

2600 Croasdaile Farm Parkway Durham, North Carolina 27705 (919) 384-2000 www.croasdailevillage.org

DISCLOSURE STATEMENT

Croasdaile Village must deliver a Disclosure Statement to a prospective resident prior to or at the time a prospective resident executes a Residency Agreement to provide continuing care, or prior to or at the time a prospective resident transfers any money or other property to Croasdaile Village, whichever occurs first.

Croasdaile Village, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

FEBRUARY 28, 2023

Unless earlier revised, Croasdaile Village intends for this Disclosure Statement to remain effective until February 28, 2024



TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE UNITED METHODIST RETIREMENT HOMES, INCORPORATE	D2
BOARD OF TRUSTEES	3
CORPORATE EXECUTIVE DIRECTOR	4
EXECUTIVE DIRECTOR	4
RESIDENT COUNCIL	4
LIFE CARE SERVICES LLC	
CROASDAILE VILLAGE	7
SMOKE-FREE CAMPUS	
THE PROPOSAL	8
THE SERVICES	
FINANCIAL INFORMATION	17
RESERVES AND INVESTMENTS	17
OTHER MATERIAL INFORMATION	18
AGREEMENTS WITH RESIDENTS	18

Attachments:

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

INTRODUCTION

Croasdaile Village brings to residents of the central North Carolina area, who are age 62 and over, a way of retirement living known as "continuing care." This concept offers retirees a life style designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities, such as Croasdaile Village, encompass these important components: a private residence, a wide array of personal services, assisted living services, and the security of long-term care in the on-site health center.

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

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

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

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

THE UNITED METHODIST RETIREMENT HOMES, INCORPORATED

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

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

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

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

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

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

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

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

BOARD OF TRUSTEES

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

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

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

Ms. Susan Ezekiel Treasurer and Trustee P.O. Box 387 Graham, NC 27253 Ms. Nancy Van Antwerp Secretary and Trustee 649 Lipford Dr. Cary, NC 27519

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

Trustees:

Mr. Carl Hardy, 4104 Cypress Dr., Apt. B, Wilson, NC 27896

Mr. Charles Mercer, 4140 Parklane Avenue, Suite 200, Raleigh, NC 27612

Mr. Mack Parker, 2204 Laurel Valley Way, Raleigh, NC 27604

Rev. Gray Southern, P.O. Box 1970, Garner, NC 27529

Dr. Kenneth Steinweg, 108 Jamestown Rd., Greenville, NC 27858

Ms. Sheryl Taylor, 410 W 18th Street, Lumberton, NC 28358

Mr. James Martin 1902 N Walnut Street, Lumberton, NC 28358

Ex-Officio Members of the Board of Trustees:

Mr. Robert Brawley, 2 Aldersgate Court, Durham, NC 277o5

Dr. Dick Evans, 100 Hickory St. E305, Greenville, NC 27858

Ms. Phyllis Pate, 1000 Wesley Pines Road #306, Lumberton, NC 28358

Mr. Fred Mattox, 100 Hickory Street, #D214, Greenville, NC 27858

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

No Trustee or management staff of UMRH (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked

as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state. UMRH is not aware of any actions (as defined) against any person (as defined) requiring disclosure.

CORPORATE EXECUTIVE DIRECTOR

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

EXECUTIVE DIRECTOR

Heather March, Executive Director, has been with The United Methodist Retirement Homes, Inc. for over 23 years and served as the Assisted Living Administrator and Nursing Home Administrator at Croasdaile Village for nine years prior to becoming the Associate Executive Director in 2008. Ms. March holds a Bachelor of Science degree in Business Management from West Virginia University Institute of Technology. In addition to her degree, Heather graduated from the North Carolina LeadingAge Leadership Academy in 2018.

RESIDENT COUNCIL

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

LIFE CARE SERVICES LLC

The Provider has retained Life Care Services LLC ("Life Care Services") to manage the Community. As the nation's second largest operator of senior living communities, Life Care Services serves more than 40,000 seniors in more than 140 communities (see Attachment 6). With nearly 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. For more information, visit Life Care Services' website: https://www.senior-living-management.com/.

Principal officers of Life Care Services include Joel Nelson, Diane Bridgewater, Chris Bird Rick Exline, Jason Victor, and Jill Sorenson.

<u>Joel Nelson</u>: As Chief Executive Officer of Life Care Services, Joel Nelson is responsible for executing the business strategy across all business lines in the LCS Family of Companies. He provides leadership and direction for business growth, service excellence, and enhancing the

company's stability and value among financial partners, property owners, and other stakeholders in the senior living field. Joel joined Life Care Services in 1986 and has held several executive roles during his long tenured career with LCS. Today, he is responsible for the oversight of serving more than 40,000 seniors and 27,000 employees in 140+ communities.

Joel serves as Chairman on the Board of Directors of LCS Holding Company, LLC, is a member of the compensation committee and is a trustee of the Company's 401(k) benefits program. Outside LCS, Joel serves on various industry and community boards. Within the industry, Joel is the current chairman of the Argentum Board of Directors, and a member of the National Investment Center operator advisory board and an executive member of the American Senior Housing Association. Joel is active in the Des Moines community and serves as a trustee for ChildServe. As a past board member, he remains active with the Alzheimer's Association and the Central Iowa United Way Board of Directors.

<u>Diane Bridgewater</u>: As a high energy, results-driven executive, Diane Bridgewater directs all financial aspects and operating infrastructure at LCS to ensure corporate, field and community team members have the resources necessary to provide exceptional customer satisfaction to residents. Serving as executive vice president/chief financial and administrative officer at LCS, Diane is responsible for directing all financial and business operations in addition to overseeing the company's insurance business line, information technology, compliance, regulatory and legal matters. In her executive leadership role, Diane helps to drive strategy development and execution resulting in strong financial performance and growth.

At LCS, Diane serves on the Board of Directors of LCS Holding Company, LLC and its audit committee, 401(k) administrative committee, investment committee, and enterprise risk management committee. Outside the organization, she is a member of Argentum. In addition, Diane sits on the Casey's General Stores board, audit committee, and compensation committee. She is also a member of the board and chair of the audit committee at Guide One Insurance. Diane holds bachelor's degrees in accounting and French from the University of Northern Iowa.

<u>Chris Bird</u>: Capitalizing on his reputation as a change agent, Chris Bird brings his expertise to the communities LCS serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As president, chief operating officer, Chris oversees Life Care Services, CPS, asset management, procurement, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation.

At LCS, Chris mentors future leaders by providing guidance, expertise and resources to develop professional skills in the senior living industry. In addition, he is a member of the Board of Directors of LCS Holding Company, LLC. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

Rick Exline: Serving as executive vice president/senior managing director of Life Plan Communities, Rick Exline leads a team of highly skilled professionals dedicated to elevating senior living experience. With over four decades of knowledge and expertise, Rick oversees the company's Life Plan Community management services, national marketing and sales, and the LCS health care group. Collaborating with the LCS leadership team, Exline identifies growth strategies that maximize market opportunities for single site, affiliated, and third-party managed

communities. With a precise focus on performance excellence, Rick's team developed and launched the next generation opportunity platform for third-party managed Life Plan Communities. This innovation transformed the regional operations support model by relocating regional and corporate support staff.

At LCS, Rick serves on the executive leadership and senior living management teams. Rick is also a trustee for the company's 401(k) benefits program. Outside the organization, Rick serves on the Simpson College Board of Trustees and is a board member for Above & Beyond Cancer. He holds dual bachelor's degrees in business administration and health care leadership.

<u>Jason Victor</u>: Jason Victor is senior vice president, controller and treasurer for LCS. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax and financial management systems.

At LCS, Jason serves on the insurance captive, Hexagon, board of directors. Jason holds a bachelor's degree in accounting from the University of Northern Iowa. He is a certified public accountant with an active license in the state of Iowa.

Jill Sorenson: Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson leads the regional team serving a portfolio of 13 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill provided leadership to 22 Life Plan communities where she was successful in delivering on occupancy goals and achieving 4- and 5-star ratings from the Centers for Medicare and Medicaid Services.

To ensure Life Care Services is serving the customer first and foremost, Jill initiated client satisfaction surveys with client boards and owners to build stronger and more strategic relationships. Outside LCS, Jill has served on the San Diego Region for Aging Services of California and the Aging Services of California Board. She is a frequent presenter at national and state industry conferences on topics affecting the senior living industry. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

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

No managing member of Life Care Services (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked

as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

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

CROASDAILE VILLAGE

Croasdaile Village is located on Croasdaile Farm Parkway in Durham, North Carolina on 110 acres of land. It is a continuing care retirement community designed to accommodate persons 62 years of age or older in a dignified manner. Currently, Croasdaile Village has 245 apartments, 134 cottages, 24 Park Homes, 36 licensed assisted living units, and 104 licensed skilled nursing beds in The Pavilion. As of September 30, 2022, there were 655 residents residing at Croasdaile Village.

Presently, the types of residences available include: studio/alcove apartments, one and two-bedroom apartments, duplex cottages, and free-standing homes. All of the residences are equipped with safety features such as grab rails in the bathtub and a personal emergency transmitter system.

Assisted living services are offered in the licensed assisted living portion of Croasdaile Village for an assisted living fee. Services include assistance with the activities of daily living, such as ambulation, bathing, dressing, eating, personal hygiene, toileting, and the supervision or administration of medications.

The Croasdaile Village health center, known as The Pavilion, offers intermediate care and skilled nursing care and is licensed by the North Carolina Division of Health Services Regulation. The Pavilion is also Medicare and Medicaid certified.

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

In addition to the primary intent of Croasdaile Village, which is to assure the residents of continuing care throughout their retirement years, Croasdaile Village is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons building provides areas for dining and meetings without detracting from the homelike environment of Croasdaile Village. Some of the amenities that residents can enjoy include: a central dining room, a private dining room, a casual dining area, a multi-purpose room, an exercise room, a health clinic, a physical and occupational therapy area, card rooms, a library, a bank, a mail area, an arts and crafts studio, a gift shop, a living room, and a swimming pool.

SMOKE-FREE CAMPUS

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

FACILITY DEVELOPMENT/EXPANSION

In 2015, the UMRH Board of Trustees authorized a new expansion of the Croasdaile Village campus, which includes 58 new residential units which are complete and occupied, 36 new assisted living units which are complete and occupied and renovation of an existing assisted living building which is complete and occupied. Renovations and additions were completed to the dining and kitchen spaces, clinic, gift shop, former auditorium and main community street entrance. New spaces were added that included a pool, aerobics room, fitness area, auditorium, salon, maintenance building and outdoor recreation area. The final part of the project to be completed was the assisted living renovation and was fully occupied in May of 2021.

The financing for the expansion and renovations was completed through a combination of tax exempt bonds including publicly offered fixed rate bonds and privately placed bank debt. The loans closed on May 11, 2016 and December 6, 2017.

During process of the expansion and renovation project, the Heritage Hall building consisting of 56 residential apartments was vacated. The UMRH Board of Trustees authorized sales to begin on August 22, 2019 for a potential replacement 54-unit residential apartment building. On April 21, 2021, the replacement was approved. There are presently 53 of 54 apartments sold. Originally, the intent was to finance the new project through entrance fees and existing reserves; however, due to attractive interest rates, it was financed through public fixed rate bonds which closed on December 1, 2021. The new apartment building is expected to be completed by summer 2023.

The UMRH Board of Trustees has engaged LCS Development for continued master planning of the campus.

THE PROPOSAL

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

UMRH uses the FINAID system to financially evaluate a prospective resident's net worth and monthly income. FINAID projects income for prospective residents based on their financial

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

An inquiry will be made of all prospective residents regarding the prospective resident's ability to live in a residence, with or without reasonable accommodation or reasonable modification. To determine whether a prospective resident meets the health guidelines, the following information will be gathered: (1) insurance and health information will be obtained on a Confidential Data Application and Resident Health Information Form – to be completed by the prospective resident; (2) a Memory Health Assessment will be administered by the Community; and (3) a Health Information Form will be completed by the prospective resident's physician.

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

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

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

2. <u>Residency Agreement</u>. At the time the resident makes application for residency at Croasdaile Village, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to UMRH. The balance of the Entrance Fee is due upon the earlier of the date the resident occupies Croasdaile Village or within 90 days after the resident executes the Residency Agreement. The resident will also pay a non-refundable Application Fee. The Application Fee will be used by UMRH to process resident's application for residency.

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

3. Reimbursement of the Entrance Fee.

- 3.1 <u>Nonacceptance</u>. If the resident is not accepted for residency at Croasdaile Village, the full amount of the Entrance Fee paid by the resident will be promptly refunded, without interest. If the resident's spouse or second person does not meet the requirements for residency, said person may be admitted directly into Assisted Living or The Pavilion as long as accommodations are available and such person qualifies for the care available in those facilities. He/she will pay the full assisted living fee, and Pavilion per diem charge for such care.
- 3.2 <u>Right of Rescission</u>. In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within thirty (30) days following the later of (i) his/her execution of the Residency Agreement; or (ii) the receipt of a Disclosure Statement. The resident is not required to move into Croasdaile Village before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the full amount of the Entrance Fee paid by the resident will be refunded, without interest, within sixty (60) days of receipt of the written notice of rescission.
- 3.3 <u>Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity or a Substantial Change in Physical, Mental or Financial Condition</u>. If the resident dies before occupying the residence at Croasdaile Village or if, on account of illness, injury or incapacity, a resident is unable to occupy the residence at Croasdaile Village, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in resident's physical, mental or financial condition. In all of these events of cancellation prior to occupancy, the resident or resident's estate will receive a refund of the Entrance Fee paid, without interest, less any costs specifically incurred by Croasdaile Village at the resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.
- 3.4 <u>Cancellation Prior to Occupancy for Other Reasons.</u> If the resident cancels the Residency Agreement prior to occupancy, but after the right of rescission period, for reasons other than those state in Paragraph 3.3 above, the resident will receive a refund of the Entrance Fee paid, without interest, less a non-refundable portion of the Entrance Fee equal to \$2,000 and less any costs specifically incurred by Croasdaile Village at resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.
- 3.5 <u>Cancellation After Occupancy</u>. In the event the Residency Agreement is canceled after occupancy or in the event of resident's death after occupancy, refund of the Entrance Fee will be as follows:
 - 3.5.1 <u>90 Percent Return of Capital Residency Agreement</u>: Under the 90 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest,

less two percent (2%) for each month of residency or portion thereof for up to five (5) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than ninety percent (90%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

- 3.5.2 <u>50 Percent Return of Capital Residency Agreement</u>: Under the 50 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to twenty-five (25) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than fifty percent (50%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.
- 3.5.3 <u>Standard Residency Agreement</u>: Under the Standard Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.
- 3.5.4 Residential Living with Personal Services Residency Agreement: Under the Residential Living with Personal Services Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.
- 3.6 <u>Cancellation Upon Death</u>. In the event of death of the resident at any time after occupancy, the Residency Agreement shall cancel and the refund of the Entrance Fee paid by the resident will be as outlined in Paragraph 3.5 above.
- 3.7 <u>Cancellation by UMRH</u>. Upon thirty (30) days written notice to the resident and/or his or her legal representative, UMRH may cancel the Residency Agreement at any time on the following grounds, which shall be determined by UMRH in its sole discretion:
 - Resident does not comply with the terms of the Residency Agreement or Croasdaile Village's procedures, covenants, rules or policies; or
 - Resident misrepresents himself or fails to disclose information during the residency process; or
 - Resident fails to make payment to UMRH of any fees or charges due UMRH within sixty (60) days of the date when due; or

- Resident's health status or behavior constitutes a substantial threat to the health or safety of resident, other residents, or others, including Resident's refusal to consent to relocation, or would result in physical damage to the property of Croasdaile Village or others; or
- Resident's physical or mental condition cannot be cared for in the Croasdaile Village Health Center within the limits of Croasdaile Village's license.

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

- 4. Payment of a Monthly Fee. The resident is required to pay a Monthly Fee to Croasdaile Village upon receipt of a statement and by no later than the fifteenth (15th) day of each month. If there are two residents, a second person Monthly Fee will also be paid. The Monthly Fees are paid to provide the services and amenities described in the Residency Agreement and to meet the expenses associated with the operation of Croasdaile Village. UMRH may increase the Monthly Fee upon thirty (30) days written notice to the residents if UMRH deems it necessary in order to meet the financial needs of Croasdaile Village and to provide the services to the residents.
- 5. Health Care Services. Each resident is eligible to receive a total of six (6) days each year of either assisted living care or nursing care in The Pavilion while a resident of his/her residence. If there are two residents under a Residency agreement, each resident will receive six (6) days, but the days cannot be combined and used by only one resident. Such six (6) days renews on an annual basis and does not accumulate. While utilizing the six (6) days, the resident will be required to continue to pay the Monthly Fee for his/her residence, as well as any charges for physician services and ancillary health services and supplies. Once a resident is permanently relocated to Assisted Living or to The Pavilion, he/she no longer qualifies for the six (6) free days of assisted living or nursing care and will be required to pay the assisted living fee or the per diem charge for such care. [NOTE: The six (6) days of care is a combined total for assisted living care and nursing care at Croasdaile Village.]
- 6. <u>Relocation/Moves</u>. UMRH reserves the right to relocate a resident to a different residence or a higher level of care after consultation with the resident, resident's family and attending physician if it is determined that such a move should be made for the benefit of the resident or for the proper operation of Croasdaile Village or to meet the requirements of law.
- 7. Provisions for New Second Resident. No person other than the resident may occupy the residence without UMRH's prior written approval. If a second person, who is not a party to the Residency Agreement, wishes to become a resident of Croasdaile Village, that person's acceptance will be in accordance with the current residency policy. An Entrance Fee as determined by Croasdaile Village will be paid upon residency. In addition, each month the then-current Monthly Fee for second persons will be paid. If the second person does not meet the requirements for residency, he or she will not be permitted to occupy the residence for more than thirty (30) days, except with UMRH's written approval.
- 8. <u>Provisions for Resident Marrying Resident</u>. Should the resident marry a person who is also a resident of Croasdaile Village and should they decide to occupy one residence, they must declare which residence will be occupied and which residence will be released. The refund due

for the released residence will be as described in Paragraph 3.5 above. Each month, the thencurrent Monthly Fee for second persons shall be paid.

- 9. <u>Insurance</u>. The Residency Agreement requires that the resident maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage acceptable to UMRH. It is also recommended that residents carry personal property insurance and liability insurance.
- 10. <u>Financial Assistance</u>. Financial assistance may be available to existing continuing care residents who live at Croasdaile Village under a continuing care residency agreement. The resident cannot impair his/her ability to meet his/her financial obligations by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance as outlined in the Residency Agreement. A resident must have met all "spend-down" provisions established in UMRH's Benevolence Policy. The Pavilion at Croasdaile Village is Medicaid certified. The resident must agree to apply for public assistance funds (if available) and/or Medicaid, depending on the level of care required by the resident. Financial assistance funds are available as long as providing financial assistance does not impair UMRH's ability to operate Croasdaile Village on a sound financial basis for the benefit of all residents.

UMRH does not offer financial assistance to those residents who are admitted directly to Assisted Living or The Pavilion (skilled nursing) as private pay residents. Private pay residents are individuals who did not execute a continuing care residency agreement for residential living.

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

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

THE SERVICES

- 1. The following services are provided for the Monthly Fee to the residents of the residential living apartments, cottages and homes of Croasdaile Village:
 - One meal per day;
 - Flexible Meal Program that new residents will automatically be enrolled in and is optional for current residents;
 - Studio apartment residents receive three meals per day;
 - Limited tray service to be provided when approved by authorized staff;

- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Basic cable television package;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Availability of laundry facilities so that resident can wash and dry personal laundry;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities, except some studio apartments only contain a refrigerator and a microwave:
- Local transportation as scheduled by us and as posted;
- Limited additional storage space;
- Personal emergency transmitter system;
- Smoke detectors;
- Security 24 hours a day; and
- Six (6) days of assisted living or nursing care in the Village Health Center.
- 2. The following services are available for an extra charge to the residents of the residential living apartments, cottages and homes of Croasdaile Village:
 - The dining room is available for three (3) meals per day with the second and third meals at additional charge;
 - Extended tray service as approved by authorized staff;
 - Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by resident's attending physician;
 - Additional housekeeping services;
 - Guest accommodations, if available;
 - Guest meals;
 - Private catered functions;
 - Personal transportation and transportation for special events and group trips;
 - Expanded cable television package;
 - Services of the Clinic a copy of the charges for Clinic services can be obtained from the Clinic;
 - Home care services through the Croasdaile Village Home Care Program;
 - Assisted living services or nursing care services through the Village Health Center; and
 - Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies).

- 3. Assisted living services are available in the Assisted Living building and skilled nursing services are available in The Pavilion, which is staffed by licensed nursing personnel 24 hours a day. If the resident occupies Assisted Living or The Pavilion, the resident will be required to enter into a separate admission agreement for the applicable level of care. These separate admission agreements will outline in detail the services available in those levels of care. The resident's continuing care Residency Agreement will continue to stay in effect unless it is canceled by the Resident or by UMRH as outlined in the Residency Agreement. Services provided in Assisted Living and The Pavilion are governed by the North Carolina Division of Health Service Regulation.
- 4. The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an extra charge to the resident.

FEES

- 1. The fee requirements for residential living in an apartment, cottage or home at Croasdaile Village are as follows:
 - A. <u>Application Fee</u>. Non-refundable application fee of \$200 for an individual or \$300 for a couple is required to be paid at the time of application.
 - B. Entrance Fee. Payment of an Entrance Fee assures a resident a place in the Community for life as long as the resident complies with the Residency Agreement. At the time the resident makes application for residency at the Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. For residents who enter Residency Agreements for a villa or cottage to be constructed, the balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 30 days from the date the resident is notified that the residence is ready for occupancy. The amount of the Entrance Fee is determined by single or double occupancy and the size and type of the residence reserved. A schedule of Entrance Fees can be found later in this Disclosure Statement and includes proposed Entrance Fees for the expansion. Additional information regarding payment terms and Entrance Fee refunds can be found in Sections 2 and 3 of The Proposal section of this Disclosure Statement.
 - C. <u>Monthly Fee</u>. A Monthly Fee for services is required to be paid each month per person. Monthly Fees are determined by single or double occupancy and the size and type of residence reserved. A schedule of current Monthly Fees can be found later in this Disclosure Statement.

Monthly Fees – Average Dollar Amount of Increase

2019	2020	2021	2022	2023
\$116.69	\$108.26	\$133.41	\$1,125.89	-736.03

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

2. <u>Assisted Living Fees</u>. The Entrance Fee requirements for direct admission to Assisted Living at Croasdaile Village have been established at \$. There is a non-refundable application fee of \$200 per individual. The per diem charge for assisted living care is \$ for a one or two bedroom apartment and \$ for a studio apartment in medical assisted living and the per diem charge for residents living in the memory support apartments is \$.

Assisted Living Fees – Average Dollar Amount of Increase

2019	2020	2021	2022	2023
\$9.00	\$9.00	\$10.75	\$11.75	\$19.50

3. <u>Health Care Fees</u>. The per diem charges for nursing care in The Pavilion at Croasdaile Village are:

Skilled Nursing Care

Semi-Private Room \$394 Private Room \$441

Health Care Fees – Average Dollar Amount of Increase

2019	2020	2021	2022	2023
\$11.50	\$12.00	\$13.50	\$15.00	\$23.50

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

The Standard Entrance Fee amortizes by two percent (2%) each month for fifty (50) months.

For a fifty percent (50%) refundable fee, multiply the Standard Entrance Fee times 1.4. The Fifty Percent (50%) Refundable Plan amortizes by two percent (2%) each month for the first twenty-five (25) months and does not reduce thereafter.

For a ninety percent (90%) refundable fee, multiply the Standard Entrance Fee times 1.8. The Ninety Percent (90%) Refundable Plan amortizes by two percent (2%) each month for the first five (5) months and does not reduce thereafter.

FINANCIAL INFORMATION

- 1. <u>Financial Statements</u>. UMRH operates on a fiscal year ending September 30. The financial position of UMRH is represented by the independent auditors' report prepared by Dixon Hughes Goodman LLP. The audited financial statements for UMRH present the consolidated operations for Croasdaile Village, Cypress Glen and Wesley Pines. The independent auditors' report for the fiscal year ending September 30, 2022 for UMRH is reproduced in its entirety and is attached to this Disclosure Statement as Attachment 1.
- 2. <u>Forecasted Financial Statements</u>. Forecasted financial statements for the next five years are included as part of this Disclosure Statement as Attachment 2. These forecasted financial statements present the consolidated operations for Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Croasdaile Village.
- 3. <u>Interim Unaudited Financial Statements</u>. Interim unaudited financial statements are included as part of this Disclosure Statement as Attachment 3. These statements present the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines and the individual operations for Croasdaile Village.
- 4. <u>Explanations of Material Differences</u>. Explanations of the material differences for the Balance Sheet, Statement of Operations, and Statement of Cash Flows for the fiscal year 2022 and the actual results for the fiscal year 2022 are included as part of this Disclosure Statement as Attachment 4.
- 5. <u>Reserves</u>. In accordance with Section 58-64-33 of the North Carolina General Statutes, UMRH is required to maintain an operating reserve for Croasdaile Village equal to 25 percent of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. Based on the operating reserve calculation submitted to the Department of Insurance, UMRH meets the operating reserve requirement for Croasdaile Village.
- 6. <u>Financing</u>. See Notes 7 and 8 of the UMRH audited financial statements for information on long-term debt and financing.

RESERVES AND INVESTMENTS

- 1. <u>Reserve Requirement</u>. In accordance with Section 58-64-33, North Carolina General Statutes, UMRH is required to maintain \$10,217,181 in an operating reserve for Croasdaile Village. UMRH meets the operating reserve requirement for Croasdaile Village, and management believes that UMRH will continue to possess sufficient reserves to satisfy the operating reserve requirement based on the financial forecasts.
- 2. <u>Financial Assistance Funds</u>. UMRH attempts to provide benevolent care funds to those individuals who have exhausted their resources. The funds are in the amounts necessary to make up the difference between the financial resources of the individual and the Monthly Fees for the occupancy of a unit. Some of the benevolence is covered through apportionments from the North Carolina Annual Conference of The United Methodist Church, Southeastern Jurisdiction; benevolent care endowments; The United Methodist Retirement Homes Foundation; special offerings conducted by local churches; and individual gifts. Persons receiving benevolent care

funds must be residents who have entered the Community under a continuing care residency agreement for residential living and must have met all "spend-down" provisions established in the UMRH Benevolence Policy. UMRH does not offer benevolent care funds to those residents who are admitted directly to Assisted Living or The Pavilion (skilled nursing) as private pay residents. Private pay residents are individuals who did not execute continuing care residency agreement for residential living. The resident must agree to apply for public assistance funds and/or Medicaid, depending on the level of care required by the resident. Benevolent care funds are available as long as providing such funds does not impair UMRH's ability to operate the Community on a sound financial basis for the benefit of all residents.

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

- 3. <u>Investments</u>. Investment decisions are made by the Finance Committee of the Board of Trustees of UMRH. Committee members include: Lee Harris, Charles Mercer, John Link, Paul Lee, Gray Southern, and Susan Ezekiel. Funds are invested in accordance with UMRH's Investment Policy in the following investment portfolios:
 - (a) United Methodist Retirement Homes Trust Fund #1. Investment Goal Maintain principal values with adequate liquidity for debt/cash ratio.
 - (b) United Methodist Retirement Home Reserve Fund. Investment Goal This Fund includes assets that may be managed for long-term capital growth with a moderate level of income.

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

OTHER MATERIAL INFORMATION

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

The Community is proposing replacement of the Heritage Hall building based on sales. The UMRH Board of Trustees will not move forward with building demolition until sales confirm a substantial demand for the construction of new IL units.

AGREEMENTS WITH RESIDENTS

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

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

ATTACHMENT 1

Audited Financial Statements of

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



Independent Auditor's Report, Consolidated Financial Statements, and Supplementary Information

September 30, 2022 and 2021

Table of Contents

Inde	ependent Auditor's Report	1
Fina	ancial Statements:	
	Consolidated Balance Sheets	3
	Consolidated Statements of Operations and Changes in Net Assets	5
	Consolidated Statements of Cash Flows	7
	Notes to Consolidated Financial Statements	9
Sup	oplementary Information:	
	Consolidating Balance Sheet Information	28
	Consolidating Statement of Operations and Changes in Net Assets Information	29



Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2022 and 2021, and the results of their operations, changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Company 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 the 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 the Company's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's 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 auditor's 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 consolidated financial statements.

FORV/S

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 the Company'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 the Company's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Company's basis consolidated financial statements. The consolidating balance sheet information and the consolidating statement of operation and changes in net assets information listed in the table of contents is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating balance sheet information and the consolidating statement of operation and changes in net assets information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

FORVIS, LLP

Raleigh, NC January 27, 2023

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Consolidated Balance Sheets September 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	\$ 5,954,084	\$ 8,745,863
Contributions receivable, current portion	2,412	24,721
Investments	81,293,248	89,249,575
Assets limited as to use, current portion	17,271,385	3,097,758
Accounts receivable, net of allowance for uncollectible accounts of approximately \$265,000 and \$310,000		
in 2022 and 2021, respectively	3,127,429	3,652,948
Other receivables	1,291,459	2,002,041
Inventories	177,215	131,679
Prepaid expenses and other current assets	1,212,086	1,188,405
Total current assets	110,329,318	108,092,990
Non-current assets:		
Assets limited as to use, net of current portion	24,307,039	31,367,370
Investments - restricted	7,793,000	9,643,224
Assets held for resale	197,103	215,827
Property and equipment, net	214,309,967	204,684,302
Investment in Wesley Ridge	75,494	
Trusts receivable	119,600	156,312
Deferred marketing costs, net	101,570	116,127
Interest rate swap agreements	10,442,208	
Total non-current assets	257,345,981	246,183,162
Total assets	\$ 367,675,299	\$ 354,276,152

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Consolidated Balance Sheets

September 30, 2022 and 2021

(Continued)

	2022	2021
LIABILITIES AND NET ASSETS		
Current liabilities:		
Annuity payable, current portion	\$ 81,502	\$ 108,013
Bonds payable, current portion	5,785,000	4,540,000
Accounts payable	4,120,054	4,835,876
Accrued salaries and related expenses	2,152,753	2,374,227
Accrued interest payable	1,719,639	2,713,381
Provider relief advanced funding	120,181	605,600
Total current liabilities	13,979,129	15,177,097
Long-term liabilities:		
Annuity payable, less current portion	439,945	623,436
Bonds payable, less current portion	160,327,909	140,012,208
Liability to other foundations	-	8,732
Liability for refundable advance fees	14,737,849	14,066,851
Deferred revenue from non-refundable advance fees	76,325,122	73,374,773
Due to related parties	71,377	-
Funds held for others	147,814	186,895
Interest rate swap agreements		190,745
Total long-term liabilities	252,050,016	228,463,640
Total liabilities	266,029,145	243,640,737
Net assets:		
Without donor restrictions	89,297,478	98,067,336
With donor restrictions	12,348,676	12,568,079
Total net assets	101,646,154	110,635,415
Total liabilities and net assets	\$ 367,675,299	\$ 354,276,152

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Consolidated Statements of Operations and Changes in Net Assets Years Ended September 30, 2022 and 2021

	2022	2021
Revenues, gains and other support without donor restrictions:		
Net resident and patient service revenue	\$ 70,475,317	\$ 65,170,743
Amortization of advance fees	9,599,475	9,619,811
Net assets released from restrictions	703,837	526,923
Other	92,726	25,952
Interest and dividend income	3,679,989	3,309,597
Total revenues, gains and other support	84,551,344	78,653,026
Expenses:		
Nursing services	20,461,059	18,303,465
Dietary and food services	12,184,286	10,569,171
Administration	12,973,682	11,868,219
Plant operations, maintenance and security	7,582,907	6,779,268
Laundry and housekeeping	4,228,726	3,939,925
Resident services - activities	2,620,070	2,594,140
Home care	3,054,319	3,311,602
Interest	4,134,114	5,722,547
Depreciation and amortization	14,284,564	13,704,313
Bad debt expense	374,718	110,471
Total expenses	81,898,445	76,903,121
Operating income	2,652,899	1,749,905
Non-operating gains (losses):		
Net investment gains, realized	933,264	2,910,694
Net investment gains (losses), unrealized	(21,617,264)	3,982,754
Provider relief funding	484,919	1,130,698
Loss on disposal of property and equipment	(115,890)	(116,109)
Contributions	71,614	30,633
Construction related marketing costs	(8,971)	(144,505)
Loss on early extinguishment of debt	(2,076,605)	-
Change in fair value of interest rate swap agreement	10,632,953	186,280
Other	7,999	(3,005)
Net non-operating gains (losses)	(11,687,981)	7,977,440
Excess (deficit) of revenues, gains and other support over expenses	(9,035,082)	9,727,345
Net assets released from restrictions for		
purchase of property and equipment	265,224	130,103
Change in net assets without donor restrictions	\$ (8,769,858)	\$ 9,857,448

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Consolidated Statements of Operations and Changes in Net Assets Years Ended September 30, 2022 and 2021

(Continued)

	2022	2021
Change in net assets with donor restrictions:		
Contributions	\$ 2,914,469	\$ 1,022,201
Interest and dividend income	484,549	311,474
Net investment gains, realized	134,008	202,846
Net investment gains (losses), unrealized	(2,521,556)	1,318,725
Change in split interest agreements	(487,187)	240,246
Maturity of split interest agreement	247,684	-
Change in value of pledges	(24,898)	(27,891)
Bad debt expense	2,589	2,927
Net assets released from restrictions	(969,061)	(657,026)
Change in net assets with donor restrictions	(219,403)	2,413,502
Change in net assets	(8,989,261)	12,270,950
Net assets, beginning of year	110,635,415	98,364,465
Net assets, end of year	\$ 101,646,154	\$ 110,635,415

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Consolidated Statements of Cash Flows Years Ended September 30, 2022 and 2021

•	•	

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (8,989,261)	\$ 12,270,950
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Depreciation and amortization	14,270,007	13,689,755
Amortization of deferred financing costs	70,512	88,754
Amortization of bond premium	(187,410)	(294,426)
Amortization of deferred marketing costs	14,557	14,558
Amortization of deferred revenue from advance fees	(9,599,475)	(9,619,811)
Non-refundable entrance fees received	14,560,528	13,216,980
Bad debt expense	374,718	110,471
Loss on disposal of property and equipment	115,890	116,109
Unrealized (gains) losses on investments and assets limited as to use	24,138,820	(5,301,479)
Realized gains on investments and assets limited as to use	(1,067,272)	(3,113,540)
Loss on early extinguishment of debt	2,076,605	-
Change in fair value of interest rate swap agreement	(10,632,953)	(186,280)
Net change in:		
Accounts receivable - residents and patients	150,801	(1,528,260)
Accounts receivable - other	(525,674)	(2,043,246)
Trusts receivable	36,712	(11,315)
Contributions receivable	22,309	24,964
Due from/to related parties	71,377	-
Inventories	(45,536)	7,350
Prepaid expenses and other current assets	(23,681)	(103,301)
Accounts payable	10,410	1,811,549
Accrued salaries and related expenses	(221,474)	(511,507)
Provider relief advanced funding	(485,419)	(820,074)
Liability to other foundations	(8,732)	1,018
Accrued interest payable	(993,742)	(29,891)
Funds held for others	(39,081)	62,464
Net cash provided by operating activities	23,093,536	17,851,792

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary Consolidated Statements of Cash Flows

Years Ended September 30, 2022 and 2021

(Continued)

	2022	2021
Cash flows from investing activities:		
Purchase of property and equipment	\$ (24,737,794)	\$ (18,633,740)
Net change in investments and assets limited as to use	(11,259,465)	1,462,430
Change in assets held for resale	18,724	(531)
Net cash used by investing activities	(35,978,535)	(17,171,841)
Cash flows from financing activities:		
Refunds of deposits and refundable fees	(1,437,176)	(1,126,181)
Refundable entrance fees received	1,333,726	1,536,098
Payments on bonds and note payable	(115,125,979)	(4,345,000)
Deferred costs, net	(1,718,255)	(58,752)
Proceeds from issuance of bonds	136,445,228	-
Net change in annuity obligations	(210,002)	(34,479)
Net cash provided (used) by financing activities	19,287,542	(4,028,314)
Change in cash	6,402,543	(3,348,363)
Cash, cash equivalents, and restricted cash, beginning of year	23,525,903	26,874,266
Cash, cash equivalent, and restricted cash, end of year	\$ 29,928,446	\$ 23,525,903
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 5,577,701	\$ 5,902,666
Additions of property and equipment included in accounts payable	\$ 1,336,149	\$ 2,062,381

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

Organization

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

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

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

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

Basis of Accounting and Presentation

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

Cash and Cash Equivalents

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

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

	2022		2021	
Cash	\$	5,954,084	\$	8,745,863
Investments – restricted		350,308		198,916
Assets limited as to use: Construction funds		13,470,453		2,879,126
Debt service held by trustee		4,687,166		8,742,988
Held for others		147,814		186,895
Entrance fee escrow		234,120		234,120
Net assets with donor restrictions		<u>5,084,501</u>		2,537,995
Total cash, cash equivalents, and restricted cash shown in				
the consolidated statements of cash flows	<u>\$</u>	29,928,446	\$	23,525,903

Investments

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

Assets Limited as to Use

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

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

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents approximates its fair value. The fair value of the Company's investments is presented in Note 3 and Note 5 and is based on quoted market prices. The carrying values of accounts receivable, other receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's interest rate swaps is presented in Note 8. The Company's long-term debt approximates the fair values of those obligations.

Accounts Receivable, Net

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

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

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

Trusts Receivable

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

Assets Held for Resale

Assets held for resale consist of one gifted property in 2022 and two gifted properties in 2021 which are stated at net book value, which approximates fair value.

Property and Equipment, Net

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

Land improvements
Buildings and improvements
Equipment and fixtures

15 to 30 years 5 to 40 years 2 to 25 years

Annuity Payable

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

Funds Held for Others

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

Interest Rate Swaps

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

Liability for Refundable Advance Fees

Entrance fee plans available to residents include a standard rate plan, a 50% refundable plan, 80% refundable plan, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first. The total amount of contractual refund obligations under existing contracts (that is, if all residents with a refundable balance were to have withdrawn) totaled approximately \$37,345,000 and \$38,730,000 at September 30, 2022 and 2021, respectively.

Deferred Revenue from Non-refundable Advance Fees

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

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

CARES Act Provider Relief Funding

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

Net Assets

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

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

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

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

Net Resident and Patient Service Revenues

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

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

Excess (Deficit) of Revenues, Gains and Other Support Over Expenses

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

Benevolent Assistance and Community Benefits

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

The Company also contributes certain dollars, volunteer hours, healthcare, and housing services to benefit the surrounding community. Total community benefits and charity care were approximately \$5,213,000 and \$5,189,000 for the year ended September 30, 2022 and 2021, respectively, which was made up of \$4,825,000 and \$4,846,000 in unreimbursed healthcare, housing and services and \$388,000 and \$343,000 in community benefits for the year ended September 30, 2022 and 2021, respectively.

Continuing-Care Contracts

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

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

advance fees, a liability (obligation for future costs) is recorded. No liability has been recorded as of September 30, 2022 or 2021, because the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from advances fees. The present value of the net cost of future services and use of facilities was discounted at 3.81% and 1.89% in 2022 and 2021, respectively.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. The Company has significant accounts receivable (approximately 55% and 32% in 2022 and 2021, respectively) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

Use of Estimates

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

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2022.

Subsequent Events

The Company evaluated the effect subsequent events would have on the consolidated financial statements through January 27, 2023, which is the date the consolidated financial statements were issued.

2. Revenue Recognition

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

Monthly fees:

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

Advanced fees:

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

Health care services:

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

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

	September 30, 2022					
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total		
Private pay Government reimbursement Other third-party payor programs	\$ 34,632,885 - -	\$ 12,271,191 51,350	\$ 10,710,006 10,840,304 1,969,581	\$ 57,614,082 10,891,654 1,969,581		
Total	<u>\$ 34,632,885</u>	<u>\$ 12,322,541</u>	<u>\$ 23,519,891</u>	<u>\$ 70,475,317</u>		
	September 30, 2021					
	Independent <u>Living</u>	Assisted Living & Memory Care	Skilled Nursing	<u>Total</u>		
Private pay Government reimbursement Other third-party payor programs	\$ 34,100,567 - 	\$ 10,218,089 48,650	\$ 8,237,248 10,429,896 2,136,293	\$ 52,555,904 10,478,546 2,136,293		
Total	\$ 34,100,567	\$ 10,266,739	\$ 20,803,437	\$ 65,170,743		

3. Investments

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

	2022		2021
Cash and cash equivalents	\$ 9,049,845	-	7,510,429
Equity	34,674,643		40,638,923
Fixed income	<u>45,361,760</u>	<u> </u>	50,743,447
Total investments	89,086,248	j	98,892,799
Short-term investments	81,293,248	<u>-</u>	89,249,575
Investments - restricted	<u>\$ 7,793,000</u>	<u>\$</u>	9,643,224

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

	2022		2021	
Net realized gains Net unrealized gains (losses)	\$ 1,067,272 (24,138,820		3,113,540 5,301,479	
Net investment income (loss)	<u>\$ (23,071,548</u>) \$	8,415,019	

4. Assets Limited as to Use

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

	2022	2021
Cash funds and cash equivalents	\$ 23,624,054	\$ 10,425,485
U.S. Government and agency funds	-	4,155,637
Equity	6,700,925	7,099,062
Fixed income	<u>11,253,445</u>	12,784,944
Total assets limited as to use	<u>\$ 41,578,424</u>	<u>\$ 34,465,128</u>
	2022	2021
Board Designated Assets Limited to Use:		
Construction funds	\$ 13,470,453	\$ 2,879,126
Debt service held by trustees	6,923,497	12,898,625
Insurance regulation	15,627,968	14,595,716
Held for others	147,813	186,895
Entrance fee escrow	234,120	234,120
Net assets with donor restrictions	<u>5,174,573</u>	3,670,646
Total assets limited as to use	41,578,424	34,465,128
Less current portion required to meet current obligations	<u>(17,271,385</u>)	(3,097,758)
Assets limited as to use, net of current portion	<u>\$ 24,307,039</u>	<u>\$ 31,367,370</u>

5. Fair Value of Assets and Liabilities

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

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

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

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

The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2022. There were no changes during 2022 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of September 30, 2022 and 2021.

	September 30, 2022				
	Level 1	Level 2	Level 3	Total	
Assets:		·			
Mutual funds	\$ 75,594,834	\$ -	\$ -	\$ 75,594,834	
Exchange-traded funds	20,159,791	-	-	20,159,791	
Government and agency bond funds	2,236,331	-	-	2,236,331	
Money market funds	29,047,594	-	-	29,047,594	
Interest rate swap agreements	<u>-</u>	10,442,208	_	10,442,208	
Total assets at fair value	<u>\$127,038,550</u>	<u>\$ 10,442,208</u>	<u>\$</u>	<u>\$137,480,758</u>	

The Company has \$3,626,122 of cash balances included in investments and assets limited as to use as of September 30, 2022, which are not included in the fair value hierarchy.

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

	September 30, 2021				
	Level 1	Level 2	Level 3	Total	
Assets:					
Mutual funds	\$ 76,797,576	\$ -	\$ -	\$ 76,797,576	
Exchange-traded funds	30,288,731	-	-	30,288,731	
Government and agency bond funds	4,155,637	-	-	4,155,637	
Money market funds	20,383,302		-	20,383,302	
Total assets at fair value	<u>\$131,625,246</u>	<u>\$</u> _	<u>\$</u> -	\$131,625,246	
Liabilities:	¢	\$ 190.745	\$ -	\$ 190.745	
Interest rate swap agreements	<u>Φ</u> -	<u>φ 190,745</u>	Φ -	<u>φ 190,745</u>	

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

6. Property and Equipment

Property and equipment consists of the following at September 30:

	2022	2021		
Land	\$ 6,717,324	\$ 6,604,438		
Land improvements	24,973,508	24,791,542		
Buildings and improvements	285,788,481	281,807,436		
Equipment and fixtures	23,545,890	22,782,288		
Construction in progress	24,800,359	6,857,868		
Total property and equipment	365,825,562	342,843,572		
Less accumulated depreciation	<u>(151,515,595</u>)	<u>(138,159,270</u>)		
Property and equipment, net	\$ 214,309,967	\$ 204,684,302		

Construction in progress includes various projects, the largest of which is a campus expansion project. The Company had depreciation expense of approximately \$14,270,000 and \$13,690,000 for the years ended September 30, 2022 and 2021, respectively.

7. Bonds Payable

Bonds payable consists of the following at September 30:

	2	022	 2021
First Mortgage Revenue Refunding Bonds, Series 2013A: Serial bonds due through October 1, 2022 yielding between 3.05% and 3.68% Term bonds: Due October 1, 2033 yielding 4.60% Due October 1, 2033 yielding 4.56%	\$	- - -	\$ 60,000 1,730,000 6,370,000
First Mortgage Revenue Bonds, Series 2014A: Variable rate of 2.785% due October 1, 2024 See related swap disclosure in Note 8		815,000	2,195,000
First Mortgage Revenue Bonds, Series 2014B: Variable rate of 2.745% due October 1, 2024 See related swap disclosure in Note 8	4	1,350,000	6,305,000
First Mortgage Revenue Bonds, Series 2016A: Serial bonds due through October 1, 2026 yielding between 2.500% to 2.625% Term bonds:		-	4,845,000
Due October 1, 2030 yielding 2.880% Due October 1, 2030 yielding 3.250% Due October 1, 2031 yielding 2.950% Due October 1, 2035 yielding 3.180% Due October 1, 2035 yielding 3.600%	;	3,250,000 - 3,000,000 3,390,000 -	8,250,000 2,500,000 3,000,000 13,390,000 2,500,000
First Mortgage Revenue and Revenue Refunding Bonds, Series 2017A: Serial bonds due through October 1, 2047 yielding between 1.84% and 3.28% Term Bonds: Due October 1, 2037 yielding 3.460%		-	23,290,000
Due October 1, 2038 yielding 3.830% Due October 1, 2042 yielding 3.530% Due October 1, 2047 yielding 3.600%		- - -	2,690,000 12,155,000 19,040,000
First Mortgage Revenue Bonds, Series 2017B: Variable rate term bonds at 2.65% due: October 1, 2041		-	15,625,000
First Mortgage Revenue and Revenue Refunding Bonds, Series 2021A: Serial bonds due through October 1, 2036 yielding between 0.840% and 2.390% Term Bonds:	10	5,030,000	-
Due October 1, 2041 yielding 2.500% Due October 1, 2046 yielding 2.660% Due October 1, 2051 yielding 2.760%	(5,045,000 6,000,000 2,395,000	- - -

First Mortgage Revenue Refunding Bonds, Series 2021B: Due October 1, 2033 yielding 2.359% Due October 1, 2047 yielding 2.411%	8,545,000 72,710,000	<u>-</u>
Total bonds payable	160,530,000	136,615,000
Less current portion of bonds payable Less deferred financing costs, net Add unamortized premium	(5,785,000) (2,071,033) <u>7,653,942</u>	(4,540,000) (2,499,896) 10,437,104
Bonds payable, net of current portion	\$ 160,327,909	\$ 140,012,208

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

In September 2014, the Company issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds ("2014A Bonds") through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1,00%. The Company entered into an interest rate swap agreement on the Series 2014A Bonds, which is described in Note 8.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B ("2014B Bonds") in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.60%. The Company entered into an interest rate swap agreement on the Series 2014B Bonds, which is described in Note 8.

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

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

In December 2021, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds ("2021A Bonds"). The proceeds of the 2021A Bonds refunded a portion of the outstanding 2016A Bonds, refunded the 2017B Bonds, and built a 54-unit independent living apartment building at Croasdaile Village. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission ("2021B Bonds") and bought by Truist Bank with a

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

15-year commitment. The proceeds of the 2021B Bonds refunded the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-in swap rate of 1.748% until July 2023, at which time the interest rate will convert to an all-in tax-exempt swap rate of 2.47%. The Company entered into two interest rate swap agreements on the Series 2021B Bonds, which are described in Note 8.

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

2023 2024 2025 2026 2027 Thereafter	\$ 5,785,000 5,410,000 5,565,000 5,720,000 5,920,000 132,130,000
merealter	 160,530,000

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

The Company incurred deferred financing costs in the amount of approximately \$2,490,000 and \$2,963,000 in association with the issuance of the above Series Bonds at September 30, 2022 and 2021, respectively. Amortization expense of approximately \$71,000 and \$88,000 was recognized during 2022 and 2021, respectively, to the interest expense line item on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$419,000 and \$463,000 for the years ended September 30, 2022 and 2021, respectively. During fiscal year 2022, approximately \$1,979,000 of deferred financing costs, net were written off associated with the 2021A Bond and 2021B Bond refunding.

8. Interest Rate Swap

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

In August 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. The Company pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal year 2022 and as a long-term liability in fiscal year 2021.

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

consolidated balance sheets as a long-term asset in fiscal year 2022 and as a long-term liability in fiscal year 2021.

In December 2021, the Company entered into a interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect December 1, 2021. The Company pays a fixed rate of 1.748% while the financial institution pays based on 100% of 1-Day SOFR plus 1.350%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal year 2022.

In December 2021, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that takes effect July 12, 2023. The Company pays a fixed rate of 2.470% while the financial institution pays based on 79% of 1-Day SOFR plus 1.067%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal year 2022.

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

	2014A Bond	2014B Bond	2021B Bond	2021B Bond
	Bank Swap	Bank Swap	Bank Swap	Bank Swap
Notional amount Trade date Effective date Termination date Fixed rate	\$ 8,955,000	\$ 15,200,000	\$ 81,345,000	\$ 78,655,000
	8/25/2014	12/22/2014	11/4/2021	11/4/2021
	10/1/2014	10/1/2015	12/1/2021	7/12/2023
	10/1/2024	10/1/2024	7/12/2023	12/1/2036
	2.970%	3.195%	1.748%	2.470%
Fair value at September 30, 2020	\$ (78,474)	\$ (298,551)	\$ -	\$ -
Unrealized gains	45,886	140,394	-	
Fair value at September 30, 2021	(32,588)	(158,157)	2,375,157	-
Unrealized gains	44,911	224,220		7,988,66 <u>5</u>
Fair value at September 30, 2022	<u>\$ 12,323</u>	<u>\$ 66,063</u>	<u>\$ 2,375,157</u>	\$ 7,988,665

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

9. Benevolent Assistance and Other Contractual Adjustments

UMRH maintains records to identify and monitor the level of benevolent assistance it provides. These records include the amount of charges forgone for services and supplies furnished under its benevolent assistance policy. Amounts of benevolent assistance provided based on the cost to provide was approximately \$889,000 and \$830,000 for the years ended September 30, 2022 and 2021, respectively.

Additionally, residents in the health center and assisted living levels of care may be eligible to participate in the North Carolina Medicaid or federal Medicare programs. Contractual adjustments represent the difference between UMRH's standard rates and the rates paid by net third party payors. For the years ended September 30, 2022 and 2021, the net reduction to patient service revenue by net third party payor contractual adjustments (primarily Medicaid and Medicare) of approximately \$2,936,000 and \$3,241,000, respectively.

10. Retirement Plans

Effective July 1, 2002, UMRH formed a 403(b) defined-contribution retirement plan covering substantially all its employees. UMRH matches 50% of eligible employee contributions up to eight percent on employees' annual compensation. Matching contributions begin on the first payroll of the first calendar quarter after the employee's hire date. The employees are immediately vested in their contributions. UMRH matching contributions are vested after the twelfth consecutive month period beginning with the first day of the plan year and ending with the last day of the plan year in which the employee is credited with at least 1,000 hours of service. At the end of the plan year, UMRH's matching contributions are vested on a sliding scale from zero to 100% based on years of vesting service where employees are 100% vested after 5 years. Retirement plan expense amounted to approximately \$480,000 and \$435,000 for the years ended September 30, 2022 and 2021, respectively.

11. Net Assets with Donor Restrictions

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

	2022		2021	
Benevolent care	\$	2,296,721	\$	3,494,288
Split interest agreements		308,020		382,889
Use and maintenance of the Cypress Glen facility		1,362,031		1,814,041
Other		3,124,716		1,461,652
Facility operations and maintenance		119,219		163,016
Capital campaign		13,127		13,127
	<u>\$</u>	7,223,834	\$	7,329,013

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

		2022	 2021
Benevolent endowment fund Split interest agreements Use and maintenance of the Cypress Glen facility Other Facility operations and maintenance	\$	3,259,575 425,857 649,525 689,194 100,691	\$ 3,063,434 838,177 649,525 587,239 100,691
	\$	5,124,842	\$ 5,239,066
Total net assets with donor restrictions	<u>\$</u>	12,348,676	\$ 12,568,079

12. Commitments and Contingencies

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

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

13. Contingent Liabilities

The Company is self-insured for its employee health insurance and records an estimate for claims incurred but unpaid at year end. The estimated liability for these claims approximated \$299,000 and \$303,000 for the years ended September 30, 2022 and 2021, respectively. The liability is included in current liabilities on the consolidated balance sheet. The total self-insurance expenses were approximately \$3,110,000 and \$3,090,000. The self-insured plan has a stop loss coverage of \$125,000 per individual per plan year ended September 30, 2022 and 2021, and has an \$1,000,000 annual aggregate.

14. Management Fees

The Company pays management fees to Life Care Services LLC ("LCS") pursuant to a Client Services Agreement dated January 1, 2018. Under this Agreement, LCS is to: (i) provide a qualified Corporate Executive Director, who is an employee of LCS; (ii) perform general, financial, personnel, facility and other management services necessary for operation of UMRH's corporate office and the operation and marketing of the communities. The term of the Client Services Agreement is five years terminable by UMRH, with six months' notice, at the conclusion of the third anniversary without cause or penalty. The Company recognized management fee expenses of approximately \$2,468,000 and \$2,265,000 for the years ended September 30, 2022 and 2021, respectively which are included in administrative expenses on the consolidated statement of operations and changes in net assets.

15. Endowment Funds

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

Interpretation of Relevant Law

The Board of Trustees of the Company has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent

endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Company and the donor-restricted endowment fund
- General economic conditions

Donor-restricted endowment

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Company
- The investment policies of the Company

Endowment Net Asset Composition by Type of Fund as of September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	<u>Total</u>
Donor-restricted endowment	<u>\$</u>	<u>\$ 11,614,799</u>	<u>\$ 11,614,799</u>
Changes in Endowment Net Assets for the Year End	ded September 30, 202	2	
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year Investment gains Contributions to principal and transfers, net Change in value of pledges Bad debt expense, net Releases from restriction Maturity of split interest agreement	\$ - - - - - -	\$ 11,347,013 (1,902,999) 2,914,471 (24,898) 2,589 (969,061) 247,684	\$ 11,347,013 (1,902,999) 2,914,471 (24,898) 2,589 (969,061) 247,684
Endowment net assets, end of year	<u>\$</u>	<u>\$ 11,614,799</u>	<u>\$ 11,614,799</u>
Endowment Net Asset Composition by Type of Fun	d as of September 30, 2	2021	
	Without Donor Restrictions	With Donor Restrictions	Total

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

	Without Donor Restrictions	With Dono Restriction	=
Endowment net assets, beginning			
of year	\$ -	\$ 9,173,7	56 \$ 9,173,756
Investment gains	-	1,833,0	45 1,833,045
Contributions to principal and transfers, net	-	1,022,2	02 1,022,202
Change in value of pledges	-	(27,8	91) (27,891)
Bad debt expense, net	-	2,9	27 2,927
Releases from restriction		(657,0	<u>(657,026)</u>
Endowment net assets, end of year	<u>\$</u>	\$ 11,347,0	<u>\$ 11,347,013</u>

\$ 11,347,013

\$ 11,347,013

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

16. Liquidity and Availability

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

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

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

	2022		2021
Cash and cash equivalents	\$ 5,954,0	86 \$	8,745,863
Contributions receivable, current portion	2,4	12	24,721
Accounts receivable	3,127,4	29	3,652,948
Other receivables	1,291,4	59	2,002,041
Investments	81,293,2	<u> 48</u>	89,249,575
	<u>\$ 91,668,6</u>	<u>34</u> \$	103,675,148

17. Schedule of Expenses by Natural Classification and Function

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2022:

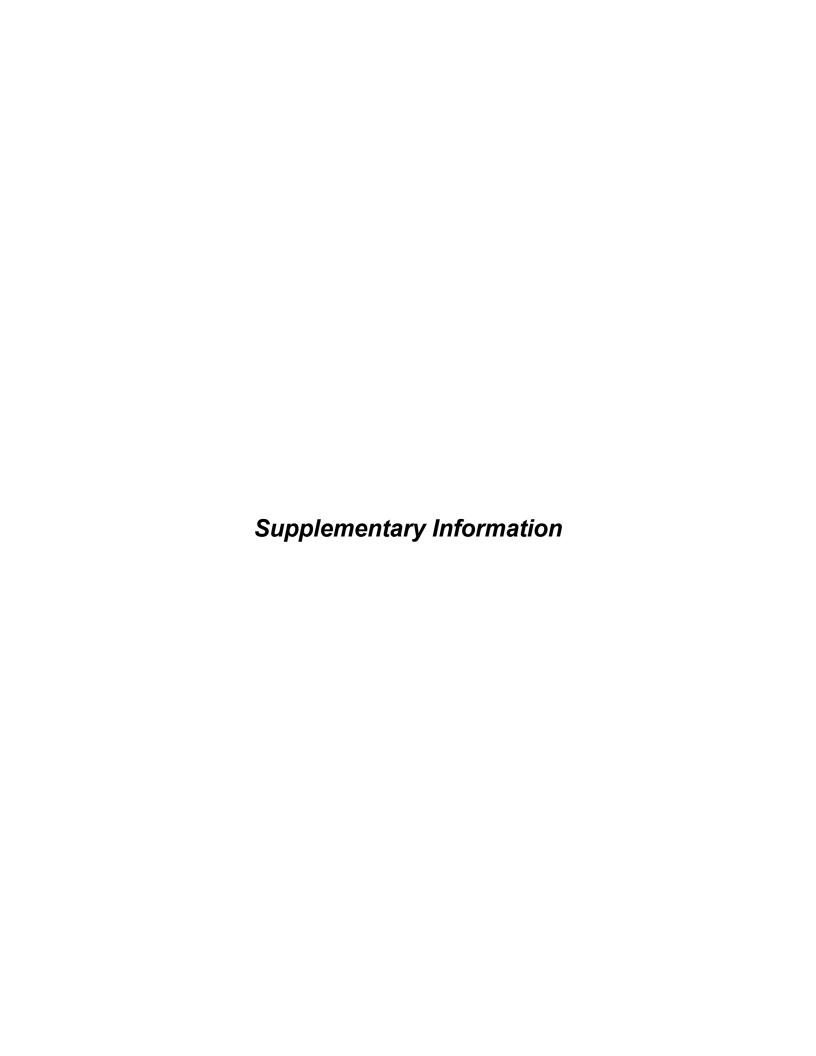
	September 30, 2022									
		Management								
	Program	and								
	<u>Services</u>	<u>General</u>	<u>Fundraising</u>	Total						
Salaries and benefits	\$ 28,555,766	\$ 5,964,399	\$ 183,956	\$ 34,704,121						
Fees for services	7,127,822	1,940,537	-	9,068,359						
Supplies	6,062,698	816,704	1,557	6,880,959						
Medical and personal care	3,450,588	-	-	3,450,588						
Occupancy	2,511,069	18,691	-	2,529,760						
Insurance	780,735	115,335	-	896,070						
Interest	4,133,448	666	-	4,134,114						
Depreciation and amortization	14,055,550	229,014	-	14,284,564						
Other	3,636,841	2,283,760	29,310	5,949,911						
Total expense	<u>\$ 70,314,517</u>	<u>\$ 11,369,105</u>	<u>\$ 214,823</u>	<u>\$ 81,898,445</u>						

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

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

18. COVID-19 Pandemic

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law on March 27, 2020. One provision of the CARES Act was the establishment of the Provider Relief Funds, administered by HHS. The Provider Relief Funds are being distributed to healthcare providers throughout the country to support the battle against the COVID-19 outbreak. The Company received approximately \$310,000 and \$2,083,000 in general Provider Relief Funds ("PRF") in fiscal year 2021 and 2020, respectively. These funds are intended to reimburse qualifying expenses and lost revenues attributable to COVID-19 and are subject to the terms, conditions, and regulatory requirements set forth by HHS. If the total distributions received by the Company exceed the cumulative amount of qualifying expenses and lost revenues attributable to COVID-19 through December 31, 2021, any excess funding may be subject recoupment. The Provider Relief Funds are accounted for as voluntary nonexchange transactions and related revenues are recognized as eligibility criteria are met. The company recognized approximately \$485,000 and \$1,131,000 in non-operating gains for the year ended September 30, 2022 and 2021, respectively.



ASSETS Current assets:								Entries	Group	AHD	
Cash \$	5,795,446	\$ 400	\$ 2,259	\$ 550	\$ -	\$ 5,798,655	\$ 69,077	\$ -	\$ 5,867,732	\$ 86,352	\$ 5,954,084
Contributions receivable, current portion	-	35,404	2,648,583	49,005	(45 507 007)	2,732,992	2,412	(2,732,992)	2,412	-	2,412
Investments Assets limited as to use - debt service, current portion	96,821,215	-	-	16,980,398	(15,527,967)	81,293,248 16,980,398	-	-	81,293,248 16,980,398	-	81,293,248 16,980,398
Assets limited as to use, current portion	28	15,668	264,178	10,813	-	290,687	-		290,687	300	290,987
Accounts receivable, net of allowance for	20	10,000	201,110	10,010		200,001			200,007	000	200,001
uncollectible accounts	-	777,649	162,600	2,187,180	-	3,127,429	-	-	3,127,429	-	3,127,429
Other receivables	2,569	49,188	340,762	898,940	-	1,291,459	-	-	1,291,459	-	1,291,459
Due from related parties	1,561,074	-	32,964,460	86,205,565	(120,530,208)	200,891	-	(200,891)	-	-	-
Inventories	825	34,110	61,280	81,000	-	177,215	-	-	177,215	-	177,215
Prepaid expenses and other current assets	151,745	133,049	279,266	647,252		1,211,312	774		1,212,086		1,212,086
Total current assets	104,332,902	1,045,468	36,723,388	107,060,703	(136,058,175)	113,104,286	72,263	(2,933,883)	110,242,666	86,652	110,329,318
Non-current assets:											
Assets limited as to use - statutory operating reserve Assets limited as to use - debt service, net of	-	2,273,224	3,810,787	9,443,957	-	15,527,968	100,000	-	15,627,968	-	15,627,968
current portion		-	1,211,259	2,202,293	-	3,413,552		-	3,413,552	-	3,413,552
Assets limited as to use, net of current portion	674,525	-	1,362,031	234,120	-	2,270,676	2,994,843 7,793,000	-	5,265,519 7,793,000	-	5,265,519 7,793,000
Investments - restricted Assets held for resale	197,103	-	-	-	-	197,103	1,193,000	-	7,793,000 197,103	-	7,793,000 197,103
Property and equipment, net	109,654	11,644,473	40,085,884	162,469,956	-	214,309,967	-	-	214,309,967	-	214,309,967
Investment in Wesley Ridge	75,494	11,044,470		102,400,000	_	75,494	-	-	75,494	-	75,494
Trusts receivable	-	_	-	_	_	-	119,600	-	119,600	_	119,600
Contributions receivable, net of current portion	-	594,981	2,768,779	2,976,390	-	6,340,150	· -	(6,340,150)	-	-	-
Deferred marketing costs, net	-	-	6,967	94,603	-	101,570	-	-	101,570	-	101,570
Interest rate swap agreement		1,040,527	1,790,857	7,610,824		10,442,208			10,442,208		10,442,208
Total non-current assets	1,056,776	15,553,205	51,036,564	185,032,143		252,678,688	11,007,443	(6,340,150)	257,345,981		257,345,981
Total assets \$	105,389,678	\$ 16,598,673	\$ 87,759,952	\$ 292,092,846	\$ (136,058,175)	\$ 365,782,974	\$ 11,079,706	\$ (9,274,033)	\$ 367,588,647	\$ 86,652	\$ 367,675,299
LIABILITIES AND NET ASSETS Current liabilities:											
Annuity payable, current portion \$		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,502	\$ -	\$ 81,502	\$ -	\$ 81,502
Bonds payable, current portion		322,000	870,000	4,593,000	Ψ - -	5,785,000	ψ 01,302 -	Ψ - -	5,785,000	Ψ -	5,785,000
Accounts payable	637,422	332,911	592,184	2,541,963	_	4,104,480	15,574	-	4,120,054	-	4,120,054
Accrued salaries and related expenses	485,842	342,149	582,700	742,062	-	2,152,753	-	-	2,152,753	-	2,152,753
Accrued interest payable	-	10,367	18,837	1,690,435	-	1,719,639	-	-	1,719,639	-	1,719,639
Insurance regulation - statutory operating reserve	-	2,273,224	3,810,787	9,443,956	(15,527,967)	-	-	-	-	-	-
Due to related parties	119,170,026	1,360,182	-	-	(120,530,208)	-	2,732,992	(2,732,992)	-	-	-
Provider relief advanced funding	120,181					120,181		·	120,181		120,181
Total current liabilities	120,413,471	4,640,833	5,874,508	19,011,416	(136,058,175)	13,882,053	2,830,068	(2,732,992)	13,979,129		13,979,129
Long-term liabilities:											
Annuity payable, less current portion	-	-	-	-	-	-	439,945	-	439,945	-	439,945
Bonds payable, less current portion	-	7,768,638	13,501,710	139,057,561	-	160,327,909	-	-	160,327,909	-	160,327,909
Qualified intermediate-term debt	-	-	-	-	-	-	-	-	-	-	-
Liability for refundable advance fees Deferred revenue from non-refundable advance fees Deferred revenue - other	-	48,222 1,635,122	6,063,234 17,728,714	8,626,393 56,961,286	-	14,737,849 76,325,122	-	-	14,737,849 76,325,122	-	14,737,849 76,325,122
Contributions payable, less current portion	-	-	-	-		-	6.340.150	(6,340,150)	-	-	-
Due to related parties	71,377	-		-		71,377	200,891	(200,891)	71,377	-	71,377
Funds held for others	-	14,353	128,820	4,641		147,814			147,814		147,814
Total long-term liabilities	71,377	9,466,335	37,422,478	204,649,881		251,610,071	6,980,986	(6,541,041)	252,050,016		252,050,016
Total liabilities	120,484,848	14,107,168	43,296,986	223,661,297	(136,058,175)	265,492,124	9,811,054	(9,274,033)	266,029,145		266,029,145
Not seeds.											
Net assets: Without donor restrictions	(15,769,723)	1,859,806	37,548,215	65,399,998		89,038,296	172,830		89,211,126	86,352	89,297,478
With donor restrictions	674,553	631,699	6,914,751	3,031,551	-	11,252,554	1,095,822	-	12,348,376	300	12,348,676
	0.4,000	001,033	3,517,751	3,001,001		,202,004	.,000,022		.2,040,010		.2,070,070
Total net assets	(15,095,170)	2,491,505	44,462,966	68,431,549		100,290,850	1,268,652		101,559,502	86,652	101,646,154
Total liabilities and net assets	105,389,678	\$ 16,598,673	\$ 87,759,952	\$ 292,092,846	\$ (136,058,175)	\$ 365,782,974	\$ 11,079,706	\$ (9,274,033)	\$ 367,588,647	\$ 86,652	\$ 367,675,299

See Independent Auditor's Report.

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
Unrestricted revenues, gains and other support:										
Net resident and patient service revenue	\$ -	\$ 10,001,491	\$ 17,846,596	\$ 42,627,230	\$ 70,475,317	\$ -	\$ -	\$ 70,475,317	\$ -	\$ 70,475,317
Amortization of advance fees	-	275,278	2,682,509	6,641,688	9,599,475	-	-	9,599,475	-	9,599,475
Net assets released from restriction	961	115,918	132,241	382,862	631,982	71,855	-	703,837	-	703,837
Other	28,996	15,168	28,515	20,047	92,726		-	92,726		92,726
Interest and dividend income	3,624,594	-	16,990	38,157	3,679,741	239		3,679,980	9	3,679,989
Total unrestricted revenues, gains and other support	3,654,551	10,407,855	20,706,851	49,709,984	84,479,241	72,094		84,551,335	9	84,551,344
Expenses:										
Nursing services	-	4,933,423	4,485,183	11,042,453	20,461,059	-	-	20,461,059	-	20,461,059
Dietary and food services	-	1,554,289	3,221,993	7,408,004	12,184,286	-	-	12,184,286	-	12,184,286
Administration	5,623,225	1,117,250	2,153,654	3,991,469	12,885,598	87,881	-	12,973,479	203	12,973,682
Plant operations, maintenance and security	-	825,186	2,539,165	4,218,556	7,582,907	-	-	7,582,907	-	7,582,907
Laundry and housekeeping	-	502,264	1,045,007	2,681,455	4,228,726	-	-	4,228,726	-	4,228,726
Resident services - activities	_	150,584	613,958	1,855,528	2,620,070	-	-	2,620,070	-	2,620,070
Home care	_	· <u>-</u>	· <u>-</u>	3,054,319	3,054,319	_	_	3,054,319	_	3,054,319
Interest	_	47,331	153,889	3,932,894	4,134,114	_	_	4,134,114	_	4,134,114
Depreciation and amortization	85,640	628,235	3,398,373	10,172,316	14,284,564	_	_	14,284,564	_	14,284,564
Bad debt expense		159,730	7,144	207,844	374,718	_	_	374,718	_	374,718
Total expenses	5.708.865	9,918,292	17,618,366	48,564,838	81.810.361	87.881		81.898.242	203	81.898.445
·										
Operating income (loss)	(2,054,314)	489,563	3,088,485	1,145,146	2,668,880	(15,787)	-	2,653,093	(194)	2,652,899
Non-operating gains (losses):										
Net investment gains, realized	933,264	-			933,264	-	-	933,264	-	933,264
Net investment gains, unrealized	(21,491,632)	-	(62,062)	(63,570)	(21,617,264)	-	-	(21,617,264)	-	(21,617,264)
Provider relieft funding	-	103,039	177,869	204,011	484,919	-		484,919	-	484,919
Loss on disposal of property and equipment	100	(7,345)	(20,030)	(88,615)	(115,890)	-	-	(115,890)	-	(115,890)
Contributions	18,215	1,326	300	47,613	67,454	4,160	-	71,614	-	71,614
Loss on extinguishment of debt	-	(197,964)	(979,281)	(899,360)	(2,076,605)	-	-	(2,076,605)	-	(2,076,605)
Construction related marketing costs	-	-	(6,147)	(2,824)	(8,971)	-	-	(8,971)	-	(8,971)
Change in fair value of interest rate swap agreement	-	1,040,527	1,812,753	7,779,673	10,632,953	-	-	10,632,953	-	10,632,953
Other	-	283	7,503	213	7,999	-	-	7,999	-	7,999
Net non-operating gains (losses)	(20,540,053)	939,866	930,905	6,977,141	(11,692,141)	4,160		(11,687,981)		(11,687,981)
Excess of revenues, gains and other support over expenses Net assets released from restrictions for purchase of	(22,594,367)	1,429,429	4,019,390	8,122,287	(9,023,261)	(11,627)	-	(9,034,888)	(194)	(9,035,082)
property and equipment	-	-	193,552	71,672	265,224	-	-	265,224	-	265,224
Change in net assets without donor restrictions	(22,594,367)	1,429,429	4,212,942	8,193,959	(8,758,037)	(11,627)	-	(8,769,664)	(194)	(8,769,858)
Change in net assets with donor restrictions:										
Contributions	881	115,976	2,245,117	474,977	2,836,951	77,518	-	2,914,469	-	2,914,469
Interest and dividend income	-	30,730	261,097	134,639	426,466	58,083	-	484,549	-	484,549
Investment income	-	(150,419)	(1,289,679)	(662,234)	(2,102,332)	(285,216)	-	(2,387,548)	-	(2,387,548)
Change in split interest agreement	-	(17,570)	(100,687)	(356,893)	(475,150)	(12,037)	-	(487,187)	-	(487,187)
Maturity of split interest agreement	-	8,793	15,707	223,184	247,684			247,684		247,684
Change in value of pledges	_	_	-	(24,898)	(24,898)	-	_	(24,898)	-	(24,898)
Recovery of bad debt expense	_	_	_	2,589	2,589	_	_	2,589	_	2,589
Net assets released from donor restriction	(961)	(115,918)	(325,793)	(454,534)	(897,206)	(71,855)	_	(969,061)	_	(969,061)
Change in net assets with donor restrictions	(80)	(128,408)	805,762	(663,170)	14,104	(233,507)		(219,403)		(219,403)
Change in net assets	(22,594,447)	1,301,021	5,018,704	7,530,789	(8,743,933)	(245,134)	-	(8,989,067)	(194)	(8,989,261)
Net assets, beginning of year	7,499,277	1,190,484	39,444,262	60,900,760	109,034,783	1,513,786		110,548,569	86,846	110,635,415
Net assets, end of year	\$ (15,095,170)	\$ 2,491,505	\$ 44,462,966	\$ 68,431,549	\$ 100,290,850	\$ 1,268,652	\$ -	\$ 101,559,502	\$ 86,652	\$ 101,646,154

See Independent Auditor's Report.

ATTACHMENT 2

Forecasted Financial Statements of The United Methodist Retirement Homes, Incorporated Includes

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



Accountant's Compilation Report, Forecasted Financial Statements, and Supplementary Information

September 30, 2023 through 2027

Table of Contents

Accou	ıntant's Compilation Report	1
Forec	asted Financial Statements:	
Fore	ecasted Consolidated Balance Sheets	2
Fore	ecasted Consolidated Statements of Operations and Changes in Net Assets	3
Fore	ecasted Consolidated Statements of Cash Flows	4
Sum	mary of Significant Forecasted Assumptions and Accounting Policies	5
Suppl	ementary Information:	
Fore	ecasted Balance Sheets – Wesley Pines Retirement Community	15
Fore	ecasted Statements of Operations and Changes in Net Assets (Deficit) – Wesley Pines Retirement Community	16
Fore	ecasted Statements of Cash Flows – Wesley Pines Retirement Community	17
Fore	ecasted Balance Sheets – Cypress Glen Retirement Community	18
Fore	ecasted Statements of Operations and Changes in Net Assets – Cypress Glen Retirement Community	19
Fore	ecasted Statements of Cash Flows – Cypress Glen Retirement Community	.20
Fore	ecasted Balance Sheets – Croasdaile Village Retirement Community	.21
Fore	ecasted Statements of Operations and Changes in Net Assets – Croasdaile Village Retirement Community	22
Fore	ecasted Statements of Cash Flows – Croasdaile Village Retirement Community	23



Accountant's Compilation Report

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

Management is responsible for the accompanying forecast of The United Methodist Retirement Homes, Incorporated ("UMRH"), which comprises the forecasted consolidated balance sheets as of September 30, 2023 through 2027, and the forecasted consolidated statements of operations and changes in net assets, and forecasted consolidated cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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

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

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

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

FORVIS, LLP

Raleigh, NC March 23, 2023

	2	023	2024		2025	2026	2027
ASSETS		<u> </u>	 				
Current assets:				_			
Cash	\$	23,428	\$ 6,223	\$	11,357	\$ 18,390	\$ 27,603
Contributions receivable from		0.500	0.400		0.000	0.050	0.400
UMRH Foundation, current portion		2,583	2,433		2,283	2,258	2,109
Investments		81,660	82,170		84,165	86,095	88,092
Assets limited as to use - debt service, current portion		835	825		634	616	616
Assets limited as to use - all other, current portion		291	291		291	291	291
Accounts receivable, net		3,201	3,488		3,503	3,619	3,739
Other receivables		1,596	3,133		2,265	2,501	2,590
Due from related parties		201	201		201	201	201
Inventories		171	177		182	188	194
Prepaid expenses and other current assets		1,246	 1,373		1,412	 1,452	 1,492
Total current assets	1	15,212	 100,314		106,293	 115,611	 126,927
Assets limited as to use:							
Assets limited as to use - statutory operating reserve		16,927	18,841		19,329	19,943	20,552
Assets limited as to use - debt service, net of current portion		3,414	3,414		3,414	3,414	3,414
Assets limited as to use - all other, net of current portion		2,305	2,340		2,375	2,412	2,450
Investment in Wesley Ridge		75	75		75	 75	 75
		22,721	 24,670		25,193	 25,844	 26,491
Property and equipment, net	20	09,476	231,748		226,292	221,928	218,760
Other assets:							
Interest rate swap agreement		10,442	10,442		10,442	10,442	10,442
Contributions receivable from							
UMRH Foundation, net of current portion		6,340	6,338		6,339	6,216	6,213
Deferred marketing costs, net		87	175		155	 135	 115
	-	16,869	 16,955		16,936	 16,793	 16,770
Total assets	\$ 30	64,278	\$ 373,687	\$	374,714	\$ 380,176	\$ 388,948
LIABILITIES AND NET ASSETS							
Current liabilities:							
Bonds payable, current portion	\$	6,398	\$ 5,565	\$	5,720	\$ 5,920	\$ 6,120
Accounts payable		4,601	4,759		4,912	5,054	5,217
Accrued salaries and related expenses		2,140	2,460		2,115	2,793	2,970
Accrued interest payable		1,760	 1,037		928	914	899
Total current liabilities		14,899	 13,821		13,675	 14,681	 15,206
Long-term liabilities:							
Bonds payable, less current portion	1	54,918	149,295		143,466	137,189	130,674
Liability for refundable advanced fees		14,907	15,042		15,108	15,535	16,091
Deferred revenue for non-refundable advanced fees		77,388	91,379		92,767	95,381	99,737
Fund held for others		148	148		148	148	148
Total long-term liabilities	24	47,361	255,864		251,489	248,253	246,650
Total liabilities	2	62,260	 269,685		265,164	 262,934	 261,856
Net assets:							
Net assets without donor restrictions	9	90,916	92,900		98,448	106,140	115,990
Net assets with donor restrictions		11,102	11,102		11,102	11,102	11,102
Total net assets		02,018	104,002		109,550	117,242	127,092
Total liabilities and net assets	\$ 30	64,278	\$ 373,687	\$	374,714	\$ 380,176	\$ 388,948

The United Methodist Retirement Homes, Incorporated Forecasted Consolidated Statements of Operations and Changes in Net Assets For the years ending September 30, 2023 through 2027 (dollars in thousands)

	 2023	 2024	 2025	 2026	 2027
Revenue:					
Net resident services, apartments	\$ 33,992	\$ 38,799	\$ 40,275	\$ 41,781	\$ 43,327
Net resident services, health care center	23,312	23,907	24,523	25,158	25,814
Net resident services, assisted living	10,146	10,511	10,890	11,283	11,689
Net resident services, memory care	3,164	3,278	3,395	3,517	3,643
Net resident services, home care	2,324	2,417	2,514	2,615	2,719
Amortization of advanced fees	9,511	9,877	11,761	12,082	12,587
Net assets released from restriction	603	603	603	603	603
Other	161	42	42	42	42
Interest and dividend income	 1,853	 2,512	 2,573	2,634	 2,699
Total revenue	85,066	91,946	 96,576	 99,715	 103,123
Expenses:					
Health care center	17,099	17,616	18,148	18,698	19,263
Assisted living	3,142	3,236	3,334	3,434	3,537
Memory care	1,471	1,516	1,562	1,608	1,656
Home care	2,223	2,289	2,358	2,429	2,502
Resident services	2,935	3,052	3,144	3,238	3,336
Dietary and food service	13,384	13,802	14,239	14,691	15,152
Housekeeping	4,356	4,909	5,066	5,222	5,380
Laundry	221	1,019	1,041	1,059	1,080
Plant	7,638	8,329	8,592	8,859	9,130
General and administration	13,160	13,951	14,392	14,748	15,212
Depreciation	14,575	15,113	14,233	13,532	12,747
Interest	 3,135	 5,130	 4,919	 4,505	 4,278
Total expenses	83,339	 89,962	 91,028	 92,023	 93,273
Change in net assets	1,727	1,984	5,548	7,692	9,850
Net assets beginning of year	 100,291	 102,018	 104,002	 109,550	 117,242
Net assets end of year	\$ 102,018	\$ 104,002	\$ 109,550	\$ 117,242	\$ 127,092

	 2023	 2024		2025	2026		2027	
Operating activities:								
Change in net assets	\$ 1,727	\$ 1,984	\$	5,548	\$	7,692	\$	9,850
Adjustments to reconcile change in net assets								
to net cash from operating activities:								
Depreciation	14,575	15,113		14,233		13,532		12,747
Amortization of deferred financing costs	-	91		40		116		94
Amortization of bond premium	-	(149)		(149)		(473)		(489)
Amortization of advanced fees	(9,511)	(9,877)		(11,761)		(12,082)		(12,587)
Non-refundable entrance fees received	12,739	29,146		20,062		21,884		22,930
Bad debt expense	168	406		409		422		435
Net change in:								
Accounts receivable - residents and patients	(241)	(693)		(424)		(538)		(555)
Accounts receivable - other	(304)	(1,537)		868		(236)		(89)
Contributions receivable	150	150		150		150		150
Due to/from related parties	(71)	-		-		-		-
Inventories	6	(6)		(5)		(6)		(6)
Prepaid expenses and other current assets	(35)	(127)		(39)		(40)		(40)
Accounts payable	492	158		153		142		163
Accrued salaries and related expenses	(13)	320		(345)		678		177
Provider relief advanced funding	(120)	-		-		-		-
Accrued interest payable	(947)	(723)		(109)		(14)		(15)
Net cash provided by operating activities	 18,615	34,256	_	28,631	_	31,227	_	32,765
Investing activities:								
Purchase of property and equipment	(7,750)	(37,363)		(8,758)		(9,150)		(9,557)
Net change in investments and assets limited as to use	14,348	(2,449)		(2,327)		(2,563)		(2,644)
Change in assets held for resale	 197	-		-		-		
Net cash provided by (used in) investing activities	 6,795	 (39,812)		(11,085)	_	(11,713)		(12,201)
Financing activities:								
Refunds of deposits and refundable fees	(3,003)	(6,923)		(8,250)		(8,398)		(7,107)
Refundable entrance fees received	1,007	1,780		1,403		1,637		1,676
Payments on bonds and note payable	(5,785)	(6,398)		(5,565)		(5,720)		(5,920)
Deferred financing costs	 -	(108)		-		-		-
Net cash used in financing activities	 (7,781)	 (11,649)	_	(12,412)	_	(12,481)		(11,351)
Change in cash	17,629	(17,205)		5,134		7,033		9,213
Cash, beginning of year	 5,799	 23,428		6,223		11,357		18,390
Cash, end of year	\$ 23,428	\$ 6,223	\$	11,357	\$	18,390	\$	27,603

Summary of Significant Forecasted Assumptions and Accounting Policies

1. Nature of Business

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

The financial forecast presents, to the best of management's knowledge and belief, the expected financial position, results of operations, and cash flows for the forecast period of UMRH, excluding its two affiliates, UMRH Affordable Housing Development, LLC ("UMRH-AHD") and The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). UMRH-AHD is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD. The Foundation is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. Accordingly, this forecast reflects management's judgment as of March 23, 2023, the date of completion of this forecast, of the expected conditions and its course of action.

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

2. Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

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

Cash

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

Restricted Cash

During 2020, UMRH adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The amendment's in this update require that a statement of cash flows explain the cash during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents which reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. As of September 30, 2022 and 2021, UMRH had approximately \$29,900,000 and \$23,530,000, respectively, invested in cash, cash equivalents, and restricted cash on the statements of cash flows. For purposes of the forecast, management has not presented restricted cash on the statement of cash flows.

Investments

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

Assets Limited as to Use

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

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

Accounts Receivable, net

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

Inventories

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

Assets Held for Resale

Assets held for resale consist of one gifted property which is stated at net book value, which approximates fair value.

Property and Equipment

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

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

Land improvements8 to 30 yearsBuildings and improvements5 to 40 yearsFurniture and equipment2 to 25 years

Funds Held for Others

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

Interest Rate Swaps

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

Liability for Refundable Advance Fees

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

Deferred Revenue for Non-refundable Advance Fees

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

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

Net Assets

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

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

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

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

Net Resident and Patient Service Revenues

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

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

Benevolent Assistance

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

Continuing-Care Contracts

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

Revenue Recognition

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

Monthly fees:

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

Advanced fees:

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

Health care services:

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

Concentration of Credit Risk

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

Income Taxes

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

3. Summary of Significant Forecasted Balance Sheet Assumptions

Cash

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

Investments

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

Accounts Receivable, net

The 2023 forecasted accounts receivable is based on the 2023 budget. Forecasted accounts receivable are based on the percentage change in forecasted operating revenues and are forecasted to increase by an average of approximately 4.0% in 2024 through 2027. Other receivables are forecasted to increase by an average of approximately 20.6% in 2024 through 2027.

Assets Limited as to Use

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

Inventories

The 2023 balances are based on the 2023 budget. Inventories are forecasted to increase by an average of approximately 3.2% in years 2024 through 2027.

Prepaid Expenses and other current assets

The 2023 balances are based on the 2023 budget. Prepaid expenses and other current assets are forecasted to increase by an average of approximately 4.7% in years 2024 through 2027.

Property and Equipment

The 2023 property and equipment additions are based on UMRH's budgeted additions. Additions are estimated to be as follows (dollars in thousands).

	2023		2024		2025			2026	2027		
Beginning of year, property and equipment Additions Disposals End of year, property and	\$	352,455 9,726	\$	362,181 37,363 (30,204)	\$	369,340 8,758 (28,447)	\$	349,651 9,150 (27,046)	\$	331,755 9,557 (3,168)	
equipment Accumulated depreciation Total property and equipment, net		362,181 (152,705) 209.476	<u> </u>	369,340 (137,592) 231,748	<u> </u>	349,651 (123,359) 226.292	<u> </u>	331,755 (109,827) 221.928	<u> </u>	338,144 (119,384) 218.760	

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

Contributions Receivable from UMRH Foundation

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

Due from Related Party

Due from related parties represents the net amount due to affiliates of UMRH. The 2023 balance is based on the 2023 budget and forecasted to remain consistent from 2024 through 2027.

Accounts Payable and Accrued Salaries and Related Expenses

The 2023 balances are based on the 2023 budget. Forecasted accounts payable and accrued expenses are based on the percentage change in forecasted operating expenses and capital expenditures less depreciation expense and are forecasted to increase by an average of approximately 6.5% in years 2024 through 2027.

Deferred Entrance Fee Revenue and Entrance Fees Earned

Forecasted annual resident entry fees are based on estimated average unit prices times an actuarial forecasted number of units released coupled with a 2.0% per year increase in the average entry fee for the years 2024 through 2027. Forecasted refunds are based on actuarial estimates of the number of refunds times the estimated average refund potential. Amortization into revenue of these advance fees is computed using the straight-line method over the estimated remaining life expectancy of the resident.

Long-Term Debt

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

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

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

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

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

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

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

2023 2024	\$ 5,785 6,398
2025	5,565
2026	5,720
2027	5,920
Thereafter	 132,130
	\$ 161.518

Interest Rate Swaps

Variable rate long-term debt exposes UMRH to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. The 2023 balance is based on the 2023 budget and is forecasted to remain consistent over the forecasted period.

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

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

In December 2021, the Company entered into a interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect December 1, 2021. The Company pays a fixed rate of 1.748% while the financial institution pays based on 100% of 1-Day SOFR plus 1.350%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset.

In December 2021, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that takes effect July 12, 2023. The Company pays a fixed rate of 2.470% while the financial institution pays based on 79% of 1-Day SOFR plus 1.067%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset.

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

4. Summary of Significant Forecasted Assumptions for Revenues and Expenses

Resident Services

Apartments, Health Care Center, Assisted Living, Memory Care, and Home Care revenue is reported at the estimated net realizable amounts from residents. They are based on average daily fees and occupancy levels. Daily rates are forecasted based on 2023 budgeted rates for each type of unit. Apartment revenues are forecasted to increase on average approximately 6.3% in years 2024 through 2027. Health Care Center revenues are forecasted to increase on average approximately 2.6% in years 2024 through 2027. Assisted Living revenues are forecasted to increase on average approximately 3.6% in years 2024 through 2027. Home Care revenues are forecasted to increase on average approximately 3.6% in years 2024 through 2027. Home Care revenues are forecasted to increase on average approximately 4.0% in years 2024 through 2027.

Interest and Dividend Income

Interest and dividend income is forecasted to increase on average approximately 2.4% in years 2024 through 2027.

Other Revenue

Other revenue is based on budgeted other revenue for 2023 and is projected to remain consistent throughout the projection period with the exception of 2023 where it is forecasted UMRH will recognize approximately \$120,000 in provider relief funding.

Expenses

The 2023 expenses, which include resident care, dietary, housekeeping, plant, and general and administrative expenses are forecasted based on the 2023 budget. Expenses are forecasted to increase approximately 2.9% in years 2024 through 2027.

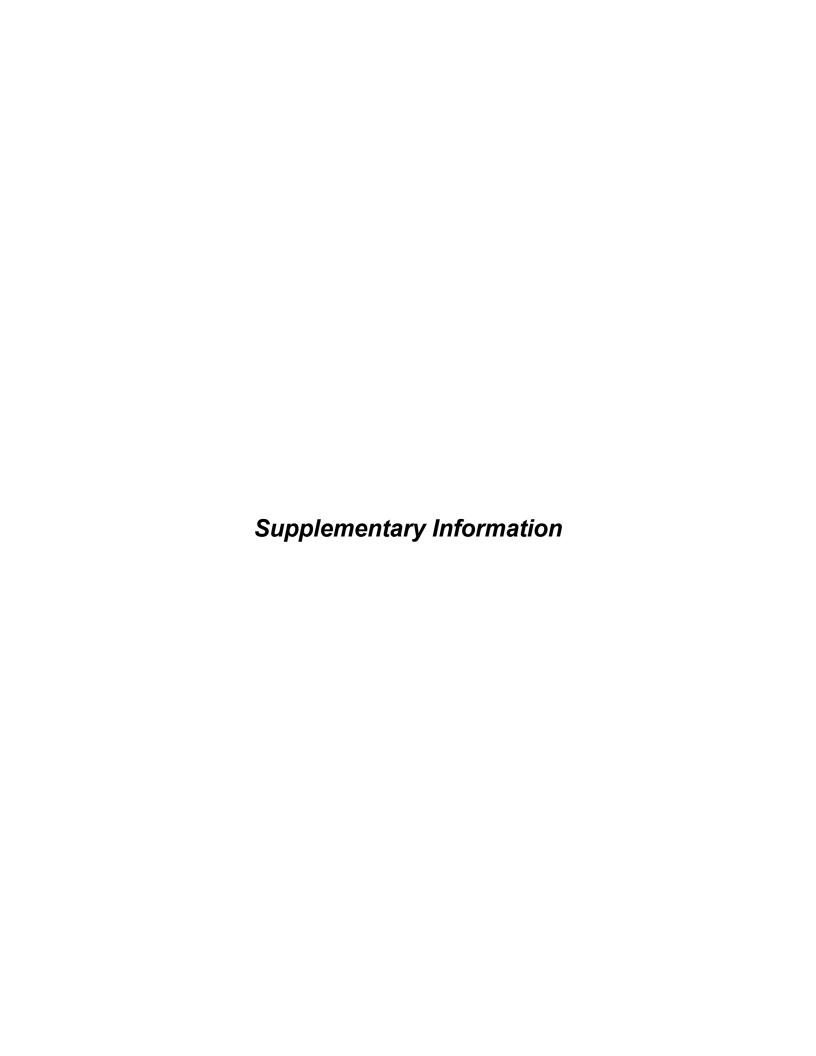
5. Debt Service Coverage Ratio

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

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

2023		2023	2024		2025		2026		 2027
Excess (deficiency) of revenue over expenses Interest expense Depreciation Net proceeds from advance fees Amortization of advanced fees	\$	1,727 3,135 14,575 10,743 (9,511)	\$	1,984 5,130 15,113 24,003 (9,877)	\$	5,548 4,919 14,233 13,214 (11,761)	\$	7,692 4,505 13,532 15,123 (12,082)	\$ 9,850 4,278 12,747 17,499 (12,587)
Cash available for debt service (1)	\$	20,669	\$	36,353	\$	26,153	<u>\$</u>	28,770	\$ 31,787
Interest (A) Principal payments	\$	3,135 5,785	\$	5,130 5,410	\$	4,919 5,565	\$	4,505 5,720	\$ 4,278 5,920
Annual Debt Service (2)	\$	8,920	\$	10,540	<u>\$</u>	10,484	\$	10,225	\$ 10,198
Debt Service Coverage Ratio (1/2)		2.32		3.45		2.49		2.81	 3.12

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



	2	023	2024		2025		2026	2027		
ASSETS							 		_	
Current assets:										
Cash	\$	-	\$	-	\$	-	\$ -	\$	-	
Contributions receivable from										
UMRH Foundation, current portion		35		35		35	35		35	
Assets limited as to use - all other, current portion		16		16		16	16		16	
Accounts receivable, net		737		755		773	791		810	
Other receivables		14		15		15	16		16	
Inventories		35		36		37	38		39	
Prepaid expenses and other current assets		137		140		144	148		151	
Total current assets		974		997		1,020	 1,044		1,067	
Assets limited as to use:										
Assets limited as to use - statutory operating reserve										
current portion		2,566		2,649		2,783	 2,794		2,874	
Property and equipment, net		11,573		11,557		11,586	11,639		11,710	
Other assets:										
Interest rate swap		1,041		1,041		1,041	1,041		1,041	
Contributions receivable from		*		,		*	,		,	
UMRH Foundation, net of current portion		595		595		595	595		595	
,		1,636		1,636		1,636	1,636		1,636	
Total assets	\$	16,749	\$	16,839	\$	17,025	\$ 17,113	\$	17,287	
LIABILITIES AND NET ASSETS (DEFICIT)										
Current liabilities:										
Bonds payable, current portion	\$	297	\$	538	\$	289	\$ 289	\$	307	
Accounts payable		393		403		415	429		441	
Accrued salaries and related expenses		344		384		326	436		464	
Accrued interest payable		13		17		18	15		13	
Insurance regulation - statutory operating reserve		2,566		2,649		2,783	2,794		2,874	
Due to related parties		2,315		3,653		5,981	8,485		10,055	
Total current liabilities		5,928		7,644		9,812	12,448		14,154	
Long-term liabilities:										
Bonds payable, less current portion		7,472		6,937		6,650	6,366		6,062	
Liability for refundable advanced fees		48		48		48	48		48	
Deferred revenue for non-refundable advanced fees		1,594		1,425		721	(377)		(176)	
Fund held for others		14		14		14	14		` 14 [´]	
Total long-term liabilities		9,128		8,424		7,433	6,051		5,948	
Total liabilities		15,056		16,068		17,245	 18,499		20,102	
Net assets (deficit):										
Net deficit without donor restrictions		1,061		139		(852)	(2,018)		(3,447)	
Net assets with donor restrictions		632		632		632	 632		632	
Total net assets (deficit)		1,693		771		(220)	 (1,386)		(2,815)	
Total liabilities and net assets (deficit)	\$	16,749	\$	16,839	\$	17,025	\$ 17,113	\$	17,287	

Wesley Pines Retirement Community Forecasted Statements of Operations and Changes in Net Assets (Deficit) For the years ending September 30, 2023 through 2027 (dollars in thousands)

	 2023	 2024	 2025	2026	2027
Revenue:					
Net resident services, apartments	\$ 1,026	\$ 1,061	\$ 1,099	\$ 1,137	\$ 1,177
Net resident services, health care center	6,341	6,456	6,575	6,695	6,818
Net resident services, assisted living	2,113	2,187	2,264	2,343	2,425
Net resident services, memory care					
Amortization of advanced fees	275	268	240	121	(63)
Net assets released from restriction	15	15	15	15	15
Other	 19	 7	 7	 7	 7
Total revenue	 9,789	9,994	10,200	10,318	10,379
Expenses:					
Health care center	4,482	4,617	4,755	4,898	5,045
Assisted living	440	453	467	481	495
Resident services	160	165	170	175	180
Dietary and food service	1,629	1,676	1,728	1,780	1,833
Housekeeping	529	545	562	578	596
Plant	807	831	856	882	908
General and administration	866	892	917	944	972
Depreciation	640	610	592	596	606
Interest	151	197	186	177	168
Corporate allocation - depreciation	7	5	3	2	2
Corporate allocation - all other	 877	 925	955	 971	 1,003
Total expenses	 10,588	10,916	11,191	11,484	11,808
Deficiency of revenue over expenses and					
change in net assets	(799)	(922)	(991)	(1,166)	(1,429)
Net assets (deficit) beginning of year	 2,492	 1,693	 771	 (220)	 (1,386)
Net assets (deficit) end of year	\$ 1,693	\$ 771	\$ (220)	\$ (1,386)	\$ (2,815)

Wesley Pines Retirement Community Forecasted Statements of Cash Flows For the years ending September 30, 2023 through 2027 (dollars in thousands)

	 2023	:	2024	 2025	 2026	2027
Operating activities:						
Change in net assets	\$ (799)	\$	(922)	\$ (991)	\$ (1,166)	\$ (1,429)
Adjustments to reconcile change in net assets						
to net cash from operating activities:						
Depreciation	640		610	592	596	606
Amortization of deferred financing costs	-		3	4	4	4
Amortization of advanced fees	(275)		(268)	(240)	(121)	63
Non-refundable entrance fees received	370		128	133	139	145
Bad debt expense	87		155	159	163	166
Net change in:						
Accounts receivable - residents and patients	(46)		(173)	(177)	(181)	(185)
Accounts receivable - other	35		-	-	-	-
Due to/from related parties	955		1,338	2,328	2,504	1,570
Inventories	(1)		(1)	(1)	(1)	(1)
Prepaid expenses and other current assets	(3)		(3)	(4)	(4)	(3)
Accounts payable	61		10	12	13	12
Accrued salaries and related expenses	2		40	(58)	110	28
Accrued interest payable	2		3	1	(3)	(2)
Net cash provided by operating activities	1,028		920	1,758	2,053	974
Investing activities:						
Purchase of property and equipment	(568)		(594)	(621)	(649)	(677)
			<u> </u>	<u> </u>	<u> </u>	
Financing activities:						
Refunds of deposits and refundable fees	(138)		(29)	(597)	(1,116)	(7)
Payments on bonds and note payable	(322)		(297)	(540)	(288)	(290)
Net cash used in financing activities	(460)		(326)	(1,137)	(1,404)	(297)
Change in cash	-		-	-	-	-
Cash, beginning of year	 			 	 	
Cash, end of year	\$ 	\$		\$ 	\$ 	\$ _

	_	2023	_	2024	_	2025	_	2026	_	2027
ASSETS										
Current assets:										
Cash	\$	2	\$	2	\$	2	\$	2	\$	2
Contributions receivable from										
UMRH Foundation, current portion		2,499		2,349		2,199		2,175		2,025
Assets limited as to use - all other, current portion		264		264		264		264		264
Accounts receivable, net		171		177		182		188		194
Other receivables		613		869		802		973		983
Due from related parties		33,750		35,195		36,311		39,239		42,302
Inventories		53		55		57		59		61
Prepaid expenses and other current assets		287		294		302		310		318
Total current assets		37,639		39,205		40,119		43,210		46,149
Assets limited as to use:										
Assets limited as to use - statutory operating reserve		4,145		4,283		4,428		4,550		4,693
Assets limited as to use - debt service, net of current portion		1,211		1,211		1,211		1,211		1,211
Assets limited as to use - all other, net of current portion		1,396		1,431		1,467		1,503		1,541
current portion		6,752		6,925		7,106		7,264		7,445
Property and equipment, net		39,363		39,021		38,874		39,005		39,550
Other assets:										
Interest rate swap agreement		1,791		1,791		1,791		1,791		1,791
Contributions receivable from										
UMRH Foundation, net of current portion		2,769		2,769		2,769		2,643		2,643
Deferred costs, net		6		5		4		3		3
•		4,566		4,565		4,564		4,437		4,437
Total assets	\$	88,320	\$	89,716	\$	90,663	\$	93,916	\$	97,581
LIABILITIES AND NET ASSETS										
Current liabilities:										
Bonds payable, current portion	\$	711	\$	937	\$	483	\$	494	\$	516
Accounts payable		752		777		802		829		858
Accrued salaries and related expenses		567		634		536		720		767
Accrued interest payable		22		28		26		24		23
Insurance regulation - statutory operating reserve		4,145		4,283		4,428		4,550		4,693
Total current liabilities		6,197		6,659		6,275		6,617		6,857
Long-term liabilities:										
Bonds payable, less current portion		12,791		11,878		11,399		10,914		10,402
Liability for refundable advanced fees		6,518		6,847		7,133		7,654		8,195
Deferred revenue for non-refundable advanced fees		17,004		17,126		16,888		17,626		18,227
Fund held for others		129		129		129		129		129
Total long-term liabilities		36,442		35,980		35,549		36,323	_	36,953
Total liabilities	_	42,639		42,639		41,824		42,940		43,810
Net assets:										
Net assets without donor restrictions		38,917		40,313		42,075		44,212		47,007
Net assets with donor restrictions		6,764		6,764		6,764		6,764		6,764
Total net assets		45,681		47,077		48,839		50,976		53,771
Total liabilities and net assets	\$	88,320	\$	89,716	\$	90,663	\$	93,916	\$	97,581

	2023	2024	2025	2026	2027
Revenue:					
Net resident services, apartments	\$ 11,078	\$ 11,466	\$ 11,867	\$ 12,283	\$ 12,713
Net resident services, health care center	3,361	3,451	3,544	3,640	3,739
Net resident services, assisted living	3,006	3,096	3,189	3,285	3,383
Net resident services, memory care	1,331	1,371	1,412	1,455	1,498
Amortization of advanced fees	2,536	2,534	2,698	2,798	3,069
Net assets released from restriction	189	189	189	189	189
Other	54	8	8	8	8
Interest and dividend income	20	20	20	20	20
Total revenue	21,575	22,135	22,927	23,678	24,619
Expenses:					
Health care center	2,943	3,035	3,130	3,229	3,330
Assisted living	1,428	1,471	1,516	1,561	1,608
Memory care	614	633	652	671	691
Resident services	718	740	762	785	809
Dietary and food service	3,452	3,561	3,672	3,795	3,918
Housekeeping	1,112	1,147	1,182	1,218	1,255
Plant	2,661	2,745	2,831	2,920	3,013
General and administration	2,165	2,231	2,302	2,372	2,443
Depreciation	3,495	3,239	3,174	3,032	2,760
Interest	272	359	318	304	287
Corporate allocation - depreciation	12	9	5	3	4
Corporate allocation - all other	1,485	1,569	1,621	1,651	1,706
Total expenses	20,357	20,739	21,165	21,541	21,824
Excess of revenue over expenses	1,218	1,396	1,762	2,137	2,795
Net assets beginning of year	44,463	45,681	47,077	48,839	50,976
Net assets end of year	\$ 45,681	\$ 47,077	\$ 48,839	\$ 50,976	\$ 53,771

Cypress Glen Retirement Community Forecasted Statements of Cash Flows For the years ending September 30, 2023 through 2027 (dollars in thousands)

	 2023	 2024	2025	2026	 2027
Operating activities:					
Change in net assets	\$ 1,218	\$ 1,396	\$ 1,762	\$ 2,137	\$ 2,795
Adjustments to reconcile change in net assets					
to net cash from operating activities:					
Depreciation	3,495	3,239	3,174	3,032	2,760
Amortization of deferred financing costs	-	24	5	9	5
Amortization of advanced fees	(2,536)	(2,534)	(2,698)	(2,798)	(3,069)
Non-refundable entrance fees received	3,182	4,632	4,243	5,200	5,248
Bad debt expense	2	8	8	8	9
Net change in:					
Accounts receivable - residents and patients	(10)	(14)	(13)	(14)	(15)
Accounts receivable - other	(273)	(256)	69	(170)	(10)
Contributions receivable/(payable)	150	150	150	150	150
Due to/from related parties	(786)	(1,445)	(1,116)	(2,928)	(3,063)
Inventories	8	(2)	(2)	(2)	(2)
Prepaid expenses and other current assets	(7)	(6)	(9)	(8)	(8)
Accounts payable	159	25	25	27	29
Accrued salaries and related expenses	(16)	67	(98)	184	47
Accrued interest payable	4	6	(2)	(1)	(1)
Net cash provided by operating activities	4,590	5,290	 5,498	4,826	4,875
Investing activities:					
Purchase of property and equipment	(2,771)	(2,897)	(3,027)	(3,163)	(3,305)
Assets limited as to use	(34)	(35)	(36)	(37)	(38)
Net cash used in investing activities	(2,805)	(2,932)	(3,063)	(3,200)	(3,343)
Financing activities:					
Refunds of deposits and refundable fees	(1,628)	(2,670)	(2,435)	(2,293)	(2,197)
Refundable entrance fees received	713	1,023	938	1,150	1,160
Payments on bonds and note payable	(870)	(711)	(938)	(483)	(495)
Net cash used in financing activities	(1,785)	(2,358)	(2,435)	(1,626)	(1,532)
Change in cash	-	-	-	-	-
Cash, beginning of year	 2	 2	 2	 2	 2
Cash, end of year	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2

ASSETS Current assets: Cash Contributions receivable from UMRH Foundation, current portion Assets limited as to use - debt service, current portion Assets limited as to use - all other, current portion Accounts receivable, net	\$ 1 49 835 11 2,293 965 103,881 83	\$	1 49 825 11	\$	1 49	\$	1	\$	1
Cash Contributions receivable from UMRH Foundation, current portion Assets limited as to use - debt service, current portion Assets limited as to use - all other, current portion	49 835 11 2,293 965 103,881	\$	49 825	\$		\$	1	\$	1
Contributions receivable from UMRH Foundation, current portion Assets limited as to use - debt service, current portion Assets limited as to use - all other, current portion	49 835 11 2,293 965 103,881	\$	49 825	\$		\$	1	\$	1
UMRH Foundation, current portion Assets limited as to use - debt service, current portion Assets limited as to use - all other, current portion	835 11 2,293 965 103,881		825		49				
Assets limited as to use - debt service, current portion Assets limited as to use - all other, current portion	835 11 2,293 965 103,881		825		49				
Assets limited as to use - all other, current portion	11 2,293 965 103,881						49		49
•	2,293 965 103,881		11		634		616		616
Accounts receivable, net	965 103,881				11		11		11
	103,881		2,556		2,548		2,640		2,735
Other receivables	,		2,245		1,443		1,509		1,587
Due from related parties	0.2		86,455		92,750		99,268		106,908
Inventories			86		88		91		94
Prepaid expenses and other current assets	667		777		799		822		844
Total current assets	108,785		93,005		98,323		105,007		112,845
Assets limited as to use:									
Assets limited as to use - statutory operating reserve	10,217		11,908		12,117		12,599		12,984
Assets limited as to use - debt service, net of current portion	2,202		2,202		2,202		2,202		2,202
Assets limited as to use - all other, net of current portion	234		234		234		234		234
current portion	12,653	_	14,344		14,553		15,035		15,420
Property and equipment, net	158,426		181,042		175,673		171,089		167,271
Other assets:									
Interest rate swap agreement	7,611		7,611		7,611		7,611		7,611
Contributions receivable from	,		•		*		,		,
UMRH Foundation, net of current portion	2,976		2,976		2,976		2,976		2,976
Deferred costs, net	81		170		151		132		113
,	10,668	_	10,757		10,738		10,719		10,700
Total assets	\$ 290,532	\$	299,148	\$	299,287	\$	301,850	\$	306,236
LIABILITIES AND NET ASSETS									
Current liabilities:									
Bonds payable, current portion	\$ 5,390	\$	4,090	\$	4,948	\$	5,137	\$	5,297
Accounts payable	2,775	·	2,860	·	2,950	·	3,042	,	3,140
Accrued salaries and related expenses	725		910		726		1,059		1,137
Accrued interest payable	1,726		994		887		876		862
Insurance regulation - statutory operating reserve	10,217		11,908		12,117		12,599		12,984
Total current liabilities	20,833	_	20,762		21,628		22,713		23,420
Long-term liabilities:									
Bonds payable, less current portion	134,656		130,481		125,417		119,908		114,210
Liability for refundable advanced fees	8,341		8,147		7,927		7,833		7,847
Deferred revenue for non-refundable advanced fees	58,790		72,828		75,158		78,132		81,687
Fund held for others	5		5		5		5		5
Total long-term liabilities	201,792	_	211,461		208,507		205,878		203,749
Total liabilities	222,625		232,223		230,135		228,591		227,169
Net assets:									
Net assets without donor restrictions	64,875		63,893		66,120		70,227		76,035
Net assets with donor restrictions	3,032		3,032		3,032		3,032		3,032
Total net assets	67,907		66,925		69,152		73,259		79,067
Total liabilities and net assets	\$ 290,532	\$	299,148	\$	299,287	\$	301,850	\$	306,236

Croasdaile Village Retirement Community Forecasted Statements of Operations and Changes in Net Assets For the years ending September 30, 2023 through 2027 (dollars in thousands)

	2023	2024	2025	2026	2027
Revenue:					
Net resident services, apartments	\$ 21,888	\$ 26,272	\$ 27,309	\$ 28,361	\$ 29,437
Net resident services, health care center	13,610	14,000	14,404	14,823	15,257
Net resident services, assisted living	5,027	5,228	5,437	5,655	5,881
Net resident services, memory care	1,833	1,907	1,983	2,062	2,145
Net resident services, home care	2,324	2,417	2,514	2,615	2,719
Amortization of advanced fees	6,700	7,075	8,823	9,163	9,581
Net assets released from restriction	399	399	399	399	399
Other	63	2	2	2	2
Interest and dividend income	27	27	27	27	27
Total revenue	51,871	57,327	60,898	63,107	65,448
Expenses:					
Health care center	9,674	9,964	10,263	10,571	10,888
Assisted living	1,274	1,312	1,351	1,392	1,434
Memory care	857	883	910	937	965
Home care	2,223	2,289	2,358	2,429	2,502
Resident services	2,057	2,147	2,212	2,278	2,347
Dietary and food service	8,303	8,565	8,839	9,116	9,401
Housekeeping	2,715	3,217	3,322	3,426	3,529
Laundry	223	1,021	1,041	1,059	1,080
Plant	4,170	4,753	4,905	5,057	5,209
General and administration	4,250	4,623	4,763	4,911	5,059
Depreciation	10,394	11,228	10,448	9,891	9,365
Interest	2,712	4,574	4,415	4,024	3,823
Corporate allocation - depreciation	27	22	11	8	10
Corporate allocation - all other	3,517	3,711	3,833	3,901	4,028
Total expenses	52,396	58,309	58,671	59,000	59,640
Excess (deficiency) of revenue over expenses					
and change in net assets	(525)	(982)	2,227	4,107	5,808
Net assets beginning of year	68,432	67,907	66,925	69,152	73,259
Net assets end of year	\$ 67,907	\$ 66,925	\$ 69,152	\$ 73,259	\$ 79,067

Croasdaile Village Retirement Community Forecasted Statements of Cash Flows For the years ending September 30, 2023 through 2027 (dollars in thousands)

		2023	2024	2025		2026	2027
Operating activities:							
Change in net assets	\$	(525)	\$ (982)	\$ 2,227	\$	4,107	\$ 5,808
Adjustments to reconcile change in net assets							
to net cash from operating activities:							
Depreciation		10,394	11,228	10,448		9,891	9,365
Amortization of deferred financing costs		-	64	33		101	88
Amortization of bond premium		-	(149)	(149)		(473)	(489)
Amortization of advanced fees		(6,700)	(7,075)	(8,823)		(9,163)	(9,581)
Non-refundable entrance fees received		9,188	24,386	15,686		16,545	17,537
Bad debt expense		79	243	242		251	260
Net change in:							
Accounts receivable - residents and patients		(185)	(506)	(234)		(343)	(355)
Accounts receivable - other		(66)	(1,280)	802		(66)	(78)
Due to/from related parties		(17,675)	17,426	(6,295)		(6,518)	(7,640)
Inventories		(2)	(3)	(2)		(3)	(3)
Prepaid expenses and other current assets		(19)	(110)	(22)		(23)	(22)
Accounts payable		233	85	90		92	98
Accrued salaries and related expenses		(16)	185	(185)		333	78
Accrued interest payable	_	(953)	 (732)	 (107)	_	(11)	 (14)
Net cash provided by (used in) operating activities		(6,247)	 42,780	13,711		14,720	 15,052
Investing activities:							
Purchase of property and equipment		(4,360)	(33,825)	(5,060)		(5,288)	(5,528)
Assets limited as to use		16,145	 10	 192		18	 <u> </u>
Net cash provided by (used in) investing activities		11,785	 (33,815)	 (4,868)		(5,270)	 (5,528)
Financing activities:							
Refunds of deposits and refundable fees		(1,239)	(4,223)	(5,217)		(4,989)	(4,903)
Refundable entrance fees received		294	756	464		487	516
Payments on bonds and note payable		(4,593)	(5,390)	(4,090)		(4,948)	(5,137)
Deferred financing costs			 (108)	 			
Net cash used in financing activities		(5,538)	 (8,965)	(8,843)		(9,450)	(9,524)
Change in cash		-	-	-		-	-
Cash, beginning of year		1_	 1_	 1_		1_	 1_
Cash, end of year	\$	1	\$ 1	\$ 1	\$	1	\$ 1

				Cypress Glen (expansion only)	Croasdaile Village	Croasdaile Village (expansion only)		
	Corporate 2023	Wesley Pines 2023	Cypress Glen 2023	2023	2023	2023	Eliminations 2023	2023
ASSETS								
Current assets: Cash	23,424,992	400	2,260		550			23,428,202
Contributions receivable, current portion	23,424,992	35,403	2,498,583	-	49,007	-	-	2,582,992
Investments	98,587,478	-	-,, -	-	-	-	(16,927,253)	81,660,225
Assets limited as to use - debt service, current portion	-	-	-	-	835,353	-	-	835,353
Assets limited as to use - future construction, current portion	- 28	15,668	- 264,178	-	10.813	-	-	290.687
Assets limited as to use - all other, current portion Accounts receivable, net of allowance for uncollectible accounts	- 20	737,050	204,176 171,070	-	2,292,673	-	-	3,200,793
Other receivables	3,200	14,422	613,409	-	964,840	-	-	1,595,871
Due from related parties	2,515,649	-	33,750,097	-	103,880,653	-	(139,945,508)	200,891
Inventories	-	34,727	53,268	-	83,266	-	-	171,261
Prepaid expenses and other current assets	156,654	136,548	286,558		666,669			1,246,429
Total current assets	124,688,001	974,218	37,639,422		108,783,824		(156,872,761)	115,212,704
Non-current assets:								
Assets limited as to use - statutory operating reserve	-	2,565,551	4,144,521	-	10,217,181	-	-	16,927,253
Assets limited as to use - debt service, net of current portion	-	-	1,211,259	-	2,202,295	-	-	3,413,553
Assets limited as to use - all other, net of current portion Assets held for resale	674,525	-	1,396,082		234,120	-		2,304,727
Property and equipment, net	113,979	11,572,948	39,363,176	-	156,450,159	-	-	207,500,262
Contributions receivable, net of current portion	-	594,981	2,768,779	-	2,976,390	-	-	6,340,150
Deferred costs, net	-	-	6,087	-	80,923	-	-	87,010
Investment in Wesley Ridge	75,494							75,494
Total non-current assets	863,998	14,733,481	48,889,903		172,161,067			236,648,448
Total assets	125,551,998	15,707,699	86,529,325		280,944,892		(156,872,761)	351,861,152
LIABILITIES AND NET ASSETS								
Current liabilities:								
Bonds payable, current portion	-	297,000	711,000	-	4,402,000	-	-	5,410,000
Accounts payable	680,693	393,642	751,126	-	2,775,538	-	-	4,600,999
Accrued salaries and related expenses Accrued interest payable	502,997	343,936 12,411	566,929 22,356	-	726,208 737,663	-	-	2,140,070 772,431
Insurance regulation - statutory operating reserve	-	2,565,551	4,144,521	-	10,217,181	-	(16,927,253)	
Due to related parties	137,630,750	2,314,758					(139,945,508)	
Total access A Habilities	400.044.440	5 007 000	0.405.000		10.050.500		(450.070.704)	10 000 500
Total current liabilities	138,814,440	5,927,298	6,195,932		18,858,590		(156,872,761)	12,923,500
Long-term liabilities:								
Bonds payable, less current portion	-	7,471,638	12,790,710	-	134,655,561	-	-	154,917,909
Liability for refundable advance fees	-	48,223	6,518,342	-	8,340,641	-	-	14,907,205
Deferred revenue from non-refundable advance fees Due to related parties	-	1,594,451	17,004,277	-	58,789,637	-	-	77,388,364
Funds held for others	-	14,354	128,819	-	4,641	-	-	147,813
Interest rate swap agreement		(1,040,527)	(1,790,857)		(7,610,824)			(10,442,208)
Total long-term liabilities	-	8,088,137	34,651,290	-	194,179,656	-	-	236,919,083
Total liabilities	138,814,440	14.015.435	40,847,222		213,038,247		(156,872,761)	249,842,583
rotar nabilities	130,014,440	14,013,435	40,041,222		213,030,247		(130,072,701)	249,042,003
Net assets:								
Unrestricted	(13,936,995)	1,060,564	38,917,352	-	64,875,077	-	-	90,915,998
Temporarily restricted Permanently restricted	28 674,525	409,506 222,193	4,885,701 1,879,051	-	1,205,541 1,826,027	-	-	6,500,776 4,601,796
i Gillandiay idsulcted	074,525	222,193	1,019,051		1,020,027			4,001,790
Total net assets	(13,262,442)	1,692,263	45,682,103		67,906,645			102,018,569
Total liabilities and net assets	125,551,998	15,707,699	86,529,325		280,944,892		(156,872,761)	351,861,152

The United Methodist Retirement Homes, Incorporated Operating Reserve Calculation by Fiscal Year

		Wesley	Cypress	Cypress Glen (expansion	Croasdaile	Croasdaile Village
_	Corporate	Pines	Glen	only)	Village	(expansion only)
Operating expenses:	- •					
Health care center	-	4,482,099	2,942,617	-	9,673,652	-
Assisted living	-	440,082	1,428,470	-	1,273,682	-
Memory care	-	-	614,020	-	857,322	-
Home care	-	-	-	-	2,222,771	-
Resident services	-	160,146	717,864	-	2,056,637	-
Dietary and food services	-	1,627,599	3,451,639	-	8,304,842	-
Housekeeping	-	529,288	1,112,481	-	2,714,947	-
Laundry	-	-	-	-	222,701	-
Plant	-	806,709	2,660,672	-	4,170,060	-
General and administration	5,879,378	866,078	2,165,191	-	4,249,980	-
Depreciation and amortization	45,675	640,000	3,494,880	-	10,393,680	-
Interest	-	151,000	272,000	-	2,712,238	-
Corporate allocation - depreciation	(45,675)	6,815	11,538	-	27,322	-
Corporate allocation - all other	(5,879,378)	877,203	1,485,131		3,517,044	-
Total operating expenses	-	10,587,019	20,356,503	-	52,396,878	-
Plus:						
Principal payments	+	322,000	870,000		4,593,000	<u>-</u> _
Subtotal		10,909,019	21,226,503	-	56,989,878	_
Less:						
Depreciation and amortization	-	(646,815)	(3,506,418)	-	(10,421,002)	-
Debt service portion provided by separate reserve						
account (as of 9/30 of PYE)	- <u>-</u>	<u> </u>	(1,142,000)	<u>-</u>	(5,700,154)	
Total operating costs	=	10,262,204	16,578,085	-	40,868,722	-
Occupancy factor (see subsection C)*	X	25%	25%	25%	25%	25%
Operating reserve requirement	=	2,565,551	4,144,521		10,217,181	

The United Methodist Retirement Homes, Incorporated Operating Reserve Calculation by Fiscal Year

Occupancy factor (see subsection C)*

		Wesley	Cypress	Cypress Glen (expansion	Croasdaile	Croasdaile Village
	Corporate	Pines	Glen	only)	Village	(expansion only)
Operating expenses:						
Health care center	-	4,616,562	3,034,956	-	9,963,861	-
Assisted living	-	453,285	1,471,487	_	1,311,892	-
Memory care	-	-	632,533	_	883,042	-
Home care	-	-	-	-	2,289,453	-
Resident services	-	164,950	739,682	-	2,118,336	28,346
Dietary and food services	-	1,676,427	3,561,863	-	8,566,652	- · · · · · · · · · · · · · · · · · · ·
Housekeeping	-	545,167	1,146,551	-	2,796,396	420,542
Laundry	-	-	-	-	229,382	-
Plant	-	830,911	2,744,580	-	4,295,162	458,115
General and administration	6,205,167	891,623	2,231,949	-	4,377,480	244,332
Depreciation and amortization	36,464	609,966	3,238,812	-	9,606,793	1,620,843
Interest	-	196,507	359,305	-	4,573,763	-
Corporate allocation - depreciation	(36,464)	5,437	9,218	-	21,809	-
Corporate allocation - all other	(6, 205, 167)	925,190	1,568,666		3,711,311	<u> </u>
Total operating expenses Plus:	-	10,916,025	20,739,602	-	54,745,333	2,772,178
Principal payments	+	297,000	711,000		4,402,000	
Subtotal		11,213,025	21,450,602	-	59,147,333	2,772,178
Less:						
Depreciation and amortization	-	(615,403)	(3, 248, 030)	-	(9,628,602)	(1,620,843)
Debt service portion provided by separate reserve account (as of 9/30 of PYE)	_	_	(1,070,305)	_	(3,037,648)	_
Total operating costs	<u> </u>	10,597,622	17,132,267		46,481,083	1,151,335
, ·	- 			-		
Occupancy factor (see subsection C)*	X	25%	25%	25%	25%	25%
Operating reserve requirement	= <u> </u>	2,649,406	4,283,067		11,620,271	287,834
		Wesley	Cypress	Cypress Glen (expansion	Croasdaile	Croasdaile Village
_	Corporate	Pines	Glen	only)	Village	(expansion only)
Operating expenses:						
Health care center						
	-	4,755,059	3,130,225	-	10,262,776	-
Assisted living	-	4,755,059 466,884	1,515,800	-	1,351,249	-
Assisted living Memory care	- - -			- - -	1,351,249 909,533	
Assisted living Memory care Home care	· · ·	466,884 - -	1,515,800 651,606 -	- - - -	1,351,249 909,533 2,358,137	:
Assisted living Memory care Home care Resident services	- - - -	466,884 - - - 169,899	1,515,800 651,606 - 762,164	:	1,351,249 909,533 2,358,137 2,181,886	- - - 29,763
Assisted living Memory care Home care Resident services Dietary and food services	- - - - -	466,884 - - 169,899 1,726,720	1,515,800 651,606 - 762,164 3,675,627	: : : :	1,351,249 909,533 2,358,137 2,181,886 8,836,760	•
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping	- - - - - -	466,884 - - 169,899 1,726,720 561,522	1,515,800 651,606 - 762,164 3,675,627 1,181,668		1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288	- - - 29,763 - 441,569
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry	- - - - - - -	466,884 - - 169,899 1,726,720 561,522 -	1,515,800 651,606 - 762,164 3,675,627 1,181,668		1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263	- 441,569 -
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant	- - - - - - -	466,884 - - 169,899 1,726,720 561,522 - 855,838	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149		1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017	441,569 - 481,021
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration	6,409,410	466,884 - - 169,899 1,726,720 561,522 - 855,838 917,922	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785	- - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805	441,569 - 481,021 256,548
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization	- - - - - - - 6,409,410 18,556	466,884 - 169,899 1,726,720 561,522 - 855,838 917,922 592,206	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883		1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346	441,569 - 481,021
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization	18,556 -	466,884 - 169,899 1,726,720 561,522 - 855,838 917,922 592,206 185,578	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071		1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079	441,569 - 481,021 256,548
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation	18,556 - (18,556)	466,884 - 169,899 1,726,720 561,522 - 855,838 917,922 592,206 185,578 2,765	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693		1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098	441,569 - 481,021 256,548
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other	18,556 -	466,884 - 169,899 1,726,720 561,522 - 855,638 917,922 592,206 185,578 2,765 955,002	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693 1,620,940	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468	441,569 - 481,021 256,548 1,635,779
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation	18,556 - (18,556)	466,884 - 169,899 1,726,720 561,522 - 855,838 917,922 592,206 185,578 2,765 955,002 11,189,395	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693 1,620,940 21,166,610	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468 55,021,706	441,569 - 481,021 256,548
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses	18,556 - (18,556)	466,884 - 169,899 1,726,720 561,522 - 855,638 917,922 592,206 185,578 2,765 955,002	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693 1,620,940	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468	441,569 - 481,021 256,548 1,635,779
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus: Principal payments Subtotal	18,556 - (18,556)	466,884 - 169,899 1,726,720 561,522 - 855,838 917,922 592,206 185,578 2,765 955,002 11,189,395	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693 1,620,940 21,166,610	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468 55,021,706	441,569 - 481,021 256,548 1,635,779
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus: Principal payments Subtotal Less:	18,556 - (18,556)	466,884	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693 1,620,940 21,166,610 937,000 22,103,610	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468 55,021,706 4,090,000 59,111,706	441,569
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus: Principal payments Subtotal Less: Depreciation and amortization	18,556 - (18,556)	466,884 - 169,899 1,726,720 561,522 - 855,838 917,922 592,206 185,578 2,765 955,002 11,189,395 538,000	1,515,800 651,606 	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468 55,021,706	441,569
Assisted living Memory care Home care Resident services Dietary and food services Housekeeping Laundry Plant General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus: Principal payments Subtotal Less:	18,556 - (18,556)	466,884	1,515,800 651,606 - 762,164 3,675,627 1,181,668 - 2,831,149 2,300,785 3,173,883 318,071 4,693 1,620,940 21,166,610 937,000 22,103,610	- - - - - - - - - - - - - - - - - - -	1,351,249 909,533 2,358,137 2,181,886 8,836,760 2,880,288 236,263 4,424,017 4,508,805 8,812,346 4,415,079 11,098 3,833,468 55,021,706 4,090,000 59,111,706	- 441,569 - 481,021 256,548 1,635,779 2,844,680

25%

25%

25%

25%

25%

X

 Operating reserve requirement
 =
 2,783,106
 4,428,444
 11,815,143
 302,225

The United Methodist Retirement Homes, Incorporated Operating Reserve Calculation by Fiscal Year

account (as of 9/30 of PYE)

Total operating costs

Occupancy factor (see subsection C)*

		Wesley	Cypress	Cypress Glen (expansion	Croasdaile	Croasdaile Village
	Corporate	Pines	Glen	only)	Village	(expansion only)
Operating expenses:						
Health care center	-	4,897,710	3,228,518	-	10,570,659	-
Assisted living	-	480,891	1,561,449	-	1,391,786	-
Memory care	-	-	671,253	-	936,819	-
Home care	-	-	-	-	2,428,881	-
Resident services	-	174,996	785,331	-	2,247,342	30,953
Dietary and food services	-	1,778,521	3,793,047	-	9,115,429	-
Housekeeping	<u>-</u>	578,368	1,217,864	<u>-</u>	2,966,697	459,232
Laundry	<u>-</u>	-	-,,	<u>-</u>	243,351	
Plant	_	881.514	2.920.462	_	4.556.738	500.262
General and administration	6,523,299	944,999	2,371,765	_	4,644,069	266,810
Depreciation and amortization	13,626	595,859	3,031,815	_	8,239,897	1,651,462
Interest	-	177,260	303,673	_	4,024,416	1,001,101
Corporate allocation - depreciation	(13,626)	2,029	3,449	_	8,148	
Corporate allocation - depreciation Corporate allocation - all other	(6,523,299)	971,319	1,651,047	-	3,900,933	
	(0,323,299)					
Total operating expenses	-	11,483,466	21,539,673	-	55,275,166	2,908,719
Plus:		000 000	100 000		4 0 40 000	
Principal payments	+	289,000	483,000		4,948,000	
Subtotal		11,772,466	22,022,673	-	60, 223, 166	2,908,719
Less:						
Depreciation and amortization	-	(597,888)	(3,035,264)	-	(8, 248, 045)	(1,651,462
Debt service portion provided by separate reserve						
account (as of 9/30 of PYE)	<u> </u>	<u> </u>	(786, 673)		(2,835,845)	-
Total operating costs	=	11,174,578	18,200,736	-	49,139,276	1,257,257
Occupancy factor (see subsection C)*	X	25%	25%	25%	25%	25%
Operating reserve requirement	=	2,793,645	4,550,184		12,284,819	314,314
		Markey	Q	O	Our en de la	Over a salatta Millana
		Wesley	Cypress	Cypress Glen (expansion	Croasdaile	Croasdaile Village
	Corporate	Pines	Glen	only)	Village	(expansion only)
perating expenses:						
Health care center	-	5,044,642	3,329,932	-	10,887,778	-
Assisted living	-	495,317	1,608,474	-	1,433,540	-
Memory care	-	-	691,494	-	964,923	-
Home care	-	-	-	-	2,501,747	-
Resident services	-	180,246	809,203	-	2,314,763	31,882
Dietary and food services	-	1,831,876	3,914,238	-	9,402,934	-
Housekeeping	-	595,719	1,255,171	-	3,055,697	473,009
Laundry	-	-	-	-	250,652	-
Plant	-	907,959	3,012,609	-	4,693,440	515,270
riait	6,737,332	972,877	2,444,957	-	4,783,391	274,814
General and administration	0,737,332		2,760,333	-	7,697,433	1,667,929
	16,489	606,465	2,700,333			
General and administration Depreciation and amortization				-	4.024.416	_
General and administration Depreciation and amortization Interest	16,489 -	177,260	303,673	-	4,024,416 9,859	-
General and administration Depreciation and amortization				- - -	4,024,416 9,859 4,028,273	- - -
General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses	16,489 - (16,489)	177,260 2,454	303,673 4,176		9,859	- -
General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus:	16,489 - (16,489)	177,260 2,454 1,002,711 11,817,526	303,673 4,176 1,706,348 21,840,608	<u> </u>	9,859 4,028,273 56,048,846	-
General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses	16,489 - (16,489)	177,260 2,454 1,002,711	303,673 4,176 1,706,348	<u> </u>	9,859 4,028,273	-
General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus:	16,489 - (16,489)	177,260 2,454 1,002,711 11,817,526	303,673 4,176 1,706,348 21,840,608		9,859 4,028,273 56,048,846	- - 2,962,904
General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus: Principal payments	16,489 - (16,489)	177,260 2,454 1,002,711 11,817,526 289,000	303,673 4,176 1,706,348 21,840,608 494,000		9,859 4,028,273 56,048,846 5,137,000	2,962,904 - 2,962,904
General and administration Depreciation and amortization Interest Corporate allocation - depreciation Corporate allocation - all other Total operating expenses Plus: Principal payments Subtotal	16,489 - (16,489)	177,260 2,454 1,002,711 11,817,526 289,000	303,673 4,176 1,706,348 21,840,608 494,000		9,859 4,028,273 56,048,846 5,137,000	- - 2,962,904

11,497,607

25%

(797,673)

25%

18,772,426

(2,835,845)

25%

1,294,975

25%

50,642,710

25%

 Operating reserve requirement
 =
 2,874,402
 4,693,107
 12,660,677
 323,744

17,098,368 3,142,234 1,471,342 2,222,771 2,934,647 13,384,080 4,356,716 222,701 7,637,441 13,160,627 14,574,235 3,135,238 --83,340,400 5,785,000 89,125,400

(14,574,235) (6,842,154) 67,709,011

16,927,253

2023

2024 17,615,379 3,236,664 1,515,575 2,289,453 3,051,314 13,804,942 4,908,656 229,382 8,328,768 13,950,551 15,112,878 5,129,575 89,173,138 5,410,000 94,583,138 (15,112,878) (4,107,953) 75,362,307 18,840,578 2025 18,148,060 3,333,933 1,561,139

2026 18,696,887 3,434,126 1,608,072 2,428,881 3,238,622 14,686,997 5,222,161 243,351 8,858,976 14,750,942 13,532,659 4,505,349 91,207,023 5,720,000 96,927,023 (13,532,659) (3,622,518) 79,771,847 19,942,962 2027 19,262,352 3,537,331 1,656,417

2,501,747 3,336,094 15,149,048 5,379,596 250,652 9,129,278 15,213,371 12,748,649 4,505,349

92,669,884 5,920,000 98,589,884 (12,748,649) (3,633,518) 82,207,718

ATTACHMENT 3

Interim Unaudited Financial Statements of

The United Methodist Retirement Homes, Incorporated Includes

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

The United Methodist Retirement Homes, Inc., and Affiliate Consolidated Balance Sheet Information December 31, 2022

	Current month	Prior month	Variance	Prior year end	Variance
ASSETS				-	_
Current assets:					
Cash	5,202,374	5,189,409	12,965	5,867,734	(665,359)
Contributions receivable, current portion	2,412	2,412		2,412	
Investments	84,200,567 995,904	87,578,445 788,451	(3,377,877) 207,453	81,293,248 1,957,427	2,907,320
Assets limited as to use - debt service, current portion Assets limited as to use - all other, current portion	995,904 276,152	452,798	(176,646)	1,957,427	(961,523) (14,535)
Accounts receivable, net of allowance for uncollectible accounts	3.396.083	3.504.478	(108,395)	3.127.429	268.654
Other receivables	938,903	773,779	165,124	1,291,459	(352,556)
Due from related parties	(0)	-	(0)	-	(0)
Inventories	206,179	206,146	33	177,214	28,965
Prepaid expenses and other current assets	963,349	1,059,966	(96,617)	1,212,085	(248,737)
Total current assets	96,181,923	99,555,884	(3,373,961)	95,219,696	962,228
Non-current assets:					
Assets limited as to use - statutory operating reserve	17,026,903	15,627,967	1,398,936	15,627,967	1,398,936
Assets limited as to use - debt service, net of current portion	16,020,460	17,326,839	(1,306,379)	4,093,788	11,926,672
Assets limited as to use - all other, net of current portion	5,589,450	5,669,963	(80,513)	19,608,253	(14,018,803)
Investments - restricted	8,273,462	8,555,944	(282,482)	7,792,997	480,465
Assets held for resale	206,429	206,338	91	197,103	9,325
Property and equipment, net	215,681,393	215,847,244	(165,851)	214,309,967	1,371,426
Trusts receivable Deferred costs, net	119,596 97,930	119,596 99,143	(1,213)	119,596 101,570	(3,639)
Investment in Wesley Ridge	86,168	75,494	10,674	75,494	10,674
Interest rate swap agreement	10,442,208	10,442,208	-	10,442,208	-
Total non-current assets	273,544,000	273,970,738	(426,738)	272,368,944	1,175,056
Total assets	369,725,923	373,526,622	(3,800,699)	367,588,640	2,137,284
LIABILITIES AND NET ASSETS					
Current liabilities:					
Annuity payable, current portion	81,501 5.610.000	81,501 5.630.000	20.000	81,501 5.785.000	175.000
Bonds payable, current portion Accounts payable	2,054,035	3,436,186	1,382,151	4,120,052	2,066,017
Accounts payable Accrued salaries and related expenses	3,153,744	2,996,070	(157,674)	2,152,750	(1,000,995)
Accrued interest payable	471,431	534,633	63,203	1,719,639	1,248,208
Total current liabilities	11,370,712	12,678,391	1,307,679	13,858,942	2,488,231
Long-term liabilities:					
Annuity payable, less current portion	425,905	437,581	11,676	439,946	14,041
Bonds payable, less current portion	158,878,360	159.329.876	451,516	160.327.909	1.449.549
Liability for refundable advance fees	15,326,706	14.966.775	(359,931)	14.737.848	(588,857)
Deferred revenue from non-refundable advance fees	76,626,269	76,623,038	(3,231)	76,325,122	(301,148)
Deferred revenue - other	113,181	115,514	2,333	120,181	7,000
Funds held for others	82,565	109,006	26,441	147,813	65,248
Total long-term liabilities	251,524,363	251,653,168	128,804	252,170,195	645,832
Total liabilities	262,895,075	264,331,559	1,436,483	266,029,138	3,134,062
Net assets:					
Unrestricted	93.610.470	95.473.160	1.862.690	89,211,109	(4,399,361)
Temporarily restricted	8,039,599	8,571,229	531,630	7,223,552	(816,047)
Permanently restricted	5,180,779	5,150,674	(30,105)	5,124,841	(55,938)
Total net assets	106,830,848	109,195,063	2,364,216	101,559,502	(5,271,346)
Total liabilities and net assets	369,725,923	373,526,622	3,800,699	367,588,640	(2,137,284)
	-	-	(0.00)	-	(0.00)

CURRENT YTD Budget Actual Variance Budget Actual Variance Unrestricted revenues, gains and other support: Independent living 2,824,395 2,849,747 25,352 8,476,387 8,522,303 45,916	Annual budget 33,991,794 428,485
Unrestricted revenues, gains and other support:	33,991,794
	428,485
Clinic 36,131 41,950 5,819 107,227 125,850 18,623	
Home care 192,143 106,066 (86,077) 576,429 306,435 (269,994)	2,324,361
Assisted living 851,288 850,038 (1,250) 2,530,810 2,525,194 (5,617)	10,146,302
Memory care 263,353 254,697 (8,656) 781,444 784,823 3,379 Health center 1,917,559 2,249,393 331,834 5,705,955 6,536,377 830,422	3,164,790 22,883,089
Healin Center 1,377,599 2,249,393 331,834 3,703,995 0,306,377 830,422 Net assets released from restriction 477,274 152,675 (324,599) 503,872 353,128 (150,744)	667,789
Other 5,372 3,458 (1,914) 16,116 6,896 (9,220)	64,450
Interest and dividend income 154,465 1,413,564 1,259,099 463,395 1,751,008 1,287,613	1,853,578
Total unrestricted revenues, gains and other support 6,721,980 7,921,589 1,199,609 19,161,635 20,912,013 1,750,378	75,524,638
Expenses: Health center 1,415,867 1,639,802 (223,935) 4,091,161 4,615,003 (523,842)	16,245,482
Assisted living 274,037 337,673 (63,636) 809,211 846,913 (37,702)	3,142,234
Memory care 132,334 170,955 (38,621) 373,948 407,230 (33,282)	1,471,342
Dietary and food services 1,117,299 1,319,324 (202,025) 3,342,551 3,631,412 (288,861) Administration 1,205,099 1,177,954 27,145 3,431,929 3,316,216 115,714	13,384,080 13,232,427
Plant operations and maintenance 664,719 634,998 29,721 1,918,086 1,893,453 24,633	7,637,441
Environmental services 409,090 382,978 26,112 1,120,297 1,157,237 (36,940)	4,356,716
Laundry 22,260 16,784 5,476 58,272 57,750 522	222,701
Resident services 267,406 267,764 (358) 748,265 738,611 9,654	2,934,647
Clinic 74,497 79,442 (4,945) 214,284 225,543 (11,259)	852,886
Home care 232,008 160,857 71,151 593,836 512,368 81,468	2,222,771
Total expenses 5,814,616 6,188,532 (373,916) 16,701,840 17,401,734 (699,894)	65,702,727
Operating income (loss) 907,364 1,733,057 825,693 2,459,795 3,510,279 1,050,484	9,821,911
Non-operating gains (losses):	
Amortization of advance fees 792,583 1,042,637 250,054 2,377,749 2,629,467 251,718	9,511,000
Interest and dividend income	-
Net investment gain, realized - - 234,569 234,569 Net investment gain, unrealized - (3,399,346) - 2,337,555 2,337,555	
Interest (261,270) (50,397) (783,810) (713,389) 70,421	(3,135,238)
Depreciation and amortization (1,214,520) (959,648) 254,872 (3,643,560) (3,576,826) 66,734	(14,574,235)
Gain/(loss) on disposal of property and equipment - 500 500 - (40,007) (40,007) Contributions - 2,490 2,490 - 5,744 5,744	-
Collibrations - 2,490 2,490 - 3,744 3,744 Loss on extinguishment of debt	
Construction related marketing costs	-
Change in fair value of interest rate swap agreement	-
Other - 1,106 1,106 - 11,969 11,969 Net non-operating gains (losses) (683,207) (3,362,658) (2,679,451) (2,049,621) 889,082 2,938,703	(8,198,473)
Excess of revenues, gains and other support over expenses 224,157 (1,629,600) (1,853,757) 410,174 4,399,361 3,989,187	1,623,438
Net assets released from restrictions for purchase of property and equipment	
Change in unrestricted net assets 224,157 (1,629,600) (1,853,757) 410,174 4,399,361 3,989,187	1,623,438
	, , , , , , ,
Change in temporarily restricted net assets:	
Contributions - 9,447 9,447 - 592,225 592,225 Interest and dividend income - 191,867 191,867 - 201,770	
Investment gain (loss) - (579,999) - 363,093 363,093	
Change in split interest agreement - (2,603) (2,603) - 5,088 5,088	-
Change in value of pledges	-
Net assets released from restriction - (150,342) (150,342) - (346,128) (346,128)	- 1
Change in temporarily restricted net assets - (531,630) (531,630) - 816,047 816,047	
Change in permanently restricted net assets:	
Contributions - 2,195 2,195 - 13,922 13,922	-
Interest and dividend income	-
Investment gain (loss)	
Change in value of pledges	-
Recovery of bad debt, net (bad debt expense)	-
Net assets released from restriction -	
Change in net assets 224,157 (2,131,126) (2,355,283) 410,174 5,271,346 4,861,172	1,623,438
Net assets, beginning of year (501,525) (501,525) - 484,611 484,611 -	
Net assets, end of year (277,368) (2,632,651) (2,355,283) 894,785 5,755,957 4,861,172	1,623,438

The United Methodist Retirement Homes, Inc., and Affiliate Consolidated Statements of Cash Flows December 31, 2022

Change in net assets 5,271,346 Adjustments to reconcile change in net assets to net 3,576,826 Adjustments to reconcile change in net assets to net 3,576,826 Depreciation and amortization 3,576,826 Amortization of deferred financing costs 1,004 Amortization of deferred marketing costs (50,583) Amortization of deferred revenue from advance fees (2,629,467) Non-refundable entrance fees received 3,254,655 Bad debt expense 11,979 Loss on disposal of property and equipment 40,077 Loss on early extinguishment of debt - Change in fair value of swap agreement - Net change in: - Accounts receivable - residents and patients (280,633) Accounts receivable - other 12,2118 Investments/insurance regulation (3,387,785) Assets limited as to use (20,965) Agsets limited as to use (20,965) Tusts receivable 0 Due toffrom related parties (20,965) Inventories (28,965) Prepaid expenses and other current assets	Cash flow from operating activities:	
Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation and amortization 3,576,826	. •	5 271 346
Cash provided by operating activities: Depreciation and amortization 3,576,826	· · · · · · · · · · · · · · · · · · ·	0,27 1,040
Depreciation and amortization		
Amortization of deferred financing costs		3 576 826
Amortization of deferred marketing costs		
Amortization of bond premium Amortization of deferred revenue from advance fees Amortization of deferred revenue from advance fees Bad debt expense Bad debt expense Loss on disposal of property and equipment Loss on early extinguishment of debt Change in fair value of swap agreement Net change in: Accounts receivable - residents and patients Accounts receivable - other Investments/insurance regulation Assets limited as to use Insultable previous Basic Preparation Contributions receivable Contributions receivable Contributions receivable Contributions receivable Contributions receivable Contributions receivable Inventories		
Amortization of deferred revenue from advance fees		•
Non-refundable entrance fees received		, ,
Bad debt expense 11,979 Loss on disposal of property and equipment 40,007 Loss on early extinguishment of debt - Change in fair value of swap agreement - Net change in: (280,633) Accounts receivable - residents and patients (280,633) Accounts receivable - other 122,118 Investments/insurance regulation (3,387,785) Assets limited as to use 1,669,254 Trusts receivable (0) Due to driftom related parties - Inventories (28,965) Prepaid expenses and other current assets (28,965) Prepaid expenses and othe		
Loss on disposal of property and equipment 40,007 Loss on early extinguishment of debt - Change in fair value of swap agreement - Net change in: (280,633) Accounts receivable - residents and patients (280,633) Accounts receivable - other 122,118 Investments/insurance regulation (3,387,785) Assets limited as to use 1,669,254 Trusts receivable - Contributions receivable (2,965,175) Contributions receivable (2,965,177,34) Inventories (28,965) Prepaid expenses and other current assets (28,965) Prepaid expenses and other current assets (2,965,017) Accounts payable (2,066,017) Accounts payable (2,066,017) Accounts payable (2,066,017) Accured interest payable (1,248,208) Funds held for others (5,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities (4,984,620) Change in assets held for resale (9,325) Net cash used		
Loss on early extinguishment of debt		
Change in fair value of swap agreement		40,007
Net change in: Accounts receivable - residents and patients (280,633) Accounts receivable - other 122,118 Investments/insurance regulation (3,387,785) Assets limited as to use (1,669,254) Trusts receivable - Contributions receivable (0) Due to/from related parties - Inventories (28,965) Prepaid expenses and other current assets 248,737 Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities: (4,984,620) Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (4,993,945) Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees <td>, ,</td> <td>-</td>	, ,	-
Accounts receivable - residents and patients		-
Accounts receivable - other 122,118 Investments/insurance regulation (3,387,785) Assets limited as to use 1,669,254 Trusts receivable (0) Due toffrom related parties (28,965) Inventories (28,965) Prepaid expenses and other current assets (28,737 Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses (1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities (4,993,945) Cash flow from investing activities: Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: Refunds of deposits and refundable fees (328,086) Refunds of deposits and refundable fees (328,040) Deferred financing costs, net Proceeds from issuance of bonds Net change in annuity obligations (11,093,786) Change in cash Provided (used) by financing activities (1,093,786) Change in cash Provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		
Investments/insurance regulation		
Assets limited as to use 1,669,254 Trusts receivable - Contributions receivable (0) Due to/from related parties (28,965) Prepaid expenses and other current assets (28,965) Prepaid expenses and other current assets (28,675) Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses (1,000,995) Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities (65,248) Cash flow from investing activities: Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities Cash flow from financing activities: Refunds of deposits and refundable fees (328,086) Refunds of deposits and refundable fees (323,340) Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds Net change in annuity obligations (1,093,786) Change in cash (647,686) Change in cash (647,686)		•
Trusts receivable	Investments/insurance regulation	(3,387,785)
Contributions receivable (0) Due to/from related parties - Inventories (28,965) Prepaid expenses and other current assets 248,737 Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities: (4,984,620) Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (4,993,945) Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received (323,340) Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net cash provided (used) by financing activities	Assets limited as to use	1,669,254
Due to/from related parties 1.28,965 Inventories 228,737 Deferred marketing costs 248,737 Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrude salaries and related expenses (1,000,995 Accrude interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities (4,984,620) Cash flow from investing activities: (4,984,620) Change in assets held for resale (4,933,945) Cash flow from financing activities: (4,933,945) Cash flow from financ	Trusts receivable	-
Inventories (28,965) Prepaid expenses and other current assets 248,737 Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) (65,248) (65,248) Accrued interest payable (1,248,208) (65,248) (65,248) Accrued interest payable (1,248,208) (65,248) Accrued interest payable (1,248,208) (65,248) Accrued interest payable (1,248,208) (65,248) Accrued interest payable (4,984,620) (65,248) Accrued interest payable (4,984,620) Accrued interest payable (4,993,945) Accrued interest payable (4,993	Contributions receivable	(0)
Prepaid expenses and other current assets 248,737 Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities: (4,984,620) Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (4,993,945) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (547,686)	Due to/from related parties	= ' '
Deferred marketing costs (3,639) Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities: (4,984,620) Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (547,686)	Inventories	(28,965)
Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities: (4,984,620) Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (4,993,945) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	Prepaid expenses and other current assets	248,737
Accounts payable (2,066,017) Accrued salaries and related expenses 1,000,995 Accrued interest payable (1,248,208) Funds held for others (65,248) Net cash provided by operating activities 5,440,045 Cash flow from investing activities: (4,984,620) Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (4,993,945) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	Deferred marketing costs	(3.639)
Accrued salaries and related expenses 1,000,995	•	
Accrued interest payable Funds held for others Net cash provided by operating activities Cash flow from investing activities: Purchase of property and equipment Change in assets held for resale Cash flow from financing activities: Net cash used in investing activities (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: Refunds of deposits and refundable fees Refundable entrance fees received 823,340 Payments on bonds and note payable Deferred financing costs, net Proceeds from issuance of bonds Net change in annuity obligations (1,575,000) Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash Cash, beginning of year 5,867,734		,
Funds held for others Net cash provided by operating activities Cash flow from investing activities: Purchase of property and equipment Change in assets held for resale (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: Refunds of deposits and refundable fees Refundable entrance fees received Refundable entrance fees received Refundable in annuity obligations Net change in annuity obligations Change in cash Change in cash Cash, beginning of year 5,867,734		
Net cash provided by operating activities 5,440,045 Cash flow from investing activities: Purchase of property and equipment (4,984,620) Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: Refunds of deposits and refundable fees (328,086) Refundable entrance fees received (823,340) Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		
Cash flow from investing activities: Purchase of property and equipment Change in assets held for resale Net cash used in investing activities (4,993,945) Cash flow from financing activities: Refunds of deposits and refundable fees Refundable entrance fees received Refundable entrance fees received Refundable entrance foes received Refundable entrance foes received Refundable entrance foes received Refundable entrance fees received Refundab		
Purchase of property and equipment Change in assets held for resale (4,984,620) (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	Net cash provided by operating activities	5,440,045
Change in assets held for resale (9,325) Net cash used in investing activities (4,993,945) Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	Cash flow from investing activities:	
Net cash used in investing activities (4,993,945) Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		(4,984,620)
Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		
Cash flow from financing activities: (328,086) Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	v	
Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	Net cash used in investing activities	(4,993,945)
Refunds of deposits and refundable fees (328,086) Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	Cash flow from financing activities:	
Refundable entrance fees received 823,340 Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		(328.086)
Payments on bonds and note payable (1,575,000) Deferred financing costs, net - Proceeds from issuance of bonds - Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		
Deferred financing costs, net Proceeds from issuance of bonds Net change in annuity obligations Net cash provided (used) by financing activities Change in cash Cash, beginning of year Cash, beginning costs, net		,-
Proceeds from issuance of bonds Net change in annuity obligations Net cash provided (used) by financing activities Change in cash Cash, beginning of year Cash, beginning of year	, ,	(1,070,000)
Net change in annuity obligations (14,041) Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734	· ·	_
Net cash provided (used) by financing activities (1,093,786) Change in cash (647,686) Cash, beginning of year 5,867,734		(14 041)
Change in cash (647,686) Cash, beginning of year 5,867,734	Net change in annuity obligations	(14,041)
Cash, beginning of year	Net cash provided (used) by financing activities	(1,093,786)
	Change in cash	(647,686)
Cash, end of year	Cash, beginning of year	5,867,734
	Cash, end of year	5,220,048

Debt Service Coverage Ratio	
Change in unrestricted net assets	4,399,361
Deduct:	
Amortization of advance fees	(2,629,467)
Net investment gain, unrealized	(2,337,555)
Change in fair value of interest rate swap agreement	-
Add:	
Depreciation and amortization	3,576,826
Interest	713,389
Bad debt expense	11,979
Gain/(loss) on disposal of property and equipment	40,007
Non-refundable entrance fees received	3,254,655
Refundable entrance fees received	823,340
Refunds of deposits and refundable fees	(328,086)
First-time entrance fees	46,277
Wait-list deposits	(83,000)
Options/upgrades	(51,877)
Loss on extinguishment of debt	
Income available for debt service [A]	7,435,850
Annual debt service [B]	2,115,889
Annual debt service coverage ratio [A / B]	3.51
Maximum annual debt service [C]	2,681,063
Maximum annual debt service coverage ratio [A / C]	2.77
Covenant	1.20

Days Cash on Hand	
Unrestricted cash, cash equivalents and liquid investments	
Cash	5,202,374
Investments	84,200,567
Assets limited as to use - statutory operating reserve	17,026,903
Temporarily restricted net assets (for operations)	1,493,291
Total [A]	107,923,136
Daily cash expenses	
Total expenses	17,401,734
Bad debt expense	(11,979)
Interest	713,389
Subtotal	18,103,144
YTD days	92
Total [B]	196,773
Days cash on hand [A / B]	548.46
Covenant	250.00

Available Reserves to Long-Term Debt	
Available reserves	
Cash	5,202,374
Investments	84,200,567
Assets limited as to use - statutory operating reserve	17,026,903
Temporarily restricted net assets (for operations)	1,493,291
Debt service reserve funds	3,439,323
Total [A]	111,362,459
Long-term debt, considered for covenants [B]	123,290,000
Available reserves to long-term debt [A / B]	<u>90.33</u> %
Covenant	<u>35.00</u> %

Debt to Capitalization	
Long-term debt, considered for covenants [A] Unrestricted net assets [B]	123,290,000 93,610,470
Debt to capitalization [A / (A+B)]	<u>56.84</u> %
Covenant	<u>85.00</u> %

Margin (Profitability) Ratios

	Description	Measures
1.	Net Operating Margin Ratio	Margin generated by cash operating revenues after payment of cash operating expenses.
2.	Net Operating Margin Ratio - Adjusted	Margin generated by cash operating revenues and net proceeds from entrance fees after payment of cash operating expenses.
3.	Operating Ratio	Whether current year cash operating revenues are sufficient to cover current year cash operating expenses.
4.	Operating Margin Ratio	The portion of total operating revenues remaining after operating expenses are met.
5.	Total Excess Margin Ratio	The portion of total revenues (exclusive of unrealized gains) remaining after operating expenses are met.
Liq	uidity Ratios	
	Description	Measures
1.	Days in Accounts Receivable Ratio	Average number of days accounts receivable remain outstanding.
2.	Days Cash on Hand Ratio	Number of days of cash operating expenses a provider could cover with its unrestricted cash.
3.	Cushion Ratio	Cash position in relation to annual debt service.
Сар	oital Structure Ratios	
	Description	Measures
1.	Debt Service Coverage Ratio - Revenue Basis	Ability to meet debt obligations through revenues alone.
2.	Debt Service Coverage Ratio	Ability to fund annual debt service with cash flow from net cash revenues and net entrance fees.
3.	Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio	Percentage of all operating revenues and nonoperating gains and losses that is utilized for annual debt service.
4.	Unrestricted Cash and Investments to Long-Term Debt Ratio	Position in available cash and marketable securities in relation to its long-term debt, less current portion.
5.	Long-Term Debt as a Percentage of Total Capital Ratio	Extent to which a provider has relied on debt versus retained earnings and invested or donated capital.
6.	Long-Term Debt as a Percentage of Total Capital Ratio - Adjusted	Extent to which a provider has relied on debt versus retained earnings, deferred revenue and invested or donated capital.

7. Long-Term Debt to Total Assets Ratio

Indebtedness to total assets.

8. Average Age of Facility Ratio

Average age of the facility.

9. Capital Expenditures as a Percentage of Depreciation Ratio Sufficiency of annual reinvestment in physical plant.

*CCAC ratios are based upon 2022 numbers.

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Desired	Obligated	Obligated		CCAC*	
Trend	Group YTD	Group PYE	25th%	50th%	75th%
\uparrow	7.54%	11.15%	-4.21%	1.05%	6.05%
\uparrow	22.61%	24.72%	9.60%	16.33%	22.37%
\downarrow	86.57%	89.13%	107.98%	102.10%	98.92%
\uparrow	8.84%	4.16%	-11.16%	-4.27%	0.85%
\uparrow	9.93%	5.76%	-4.47%	3.08%	7.72%

		Calculate	d		
Desired	Obligated	Obligated		CCAC*	
Trend	 Group YTD	Group PYE	25th%	50th%	75th%
\downarrow	16.62	16.20	26.00	20.00	14.00
\uparrow	548.46	565.37	218.00	352.00	571.00
\uparrow	12.75	10.50	5.36	7.35	14.89

		Calculated				
Desired	Obligated		Obligated	CCAC*		
Trend		Group YTD	Group PYE	25th%	50th%	75th%
\uparrow		1.78	1.37	0.28	1.10	1.51
\uparrow		3.51	2.66	1.93	2.46	3.37
\downarrow		8.89%	11.49%	12.16%	9.20%	6.99%
\uparrow		90.33%	86.27%	39.20%	47.50%	75.63%
\downarrow		56.84%	58.29%	103.19%	78.82%	61.60%
\downarrow		42.00%	42.96%	76.86%	58.76%	45.19%

\downarrow	30.27%	31.46%	47.49%	40.61%	34.05%
\downarrow	10.85	10.68	13.64	11.91	10.50
\uparrow	139.50%	168.27%	63.00%	143.00%	211.00%

ATTACHMENT 4

Explanations of Material Differences Balance Sheet Statement of Operations Statement of Cash Flows

The United Methodist Retirement Homes, Inc. Explanation of Material Differences Between Previous Pro Forma Balance Sheet Projection for 2022 and 2022 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2022 actual results with the projected results for 2022.

Sources and (Uses)

(Figures stated below are in thousands)

	2022 Actual	2022 Projected	Fav/(Unfav) Difference	Variance Percentage
Assets				<u> </u>
Current Assets:				
Cash (1)	5,799	12,172	(6,373)	-52.36%
Short-term investments	81,293	89,866	(8,573)	-9.54%
Accounts receivable, net (2)	4,419	6,213	(1,794)	-28.88%
Assets limited as to use, current portion (3)	17,271	1,300	15,971	1228.55%
Inventories and prepaid expenses	1,389	1,396	(7)	-0.54%
Contributions receivable from UMRH Foundation, current portion (4)	2,733	686	2,047	298.40%
Due from related party, current	201	183	18	9.78%
Total current assets	113,104	111,816	1,288	
Assets limited as to use:				
Insurance regulation	15,528	15,528	(0)	0.00%
Other assets limited as to use (5)	5,684	23,238	(17,554)	-75.54%
Assets limited as to use, non-current	21,212	38,766	(17,554)	
Property and equipment, net	214,310	215,748	(1,438)	-0.67%
Assets held for resale	197	213,740	(20)	-9.17%
Contributions receivable from UMRH Foundation, net of current portion (6)	6,340	7,762	(1,422)	-18.32%
Investment in Wesley Ridge (7)	75	-	75	100.00%
Deferred marketing costs, net	102	102	(0)	-0.42%
Interest rate swap agreement (8)	10,442	-	10,442	100.00%
Total non-current assets	17,157	8,081	9,076	
Total assets	365,783	374,411	10,364	
Liabilities and Net Assets				
Current Liabilities:				
Current maturities of long-term debt (9)	5,785	4,720	1,065	22.56%
Accounts payable and accrued expenses	8,097	8,407	(310)	-3.69%
Total current liabilities	13,882	13,127	(310)	
Long-term liabilities				
Liability for refundable advance fees and deposits	14,738	14,680	58	0.39%
Deferred revenue from nonrefundable advance fees	76,325	73,041	3,284	4.50%
Long-term debt, less current portion	160,328	164,721	(4,393)	-2.67%
Funds held for others (10)	148	187	(39)	-20.96%
Due to related parties (11)	71	_	71	100.00%
Interest rate swap agreement (8)	-	191	(191)	-100.00%
Total long-term liabilities	251,610	252,820	(1,210)	
Total liabilities	265,492	265,947	(455)	
Net assets:				
Without donor restriction	89,038	97,404	(8,366)	-8.59%
With donor restriction	11,253	11,060	193	1.74%
Total liabilities and net assets	365,783	374,411	(8,628)	

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

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

- 1. Cash Excess funds were moved to short-term investments.
- 2. <u>Accounts receivable, net</u> The projection assumed a larger number of entrance fee promissory notes would be outstanding.
- **3.** <u>Assets limited as to use, current portion</u> Construction funds for the project were moved to current as they will be used within the fiscal year.
- **4.** Contributions receivable from UMRH Foundation, current portion Since the change in this number is dependent upon donations to the UMRH Foundation for the benefit of UMRH, the forecast conservatively assumes no change year over year. The variance is due to greater than anticipated donations.
- **5.** Other assets limited as to use Construction funds for the project were moved to current as they will be used within the fiscal year.
- 6. <u>Contributions receivable from UMRH Foundation</u>, current portion Since the change in this number is dependent upon donations to the UMRH Foundation for the benefit of UMRH, the forecast conservatively assumes no change year over year. The variance is due to greater than anticipated donations.
- 7. <u>Investment in Wesley Ridge</u> UMRH bought into the Wesley Ridge property located on the Wesley Pines campus when an previous partner unexpectedly decided to sell.
- **8.** <u>Interest rate swap agreement</u> The forecast assumes no change year over year. The variance represents the actual change.
- **9.** <u>Current maturities of long-term debt</u> The refinancing of bonds, not included in the forecast, changed the amortization of debt.
- **10.** <u>Funds held for others</u> Resident deposits exceeded expectation. The forecast assumes no change for conservatism.
- 11. <u>Due to related parties</u> UMRH bought into the Wesley Ridge property located on the Wesley Pines campus when an previous partner unexpectedly decided to sell.

The United Methodist Retirement Homes, Inc. Explanation of Material Differences Between Previous Pro Forma Statement of Operations and Change in Net Deficits for 2022 and 2022 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2022 actual results with the projected results for 2022.

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

	2022 Actual	2022 Projected	Fav/(Unfav) Difference	Variance Percentage
Revenues				
Apartments	32,008	31,949	59	0.19%
Health care	23,520	22,555	965	4.28%
Assisted living	12,323	12,418	(95)	-0.77%
Home care (1)	2,625	2,186	439	20.07%
Amortization of deferred residence fees	9,599	9,475	124	1.31%
Investment income (2)	3,680	1,757	1,923	109.43%
Net assets released from restrictions (3)	632	554	78	14.08%
Other (4)	93	634	(541)	-85.37%
Total revenue	84,479	81,528	2,951	
Expenses				
Health care	16,223	16,076	147	0.91%
Assisted living	4,238	4,017	221	5.51%
Resident services	2,620	2,733	(113)	-4.13%
Home care (5)	3,054	2,317	`737 [°]	31.82%
Dietary	12,184	12,431	(247)	-1.98%
Housekeeping	4,229	4,129	`100 [°]	2.42%
Plant	7,583	7,411	172	2.32%
General and administration	13,260	12,568	692	5.51%
Depreciation and amortization	14,285	14,561	(276)	-1.90%
Interest (6)	4,134	5,856	(1,722)	-29.40%
Total expenses	81,810	82,099	(289)	
Operating income (loss)	2,669	(571)	3,240	
Non-operating gains (losses) (7)	(11,427)	-	(11,427)	100.00%
Change in unrestricted net assets	(8,758)	(571)	(8,187)	
Change in donor restricted net assets (8)	14	-	(19,614)	100.00%
Change in net assets	(8,744)	(571)	(8,173)	
Net assets, beginning of the year	109,035	109,035	(0)	
Net assets, end of the year	100,291	108,464	(8,173)	

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

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

- 1. <u>Home care revenue</u> Utilization of Home Care services were more than anticipated on the forecast
- 2. <u>Investment income</u> Actual investment returns exceeded what was expected in the forecast.
- 3. Net assets released from restriction The forecast assumes no change in temporarily restricted net assets for conservatism. The audit reflects the actual use of these funds.
- **4.** Other revenue The forecast included provider relief funds here and the audit has this recorded in non-operating gains/(losses).
- **5.** <u>Home care expense</u> Home Care expenses were more than anticipated on the forecast
- **6.** <u>Interest expense</u> The refinancing of bonds, not included in the forecast, changed the interest expense due.
- 7. Non-operating gains (losses) Due to the uncertainty and volatility of investment gains or losses, contributions, changes in the fair value of interest rate swap agreements and gains or losses on the disposal of PP&E, the forecast conservatively assumes zero. Also, the audit reflects the actual use of provider relief funds here, whereas the forecast includes this in other revenue.
- **8.** Change in donor restricted net assets For conservatism, the forecast assumes no change in temporarily restricted net assets unless there is certainty in the use of or receipt of funds.

The United Methodist Retirement Homes, Inc. Explanation of Material Differences Between Previous Pro Forma Statement of Cash Flows Projection for 2022 and 2022 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2022 actual results with the projected results for 2022.

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

_	2022 Actual	2022 Projected	Fav/(Unfav) Difference	Variance Percentage
Cash flows from operating activities				
Change in net assets (1)	(8,744)	(571)	(8,173)	1431.34%
Adjustments to reconcile increase in net assets	(-, ,	(- /	(-, -,	
to net cash from operating activities				
Depreciation	14,270	14,561	(291)	-2.00%
Amortization of deferred financing costs (2)	71	105	(34)	-32.85%
Amortization of bond premium (3)	(187)	(393)	206	-52.31%
Amortization of marketing costs (4)	` 15 [′]	-	15	100.00%
Amortization of deferred resident fees	(9,599)	(9,475)	(124)	1.31%
Proceeds from non-refundable advance fees (5)	14,561	11,097	3,464	31.21%
Bad debt expense (6)	375	140	235	167.66%
Loss on disposal of property & equipment (7)	116	-	116	100.00%
Unrealized gains on investments and assets limited as to use (8)	23,837	-	23,837	100.00%
Realized gains on investments and assets limited as to use (9)	(1,051)	-	(1,051)	100.00%
Loss on early extinguishment of debt (10)	2,077	-	2,077	100.00%
Change in fair value of swap agreement (11)	(10,633)	-	(10,633)	100.00%
Net change in:	, ,		, , ,	
Current/non-current assets (12)	(839)	(2,244)	1,405	-62.63%
Current/non-current liabilities (13)	(1,715)	(2,096)	381	-18.17%
Net cash from operating activities	22,552	11,124	11,428	102.73%
Cash flows from investing activities				
Additions to property and equipment and construction in progress	(24,738)	(25,609)	871	-3.40%
Net change in investments and assets limited as to use (14)	(14,952)	(5,725)	(9,227)	161.18%
Change in assets held for resale (15)	19	(1)	20	-1972.30%
Net cash from investing activities	(39,672)	(31,335)	(8,337)	26.60%
Cash flows from financing activities				
Refunds of entrance fees (16)	(1,437)	(2,946)	1,509	-51.22%
Proceeds from refundable advance fees (17)	1,334	1,603	(269)	-16.80%
Principal payments on debt (18)	(115,126)	(4,540)	(110,586)	2435.81%
Deferred financing costs, net (19)	358	(338)	696	-206.02%
Proceeds from issuance of bonds (20)	136,445	30,055	106,390	353.99%
Net cash from financing activities	21,574	23,834	(2,260)	-9.48%
Net change in cash	4,454	3,623	831	22.94%
Cash at beginning of year	21,973	8,549	13,424	157.03%
Cash at end of year	26,428	12,172	14,256	117.12%

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

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

- **1.** Change in net assets See various explanations in footnotes to operating statement.
- **2.** <u>Amortization of deferred financing costs</u> The refinancing of bonds, not included in the forecast, changed the amount of deferred costs.
- **3.** <u>Amortization of bond premium</u> The refinancing of bonds, not included in the forecast, changed the amount of bond premiums.
- **4.** <u>Amortization of marketing costs</u> The refinancing of bonds, not included in the forecast, changed the amount of marketing costs capitalized.
- **5.** <u>Proceeds from non-refundable advance fees</u> The timing of advance fees from new construction was different than forecasted.
- **6.** Bad debt expense Actual expenses were more than forecasted.
- 7. Loss on disposal of property & equipment This is not separately categorized in the cash flow on the forecast as it is on the audit.
- **8.** <u>Unrealized gains on investments and assets limited as to use</u> Conservatively, the forecast assumes no unrealized gains or losses.
- **9.** Realized gains on investments and assets limited as to use Conservatively, the forecast assumes no realized gains or losses.
- **10.** Loss on early extinguishment of debt The refinancing of bonds, not included in the forecast, created a loss on the extinguishment of existing debt.
- **11.** Change in fair value of swap agreement The forecast assumes no change year over year. The variance represents the actual change.
- **12.** <u>Current/non-current assets</u> See the variances listed on the balance sheet material differences spreadsheet.

- **13.** <u>Current/non-current liabilities</u> See the variances listed on the balance sheet material differences spreadsheet.
- **14.** Net change in investments and assets limited as to use See the variances listed on the balance sheet material differences spreadsheet.
- **15.** Change in assets held for resale One of two properties was sold.
- **16.** Refunds of entrance fees Actual refunds were less than forecasted.
- 17. Proceeds from refundable advance fees Proceeds were greater than forecasted.
- **18.** <u>Principal payments on debt</u> The refinancing of bonds, not included in the forecast, paid off existing debt.
- **19.** <u>Deferred financing costs, net</u> The refinancing of bonds, not included in the forecast, changed the amount of deferred costs.
- **20.** <u>Proceeds from issuance of bonds</u> The refinancing of bonds, not included in the forecast, created new issuances.

ATTACHMENT 5 Standard Residency Agreement



2600 Croasdaile Farm Parkway Durham, North Carolina 27705 (919) 384-2000 www.croasdailevillage.org

Standard Residency Agreement



TABLE OF CONTENTS

GL	OSSAR	Y	IV
INT	Γ ROD U	CTION	1
1.	CHA	RGES FOR RESIDENCE AND PRIMARY SERVICES	2
	1.1	APPLICATION FEE	
	1.2	Entrance Fee	2
	1.3	MONTHLY FEE	2
	1.4	INITIAL MONTHLY FEE	2
	1.5	CONTINUANCE OF MONTHLY FEE	2
	1.6	INCREASE IN MONTHLY FEE	3
	1.7	REDUCTION IN MONTHLY FEE DUE TO ABSENCE	3
	1.8	RESERVE FUNDS	3
	1.9	LATE PAYMENT CHARGE	3
2.	DESC	CRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES	3
	2.1	SERVICES PROVIDED FOR THE MONTHLY FEE	3
	2.2	SUPPLEMENTAL SERVICES PROVIDED FOR EXTRA CHARGE	4
3.	TERMS OF RESIDENCY		4
	3.1	USE OF THE RESIDENCE	4
	3.2	DURATION OF YOUR RIGHT TO OCCUPY THE RESIDENCE	5
	3.3	OCCUPANTS OF THE RESIDENCE	5
	3.4	GUESTS	5
	3.5	RELEASE	5
	3.6	Insurance	5
	3.7	REMOVAL AND STORAGE OF RESIDENT'S PERSONAL PROPERTY	5
	3.8	FURNISHINGS	
	3.9	EMERGENCY ENTRY AND RELOCATION	
	3.10	ALTERATIONS BY YOU	
	3.11	CONDITION OF RESIDENCE	6
	3.12	RIGHTS OF SECOND SINGLE RESIDENT	
	3.13	SMOKE-FREE COMMUNITY	
	3.14	FIREARMS POLICY	7
4.	THE VILLAGE HEALTH CENTER		7
	4.1	DESCRIPTION	7
	4.2	ALTERNATE ACCOMMODATIONS	7
	4.3	CLINIC	7
	4.4	SIX (6) DAYS OF ASSISTED LIVING OR NURSING CARE IN THE VILLAGE HEALTH CENTER	7
	4.5	TRANSFER TO HEALTH CENTER LEVEL SERVICES	
	4.5 4.6	TEMPORARY RELOCATION TO THE VILLAGE HEALTH CENTER	
	4.0 4.7	PERMANENT RELOCATION TO THE VILLAGE HEALTH CENTER	
	4.8	RELOCATION WITHIN THE VILLAGE HEALTH CENTER	
	4.9	RETURN TO RESIDENCE	
	•••	TELLUL TO HERIDE CE IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	

	4.10	MEDICAL DIRECTOR, ATTENDING PHYSICIAN, AND ADDITIONAL HEALTH			
		SERVICES	8		
	4.11	ADVANCED PAYMENT FOR MEDICAL TREATMENT			
	4.12	LONG-TERM CARE INSURANCE			
	4.13	MEDICARE AND HEALTH INSURANCE			
	4.14	MANAGED CARE	9		
		4.14.1 Participating Provider	10		
		4.14.2 Not a Participating Provider			
		4.14.3 Negotiated Managed Care Rate			
		4.14.4 No Negotiated Managed Care Rate			
		4.14.5 Post Medicare-Qualified Stay			
	4.15	TRANSFER TO HOSPITAL OR OTHER CARE FACILITY			
	4.16	VILLAGE HEALTH CENTER ADMISSION AGREEMENT			
	4.17	Under Age 62			
_					
5.	REPR	RESENTATIONS	11		
	5.1	OUR REPRESENTATIONS	11		
	5.2	Your Representations			
_					
6.	PROMISES				
	6.1	OUR PROMISES	11		
	6.2	Your Promises			
-					
7.	CANC	CELLATION BY RESIDENT	12		
	7.1	RIGHT OF RESCISSION	12		
	7.2	CANCELLATION PRIOR TO OCCUPANCY			
	7.3	CANCELLATION AFTER OCCUPANCY	12		
	7.4	CANCELLATION DUE TO DEATH AFTER OCCUPANCY			
0	CANG				
8.	CANO	CANCELLATION BY UMRH			
	8.1	CANCELLATION UPON NOTICE	13		
		8.1.1 Noncompliance	13		
		8.1.2 Misrepresentation			
		8.1.3 Nonpayment			
		8.1.4 Threat to Health or Safety			
		8.1.5 Change in Condition			
	8.2	DEFAULT NOTICE			
^					
9.	KEFU	REFUND OF ENTRANCE FEE			
	9.1	NONACCEPTANCE BY US	13		
	9.2	RIGHT OF RESCISSION	13		
	9.3	CANCELLATION PRIOR TO OCCUPANCY DUE TO DEATH, ILLNESS, INJURY,			
		OR INCAPACITY	14		
	9.4	CANCELLATION PRIOR TO OCCUPANCY FOR OTHER REASONS	14		
	9.5	CANCELLATION AFTER OCCUPANCY			
	9.6	OFFSET AGAINST ENTRANCE FEE REFUND			
10					
10	VIIS	TELL ANFOUS	15		

	10.1	NATURE OF RIGHTS	15
	10.2	RELEASE	15
	10.3	FORCE MAJEURE	15
	10.4	AMENDMENT	15
	10.5	LAW CHANGES	15
	10.6	Entire Agreement	15
	10.7	MONTHLY STATEMENT	16
	10.8	RESPONSIBLE PARTY FOR BUSINESS AND FINANCIAL DECISION MAKING	16
	10.9	DISPOSITION OF FURNITURE, POSSESSIONS, AND PROPERTY	16
	10.10	NONWAIVER	
	10.11	NOTICES	
	10.12	Indemnity	
	10.13	SEVERABILITY	
	10.14	SUBORDINATION	16
	10.15	CAPACITY	17
	10.16	RESIDENT	17
	10.17	REIMBURSEMENT FOR LOSS OR DAMAGE	
	10.18	CHARGES FOR COLLECTION	
	10.19	SALE OR TRANSFERS OF INTEREST	17
	10.20	PRIVATE EMPLOYEE OF RESIDENT	17
	10.21	TAX CONSIDERATIONS	17
	10.22	MANAGEMENT	17
	10.23	GOVERNING LAW	
	10.24	SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS	17
11.	MEDI	ATION AND ARBITRATION	18
	11.1	MEDIATION	18
	11.2	ARBITRATION	
	11.3	VOLUNTARY ARBITRATION OF NEGLIGENT HEALTH CARE CLAIMS	

 $Exhibit \ A-Options \ and \ Custom \ Features \ Added \ at \ Resident's \ Request$

GLOSSARY

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

- "Agreement" means the Residency Agreement, entered into between the Resident and The United Methodist Retirement Homes, Incorporated, which outlines the contractual obligations of both parties.
- "Entrance Fee" means payment that assures a resident a place at the Village for life as long as the resident complies with terms of this Agreement. At the time the resident makes application for residency at the Village, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. Specific information is located in Paragraph 1.2 of this Agreement.
- "Extra Charges" means the additional fees required to be paid for the additional services and amenities requested by Resident, as set forth in Paragraph 2.2 of this Agreement.
- "Health Center" means the portion of the Village, which is licensed to provide two levels of care: assisted living care and skilled nursing care, as described in Section 4 of the Agreement.
- "Monthly Fee" means that fee payable each month by the Resident as set forth in Paragraphs 1.3 and 1.4 of the Agreement, in consideration for the services and amenities provided to the residents of the Village described in Paragraph 2.1 of this Agreement. If there are Joint Residents under this Agreement, the Monthly Fee will include a "Second Person Monthly Fee."
- "Residence" means the apartment, cottage or home at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee and the Monthly Fee.
- "Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "Joint Resident." Further, both Residents may be referred to as "Joint Residents." Unless otherwise indicated, "you" refers to both of you if there are two of you.
- "The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us" means the owner of the retirement community known as Croasdaile Village, including all of the residences, common areas, and site amenities associated with these areas. The United Methodist Retirement Homes, Incorporated is a North Carolina non-profit corporation.
- "Village" means the continuing care retirement community known as "Croasdaile Village," including all of the residences, common areas, and site amenities.



Residency Agreement Standard

INTRODUCTION

This Standard Residency Agreement ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Croasdaile Village is a continuing care retirement community located at 2600 Croasdaile Farm Parkway; Durham, NC 27705 (hereafter the "Village").

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

Residence Number	
Residence Style	

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

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

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

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

UMRH is also affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs.

1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

1.1 Application Fee. Prior to or upon execution of this Agreement, you will pay to us a non-refundable Application Fee of \$ The Application Fee will be used by us to process your application for residency.
1.2 Entrance Fee. In order to reside at the Village for life, subject to this Agreement, and to receive the services and amenities described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$ The total amount of the Entrance Fee shall be payable as follows:
1.2.1 Ten percent (10%) of the total Entrance Fee is \$, less any previously paid Future Resident Fee (\$), equals \$, which amount is due and payable upon your execution of this Agreement.
1.2.2 The balance of \$ of the Entrance Fee shall be paid on the date of occupancy at the Village but in no event later than ninety (90) days after your execution of this Agreement.
1.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Village or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee is due upon receipt of a statement from us and by no later than the fifteenth (15 th) of each month. The Monthly Fee is initially set at a specific amount that can be increased as described in Paragraph 1.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.
1.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$ per month and an additional \$ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.
1.5 Continuance of Monthly Fee. Payment of the Monthly Fee will continue as follows:
1.5.1 In the event of your death (in the case of Joint Residents, the death of the surviving Resident), until your estate removes all of your personal property from the Residence and from any storage unit.
1.5.2 In the event of your permanent relocation to Health Center Level Services or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need, until you or your personal representative removes all of your personal property from the

- **1.5.3** In the event of cancellation of this Agreement as outlined in Section 7 or 8, until expiration of the cancellation period and continues until you remove all of your personal property from the Residence and from any storage unit.
- 1.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement and is intended to meet the expenses associated with the operation of the Village. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Village or to provide quality services to the Residents.
- 1.7 Reduction in Monthly Fee Due to Absence. If you are absent from the Village for more than fourteen (14) consecutive days, your Monthly Fee will be reduced by the raw food cost determined through the Village's budgeting process. You are required to notify us of your absence in order to qualify for the reduction in the Monthly Fee.
- **1.8 Reserve Funds.** The amount of the Monthly Fee also is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.
- 1.9 Late Payment Charge. We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fee or any Extra Charges are not paid by the fifteenth (15th) day of the month. Balances over thirty (30) days old will be assessed a one percent (1%) interest charge per month. If we hire a collection agency or attorney to collect the Monthly Fee and Extra Charges past due from you, you are to pay any and all costs of collection, including reasonable attorney's fees, costs, and expenses associated with such collection efforts.

2. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

- **2.1 Services Provided for the Monthly Fee.** We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Village:
 - Under the Flexible Meal Program, each Resident living in Cottages and Apartments (excluding studio apartments) will receive a Dining Allocation as part of the Monthly Fee and second person Monthly Fee. The meal program will provide you sufficient credits to dine daily, and may be expended by you, or with your permission, your guests. For more information, please refer to the Flexible Meal Program Policy;
 - Studio apartment residents receive three (3) meals per day;
 - Limited tray service to be provided when approved by authorized staff;
 - Consultation and preparation of routine special diets;
 - Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
 - Cable television package;
 - Building janitor and maintenance;
 - Grounds keeping;
 - Weekly housekeeping services;
 - Availability of laundry facilities so that you can wash and dry personal laundry;

- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Parking for you and your guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities, except some studio apartments only contain a refrigerator and a microwave;
- Local transportation as scheduled by us and as posted;
- Limited additional storage space;
- Personal emergency transmitter system;
- Smoke detectors;
- Security 24 hours a day; and
- Six (6) days each year of assisted living or nursing care in the Village Health Center as outlined in Paragraph 4.4.
- **2.2** Supplemental Services Provided for Extra Charge. Supplemental services, when available, will be provided at Extra Charge and are described below. A list of Extra Charges for these supplemental services can be obtained from administration.
 - Meals, guest meals, and other food charges in excess of your Dining Allocations, as outlined in Section 2.1. Extended tray service as approved by authorized staff;
 - Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by your attending physician;
 - Additional housekeeping services;
 - Guest accommodations, if available;
 - Private catered functions;
 - Personal transportation and transportation for special events and group trips;
 - Expanded cable television package;
 - Services of the Clinic a copy of the charges for Clinic services can be obtained from the Clinic;
 - Home care services through the Croasdaile Village Home Care Program;
 - Assisted living services or nursing care services through the Village Health Center as outlined in Section 4; and
 - Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies) as outlined in Paragraph 4.10.

3. TERMS OF RESIDENCY.

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

- 3.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our residency policy, or this Agreement is canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that you need home care services, assisted living services, or nursing care services, you will be requested to obtain the needed services in your Residence (at your expense), relocate to the Village Health Center or Comparable Facility (as defined in Paragraph 4.2).
- 3.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current residency policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days, except with our express written approval.

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

- **3.4** Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of our residents.
- **3.5** Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from such liability.
- **3.6 Insurance.** Our insurance does not cover your personal property or your liability. It is recommended that you carry personal property insurance and liability insurance at your own expense to cover against any loss or damage to your personal property or to the property of others caused by your negligence or that of your guests. If requested by us, you agree to provide us with proof of such insurance coverage.
- **3.7 Removal and Storage of Resident's Personal Property.** Your personal property must be removed from the Residence and from any storage unit as follows:
 - **3.7.1** Within thirty (30) days following the date of your death (if Joint Residents, the date of death of the surviving Resident). If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge your estate the Monthly Fee as outlined in Paragraph 1.5.1 above, or we may remove and store such personal property at the expense and risk of your estate. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is

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

- 3.7.2 Within thirty (30) days following the date notice is delivered to you of your permanent relocation to the Village Health Center or a Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need. If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.2 above, or we may remove and store such personal property at your expense and risk.
- **3.7.3** At the end of the cancellation period outlined in Section 7 or 8. If your personal property is not removed from the Residence and from any storage unit by the end of the cancellation period, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.3 above, or we may remove and store such personal property at your expense and risk. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated.
- **3.8** Furnishings. Furnishings within the Residence will not be provided by us except as stated in Paragraph 2.1. Furnishings provided by you shall not be such as to interfere with your health, safety or general welfare, or that of other residents or others.
- 3.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Village, to the Village Health Center or a Comparable Facility (as defined in Paragraph 4.2), or to a hospital or other care facility for the protection of your health or safety or for the health or safety of the other residents of the Village.
- **3.10** Alterations by You. You may not undertake any alterations to your Residence without our prior written approval. Said alterations will be set forth in a separate addendum to this Agreement, signed by you and us. Any alterations to the landscaping of your Residence must meet the covenants of Croasdaile Farm Master Homeowners' Association and be approved by the Village's Building and Grounds Committee.
- **3.11 Condition of Residence.** Upon vacating the Residence, you agree to leave it in good and clean condition. You shall be liable to us for any charges incurred to restore your Residence to good and clean condition, except for normal wear and tear.
- 3.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent relocation of one Resident to a different level of care at the Village, or other inability of that Resident to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

- 3.13 Smoke-Free Community. The Village is a smoke-free community pursuant to its Smoke-Free Campus Policy (a copy of which is available upon request), wherein the campus and buildings have been designated as "smoke free". Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Village campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the residences, the Village Health Center (including both the assisted living facility and nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted at the designated outdoor area. Violation of the Smoke-Free Campus Policy can result in our cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.
- **3.14 Firearms Policy.** The Village has adopted a policy governing the possession of firearms at the Village. Firearms need to be registered with the Village and properly secured. In the event that you are unable to safely maintain a firearm, we will contact your designated power of attorney, legal representative or family member to remove any firearms from your Residence.

4. THE VILLAGE HEALTH CENTER.

- **4.1 Description.** The Village Health Center is the portion of the Village which is licensed to provide two levels of care: assisted living care and skilled nursing care (collectively "Health Center Level Services"). The Village Health Center is staffed by licensed nursing personnel 24 hours a day.
- 4.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Village Health Center. In the event the Village Health Center is fully occupied when you are determined to need such care, you agree to relocate to an alternate health care facility that provides services similar to the Village Health Center or to another care facility licensed to provide the appropriate care you need (a "Comparable Facility") until an appropriate space becomes available for you at the Village. We will not be responsible for the charges associated with the Comparable Facility. Upon your relocation to a Comparable Facility, you shall continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.
- **4.3 Clinic.** The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an Extra Charge to you.
- 4.4 Six (6) Days of Assisted Living or Nursing Care in the Village Health Center. You are eligible to receive a total of six (6) days each year of either assisted living care or nursing care in the Village Health Center while you are a resident of your Residence. In the case of Joint Residents, each of you will receive six (6) days, but the days cannot be combined and used by only one of you. Such six (6) days renews on an annual basis and does not accumulate. You are required to pay the charges for physician services and any additional health services as outlined in Paragraph 4.10. Once you are permanently assigned to assisted living or nursing care in the Village Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living or nursing care and will be required to pay the per diem charge for such care. [NOTE: The six (6) days of care is a combined annual total for assisted living care and nursing care at the Village.]

- 4.5 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Village Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.
- 4.6 Temporary Relocation to the Village Health Center. In the event you require temporary care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above.
- 4.7 Permanent Relocation to Health Center Level Services. In the event you require permanent care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. If you are determined appropriate for Health Center Level Services, and are permanently relocated to the Village Health Center or a Comparable Facility, you will be required to release your Residence to us, and remove all of your personal property from the Residence and from any storage unit as outline in Paragraph 3.7.2. We shall have the right to reassign the Residence for occupancy by others except as provided in Paragraph 3.12. Release of the Residence due to your permanent relocation to the Village Health Center or to a Comparable Facility does not qualify you for a refund of the Entrance Fee, unless this Agreement is canceled. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.
- **4.8** Relocation within the Village Health Center. We reserve the right to relocate you to a different level of care within the Village Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.
- 4.9 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.
- 4.10 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Village Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. If your personal physician will be providing you with services in the Village Health Center, he/she may do so upon providing us with his/her credentials and with proof of liability insurance, and he/she agrees to abide by our policies and procedures. We will not be responsible for the charges for medical treatment or services by the Medical Director or your

attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

- 4.11 Advanced Payment for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon cancellation of this Agreement for any reason, any amounts due to us under this Paragraph 4.11 shall be offset against any refund of the Entrance Fee.
- **4.12 Long-Term Care Insurance.** We will use reasonable efforts to assist you in working with your long-term care insurance provider to obtain the benefits to which you may be entitled.
- 4.13 Medicare and Health Insurance. When eligible, you are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Village Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Village Health Center as provided in Paragraph 4.4 and your stay in the Village Health Center is a Medicare-qualified stay, such six (6) days will be applied after the expiration of your Medicarequalified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

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

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

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

- **4.14.1 Participating Provider.** If the Village Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Village agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.
- **4.14.2 Not a Participating Provider.** If the Village Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care services. In addition, while receiving health care services at the managed care participating provider, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above. Such a stay at a managed care participating provider will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable.
- 4.14.3 Negotiated Managed Care Rate. If the Village Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we attempt to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.
- 4.14.4 No Negotiated Managed Care Rate. If the Village Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive nursing care in the Village Health Center during a Medicare-qualified stay, then each day of your stay in the Village Health Center will reduce by one day the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. During any such Medicare-qualified stay in the Village Health Center, you agree that you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above and any charges for physician services and any additional health services as outlined in Paragraph 4.10. If at any time during any such Medicare-qualified stay in the Village Health Center you are no longer eligible to receive any of the days of care provided for in Paragraph 4.4, then you agree to pay the per diem charge for your care in the Village Health Center, the Monthly Fee for your Residence, in accordance with Paragraph 1.5.2 above, and any charges for physician services and any additional health services as outlined in Paragraph 4.10.
- **4.14.5 Post Medicare-Qualified Stay.** At the conclusion of each such Medicare-qualified stay, you will be entitled to care in the Village Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.14, as adjusted to

reflect any reduction during such stay in the number of days of care that you are eligible to receive without additional charge as provided in Paragraph 4.4, as applicable.

- 4.15 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Village Health Center is licensed to provide, you will be transferred to a hospital or other care facility. Our staff will not accompany you to the hospital or other facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5 above.
- **4.16** Village Health Center Admission Agreement. If you require care in the Village Health Center, you agree to enter into a separate admission agreement for the appropriate level of care, which will be signed by you and us.
- **4.17 Under Age 62.** If you are under the age of 62 when you occupy your Residence under this Agreement, you are not eligible to receive the six (6) days of care in the Village Health Center as described in Paragraph 4.4 until you attain the age of 62. During this time, you will be entitled to Health Center Level Services at the then-current per diem charge being charged to nonresidents until age 62.

5. REPRESENTATIONS.

- **5.1** Our Representations. We represent and warrant that we are a nonprofit corporation. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with the North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction. The North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction is not responsible for our financial or contractual obligations.
- 5.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Village. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

6. PROMISES.

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

of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all residents.

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

7. CANCELLATION BY RESIDENT.

- 7.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. However, if you occupy the Residence during the rescission period and then rescind this Agreement, you will only be charged a Monthly Fee for the period of time that you actually occupied the Residence. Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.2.
- at any time before you move into the Village by giving us written notice signed by you (both of you in the case of Joint Residents). Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.3 or 9.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. Refund of the Entrance Fee shall be as outlined in Paragraph 9.3.
- 7.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Village by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must remove your personal property from the Residence and from any storage unit within the thirty (30) day notice period as outlined in Paragraph 3.7.3. You are obligated to pay the Monthly Fee during the thirty (30) days, and thereafter if the Residence has not been released to us in accordance with Paragraph 1.5.3 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.
- **7.4** Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). Your estate must remove your personal property from the Residence and from any storage unit within thirty (30) days after your death as outlined in Paragraph 3.7.1. Your estate will be obligated to pay the Monthly Fee as outlined in Paragraph 1.5.1 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

12

8. CANCELLATION BY UMRH.

- **8.1** Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):
 - **8.1.1** Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.
 - **8.1.2 Misrepresentation.** You misrepresent yourself or fail to disclose information during the residency process.
 - **8.1.3** Nonpayment. You fail to pay any charges to us, subject to the provisions of Paragraph 6.1, within forty-five (45) days of the date when such charges are due.
 - **8.1.4** Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health, safety or peace of yourself, other residents, or others including your refusal to consent to relocation, or behavior that would result in physical damage to the property of the Village or others.
 - **8.1.5** Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Village Health Center within the limits of our license.
- **8.2 Default Notice.** Prior to cancellation for any Default described in Paragraph 8.1.1, 8.1.2 or 8.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

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

9. REFUND OF ENTRANCE FEE.

- **9.1 Nonacceptance by Us.** If we do not accept you for residency at the Village, the full amount of the Entrance Fee you have paid will be promptly refunded to you, without interest.
- **9.2 Right of Rescission.** If you rescind this Agreement as provided in Paragraph 7.1, you shall receive a full refund of the portion of the Entrance Fee paid by you, without interest, within sixty (60) days of our receipt of the written notice of rescission.

- 9.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, or Incapacity. If, prior to occupancy and after your right of rescission period has expired, you die or you cancel this Agreement because of illness, injury or incapacity, you or your estate will receive a refund in full of the portion of the Entrance Fee you have paid, without interest, less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your written notice of cancellation.
- 9.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Paragraph 9.2 or 9.3 above, you shall receive a refund of the Entrance Fee paid, less a non-refundable portion of the Entrance Fee equal to Two Thousand Dollars (\$2,000) and less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days after our receipt of the written notice of cancellation.
- 9.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of residency or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid, without interest, at such time as your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident or within two (2) years from the date of cancellation, whichever occurs first.
- 9.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 9.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:
 - **9.6.1** The amount of any unpaid Monthly Fees, pro-rated Monthly Fees for the period of time the Residence was occupied (which shall include the period of time until you or your personal representative removes all of your personal property from the Residence and from any storage unit) after cancellation of this Agreement, any Extra Charges, or other charges deferred by us on your behalf under Paragraph 6.1; and
 - **9.6.2** Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and
 - **9.6.3** Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Paragraph 3.11; and
 - **9.6.4** Any charges incurred as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

10. MISCELLANEOUS.

- 10.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to receipt of the amounts described in Section 9; (ii) this Agreement and your contractual right to occupy the Village will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Village but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.
- 10.2 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.
- 10.3 Force Majeure. Community shall not be liable to Resident for any default, breach or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason of the occurrence of a Force Majeure Event. A "Force Majeure Event" is defined as the occurrence of an event which materially interferes with the ability of Community to perform its obligations or duties hereunder which is not within the reasonable control of Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, terrorism, government uprising, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, acts of authority or change in law. Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.
- **10.4 Amendment.** This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.
- 10.5 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Village, including the Residence, to meet the requirements of any applicable law or regulation.
- **10.6** Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Village.

- 10.7 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid upon receipt and by no later than the fifteenth (15th) day of each month.
- 10.8 Responsible Party for Business and Financial Decision Making. Prior to assuming residency at the Village, you agree to execute and deliver to us a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Village.
- 10.9 Disposition of Furniture, Possessions, and Property. You agree to make provision by Will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Village within sixty (60) days after the date of residency.
- 10.10 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, promises, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, promises, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.
- **10.11 Notices.** Any notice required to be given to us under this Agreement shall be in writing and sent certified mail, return receipt requested, with all postage and charges prepaid, or hand-delivered to the Executive Director of the Village at 2600 Croasdaile Farm Parkway; Durham, North Carolina 27705. Such notices shall be dated and signed.

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

- **10.12 Indemnity.** We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.
- **10.13 Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- **10.14 Subordination.** You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Village, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

- 10.15 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.
- **10.16 Resident.** In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.
- 10.17 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional, careless, or negligent acts or omissions or that of your guests.
- **10.18 Charges for Collection.** You agree to reimburse us for any charges we incur to collect any unpaid amounts you or your estate owes to us under this Agreement.
- 10.19 Sale or Transfers of Interest. We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.
- 10.20 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding personal service providers, and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.
- 10.21 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement as more fully explained in our Disclosure Statement.
- **10.22 Management.** We have engaged the services of Life Care Services LLC ("LCS") to manage the Village. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of the Village.
- **10.23 Governing Law.** This Agreement will be governed, interpreted and construed according to the laws of the State of North Carolina.
- 10.24 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 10.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11. MEDIATION AND ARBITRATION.

- 11.1 Mediation. In the event a dispute, claim or controversy of any kind arises between the parties except for those disputes, claims or controversies arising under Paragraph 11.3 below that cannot be resolved by mutual agreement, the parties agree to submit such dispute, claim or controversy to a neutral mediator for possible resolution. The parties will jointly agree on a neutral mediator. Each party shall submit all evidence or information in writing to the mediator in support of its contentions or allegations and any defense either party may have with respect to the dispute, claim or controversy. Each party shall have the right to a hearing before the mediator and to personally present information pertinent to such dispute, claim or controversy. The mediator shall assist each party, in an unbiased manner, in reaching an amicable agreement regarding the dispute, claim or controversy. If an amicable agreement is not reached, or if either party fails or refuses to negotiate or mediate in good faith to resolve the matter, or if a neutral mediator cannot be agreed upon between the parties, then the parties agree to submit such dispute, claim or controversy to an arbitration process as outlined below.
- 11.2 Arbitration. In the event a dispute, claim or controversy of any kind arising out of or relating to this Agreement except for those disputes, claims or controversies arising under Paragraph 11.3 below cannot be resolved through mediation as described in Paragraph 11.1 above, the parties agree that said dispute, claim, or controversy will be submitted to and determined by arbitration in Durham County, North Carolina in accordance with the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Village provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one (1) resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

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

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

You hereby certify that you received a copy of Disclosure Statement dated, 20	this Agreement and a copy of our most current
Executed this day of, 20	THE UNITED METHODIST RETIREMENT HOMES, INCORPORATED d/b/a Croasdaile Village
RESIDENT	ByExecutive Director
Witness	Date:
RESIDENT	ByAuthorized Agent of UMRH
Witness	Date: Attachment: Exhibit A



Exhibit A

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

Initials	
Community	Resident(s)
	Resident(s)

WBD(US) 41242208v3

ATTACHMENT 6

Communities Managed by Life Care Services LLC

SENIOR LIVING COMMUNITIES MANAGED BY LIFE CARE SERVICES AS OF 2/14/2023

Alabama, Birmingham – Galleria Woods

Alabama, Hoover – Danberry at Inverness

Arizona, Chandler – Clarendale of Chandler

Arizona, Fountain Hills – Fountain View Village

Arizona, Peoria – Sierra Winds

Arizona, Phoenix - Clarendale of Arcadia

Arizona, Phoenix - Sagewood

Arizona, Tempe (Phoenix) – Friendship Village of Tempe

California, Cupertino – Forum at Rancho San Antonio, The

California, Palo Alto – Moldaw Residences

California, San Diego – Casa de las Campanas

California, San Rafael - Aldersly

California, Santa Rosa – Arbol Residences of Santa Rosa

California, Santa Rosa – Oakmont Gardens

Connecticut, Essex – Essex Meadows

Connecticut, Mystic - StoneRidge

Connecticut, Southbury – Pomperaug Woods

Delaware, Newark – Millcroft Living

Delaware, Wilmington – Foulk Living

Delaware, Wilmington – Shipley Living

Florida, Aventura – Sterling Aventura

Florida, Bradenton – Freedom Village of Bradenton

Florida, Celebration – Windsor at Celebration

Florida, Clearwater – Regency Oaks

Florida, Hollywood – Presidential Place

Florida, Jacksonville – Cypress Village

Florida, Leesburg – Lake Port Square

Florida, Naples – The Glenview at Pelican Bay

Florida, Naples – The Arlington of Naples

Florida, Palm City – Sandhill Cove

Florida, Port Charlotte – South Port Square

Florida, Seminole – Freedom Square of Seminole

Florida, Seminole – Lake Seminole Square

Florida, Sun City Center – Freedom Plaza

Florida, The Villages – Freedom Point at The Villages

Georgia, Evans – Brandon Wilde

Georgia, Savannah – Marshes of Skidaway Island, The

Illinois, Addison – Clarendale of Addison

Illinois, Algonquin – Clarendale of Algonquin

Illinois, Chicago – Clare, The

Illinois, Godfrey – Asbury Village

Illinois, Lincolnshire - Sedgebrook

Illinois, Mokena – Clarendale of Mokena

Illinois, Naperville – Monarch Landing

Illinois, Wheaton – Wyndemere

Indiana, Carmel – Magnolia Springs at Bridgewater

Indiana, Carmel – Rose Senior Living – Carmel

Indiana, Greenwood (Indianapolis) – Greenwood Village South

Indiana, Indianapolis – Magnolia Springs Southpointe

Indiana, Indianapolis – Marquette

Indiana, Schererville - Clarendale of Schererville

Indiana, Terre Haute – Westminster Village

Indiana, West Lafayette – Westminster Village West Lafayette

Iowa, Ames – Green Hills Community

Iowa, Cedar Rapids – Cottage Grove Place

Kansas, Atchison – Dooley Center

Kansas, Bel Aire – Catholic Care Center

Kentucky, Florence – Magnolia Springs Florence

Kentucky, Lexington – Magnolia Springs Lexington

Kentucky, Lexington – Richmond Place Senior Living

Kentucky, Louisville – Magnolia Springs East

Maryland, Columbia – Residences at Vantage Point

Maryland, Timonium – Mercy Ridge

Maryland, Towson (Baltimore) – Blakehurst

Michigan, Battle Creek – NorthPointe Woods

Michigan, Clinton Township – Rose Senior Living – Clinton Township

Michigan, East Lansing – Burcham Hills

Michigan, Holland – Freedom Village

Michigan, Kalamazoo - Friendship Village

Michigan, Novi – Rose Senior Living at Providence Park

Michigan, Waterford – Canterbury-on-the-Lake

Minnesota, Champlin – Champlin Shores

Minnesota, Plymouth – Trillium Woods

Minnesota, Vadnais Heights – Gable Pines

Missouri, Higginsville – John Knox Village East

Missouri, St. Peters – Clarendale of St. Peters

New Jersey, Bridgewater - Delaney of Bridgewater, The

New Jersey, Bridgewater – Laurel Circle

New Jersey, Burlington – Masonic Village at Burlington

New York, Levittown – Village Green A Carlisle Assisted Living Community

New York, Patchogue – Village Walk Patchogue

New York, Rye Brook – Broadview Senior Living at Purchase College

New York, Staten Island – Brielle at Seaview, The

North Carolina, Chapel Hill – Cedars of Chapel Hill, The

North Carolina, Charlotte – Cypress of Charlotte, The

North Carolina, Durham – Croasdaile Village

North Carolina, Greensboro – WhiteStone

North Carolina, Greenville – Cypress Glen

North Carolina, Lumberton – Wesley Pines

North Carolina, Raleigh - Cypress of Raleigh, The

North Carolina, Wilmington – Plantation Village

Ohio, Avon – Rose Senior Living – Avon

Ohio, Beachwood – Rose Senior Living – Beachwood

Ohio, Mason – Magnolia Springs Loveland

Oklahoma, Bartlesville – Green Country Village

Oregon, Dallas – Dallas Retirement Village

Oregon, Salem – Capital Manor

Pennsylvania, Coatesville – Freedom Village at Brandywine

Pennsylvania, Warrington - Solana Doylestown, The

South Carolina, Greenville – Rolling Green Village

South Carolina, Hilton Head Island – Bayshore on Hilton Head Island

South Carolina, Hilton Head Island – Cypress of Hilton Head, The

Tennessee, Brentwood – Heritage at Brentwood, The

Tennessee, Hendersonville – Clarendale at Indian Lake

Tennessee, Memphis – Heritage at Irene Woods

Tennessee, Nashville – Clarendale at Bellevue Place

Texas, Austin – Westminster

Texas, Bedford - Parkwood Healthcare

Texas, Bedford - Parkwood Retirement

Texas, Dallas – Autumn Leaves

Texas, Dallas – Monticello West

Texas, Dallas – Signature Pointe

Texas, Dallas – Walnut Place

Texas, Georgetown - Delaney at Georgetown Village, The

Texas, League City – Delaney at South Shore, The

Texas, Lubbock – Carillon

Texas, Richmond – Delaney at Parkway Lakes, The

Texas, Spring – Village at Gleannloch Farms, The

Texas, The Woodlands – Village at the Woodlands Waterway, The

Texas, Waco - Delaney at Lake Waco, The

Vermont, White River - Village at White River Junction, The

Virginia, Fairfax – Virginian, The

Virginia, Gainesville – Heritage Village Assisted Living and Memory Care

Virginia, Virginia Beach – Atlantic Shores

Washington, Issaquah – Timber Ridge at Talus

Wisconsin, Greendale – Harbour Village

Wisconsin, Milwaukee – Eastcastle Place

ATTACHMENT 7 List of Extra Charges



Summary of Charges

Effective October 1, 2022- September 30, 2023

SERVICES

Clinic: Services of the clinic are billed according to the type of services received, and charges for the services are filed with residents' insurance carriers. Residents are responsible for any co-pays, deductibles, and for charges not covered by insurance.

Podiatry and psychiatry are available by appointment in the clinic, but are charged and billed by the provider and not through the Clinic.

Beauty Shop/Barber Service: The Croasdaile Village Beauty Shops are operated by private contractors.

Charges are set by the contractors and not by Croasdaile Village Administration.

Cable: Spectrum Community Plan-Included

Additional Services are at the expense of the resident at the Spectrum rate.

Dining Services:

Café & Pub charges:

Breakfast A la carte
Lunch A la carte
Dinner A la carte

Main Dining Buffet Charges:

Dinner/Brunch

• Adult \$14.00

• Child (Ages 3-12) \$ 7.00

Weekends and Holidays Varies per menu

Meal Delivery:

Each resident receives three free meal deliveries per quarter if they are ill.

Additional deliveries are \$4.00 per meal

Guest Rooms: \$95.00/night

Housekeeping:

Weekly Housekeeping: No charge

Annual Deep Cleaning: No charge

Additional personal housekeeping \$27.00 per hour

Set-up fee for personal reservations:

(Fassett Auditorium, Resident Meeting Rooms, etc.)

Normal Hours Set-up \$55.00

Clean-up \$55.00

Night and/or Weekend Set-up \$65.00 per custodian

Weekend Clean-up \$65.00

Note: All personal resident services are charged a minimum of one hour

Laundry:

Croasdaile Village will happily provide personal laundry services to residents

Clothing hourly rate: \$22.00

Linens hourly rate: \$22.00

Maintenance:

Croasdaile Village will happily provide personal Maintenance services to residents.

Hourly rate: \$22.00 per hour per person

Security:

Replace #7 door key \$150.00 per key

PET Button \$169.00 per transmitter

Telephone:

Voice Mail \$4.00 monthly

Transportation:

Medical Transportation No
Charge North Durham, North of NC 147
\$10.00 South Durham, South of NC 147
\$15.00 Hillsborough or Chapel Hill
\$20.00

Mebane \$25.00

Cary	\$35.00
Roxboro	\$40.00
RDU Airport	\$40.00
Raleigh	\$45.00

Prices above are one-way

Any approved private trips beyond the location list shall be calculated using vehicle mileage and driver-hours added together.

The department will not provide long-distance personal transportation.

Pet Deposit: \$200.00 per pet

Note: Resident is required to pay a separate pet deposit for new pets, regardless of previous fees paid.

Croasdaile Village Home Care: Telephone: 919-384-2441

Fax: 919-384-2449

C.N.A. Hourly Rates M-F \$23.50

C.N.A. Hourly Rates Weekends \$24.50

C.N.A. Hourly Rate Holiday & Premium* Double

C.N.A. Hourly Couple Care M-F \$35.25

C.N.A. Hourly Couple Care Weekends \$36.25

C.N.A. Hourly Couple Care Holiday & Premium* Double Companions Hourly Rates M-F \$20.00

Companions Hourly Rates Weekends \$21.00 Companions Hourly Rates Holiday & Premium* Double

All above rates are there is a 3-hour minimum

All above rate are for less than 3 hours:

CNA Hourly Rate \$28.50 Companion Care Hourly \$25.00 Pet Care Visits: 15 to 30 min M-F \$12.00

Pet Care Visits: 15 to 30 min Weekend \$13.00

Pet Care Visits: 31-60 min M-F \$24.00

Pet Care Visits: 31-60 minutes Weekend \$26.00

Medication Reminder Visit: 15 minutes \$10.00

RN Visit Assessments \$75.00

RN Visit Dressing Change Visit \$40.00

RN Visit Medication Management Pour \$30.00 RN Hourly Medication Change & Wellness \$40.00

*Holidays/Premium Days are billed at double the hourly rate: New Year's Eve (Premium)

New Year's Day (Holiday) Easter Sunday (Premium) Mother's Day (Premium)

Father's Day (Premium)

Memorial Day (Holiday) 4th of July (Holiday) Labor Day (Holiday) Thanksgiving (Holiday) Christmas Eve (Premium