entry Fee(s) applies only to the Residence specified in this in this Agreement and consists of the following payments:
  - 1.1a A Reservation Deposit of \$\_\_\_\_\_, paid on \_\_\_\_\_.
  - 1.1b The balance of the Entry Fee of \$\_\_\_\_\_, is due on or before \_\_\_\_\_.
  - 1.1c The balance of the non-refundable Second Person Entry Fee, of \$\_\_\_\_\_, is due on or before \_\_\_\_\_.
- 1.2 Resident Assistance Fee of \$\_\_\_\_\_ is to be paid when you pay the balance of the Entry Fee on or before \_\_\_\_\_. This fee is separate from the Entry Fee, and if applicable Second Person Entry Fee, and is refundable only if you cancel this Agreement within the 30 day Rescission period.(see Section 5).
- 1.3 The Date of Financial Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, and when your obligation to pay for services begins. Should your desired modifications delay your ability to physically occupy your Residence beyond the Date of Financial Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Financial Occupancy. Your Date of Financial Occupancy is\_\_\_\_\_. Your Date of Physical Occupancy is \_\_\_\_\_.
- 1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

## Section 2: Monthly Accommodation Fee

---

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. Your current Monthly Accommodation Fee is \$\_\_\_\_\_ (single or double occupancy) .We may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

## Section 3: Services We Provide and Duties We Acknowledge

---

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

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

#### **Section 4: Additional Available Services**

---

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

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

#### **Section 5: Your Right to Rescind within 30 Days**

---

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

7



Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever happens last. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1, 1.1a, 1.1b, 1.1c, and 1.2 minus a service charge of 2% of the Entry Fee and minus any non-standard charges incurred by Carolina Meadows at your request. We will issue your refund within thirty (30) days after we receive written notice of your desire to rescind this Agreement or, if you already have moved into your Residence, thirty (30) days after you move out, whichever happens later. Modification costs to your Residence paid by you are non-refundable.

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

---

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

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

**6.2 Cancellation by Carolina Meadows Prior to Occupancy:** Carolina Meadows may cancel this Agreement with sixty (60) days written notice if (i) you misrepresent or omit material financial, or other information given during the application process; (ii) your financial status changes such that you no longer meet the financial requirements for admission; or (iii) your health status changes such that independent living is no longer possible.

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

**6.3 Death, Illness, or Incapacity Prior to Occupancy:** If you die after occupying your Residence or become ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be cancelled automatically. You or your estate shall receive a full refund of the Entry Fee and Resident Assistance Fee that you have paid, less the costs of modifications to the chosen residence.



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

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

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

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

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

- 7.3 **Death, Illness, or Incapacity After Occupancy:** If you die after occupying your Residence or become ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be cancelled automatically.

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

## Section 8: Moving to Another Residence and Care Coordination

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- 8.1 You may request to move to another Residence at Carolina Meadows. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to re-market occupancy rights to your original Residence at the then current listed Entry Fee. You will be responsible for the cost of refurbishing the Residence you vacate, and a re-marketing fee based on the current Entry Fee. Other than that, the calculation and refund of any amounts due to you following the assignment of occupancy rights to your original Residence will proceed as outlined in Section 9.
- 8.2 If you move permanently to the Assisted Living , Memory Care , or the Health Center, your refund, without interest, of the Entry Fee you have paid for your independent living Residence will be refunded according to the refund formula in Section 9 and will be made thirty (30) days after your Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. We also reserve the right to determine whether proceeds due to you under this Agreement because of the reassignment of occupancy rights to your Residence should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from such an account would be available to offset your nursing and board charges. When a move involves dual occupancy, we will apply funds from the account as needed, without regard to who has the larger or smaller financial interest in the occupancy rights to the Residence.
- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.
- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the

welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.

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

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

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

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

If you move permanently to The Green, whether as a result of a permanent move from your independent living Residence or a permanent move from your Fairways Assisted Living residence, the provisions in Exhibit B shall apply. You will be

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

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

## **Section 9: Your Refund under The Equity Advantage Program**

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Your refund will be calculated by taking the Current Entry Fee for your Residence and subtracting the then current re-marketing fee based on the Current Entry Fee. In addition, refurbishment costs required to restore your Residence to the current market standard will be subtracted from the Current Entry Fee. In addition, any unpaid charges specified in this Agreement or any amendment to this Agreement for the period the Residence was occupied will be deducted. After subtracting the re-marketing fee, the refurbishment costs, and any unpaid charges, the result is the Net Proceeds. The difference between the Net Proceeds and your Entry Fee paid in Section 1.1 is the appreciation (positive or negative) your Residence has realized since you paid your Entry Fee. The Second Person Entry Fee is non-refundable and not factored into the refund calculation. You are entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred (100%) of the negative appreciation, if any.

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

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

Irrespective of the length of time of occupancy, Carolina Meadows will, in its sole discretion, perform work to clean, refurbish and restore the unit back to a like-new condition. This work will generally include, but is not limited to, replacement of carpet and flooring, spackling and/or painting of walls, removal of any customized improvements, replacement of fixtures, replacement of appliances, and any other repair of extraordinary damage. The reasonable costs and expenses of this work (the “Refurbishment Costs”) are charged to and paid by the Resident. The amount of the Refurbishment Costs will vary depending on the unit type and overall repairs necessary to achieve the current market standard for each unit, as exclusively determined by Carolina Meadows.

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

## Section 10: Your Obligations as a Carolina Meadows Resident

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- 10.1 You agree to abide by all Carolina Meadows’ existing and future rules, operating procedures, regulations, and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for people to notify in an emergency.
  - Name of your local physician.
  - Names of persons having the right of entry into your Residence.

- Copy of current Durable Power of Attorney.
- Copy of current Health Care Power of Attorney.
- Copy of any Advance Directives.
- Name, address, and phone number of funeral director (prior arrangements are encouraged).
- Information necessary to complete a death certificate.
- Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving Co-Resident.
- Name and address of the executor of your Estate.

- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain a part of the Residence after you leave. You may have to pay to restore the Residence to its original condition, at the sole discretion of Carolina Meadows.
- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and good will, and agree to abide by rules designed to promote the safety, comfort, and security of all residents.
- 10.8 You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments.

- 10.9 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 You agree that upon permanently vacating your Residence, you or the personal representative of your estate will remove your personal property not later than thirty (30) days after the date you permanently vacate. For purposes of this clause, the date of permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living, or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You agree that Carolina Meadows may enter your Residence, remove your property, and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day period or if your Monthly Accommodation Fee goes unpaid for 30 days or more. A trash removal fee may be charged for removal of excessive trash and items abandoned in the residence.
- 10.11 You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property, you agree that you will file a claim under your applicable insurance policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.
- 10.12 You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 You agree to maintain your Medicare coverage, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial



screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

- 10.15 If you carry long-term care insurance at the time you execute this Agreement and Section 10.14 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 10.16 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 10.17 You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
- 10.18 You represent and warrant that all the information you have provided about yourself is accurate and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence.
- 10.20 We are proud of our record in keeping Carolina Meadows on solid financial footings, but we do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree

that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.

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

## **Section 11: Tobacco and Smoke Free Campus**

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

## **Section 12: Amendments and Partial Invalidation**

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

## **Section 13: Dual Occupancy or Co-Residency**

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- 13.1 In cases of dual or co-residency, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all your duties and obligations under this Agreement.
- 13.2 If you and your spouse – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due

under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.

- 13.3 If you and a non-related Co-Resident live together in a Residence at Carolina Meadows, and your Co-Resident dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new Co-Resident will be accepted as a resident only after going through the following standard qualification and application procedures:
- A. They must be qualified to become a Carolina Meadows resident.
  - B. They must complete all application forms and go through the standard approval process.
  - C. They must execute a Residence and Services Agreement acceptable to us.
  - D. They must pay an Application Fee, a Resident Assistance Fee, and a non-refundable Second Person Entry Fee.
  - E. They must agree to pay Monthly Accommodation Fees and monthly meal allowances and abide by the rules and regulations of the Carolina Meadows community.

## **Section 14: Financial Assistance**

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

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

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

## **Section 15: No Unauthorized Assignment**

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

## **Section 16: Visitors**

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

## **Section 17: Private Duty Nurses and Companions**

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

## **Section 18: Pet Policy**

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

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

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

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

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

## **Section 20: Miscellaneous Provisions**

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

## **Section 21: Entire Agreement**

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

*(Signature Page Follows)*

**NOTICE**

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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_





## Exhibit A: Fairways Assisted Living Agreement

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

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

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

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

You and Carolina Meadows agree as follows:

### Section 1: Your Residence

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

## Section 2: Daily Service Fee

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

## Section 3: Services We Provide and Other Duties We Acknowledge

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

## Section 4: Additional Available Services

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

## **Section 5: Additional Requirements**

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

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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT/RESPONSIBLE PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## Exhibit B: The Green Memory Care at the Fairways Agreement

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

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

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

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

You and Carolina Meadows agree as follows:

### Section 1: Your Residence

---

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

in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

## **Section 2: Daily Service Fee**

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

## **Section 3: Services We Provide and Other Duties We Acknowledge**

---

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

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

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

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

## **Section 4: Additional Available Services**

---

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

## **Section 5: Additional Requirements**

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- 5.1 Prior to or contemporaneously with your move to The Green, you will be assessed by our staff. From this assessment, your plan of care will be created to provide care-giving information to staff who will be caring for you. The assessment is designed to provide understanding about your:
- Cognitive Health
  - Physical Health
  - Physical Functioning
  - Behavior Status
  - Sensory Capabilities
  - Decision-Making Capacity
  - Communication Abilities
  - Personal Background
  - Cultural Preferences
  - Spiritual Needs and Preferences



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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT/RESPONSIBLE PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT/RESPONSIBLE PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**Attachment 6: 75% Return of Equity Residence and Services Agreement**



## **Residence and Services Agreement**

**75% Return of Equity Refund Option**



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# Residence and Services Agreement

## 75% Return of Equity

### Introduction

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

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

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

You and Carolina Meadows agree as follows:

### Section 1: Your Residence and Date of Financial Occupancy

---



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

1.1 The Entry Fee is \$ \_\_\_\_\_, and if applicable, a non-refundable Second Person Entry Fee of \$ \_\_\_\_\_. An administrative fee equal to 1% of the Entry Fee is nonrefundable upon signing this agreement. The Entry Fee(s) applies only to the Residence specified in this in this Agreement and consists of the following payments:

1.1a A Reservation Deposit of \$ \_\_\_\_\_, paid on \_\_\_\_\_.

1.1b The balance of the Entry Fee of \$ \_\_\_\_\_, is due on or before \_\_\_\_\_.

1.1c The balance of the non-refundable Second Person Entry Fee, of \$ \_\_\_\_\_, is due on or before \_\_\_\_\_.

1.2 Resident Assistance Fee of \$ \_\_\_\_\_ is to be paid when you pay the balance of the Entry Fee on or before \_\_\_\_\_. This fee is separate from the Entry Fee, and if applicable Second Person Entry Fee, and is refundable only if you cancel this Agreement within the 30 day Rescission period.(see Section 5).

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

2 below, on the Date of Financial Occupancy. Your Date of Financial Occupancy is \_\_\_\_\_. Your Date of Physical Occupancy is \_\_\_\_\_.

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

## **Section 2: Monthly Accommodation Fee**

---

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. Your current Monthly Accommodation Fee is \$\_\_\_\_\_ (single or double occupancy) .We may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

## **Section 3: Services We Provide and Duties We Acknowledge**

---

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

- M. Wireless Internet availability in designated areas throughout the campus
- 3.2 We will pay the property taxes on your Residence and the taxes on communal areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the “Meal Minimum”) currently \$\_\_\_\_\_ per resident per month, in our dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a non-resident surcharge and will be billed against your Meal Minimum or may be paid by credit card at the time of service.

#### **Section 4: Additional Available Services**

---

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

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

## Section 5: Your Right to Rescind within 30 Days

---

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

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

---

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

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

**6.2 Cancellation by Carolina Meadows Prior to Occupancy:** Carolina Meadows may terminate this Agreement with sixty (60) days written notice if (i) you misrepresent or omit material financial, or other information given during the application process; (ii) your financial status changes such that you no longer meet the financial requirements for admission; or (iii) your health status changes such that independent living is no longer possible.

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

**6.3 Death, Illness, or Incapacity Prior to Occupancy:** If you die prior to occupying your Residence or become ill or incapacitated such that you are no longer able to

occupy any Residence at Carolina Meadows, this Agreement shall be terminated automatically. You or your estate shall receive a refund of the Entry Fee pursuant to Section 9 of this Agreement.

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

---

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

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

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

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

- 7.3 **Death, Illness, or Incapacity after Occupancy:** If you die after occupying your Residence or become ill or incapacitated such that you are no longer able to



occupy any Residence at Carolina Meadows, this Agreement shall be terminated automatically.

The Entry Fee refund will be calculated pursuant to Section 9 of this Agreement.

## **Section 8: Moving to Another Residence and Care Coordination**

---

- 8.1 You may request to move to another independent living Residence at Carolina Meadows. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to re-market occupancy rights to your original Residence at the then current Entry Fee. You will be responsible for the cost of refurbishing the Residence you vacate, and a re-marketing fee based on the current Entry Fee. Other than that, the calculation and refund of any amounts due to you following the assignment of occupancy rights to your original Residence will proceed as outlined in Section 9.
- 8.2 If you move permanently to the Assisted Living , Memory Care , or the Health Center, your refund, without interest, of the Entry Fee you have paid for your independent living Residence will be refunded according to the refund formula in Section 9 and will be made thirty (30) days after your Residence is covered by a new Residence and Services Agreement with another resident and all new fees for the new resident have been paid in full. We also reserve the right to determine whether proceeds due to you under this Agreement because of the reassignment of occupancy rights to your Residence should be placed in an income producing account, controlled by Carolina Meadows on your behalf. In cases of financial hardship, both the principal and earnings from such an account would be available to offset your nursing and board charges. When a move involves dual occupancy, we will apply funds from the account as needed, without regard to who has the larger or smaller financial interest in the occupancy rights to the Residence.
- 8.3 If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other reasonable purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fees will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason

for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.

- 8.4 You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least thirty days (30) notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with a similar Residence whenever possible. Improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence.
- 8.5 Carolina Meadows shall furnish Care Coordination services to you with qualified staff who will partner with you to assess your needs; develop a plan and follow up to ensure that your needs are appropriately met.

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

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

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

during your residency in The Fairways until terminated as otherwise provided in this Agreement.

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

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

## **Section 9: Your Refund under the 75% Return of Equity Agreement**

---

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

An administrative fee equal to 1% of the Entry Fee paid is nonrefundable upon signing this agreement and the refundable portion of the Entry Fee is reduced by 2% each month or partial month over the next 12 months for a total of 25% that is nonrefundable at the end of the 12-month period. Should you or we cancel this Agreement within the first 12 months of occupancy pursuant to Sections 6 or 7, or in the event of your death (the death of the survivor if there are two of you), we will refund the Entry Fee paid, without interest, less the administrative fee of 1% and less any of the Entry Fee previously amortized at 2% per month. After 12 months of occupancy, should you or we cancel this Agreement pursuant to Sections

6 or 7, or in the event of your death (the death of the survivor if there are two of you), we will remit to you, or your estate, an amount equal to 75% of the Entry Fee, without interest. Such repayment will be made upon occupancy of the Residence by a new resident, subsequent to the cancelation of this agreement and within 30 days of our receipt of the proceeds paid by the new resident.

- 9.1 We may withhold from any Refund such amounts as may be required to pay (a) any unpaid fees or charges for services provided to you at Carolina Meadows, (b) any extraordinary damages to the Residence as defined in Section 9.2, and (c) any other amounts to which we are entitled under this Agreement.
  
- 9.2 Irrespective of the length of time of occupancy, Carolina Meadows will perform work to clean, refurbish and restore the vacated unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removal of any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion to bring the Residence back to a like-new condition. Carolina Meadows will cover the reasonable costs and expenses of this work (the “Refurbishment Costs”) for work that is due to ordinary wear and tear. You will only be responsible to pay the portion of the Refurbishing Costs for work needed to repair any extraordinary damage to the Residence. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Residence. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Residence unless we specifically agree in writing to accept those improvements for re-issuance to a new resident.

Your refund is calculated according to the following formula:

Your Entry Fee paid (Section 1.1)	\$XXX,XXX
Less: 1% administrative fee upon signing agreement	(\$XX,XXX)
Less: 2% per month or partial month up to 12 months	<u>(\$XX,XXX)</u>
 Equals: Net Proceeds	 <u>\$XXX,XXX</u>
Less: Offset of unpaid fees (Section 9.1)	(\$XX,XXX)
Less: Extraordinary damage charges, if any (Section 9.2)	<u>(\$XX,XXX)</u>
<b>Equals: Your Refund</b>	<b>\$XXX,XXX</b>



## Section 10: Your Obligations as a Carolina Meadows Resident

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- 10.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations, and policies.
- 10.2 You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for persons to notify in an emergency.
  - Name of your local physician.
  - Names of persons having the right of entry into your Residence.
  - Copy of current Durable Power of Attorney.
  - Copy of current Health Care Power of Attorney.
  - Copy of any Advance Directives.
  - Name, address, and phone number of funeral director (prior arrangements are encouraged).
  - Information necessary to complete a death certificate.
  - Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving Co-Resident.
  - Name and address of the executor of your Estate.
- 10.3 You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain a part of the Residence after you leave. You may have to pay to restore the Residence to its original condition, at the sole discretion of Carolina Meadows.
- 10.5 You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.

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

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



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

## **Section 11: Tobacco and Smoke Free Campus**

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

## **Section 12: Amendments and Partial Invalidation**

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This Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially

reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

### **Section 13: Dual Occupancy or Co-Residency**

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- 13.1 In cases of dual or co-residency, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all your duties and obligations under this Agreement.
- 13.2 If you and your Co-Resident – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related Co-Resident live together in a Residence at Carolina Meadows, and your Co-Resident dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new Co-Resident will be accepted as a resident only after going through the following standard qualification and application procedures:
  - A. They must be qualified to become a Carolina Meadows resident.
  - B. They must complete all application forms and go through the standard approval process.
  - C. They must execute a Residence and Services Agreement acceptable to us.
  - D. They must pay an Application Fee, a Resident Assistance Fee, and a non-refundable Second Person Entry Fee.
  - E. They must agree to pay Monthly Accommodation Fees and monthly meal allowances and abide by the rules and regulations of the Carolina Meadows community.

### **Section 14: Financial Assistance**

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

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

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

## **Section 15: No Unauthorized Assignment**

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

## **Section 16: Visitors**

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

## **Section 17: Private Duty Nurses and Companions**

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

## **Section 18: Pet Policy**

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

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

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

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

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

## **Section 20: Miscellaneous Provisions**

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

## **Section 21: Entire Agreement**

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

**NOTICE**

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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## Exhibit A: Fairways Assisted Living Agreement

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

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

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

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

You and Carolina Meadows agree as follows:

### *Section 1: Your Residence*

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



## *Section 2: Daily Service Fee*

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

## *Section 3: Services We Provide and Other Duties We Acknowledge*

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

## *Section 4: Additional Available Services*

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

*Section 5: Additional Requirements*

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

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

5.7 You may be charged a trash removal fee for removal of excessive trash or items abandoned upon vacating a unit.

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

**CAROLINA MEADOWS, INC.**

**RESIDENT/RESPONSIBLE PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Revision Date: May 29, 2023



## Exhibit B: The Green Memory Care at the Fairways Agreement

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

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

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

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

You and Carolina Meadows agree as follows:

### *Section 1: Your Residence*

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

## *Section 2: Daily Service Fee*

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

## *Section 3: Services We Provide and Other Duties We Acknowledge*

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

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

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

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

## *Section 4: Additional Available Services*

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

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

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

### *Section 5: Additional Requirements*

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

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

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

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



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

**CAROLINA MEADOWS, INC.**

**RESIDENT/RESPONSIBLE PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Revised May 29, 2023

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## Exhibit C: Pines Health Center Agreement

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

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

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

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

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

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

Yes  No

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

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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT/RESPONSIBLE PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**Attachment 7: Early Advantage Agreement**



## Early Advantage Agreement

This Early Advantage Agreement (the "Agreement") takes effect on the \_\_\_\_ day of \_\_\_\_\_. The Agreement is between **Carolina Meadows, Inc.** and you. In this paragraph and throughout the rest of the Agreement, the words "we", "us", "our" or "Carolina Meadows" refer to Carolina Meadows, Inc., and the words "you", "your", and Member refer to \_\_\_\_\_. All Members that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation. We are a Life Plan Community licensed as a continuing care retirement community organized to provide housing, recreation, health care and other services to people after they reach retirement age or older. Carolina Meadows is located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517.

You desire to become a member of Carolina Meadows Early Advantage program and to use and enjoy the common facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. You have access to related contractual services as described later in this Agreement. Your specific rights and responsibilities are detailed in this Agreement.

During the time that you are a Carolina Meadows Early Advantage member, but not yet residing on campus, Carolina Meadows will offer an annual in-home visit by a Carolina Meadows staff member. If more frequent in-home visits are needed, or if any needs are identified that may require subsequent in-home services, Carolina Meadows staff will refer you to our partner providers.

As a member of Carolina Meadows Early Advantage program, you will remain on our Ready List. Your priority number will remain \_\_\_\_\_, which was provided at the original date of application.

At the time you choose to reserve an apartment or villa on our campus, having already been accepted as a member of Carolina Meadows Early Advantage program, you will not have to repeat an admission process. Based on the passage of time from the date of your original acceptance, we reserve the right to seek updated medical and financial information in order to determine your ability to live independently and to have maintained sufficient assets for any additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Your acceptance as a member of Carolina Meadows Early Advantage program, however, will continue to remain in effect.

You and Carolina Meadows agree as follows:

**1. YOUR MEMBERSHIP.**

- 1.1 The Early Advantage Entry Fee is \_\_\_\_\_.  
Less previous deposits of \_\_\_\_\_.  
Remaining balance due \_\_\_\_\_.  
If previous deposits exceed the remaining balance due, the excess of \_\_\_\_\_ will be applied to future Entry Fees upon moving on campus.  
The Entry Fee amortizes over 25 months after which no refund will be made. However, if you later move into Carolina Meadows, your full entry fee will be applied toward the then current entry fee for your desired home.
- 1.2 You will begin paying your Monthly Membership Fee as described in Section 2 on \_\_\_\_\_.
- 1.3 Upon moving to campus, your Early Advantage Entry Fee will be credited towards your Independent Living Entry Fee. If you move directly to a higher level of care on campus without paying an Independent Living Entry Fee first, your Early Advantage Fee will continue to amortize in accordance with this agreement.

- 2. MONTHLY MEMBERSHIP FEE.** When you sign this agreement you agree to begin paying the Monthly Membership Fee. The Monthly Membership Fee is currently \_\_\_\_\_, but we may raise it from time to time to reflect changes in operating expenses and benefits. You are responsible for paying the Monthly Membership Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

**3. MEMBERSHIP SERVICES AND BENEFITS WE PROVIDE.**

- 3.1 We will provide these benefits in the manner we deem appropriate for all the members of the Early Advantage program of Carolina Meadows on a non-exclusive basis:
- A. Priority access to Assisted Living or Health Center should a change in health status require a move onto campus
  - B. Five (5) free days of room and board a year (up to ten (10) lifetime total available) for the Pines Health Center prior to moving into Carolina Meadows
  - C. Access to our on-site primary care medical practice
  - D. Care Coordination provided by a member of our Care Coordination Team, including an in home annual visit by a Carolina Meadows staff member. Social services, counseling and support programs are coordinated by the Care Coordination team



- E. Access to the Resident website portal
- F. Participation in all social, educational, recreational and cultural activities
- G. Regularly scheduled transportation from campus, including shopping and events
- H. Two scheduled medical transportation trips per month
- I. Access to our numerous dining venues, as well as Gourmet-to-Go pick-up from campus
- J. Use of campus amenities including wellness center, indoor pool and Jacuzzi, library, craft and art studio, woodworking shop and resident business center
- K. Use of the Carolina Meadows golf course and other outdoor sport venues including tennis courts, bocce courts, dog park and walking trails. You may be required to pay a greens fee to play the Carolina Meadows golf course
- L. Wireless internet availability in designated areas throughout the campus
- M. Concierge services on campus, including notary, basic Information Technology services and postage and shipping assistance from campus
- N. Access to on-site gift shop and beauty salon

#### **4. ADDITIONAL AVAILABLE BENEFITS.**

4.1 You may purchase the following on campus additional services on an *a la carte basis*, separate from the Monthly Membership Fee. These additional services are not included in the benefits covered by the Monthly Membership Fee. The specific charge for each of these additional benefits may be changed by us from time to time as deemed appropriate in our discretion:

- A. Pines Health Center short-term stay (private or semi-private accommodations)
- B. Medical treatment in the on-site primary care medical practice. Medical specialty services (podiatry, dermatology, audiology and mental health services) provided by independent licensed practitioners
- C. Rehabilitation services
- D. Personal fitness training
- E. Guest meals for your visitors
- F. Fee-for-Service Concierge services
- G. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- H. Nutrition and diet counseling
- I. Access to integrative health therapies, including massage and acupuncture
- J. Access to partner providers, including home care agencies

## **5. CARE COORDINATION AND TRANSFER TO ASSISTED LIVING OR THE HEALTH CENTER.**

- 5.1 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you (i) assess your needs; (ii) develop a transition plan; (iii) help identify reputable local providers to meet your needs; and (iv) follow up to ensure that your needs are appropriately met.
- 5.2 You hereby acknowledge and agree that Carolina Meadows is not responsible for providing medical or other personal care services in your home. All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Assisted Living or Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee. Any support services in your home would be your financial responsibility.
- 5.3 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Assisted Living or Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. You will be financially responsible for these additional services. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.
- 5.4 Carolina Meadows does not provide services or care for the following conditions but may direct you to providers who do:
- Drug or alcohol abuse or addiction
  - Dangerous Communicable Diseases
  - Severe psychiatric or mental health disorders

## **6. YOUR RIGHT TO RESCIND THIS AGREEMENT WITHIN 30 DAYS.**

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. The Rescission Period begins when you sign this Agreement. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1 minus a service charge not to exceed \$1,000 or 2% of the Entry Fee. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement.

## **7. TERMINATION AND REFUNDS.**

- 7.1 Termination by you: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. You may be entitled to a prorated refund of the Entry Fee.
- 7.2 Termination by Carolina Meadows: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material, financial, medical or other information requested during the application process; (iii) you fail to pay the Monthly Membership Fee for three consecutive months; (iv) your financial status changes such that you no longer meet the financial requirements for membership; or (iv) you no longer qualify for independent living and fail to follow recommendations of the Carolina Meadows Care Coordination Team including moving to a higher level of care or obtaining sufficient support in the home.
- 7.3 In the event of your death at any time after the Date of Early Advantage this Agreement will terminate upon the date of death. Your estate may be entitled to a prorated refund of the Entry Fee.
- 7.4 Your refund, without interest, of the Entry Fee you have paid will be calculated on a pro-rated basis. The twenty-five (25) month period begins with signing of this document. If termination of this Agreement occurs during the first twenty-five (25) months of this Agreement, you or your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) for each month that this Agreement has been in effect for up to twenty-five (25) months; less (iii) any amounts due to Carolina Meadows. After twenty-five (25) months there is no refund of the Entry Fee. Refund payment, if any, shall be made within thirty (30) Days of written notice of termination.
- 7.5 Should you not move on campus, any excess deposits above the Early Advantage Fee will be refunded to you or your estate.

## **8. YOUR OBLIGATIONS AS A CAROLINA MEADOWS EARLY ADVANTAGE RESIDENT.**

- 8.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 8.2 You agree to provide Carolina Meadows with the following information prior to occupancy:

- Emergency contact information for persons to notify in an emergency
  - Name of your local physician
  - Copy of current Durable Power of Attorney
  - Copy of current Health Care Power of Attorney
  - Copy of any Advance Directives
  - Copies of relevant portions of trusts indicating where any refunds should be sent if not to the estate or surviving spouse.
  - Name of the executor of your Estate
- 8.3 You agree, upon membership and approximately annually thereafter, to participate in an in-home visit for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency. You have the right to access your health information.
- 8.4 You accept the community's ideals of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 8.5 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 8.6 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement.
- 8.7 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you later choose to move on-campus into any level of care and if you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Fees and other costs associated with living at Carolina Meadows.

- 8.8 If you carry long-term care insurance at the time you execute this Agreement and Section 8.7 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days (30) prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 8.9 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 8.10 You agree to pay, in full and on time, all fees due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.  
\_\_\_\_\_initial
- 8.11 You represent and warrant that all of the information you have provided about yourself is accurate and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 8.12 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence, acts or omissions.
- 8.13 You agree to provide updated financial information every two years, or as reasonably requested.
- 8.14 Upon permanently moving on campus to any Carolina Meadows' level of care, you must execute a Residence and Services Agreement and become subject to the terms of that Agreement. This Early Advantage Agreement shall terminate upon execution of a Residence and Services Agreement.

**9. AMENDMENTS AND PARTIAL INVALIDATION.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

10. **NO ASSIGNMENT.** The rights and privileges granted to you under this agreement are specific to you and may not be assigned to anyone else.

11. **MISCELLANEOUS PROVISIONS.**

11.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.

11.2 By signing this Agreement, you authorize the release to Carolina Meadows any information we might reasonably need or request. \_\_\_\_\_initial

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

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

You have carefully read or had your legal or financial counsel review this agreement before signing. \_\_\_\_\_initial

*(Signature Page Follows)*

**NOTICE**

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

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

**CAROLINA MEADOWS, INC.**

**RESIDENT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



# DISCLOSURE STATEMENT

MAY 30, 2023

CAROLINA MEADOWS, INC.

100 Carolina Meadows  
Chapel Hill, NC 27517-8505  
(919) 942-4014

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## RECEIPT OF DISCLOSURE STATEMENT

The undersigned hereby acknowledges receipt of a Disclosure Statement dated May 30, 2023 from Carolina Meadows, Inc.:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_