

Piedmont Crossing



Disclosure Statement

March 1, 2024

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

- ◇ This disclosure statement may be delivered until revised, but not after July 29, 2025.
- ◇ This disclosure statement is required by North Carolina law to be delivered to a prospective resident prior to execution of a Residency Agreement.
- ◇ This disclosure statement has not been approved by any government agency or representative to ensure accuracy or completeness of the information set out.

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Section I: **Organization Introduction and Information**

Corporation Statement

EveryAge “the Corporation,” formerly known as United Church Homes and Services, is a North Carolina nonprofit corporation that was organized in 1961 for the purpose of developing and managing housing, retirement communities and program of outreach across the geographic boundaries of the southern Conference of The United Church of Christ (The “Southern Conference”). In connection with celebrating its 50th Anniversary, the Corporation announced its new name, EveryAge with a promise of a “new design, a new name, a new beginning. Same great mission.”

The Corporation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

A volunteer Board of Directors governs the Corporation. The Conference Minister of the Southern Conference, with offices in Burlington, North Carolina, serves as an ex-officio member of the Board with voice but no vote. The Corporation is a member of the American Health Care Association, North Carolina Health Care Facilities Association, LeadingAge, LeadingAge North Carolina and the Council for Health and Human Service Ministries of United Church of Christ.

The Corporation is a not-for-profit organization that owns and/or manages continuing care retirement communities in Newton (Abernethy Laurels), Thomasville (Piedmont Crossing), North Carolina, and Suffolk (Lake Prince Woods), Virginia, which consist of residential living, adult care (assisted living) and skilled nursing levels of living. The home office of the Corporation is located at 100 Leonard Avenue, Newton, North Carolina, Catawba County 28658. The Corporation employs a President and Chief Executive Officer who is authorized to have full executive power to carry out the policies and directives of the Board of Directors on a day-to-day basis. Each continuing care retirement community (Abernethy Laurels, Piedmont Crossing and Lake Prince Woods,) has an Executive Director employed and authorized to conduct the day-to-day operations of their respective campus. EveryAge provides management services for Carolina SeniorCare and Elderhaus, Inc., PACE (Program of All-inclusive Care for the Elderly) centers located in Lexington, North Carolina and Wilmington, North Carolina, respectively. In addition to the PACE, Elderhaus, Inc. also operates an Adult Day Health Program and Home Care program. Additionally, in 2023, EveryAge entered into a management agreement with Iredell Adult Day Services in Statesville, North Carolina.

Lake Prince At Home, LLC, (herein referred to as LPAH) a limited liability company, organized under the laws of the State of North Carolina, was formed upon the issuance of its articles of organization by the North Carolina Department of the Secretary of State on October 16, 2017. LPAH also registered for authorization to do business in the Commonwealth of Virginia, through the State Corporation Commission, on November 28, 2017. LPAH’s sole member is Lake Prince Center, Inc. LPAH was formed for the purpose of developing a Medicare-certified home health and hospice company. LPAH obtained its Home Care Organizational License from the Virginia Department of Health Office of Licensure and Certification, effective August 1, 2018, and Medicare Certification, effective April 25, 2019. LPAH obtained Hospice certification, effective April 21, 2022.

EveryAge formed and registered a limited liability corporation, BellaAge Hickory, LLC with the North Carolina Secretary of State in late 2022. BellaAge Hickory, LLC is a planned new independent living unit community in downtown Hickory, NC that will be known as BellaAge Hickory. The rental community will have 95 apartments which will be targeted to the middle-market. The average square footage per unit will be approximately 1,081 square feet. Prospective residents will enter into a rental contract with services. Land was purchased in downtown Hickory (approximately 15 miles from its Abernethy Laurels campus) in 2021 as this opportunity was being explored. The community will be registered with the North Carolina Department of Health Service Regulation as a Multi-unit Housing with services facility. Construction in 2023 and will take approximately 20 months to complete.

In order to protect the health and safety of all residents, management retains the authority to evacuate and relocate residents upon threat of disasters. In cooperation with local emergency management agencies, Piedmont Crossing maintains a current evacuation plan to be implemented upon threat of pending disasters including, but not limited to, hurricanes or floods, warnings of the movement of airborne hazardous materials due to transportation accidents, or the recognition of unstable conditions at nuclear power plants. All residents must fully cooperate with evacuation plans when the order to evacuate has been issued by management. If any resident fails to cooperate with evacuation plans, management will take the necessary actions including assistance from law enforcement and emergency management agencies to remove the resident from Piedmont Crossing and transport to another location. No waivers of responsibility will entitle a resident to remain at the Community following an order for emergency evacuation.

The Corporation provides various administrative, accounting and management services, and in most cases sponsorship and start-up funding, for the following entities:

- ◆ Carolina SeniorCare
- ◆ Elderhaus, Inc.
- ◆ Lake Prince Center, Inc., d.b.a. (“Lake Prince Woods”)
- ◆ Lake Prince At Home, LLC
- ◆ BellaAge Hickory, LLC
- ◆ EveryAge Foundation (“Foundation”)
- ◆ Eldercenter, Inc., d.b.a. Iredell Adult Day Services

Under the principles of consolidation as set forth by generally accepted accounting principles in the United States of America, the financial statements of Carolina SeniorCare, Lake Prince Woods, Lake Prince At Home, and the Foundation are consolidated with the Corporation’s financial statements. Neither the Southern Conference of the United Church of Christ nor any other unit of the United Church of Christ is responsible for financial obligations of the Corporation.

Our Mission

A Christian Ministry providing vibrant living, diverse programs of outreach and compassionate services.

Our Vision

Enriching lives by providing the right services at the right time, in the right setting.

Our Values

- ❖ **Compassion**..... we treat all individuals with understanding, care, and respect
- ❖ **Innovation**..... we are continually changing in order to meet new needs
- ❖ **Integrity**..... we are honest, accountable, and transparent in our services, communications, and the fulfillment of our mission
- ❖ **People**..... we are committed to hiring and investing in dedicated, passionate people
- ❖ **Quality**..... we strive to provide excellent service surpassing ordinary standards and expectations
- ❖ **Value** we aim to be the provider of choice making services accessible to as many as possible

The Board of Directors of EveryAge

The Board of Directors of EveryAge is comprised of the following members:

BOARD MEMBERS	TELEPHONE NUMBER	TERM EXPIRES
Parker D. Howell, III ❖ Post Office Box 2278 Suffolk, VA 23432	757.255.4721 757.620.9264 (M)	2024 3rd Term *Extended Chairperson
Allen Gray 307 Church Street Wilmington, NC 28401	910.620.1754 (M) 910.251.8518 (H)	2026 1 st Term
Anthony J. Branch 2737 NE 1st Street Pompano Beach, FL 33062	704.467.5851 (C) 704.715.5032 (B)	2026 3 rd Term
Hunter March 908 West Washington Street Suffolk, VA 23434	757.934.0755	2026 3 rd Term
Lawrence Bolick 329 Summit Avenue, Apt. A Salisbury, NC 28144	828.612.8146	2026 2 nd Term
Jeffrey S. Gilliam ❖ 3799 Love Road Claremont, NC 28610	704.682.8897 (M) 828.241.5152 (H)	2026 2 nd Term Treasurer
Cory S. Tobin PO Box 71 Thomasville, NC 27361-0368	336.475.4281 (B) 336.689.5358 (M)	2026 2 nd Term
Brad Thie ❖ 53 Pineland Street Chapel Hill, NC 27516	828.234.3389 (M)	2024 3 rd Term Vice-Chairperson
Gregory M. Alcorn ❖ c/o GCS Agents 118-B South Main Street Salisbury, NC 28602	704.647.9621 (B) 704.232.2354 (M)	2024 1st Term Secretary
Vacancy		2025 Unexpired Term
Julius W. Abernethy, IV ❖ 3781 Dockside Lane Sherrill's Ford, NC 28673	828.461.8701	2025 1st Term

BOARD MEMBERS	TELEPHONE NUMBER	TERM EXPIRES
Margie Wiley 2000 Hillpoint Blvd. N. Suite 200 Suffolk, VA 23434	757.809.2130 (W) 914.409.8395 (M)	2025 1st Term
Shane L. Smith 1700 Dominion Tower 999 Waterside Drive Norfolk, VA 23510	757.629.0706 (B)	2025 1st Term
Jody Street* c/o Peoples Bank 518 West C Street PO Box 467 Newton, NC 28658	828.302.1270 (M) 828.464.5620 (W)	Abernethy Laurels Advisory Council Chairperson
Terri Fisher* 159 Myrtle Drive Thomasville, NC 27360	336.472.7217	Piedmont Crossing Advisory Council Chairperson
Michelle Horton* 907 Craig Drive Suffolk, VA 23434	757.319.1476	Lake Prince Woods Advisory Council Chairperson
Linda Morris*❖ 4948 Sentinel Drive, #305 Bethesda, MD 20816	336.541.2838 (M)	Past Board Chairperson
Edward Davis* 252-B West Fifth Street Burlington, NC 27215	336.343.4066	Southern Conference Minister United Church of Christ

❖Indicates Member of Executive Committee

* Ex-Officio

By virtue of office:

Past Board Chairperson (voice and vote)

Advisory Council Chairperson(s) (voice and vote)

Southern Conference Minister (voice, no vote)

President and CEO of EveryAge (voice, no vote)

Executive Assistant/Assistant Secretary of the Corporation (voice, no vote)

Home Office Administration

Lee B. Syria, President and Chief Executive Officer

- ◆ Was named President and CEO of EveryAge, effective October 1, 2012, and worked as Interim President and CEO from February 28 through September 30, 2012. Previously served as Senior Vice President of Operations for EveryAge since July 2008.
- ◆ Was previously employed with EveryAge as Vice President of Human Resources, beginning October 2003, and served as Director of Human Resources with EveryAge three years prior to her promotion from the position of Personnel Manager of Abernethy Laurels (EveryAge), beginning June 1997.
- ◆ Was named as a certified Consecrated Diakonal Minister through the Council for Health and Human Service Ministries in 2008.
- ◆ Has been a licensed Nursing Home Administrator (NHA) since 2006 and holds an NHA license in the State of North Carolina and in the Commonwealth of Virginia.
- ◆ Earned a Master's degree in Business Administration from Gardner-Webb University and a Bachelor of Science degree in Business Administration (Healthcare Management) from Appalachian State University.

Aimee N. Reimann, Chief Operating Officer

- ◆ Has worked as Chief Operating Officer since June 1, 2013.
- ◆ Was previously employed by EveryAge as the Vice President of Home and Community Based Services from April 2011 to June 2013.
- ◆ Was previously employed as Executive Director of Abernethy Laurels, beginning in January 2008.
- ◆ Was previously employed as Administrator of Lutheran Home in Winston-Salem, North Carolina.
- ◆ Has been a licensed Nursing Home Administrator since 2004 and holds an NHA license in the State of North Carolina and the Commonwealth of Virginia.
- ◆ Has experience in various aspects of management since 1998.
- ◆ Earned a Bachelor of Arts degree in Nutrition from Indiana University of Pennsylvania.
- ◆ Holds a Fellows designation from the LeadingAge Leadership Academy.

Tammy H. Jones, Chief Financial Officer

- ◆ Employed by EveryAge since November of 2010 and appointed as Chief Financial Officer, effective February 1, 2023.
- ◆ Previously served for 12 years as Corporate Controller of EveryAge, a multi-site senior living provider headquartered in Newton, North Carolina.
- ◆ Previously served as Senior General Accountant with Kewaunee Scientific Corporation in Statesville, NC from 2007 – 2010 where she performed a full spectrum of accounting services for this recognized global leader in the design, manufacture, and installation of laboratory, healthcare, and technical furniture products.
- ◆ Was previously employed with Hanesbrands, Inc. (May 2006 – Feb. 2007) as Senior Cost and International Accountant, Winston-Salem, NC. Prior to her promotion, from Dec. 1999 to May 2006, she worked as Plant Accountant/Accounts Payable Supervisor for Hanesbrands, Inc. in Statesville, NC. She was previously the Accounting Coordinator for Hanesbrands from Oct. 1997 to Dec. 1999.

- ◆ Served as Legal Assistant and Office Manager for the Law Office of Minor & Brown, Statesville, NC from Feb 1996 – Oct. 1997.
- ◆ Earned a Bachelor of Science degree in Business Management from Gardner-Webb University in Boiling Springs, North Carolina and an A.A.S degree in Computer Programming from Mitchell Community College in Statesville, NC.

Michelle N. Roseman, Chief Quality and Compliance Officer

- ◆ Employed by EveryAge in July 2020 and appointed as Chief Quality and Compliance Officer effective December 19, 2020.
- ◆ Was previously employed with Kindred at Home as Area Vice President of Operations from 2016 through May of 2020.
- ◆ Was previously employed as Executive Vice President and Chief Operating Officer for Catawba Regional Hospice from 2007 to 2016.
- ◆ Earned a Master of Business Administration Degree and Bachelor of Science Degrees in Psychology and Health Education from Gardner-Webb University.
- ◆ Achieved certification in Health Care Compliance (CHC) and Healthcare Privacy Compliance (CHPC) by the Health Care Compliance Association.
- ◆ Has previously worked as Executive Director of Abernethy Laurels/EveryAge from 1994 to 2007 and prior to her promotion, served as Healthcare Administrator and Director of Social Services at Abernethy Laurels.
- ◆ Has been a licensed Nursing Home Administrator since 1998 and holds a NHA license in the State of North Carolina and the Commonwealth of Virginia.

Kim Kilday, Chief Marketing and Public Relations Officer

- ◆ Has worked as Chief Marketing and Public Relations Officer at EveryAge since April 10, 2021.
- ◆ Was Regional Director of Sales and Marketing at Principle LTC from 2020-2021.
- ◆ Was Vice President of Sales and Marketing at Liberty Healthcare Management for nine years.
- ◆ Has previously worked as the Regional Director of Marketing for Care One Virginia.
- ◆ Was employed -NC West Region Sales & Marketing: Shoreline Healthcare Management 2007-08.
- ◆ Earned a Master's Degree in Data Marketing Communication from West Virginia University, a Master of Business Administration Degree with a concentration in Health Administration from Pfeiffer University, and a Bachelor of Science Degree in Business with a concentration in Marketing from Clarion University of Pennsylvania.
- ◆ Holds a North Carolina Insurance license for Life, Health and Long-Term Care.

Cathy Cooper, Chief Human Resources Officer

- ◆ Has worked as Chief Human Resources Officer since June 22, 2015.
- ◆ Was previously Senior Director Human Resources and Transitions of Richfield Hospitality, a hospitality management company based in Denver, Colorado from November 2004 to June 2015.
- ◆ Served in Human Resources and Operations with Hilton Knoxville from 1998-2004 and with Old Town Resorts, Key West, FL in Operations from 1995-1998.
- ◆ Earned the Senior Professional Human Resources (SPHR) designation from HRCI in 2004.
- ◆ Received the SHRM-SCP designation in 2015.
- ◆ Earned a Bachelor of Science in Business Administration degree from LaSalle University.

Community Administration

Amber McIntosh, Executive Director, Abernethy Laurels

- ◆ Has worked as the Executive Director of Abernethy Laurels since April 2013.
- ◆ Was previously employed, since 2001 by Lutheran Home-Hickory, Inc., and served most recently as Executive Director for two campuses in Hickory for Lutheran Services Carolinas.
- ◆ Has experience in various aspects of healthcare management since 1991 including Adult Day Health, Assisted Living and Skilled Nursing.
- ◆ Has been a licensed nursing home administrator since 1995.
- ◆ Holds a Bachelor of Science in Business Administration from Appalachian State University.

Judy O. Raymond, Executive Director, Lake Prince Woods

- ◆ Has worked as the Executive Director of Lake Prince Woods since September 2010.
- ◆ Was previously employed, since 1994 by Westminster-Canterbury on Chesapeake Bay, most recently, as Vice President of Resident and Health Services.
- ◆ Has experience in various aspects of healthcare management and senior housing since 1985.
- ◆ Holds a Bachelor of Arts Degree in Leisure Studies from Salisbury State University.
- ◆ Has been a licensed Nursing Home Administrator since 2002.

Douglas P. Russell, Executive Director, Piedmont Crossing

- ◆ Has worked as the Executive Director of Piedmont Crossing since February 2013.
- ◆ Previously worked, since 2008 at Twin Lakes Community, most recently as Healthcare Administrator.
- ◆ Has owned his own printing business in Atlanta for over 35 years.
- ◆ Has been a licensed nursing home administrator and assisted living administrator since 2009.
- ◆ Certified Aging Services Professional (CASP) since 2011.
- ◆ Holds a Master of Science in Health Services Administration from Central Michigan University and a Bachelor of Science Degree in Business Administration from the University of North Carolina at Chapel Hill.

No member of the Board of Directors of EveryAge, Home Office Administration or Community Administration has been convicted of a felony or pleaded nolo contendere to a felony charge or have been held liable or enjoined in a civil action by final judgment, where the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property. No member of the Board of Directors of EveryAge, Home Office Administration or Community Administration is subject to a currently effective injunctive or restrictive court order, or within of an action brought by a government agency or department, where the order or action arose out of or related to business activity of healthcare, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to North Carolina General Statute 58-64-20 or similar law in another state.

In accordance with North Carolina General Statute (“GS”) § 58-64-20(a)(3)(b)], through this statement, it is hereby disclosed that no owner, officer, or person managing the Community on a day to day basis has a 10% or greater interest in any other entity or if any other entity has a 10% or greater interest in any owner, officer, or person managing the Community on a day to day basis has or will provide \$500 or more in goods or services to the Community.

Section II: Community Introduction and Information

Piedmont Crossing
 100 Hedrick Drive
 Thomasville, NC 27360
 Executive Director: Douglas P. Russell, NHA

Piedmont Crossing is a continuing care retirement community located on a picturesque 61-acre site in Thomasville, North Carolina. The Community became operational October 1, 1986. Each individual's application for admission is reviewed through an admissions process giving attention to health needs, and social interests along with financial and age requirements.

Piedmont Crossing is located in the heart of the Piedmont region of North Carolina and is easily accessible from all parts of the state. From the Charlotte area take Interstate #85 north past Kannapolis, Salisbury, and Lexington. From the Raleigh, Durham, Greensboro area take Interstate #85 south past Burlington, Greensboro, and High Point. In the vicinity of Thomasville, North Carolina, take the Lake Road exit (No. 102) and at the top of the exit ramp turn left onto Lake Road. Go approximately ¼ mile and turn right just beyond East Davidson High School onto Kendall Mill Road. Follow Kendall Mill Road approximately ½ mile and Piedmont Crossing will be on the left side of Kendall Mill Road.

Health Center	<u>Available</u>	<u>Occupied</u>
Nursing Beds	104	76
Residential Living Units	<u>Available</u>	<u>Occupied</u>
Apartments	83	74
Villas	24	24
Cottages	18	18
Pavilion	<u>Available</u>	<u>Occupied</u>
Apartments	34	29
Studios	10	9
Adult Care	20	7

There are approximately 280 Residents residing in all levels of living at Piedmont Crossing as of September 30, 2023. There is a total of 168 continuing care contracts with Piedmont Crossing, which encompass of a total of 217 people, inclusive of second persons.

Section III: Policies

Admissions Policy Statement

Admission to Residential Living Units shall follow the guidelines as established by EveryAge. Each Application for Admission is reviewed through an admissions process giving attention to health needs, social interests along with financial and age requirements. The financial statement is carefully reviewed to ensure that the expenses incurred by residing at the Community would not place a financial hardship on the Resident or the Corporation. The applicant is notified of the decision regarding residency following the application review process. Depending upon the amount of time that has elapsed since the initial acceptance and whether any fee changes have been implemented, an applicant's financial status may be reevaluated.

The following guidelines are used in making a decision regarding approval of an application for admission:

1. Health Needs

An individual's health must be such that they are capable of meeting the requirements of residing in the Residential Living Unit that does not include any daily or other living services in the program for this level of living, such as those involving food preparation, housekeeping, medication administration, toileting, mobility, decision-making, shopping, financial management, bathing, dressing, grooming or hygiene. The individual must be able to meet the requirements listed above by himself/herself, or with the assistance of (1) aide, attendant, Piedmont Crossing's Home Care Agency, or other outside support service, which the individual arranges for and follows the Corporation's private duty policy, (2) the provision of reasonable accommodations, and/or (3) a reasonable modification of the Residential Living Unit.

2. Social Interests

The individual's interests, temperament and outlook should be such that they will contribute to the Community and will be able to live in harmonious relationship with other residents. It is important to consider the ways the individual will benefit from a social setting provided in a Community and how other residents will benefit from the individual's presence in the community.

3. Financial Requirements

Applicants should have sufficient income and assets to pay for all necessary fees and still be able to continue in their present lifestyle. Expenses related to health conditions and any required support services are carefully considered. If the applicant has a long-term care insurance policy that covers nursing home care this will be considered. A financial analysis is completed utilizing actuarial data. Marginal applicants will be reviewed for the possibility of other alternatives including other EveryAge campuses, other Residential Living Units on the desired campus, and other options available for payment. In the event that the Corporation is assessed sales or use tax on Monthly, Daily Fees, and/or fees for other services, the Resident will be responsible for all such taxes.

4. Age Requirements

The age for admission is at least sixty-two (62) years. If application is for two individuals (referred to hereinafter as a "couple") to occupy one Residential Living Unit, at least one of the two individuals must be at least sixty-two (62) years of age.

Residency Agreement Policies

1. Basic Requirements and Terms for Cancellation

(a) Cancellation Prior to Occupancy Due to Death, Illness or Incapacity

If the Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, the Residency Agreement is automatically cancelled, and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of the Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident's death, illness, or incapacity.

(b) Cancellation by the Resident Within Thirty (30) Days of Contract Execution:

Notwithstanding any other provision of the Residency Agreement, the Resident may rescind the Residency Agreement within thirty (30) days following the execution of the Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(c) Cancellation by Resident Between Thirtieth (30th) and Ninetieth (90th) Day of Occupancy

During the first ninety (90) days of occupancy, the Resident will have the right to terminate the Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate the Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid as specified in the selected agreement;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;

- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(d) Cancellation By the Resident After Ninety (90) Days of Occupancy:

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. Any refund due the Resident will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

(e) Terminations By the Corporation:

The Corporation may terminate the Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) there is conduct on the part of the Resident that threatens the safety or well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(f) Joint Occupancy of Residential Living Unit:

If another individual ("Other Resident") signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of the Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate their Residency Agreement.

2. Changes in Occupancy

- (a) Should the Resident choose to marry, and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee, and the Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.
- (b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.

- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended, or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.
- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges, and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to that Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described in the Residency Agreement, subject to the conditions of the Residency Agreement.
- (b) Upon termination of the Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or Resident's estate will be entitled to a refund of the Residency Fee, as described in the selected Residency Agreement.

The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.

- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, the Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of the Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under the Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under the Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
 - (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.

- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

5. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.
- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is provided to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of the Residency Agreement, unless such needed arrangements have already been made.
- (e) If the Resident should need Adult Care Services or Nursing Services, such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

6. Other Considerations

- (a) The Resident is given, as an Addendum to the Residency Agreement, a current copy of the Resident Handbook. These documents will change from time to time, but the Resident Handbooks are the procedural documents for those occupying Residential Living Units at the Community.
- (b) The Resident may not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at EveryAge, without notification to the Corporation. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (c) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.

The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of the Residency Agreement by the Corporation and release of its obligations hereunder.

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Section IV: Services

Diverse and Complete Community

Piedmont Crossing is a continuing care retirement community providing support services and structural features to help persons live as independently as possible for as long as possible. The campus is designed to have three major areas with a specific lifestyle in mind. The Village, Pavilion, and Health Center cover a wide spectrum of living arrangements to accommodate a diversity of lifestyles on a single campus. Piedmont Crossing also operates an onsite Home Care Agency. The goal of this community is to provide a holistic environment.

The Village

The Residential Living Units in the Village consist of apartments, villas, and cottages. Independence and a self-sufficient lifestyle are what the Corporation strives to promote in all areas of residential living. Transportation, meals, laundry service, housekeeping, and salon services are among the support services available on an as-needed, fee-for-service basis so that this type of lifestyle may be enjoyed for as long as possible. The standard services of lawn care, the Residential Living Unit's exterior maintenance, and appliance maintenance help to free the Resident to enjoy a more meaningful use of their time and efforts.

1. One-Bedroom Apartment

A residence approximately 640 to 875 square feet in size with a living/dining area, one large bedroom, a kitchen equipped with standard appliances, a full bath, and porch or balcony.

2. Two-Bedroom Apartment

A residence approximately 950 to 1,150 square feet in size with a living/dining area, one large bedroom and one smaller bedroom, a kitchen equipped with standard appliances, a bath and a half, and a porch or balcony. Most two-bedroom apartments are equipped with a washer and dryer.

3. Villa

A residence approximately 1,288 to 1,478 square feet in size with a living/dining area, two bedrooms, a kitchen equipped with standard appliances, a screened or glassed porch, a washer and dryer, storage area, and single-car carport. Most villas have two baths.

4. Cottage

A freestanding residence approximately 1,339 to 1,622 square feet in size with a living room, dining area, two bedrooms, two full baths, a kitchen equipped with standard appliances, a screened or glassed porch, a washer and dryer, and storage/work room. Most cottages have two baths and an enclosed single-car garage.

The Pavilion

A person wanting or needing more support services than can reasonably be provided in the Village has the option of choosing a Residential Living Unit located in the Pavilion. The objective is the promotion of a self-sufficient lifestyle. By providing meals, laundry service, housekeeping, and staff persons on a twenty-four-hour basis, such a lifestyle can be made possible, enjoyable, and rewarding.

Other services such as transportation, salon services, guest meals, etc., are available on a fee-for-service basis. Piedmont Crossing offers home care services on a fee-for-service basis.

1. **Adult Care (Assisted Living)**

Staff provides assistance in routine activities of daily living such as bathing, personal hygiene, and medication administration. Staff is available on a twenty-four (24) hour per day basis.

2. **Efficiency Apartment**

A residence approximately 500 square feet in size with a bedroom/living area, kitchenette, and full bath.

3. **Efficiency Deluxe Apartment**

Approximately 410 square feet in size arranged to promote ample privacy and desirable furniture arrangement. The unit has a bedroom/living area, kitchenette, full bath with walk-in shower, and private balcony.

4. **One-Bedroom Apartment**

A residence approximately 670 square feet in size with a living/dining area, kitchenette, large separate bedroom, and full bath.

5. **Two-Bedroom Apartment**

A residence approximately 950 to 1023 square feet with a living/dining area, kitchenette, two spacious bedrooms and two full baths.

Other Services

1. **Clinic**

Clinic services are available to all residential living residents. The clinic is staffed by professional nurses. Physician services are available on a periodic basis. The clinic is used for consultation, medication administration, outpatient examinations, outpatient treatments and prescribed therapies. The clinic conducts screenings, vaccinations and tests for residents as needed.

2. **Home Visits**

Occasionally residents need temporary healthcare services provided in their Residential Living Unit. These visits may include routine blood pressure and/or pulse rate checks, medication administration, special medical treatments, or assistance with bathing and dressing. Each resident living in a Residential Living Unit has up to twelve nurse visits per year at no additional charge. Additional visits are available on a fee-for-service basis. These services are provided through Piedmont Crossing's Home Care Agency.

3. **Infirmiry Services**

If residents have a minor illness or injury and are unable to care for themselves, infirmiry services are available on a limited basis to allow for a short-term recovery period.

Health Center

The objective of the Health Center is to provide quality long-term care. The types of living accommodations provided are based on the Resident's physical needs. A person may enter the Community at the Health Center level by completing all of the necessary steps for admission and paying the required fees. Residents are provided quality healthcare in the onsite Health Center if and when it is needed. The level of living provided by the Health Center is:

1. Nursing Services

Long-term nursing, memory support and short-term rehabilitative services are available on campus. The Health Center is Medicare and Medicaid certified, offering both private and companion semiprivate suites. Residents are cared for by licensed and certified nursing professionals under the supervision of a Medical Director and a licensed Nursing Home Administrator.

2. Other Services

Other services such as transportation, salon services, guest meals, etc., are available on a fee-for-service basis.

Rental Option

The Corporation offers a rental option through which an individual may enter the community by signing a monthly rental agreement. This agreement does not require payment of an entrance fee but does require payment of a monthly rental rate set at a higher rate than the monthly fee paid by Residents who hold a contracted Residency Agreement with the Corporation.

The Rental Option provides the Renter with access to services and amenities also available to contracted Residents, with the exception of healthcare services. Additional amenities may be available on a fee-for-service basis for the Renter, and likewise the Renter shall be charged direct admission fees upon entrance to a higher level of living.

This Rental Option is available only in a limited number of specified Residential Living Units. This Rental Option is not an agreement for continuing care.

Section V: Fees and Refund Schedules

The following provides the refund schedule for the 50% Refund Plan (50% Refund Residency Agreement) and the zero-refund plan (Fully Declining Residency Agreement). Cancellation of the Residency Agreement within the first ninety (90) days, or a portion thereof, will be refunded at a reduced balance based on the Residency Fee paid, minus a ten percent (10%) reduction on the initial Residency Fee.

Residency Fee

Payment of a Residency Fee (entrance fee) secures for a Resident the right to maintain occupancy of a selected Residential Living Unit and utilize the services and amenities available at the community for as long as the Resident is able to comply with the terms of the Residency Agreement. Prior to occupancy the Resident will sign a Residential Living Residency Agreement and pay the remainder of the Residency Fee.

Monthly Fee

Payment of a Monthly Fee provides a Resident certain monthly services as provided in the disclosure statement and Residential Living Unit Residency Agreement(s). All other services are provided on an additional fee-for-service basis.

50% Refund Residency Agreement (Plan A)

Beginning on day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the original residency fee will be reduced by 1.21% per month for each month of occupancy through month thirty-six (36). After the thirty-sixth (36th) month of occupancy, the refund will remain at the fifty percent (50%) level. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

Fully Declining Residency Agreement (Plan B)

Beginning on day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the original residency fee will be reduced by 2.73% per month for each month of occupancy through month thirty-six (36). After the thirty-sixth (36th) month of occupancy, the balance will decline to zero. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

The following outlines the fee structure for **Piedmont Crossing** for the last five years, including incremental average increases from the previous year. All fees for each year became effective on October 1. Residents may choose to have electricity and water/sewer included in their Monthly Statement or they may opt for direct billing by each respective utility company. There is a Residency Fee for Residential Living Units ranging from **\$57,000** to **\$417,000**.

Daily Fee (Health Center)	23/24	Average Increase	22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase
Suite (Private)										
Nursing	331	13	318	18	300	10	290	8	282	16
Short Term Rehabilitation	437	17	420	24	396	13	383	11	372	11
Memory Support	344	13	331	19	312	11	301	12	289	8
Companion Suite (Semiprivate)										
Nursing	313	12	301	17	284	10	274	8	266	15

(Fees are subject to change with an advance notice)

Monthly Fee (Residential Living)		23/24	Average Increase	22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase
Veranda B *											
1 Bedroom	one person	1843	80	1763	84	1679	61	1618	47	1571	45
	two people	2593	109	2484	118	2366	81	2285	54	2231	64
2 Bedroom	one person	1964	85	1879	90	1789	65	1724	50	1674	48
	two people	2714	114	2600	124	2476	85	2391	57	2334	67
Kennedy Court and Veranda A and C **											
1 Bedroom	one person	1893	82	1811	86	1725	63	1662	48	1614	47
	two people	2643	111	2532	120	2412	83	2329	55	2274	66
2 Bedroom	one person	2038	88	1950	93	1857	67	1790	52	1738	50
	two people	2788	117	2671	127	2544	87	2457	59	2398	69
Gallery ***											
1 Bedroom	one person	2560	111	2449	117	2332	84	2248	66	2182	64
	two people	3547	149	3398	162	3236	110	3126	75	3051	89
2 Bedroom	one person	2756	119	2637	126	2511	90	2421	71	2350	69
	two people	3743	157	3586	171	3415	116	3299	80	3219	94
1 Bedroom-Corner	one person	2463	107	2356	112	2244	81	2163	63	2100	61
	two people	3450	145	3305	157	3148	107	3041	72	2969	86

(Fees are subject to change with an advance notice)

* After October 1, 2013, Piedmont Crossing Veranda B Unit Residency Agreements will include utilities.

** After October 1, 2014, Piedmont Crossing Kennedy Court and Veranda A and C will include utilities.

*** After October 1, 2011, Piedmont Crossing Gallery Unit Residency Agreements will consist of one convenient monthly payment plan. This package bundles the standard monthly services fee that includes housekeeping services, a meal package, and utilities.

Monthly Fee (Residential Living)		23/24	Average Increase	22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase
Villa											
	one person	1996	85	1911	90	1821	65	1756	51	1705	64
	two people	2746	114	2632	124	2508	85	2423	58	2365	83
Cottage Home											
	one person	2161	92	2069	98	1971	71	1900	55	1845	68
	two people	2911	121	2790	132	2658	91	2567	62	2505	87

(Fees are subject to change with an advance notice)

The Pavilion at Piedmont Crossing		23/24	Average Increase	22/23	Average Increase	21/22	Average Increase	20/21	Average Increase	19/20	Average Increase
Daily Fee											
	ACH Suite (Private)	220	8	212	9	203	6	197	6	191	6
	ACH Companion Suite (Semiprivate)	164	6	158	7	151	4	147	4	143	4
Monthly Fee											
Studio Deluxe	one person	2847	123	2724	130	2594	94	2500	73	2427	71
	two people	3869	162	3707	177	3530	121	3409	99	3310	97
Apartment: 1 Bedroom	one person	3427	148	3279	156	3123	113	3010	88	2922	85
	two people	4449	187	4262	203	4059	140	3919	114	3805	111
Apartment: 2 Bedroom	one person	3880	167	3713	177	3536	128	3408	99	3309	96
	two people	4902	206	4696	224	4472	155	4317	125	4192	122

(Fees are subject to change with an advance notice)

Residency Agreements Residency Fees

Kennedy Court	Plan A	Plan B
Apartment - 1 Bedroom	152,250	101,500
Apartment - 2 Bedroom	211,500	141,000
Veranda A	Plan A	Plan B
Apartment - 2 Bedroom	193,500	129,000
Veranda B	Plan A	Plan B
Apartment - 1 Bedroom	133,500	89,000
Apartment - 2 Bedroom	185,250	123,500
Veranda C		
Apartment - 1 Bedroom	152,250	101,500
Apartment - 2 Bedroom	211,500	141,000
Gallery Building	Plan A	Plan B
Apartment - 1 Bedroom Corner	117,750	78,500
Apartment - 1 Bedroom	117,750	78,500
Apartment - 2 Bedroom	169,500	113,000
Pavilion	Plan A	Plan B
Studio Deluxe	85,500	57,000
Apartment - 1 Bedroom	109,500	73,000
Apartment - 2 Bedroom	134,250	89,500
	Plan A	Plan B
Villa	318,000-462,750	212,000-308,500
Cottage	365,250-504,000	243,500-336,000

There is a fee schedule published annually to cover such items as transportation, meals, housekeeping, etc. This list is available upon request and strives to provide services for residential living persons as they are needed and at a reasonable cost. (See Exhibit 1)

Section VI:
Financial Information and Five -Year Projection Statement

Historical and Forecasted Financial Statements

Year Ending September 30, 2024 (Forecast)

Year Ending September 30, 2025 (Forecast)

Year Ending September 30, 2026 (Forecast)

Year Ending September 30, 2027 (Forecast)

Year Ending September 30, 2028 (Forecast)

EVERYAGE

**PROJECTED COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REPORT**

**FOR THE YEARS ENDING SEPTEMBER 30, 2024
THROUGH SEPTEMBER 30, 2028**

**EVERYAGE
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FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
EveryAge
Newton, North Carolina

Management is responsible for the accompanying projected combined financial statements of EveryAge (the "Organization"), which comprise the projected combined balance sheets as of September 30, 2024, 2025, 2026, 2027 and 2028, and the related projected combined statements of operations and changes in net assets, and cash flows for the years then ending, and the related summary of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA"). We have performed a compilation engagement in accordance with the 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 projected combined financial statements 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 these projected combined financial statements or the assumptions. Furthermore, even if the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the "Hypothetical Assumptions") occurs as projected, the projected results may not be achieved, as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying projection information and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and is included in the Organization's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

As discussed in the summary of accounting policies, 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 projection, the financial statements of multiple other affiliates which should be included with EveryAge's consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the projected financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the projected financial position, results of operations and cash flows have not been determined.

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Board of Directors
EveryAge

The accompanying supplemental information beginning on page 23 is presented for purposes of additional analysis and is not a required part of the projection. Such information is the responsibility of Management. The supplemental information was subject to our compilation engagement. We have not examined or reviewed the supplemental information and do not express an opinion, a conclusion, or provide any assurance on such information.

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



CliftonLarsonAllen LLP

Charlotte, North Carolina
February 23, 2024

**EVERYAGE
PROJECTED COMBINED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028**

	2024	2025	2026	2027	2028
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,229	\$ 1,272	\$ 1,316	\$ 1,362	\$ 1,409
Accounts Receivable	2,286	2,409	2,495	2,582	2,674
Allowance for Credit Losses	(272)	(272)	(272)	(272)	(272)
Other Receivables	586	620	643	665	689
Due from Related Parties, Current	26,290	28,495	32,096	36,246	40,498
Other Current Assets	794	823	852	881	912
Total Current Assets	30,913	33,347	37,130	41,464	45,910
Due from Related Parties, Less Current Portion	228	228	228	228	228
Assets Limited as to Use					
Statutory Operating Reserve	15,412	17,424	17,966	18,519	19,122
Investments	47,877	52,467	58,651	64,816	71,061
Trustee Deposit Accounts Required by Debt Agreement	7,283	7,283	7,283	7,283	7,283
Residents' Funds	32	32	32	32	32
Bond Fund	178	222	221	227	229
Total Assets Limited as to Use	71,010	77,656	84,381	91,105	97,955
Equity Investment	1,326	1,326	1,326	1,326	1,326
Fair Value of Interest Swap Agreements	8,430	8,430	8,430	8,430	8,430
Other Noncurrent Assets	1,203	1,203	1,203	1,203	1,203
Property and Equipment, Net					
Property and Equipment	152,199	188,122	190,858	193,689	196,619
Construction in Progress	31,791	-	-	-	-
Less: Accumulated Depreciation	(88,842)	(94,604)	(101,443)	(108,561)	(115,966)
Property and Equipment, Net	95,148	93,518	89,415	85,128	80,653
Total Assets	\$208,030	\$215,480	\$221,885	\$ 228,656	\$235,477
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	545	740	1,175	1,290	1,370
Accounts Payable	1,230	1,272	1,317	1,363	1,411
Accrued Salaries and Related Benefits	3,327	3,444	3,565	3,688	3,818
Other Current Payables	1,343	1,343	1,343	1,343	1,343
Due to Affiliates	22,437	24,642	28,243	32,393	36,645
Total Current Liabilities	28,882	31,441	35,643	40,077	44,587
LONG-TERM LIABILITIES					
Long-Term Debt, Net of Current Portion	99,359	100,670	99,495	98,205	96,835
Deferred Financing Costs	(1,490)	(1,423)	(1,356)	(1,289)	(1,222)
Unamortized Bond Premium	2,381	2,267	2,153	2,039	1,925
Long-Term Debt, Net of Current Portion	100,250	101,514	100,292	98,955	97,538
Refundable Entrance Fees	6,878	7,238	7,627	8,042	8,600
Deferred Revenue from Advance Fees	21,414	22,379	23,328	24,245	25,217
Total Long-Term Liabilities	128,542	131,131	131,247	131,242	131,355
Total Liabilities	\$157,424	\$162,572	\$166,890	\$ 171,319	\$175,942
NET ASSETS					
Net Assets Without Donor Restrictions	50,591	52,893	54,980	57,322	59,520
Net Assets With Donor Restrictions	15	15	15	15	15
Total Net Assets	50,606	52,908	54,995	57,337	59,535
Total Liabilities and Net Assets	\$208,030	\$215,480	\$221,885	\$ 228,656	\$235,477

See Independent Accountants' Compilation Report and
Summary of Significant Projection Assumptions and Accounting Policies

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EVERYAGE
PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
REVENUES, GAINS, AND OTHER SUPPORT					
Health Care	\$ 30,066	\$ 31,025	\$ 32,085	\$ 33,181	\$ 34,316
Pavillion/Assisted Living	1,991	2,041	2,113	2,187	2,263
Residential Living	11,240	12,748	15,130	16,140	16,732
Amortization of Advance Fees	3,679	3,789	3,903	4,020	4,141
Home Care	1,102	1,140	1,181	1,222	1,265
Management Fee Income	3,099	3,220	3,331	3,447	3,313
Other Operating Revenue	1,306	1,666	1,656	1,548	1,603
Total Revenue, Gains, and Other Support	52,483	55,629	59,399	61,745	63,633
EXPENSES					
Health Services					
Health Care	13,911	14,423	14,975	15,510	16,053
Medical Records	124	129	134	139	144
Personnel and Employee Benefits	9,879	10,225	10,583	10,953	11,336
Laundry	303	313	324	336	348
Social Services	250	259	268	277	287
Activities	400	414	428	443	459
Spiritual Life	149	154	159	165	171
Housekeeping	1,269	1,327	1,398	1,453	1,504
Plant Maintenance	3,952	4,181	4,506	4,704	4,868
Pavillion/Assisted Living	851	881	912	944	977
Clinic	112	116	120	124	129
Resident Services	215	223	231	239	247
Transportation	140	145	150	155	160
Dietary	4,164	4,309	4,459	4,615	4,777
Wellness Center	158	164	170	176	182
Beauty Shop	25	26	27	28	29
Day Care	324	335	347	359	372
Home Care	955	988	1,023	1,059	1,097
General and Administrative:					
Administrative	5,583	5,874	6,317	6,592	6,823
Marketing	757	783	811	839	869
Staff Development	142	147	152	157	162
Depreciation	5,281	5,762	6,839	7,118	7,405
Real Estate Taxes	15	16	17	18	19
Interest Expense	2,146	2,775	3,494	3,461	3,426
Interest - Amortization of Issuance Costs	67	67	67	67	67
Interest - Amortization of Bond Premium	(114)	(114)	(114)	(114)	(114)
Insurance	1,013	1,057	1,110	1,153	1,194
Credit Loss Expense	178	185	192	199	206
Other Operating Expenses	557	616	717	761	788
Total Operating Expenses	52,806	55,780	59,816	61,930	63,985
Operating Loss	(323)	(151)	(417)	(185)	(352)
Nonoperating Income					
Contribution Income (Expense)	(38)	130	130	130	130
Other Nonoperating Revenue	49	-	-	-	-
Investment/Interest Income	3,198	2,323	2,374	2,397	2,420
Net Assets Released from Restrictions	-	-	-	-	-
Net Nonoperating Income	3,209	2,453	2,504	2,527	2,550
Excess of Revenues Over Expenses and Change in Net Assets Without Donor Restrictions	2,886	2,302	2,087	2,342	2,198
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	-	-	-
Change in Net Assets With Donor Restrictions	-	-	-	-	-
Change in Net Assets	2,886	2,302	2,087	2,342	2,198
Net Assets, Beginning of Year	47,720	50,606	52,908	54,995	57,337
NET ASSETS, END OF YEAR	\$ 50,606	\$ 52,908	\$ 54,995	\$ 57,337	\$ 59,535

See Independent Accountants' Compilation Report and
Summary of Significant Projection Assumptions and Accounting Policies

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EVERYAGE
PROJECTED COMBINED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 2,886	\$ 2,302	\$ 2,087	\$ 2,342	\$ 2,198
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:					
Depreciation	5,281	5,762	6,839	7,118	7,405
Amortization of Deferred Issue Costs	67	67	67	67	67
Amortization of Bond Premium, Net	(114)	(114)	(114)	(114)	(114)
Amortization of Advance Fees	(3,679)	(3,789)	(3,903)	(4,020)	(4,141)
Advance Fees Received	2,522	2,291	2,315	2,324	2,421
Accounts Receivable	500	(123)	(86)	(87)	(92)
Other Receivables	(55)	(34)	(23)	(22)	(24)
Other Current Assets	(165)	(29)	(29)	(29)	(31)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(656)	42	45	46	48
Accrued Salaries and Related Benefits	392	117	121	123	130
Other Current Payables	(70)	-	-	-	-
Net Cash Provided by Operating Activities	6,909	6,492	7,319	7,748	7,867
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in Assets Limited as to Use	724	(2,056)	(541)	(559)	(605)
Purchases of Property and Equipment	(29,228)	(3,252)	(2,736)	(2,831)	(2,930)
Capitalized Interest	(925)	(880)	-	-	-
Change in Due to Affiliates	-	-	-	-	-
Purchase of Investments	(6,403)	(4,590)	(6,184)	(6,165)	(6,245)
Net Cash Used in Investing Activities	(35,832)	(10,778)	(9,461)	(9,555)	(9,780)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advanced Fees Refunds	(1,522)	(1,431)	(1,374)	(1,288)	(1,248)
Borrowings of Long-Term Debt	27,554	2,051	-	-	-
Principal Payments on Long-Term Debt	(1,960)	(545)	(740)	(1,175)	(1,290)
Refundable and First Generation Advance Fees Received	4,686	4,254	4,300	4,316	4,498
Net Cash Provided by Financing Activities	28,758	4,329	2,186	1,853	1,960
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(165)	43	44	46	47
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,394	1,229	1,272	1,316	1,362
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 1,229	\$ 1,272	\$ 1,316	\$ 1,362	\$ 1,409
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest and Capitalized Interest	\$ 3,061	\$ 3,645	\$ 3,484	\$ 3,451	\$ 3,416
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash					
Cash and Cash Equivalents	\$ 1,229	\$ 1,272	\$ 1,316	\$ 1,362	\$ 1,409
Restricted Cash	-	-	-	-	-
Total Cash, Cash Equivalents and Restricted Cash	\$ 1,229	\$ 1,272	\$ 1,316	\$ 1,362	\$ 1,409

See Independent Accountants' Compilation Report and
Summary of Significant Projection Assumptions and Accounting Policies.

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Summary of Significant Projection Assumptions and Accounting Policies

BASIS OF PRESENTATION

Management's financial projection (the "Projection") presents to the best of the knowledge and belief of management ("Management") of EveryAge (the "Organization"), the expected financial position, results of operations and cash flows as of September 30, 2024, 2025, 2026, 2027, and 2028 and for each of the years then ending (the "Projection Period"). All significant intra-entity activity has been eliminated upon combination.

Management's Projection has been prepared for the specific purpose of presenting the combined projected balance sheets, statements of operations and change in net assets, and projected statements of cash flows of

- EveryAge - Home Office;
- EveryAge - Abernethy Laurels;
- EveryAge - Piedmont Crossing; and
- EveryAge – BellaAge.

This presentation is not intended to present the projected consolidated statements of EveryAge, which would include other affiliates. Accordingly, the projection is not intended to be a presentation in conformity with U.S. generally accepted principles since it excludes the other affiliates.

A projection, although similar to a forecast, is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be "Hypothetical Assumptions" as defined by the American Institute of Certified Public Accountants' Guide for Prospective Financial Information. A Hypothetical Assumption is defined as follows: "An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation."

Management's Hypothetical Assumption is as follows:

- The BellaAge project addition is constructed, filled and operated as described hereinafter; and
- Management is able to achieve the projected operating revenue inflationary rate increases and operating expense inflationary increases as described hereinafter.

Management's purpose for preparing this financial Projection is for the use of Management, the Board of Directors, and for inclusion in Management's Disclosure Statements in accordance with Chapter 58, Article 64 of the North Carolina General Statutes and is not intended to be and should not be used, by another other than these specified parties. The Projection reflects management's judgment as of February 23, 2024, the date of this Projection, of the expected conditions and its expected course of actions. The assumptions disclosed herein are those that Management of EveryAge believes are significant to the projected combined financial statements. Furthermore, even if the Hypothetical Assumptions were to occur, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Management does not intend to revise this Projection to reflect changes in present circumstances or the occurrence of unanticipated events.

Unless otherwise noted, references to time periods used in this report refer to the fiscal year of EveryAge which ends on September 30.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

EveryAge is a not-for-profit organization that owns and operates a variety of senior living communities in both North Carolina and Virginia.

EveryAge owns and operates the following continuing care retirement communities in North Carolina consisting of residential living units, assisted living units and nursing facilities providing adult care and intermediate and skilled nursing care:

- Abernethy Laurels in Newton, North Carolina, a licensed Continuing Care Retirement Community (“CCRC”);
- Piedmont Crossing in Thomasville, North Carolina, a CCRC; and
- EveryAge, through BellaAge Hickory, LLC (“BellaAge”) which is a nonprofit organization which was incorporated on December 12, 2022, is developing an independent living rental facility. BellaAge is a planned new independent living unity community in North Carolina with construction beginning in 2023. Construction is expected to take approximately 18 months to complete. BellaAge is not planned to be a licensed CCRC.

Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the financial statements of EveryAge and BellaAge. All material intercompany accounts and transactions have been eliminated in the combination.

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 projection, the financial statements of multiple other affiliates which should be included with EveryAge’s consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the projected financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the projected financial position, results of operations and cash flows have not been determined.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes from cash and cash equivalents assets limited as to use.

Assets Limited as to Use

Assets limited as to use primarily include the operating reserves required by State statute, and assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital improvements, to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Investments

Investments held are reported at fair value and are included in assets limited as to use as they are considered board designated. Fair value is 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. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income. Donated investments are stated at fair value at the date of the gift. Investment expenses and fees are netted with net realized gains on investments.

Assets Limited as to Use – Operating Reserve

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% or 50% of operating expenses (net of depreciation and amortization) plus principal (net of debt service reserve funds) for the projected years ending for those facilities depending on occupancy levels of each facility.

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses to represent the Company's estimate of expected losses at the balance sheet date. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Management has projected an allowance for expected credit loss based on historical credit losses and estimated future credit losses.

The Organization has projected write offs of accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to credit loss expense (previously bad debt expense).

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Donated property and equipment are recorded at their estimated fair value on the date of receipt. Interest costs incurred on

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. The Organization capitalizes property and equipment with an estimated useful life of greater than one year and a cost of more than \$2,000.

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

Land Improvements	10 to 20 Years
Buildings and Improvements	30 to 40 Years
Furniture, Fixtures, and Equipment	5 to 15 Years
Vehicles	5 Years

The Organization periodically assesses the value of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the bonds using the straight-line method that approximates the effective interest method.

Resident Escrows

If a resident should move into the health care unit and vacate the residential living unit, the amount of any refund to which the resident would be entitled is set aside and held by EveryAge for use by the resident to pay for necessary health care expenses. Once a permanent move is made and the residential living unit is available for remarketing, the resident may draw against the remaining residency refund to pay health care costs. A resident who does not live in a residential living unit for a period of 180 days or more shall be deemed to have made a permanent move.

A resident drawing from the residency refund to pay for health care costs shall, in agreement with the Center Executive, determine the withdrawal amount. This amount shall not exceed \$1,500 per month.

In case of financial hardship, withdrawal of more than \$1,500 per month may be requested by the resident. The resident must submit financial information sufficient to prove financial need. Such withdrawals will be allowed upon approval by the senior management of the Organization.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advance Deposits

The Organization may collect up to 10% of the advance fees described below as a deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue.

Advance Fees

Deferred revenue from 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.

Contracts currently offered to EveryAge residents are a fully declining refund contract and a 50% refundable contract.

The nonrefundable portion of these fees is amortized into income on a straight-line basis over the estimated remaining life, actuarially adjusted, of each resident. The estimated amount of advance fees that is expected to be refunded to current residents under terms of the contracts are classified as refundable advance fees. Refunds are made to residents upon re-occupancy of the unit unless the resident has chosen to transfer their remaining balance into escrow as described above. Any unrecognized deferred revenue, less any related refund, at the date of termination of the contract is recorded as income in the period the termination of the contract occurs.

Interest Rate Swap Agreement

The Organization uses interest rate swap agreements to manage risks related to interest rate movements. The Organization's interest rate risk strategy is to pay-fixed and receive-variable interest rate swaps. The combination of these swaps and variable-rate bonds creates synthetic fixed-rate debt. The use of synthetic fixed-rate debt has the ability to lower the Organization's borrowing costs associated with the issuance of traditional fixed-rate bonds. The Organization's interest rate swap agreements have not been designated as hedging transactions and are reported at fair value.

Management has not projected changes in the underlying value of the swap agreements.

Net Assets

The following classification of net assets is presented in the accompanying combined financial statements:

Without Donor Restrictions – All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

With Donor Restrictions – All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor 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.

Excess (Deficit) of Revenues Over (Under) Expenses

The combined statements of operations and changes in net assets reflect the excess (deficit) of revenues over (under) expenses. Changes in net assets without donor restrictions that are excluded from the excess (deficit) of revenues over (under) expenses, consistent with industry practice, would

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were used for acquiring the asset).

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income.

Advance Fees

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment under the life care contract and included in liabilities in the statement of financial position until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the expectant life of the resident as the performance obligation is associated with access to future services. 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 statement of financial position.

Resident Service Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, patients, participants, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents, patients, and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). On October 1, 2019, CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare Prospective Payment System (PPS). Under PDPM, therapy minutes are removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduced variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Effective October 1, 2019, new PDPM HIPPS codes replaced RUG scores listed on each claim for determining reimbursement amounts. Annual Medicaid cost reports are required by the state of North Carolina, however, they are not used to settle the costs of claims. Instead, the cost reports are used in the development of price-based rates and to monitor the adequacy of the reimbursement methodology.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Generally, residents and patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents and patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and home and community-based services revenue in the period of the change.

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

Contract Costs

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

Benevolent Assistance

The Organization has a policy of providing benevolent assistance to qualified residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The normal charges for services provided are included in revenue and paid through a transfer of assets from the Benevolent Trust Fund.

Income Tax Status

The Organization consists of not-for-profit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), and the affiliated Foundation is exempt from income taxes pursuant to Internal Revenue Code Section 501(a).

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the combined financial statements.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, assets limited as to use, accounts receivable, net, and other current and long-term liabilities approximates their respective fair values.

Equity Method Investment

The Organization has a 20% equity interest in Trinity Rehab, LLC. During the year ended September 30, 2022, the Organization made the initial investment of \$1,100,000. The Organization receives 20% of Trinity Rehab LLC's net income, and distributions as declared by Trinity Rehab, LLC.

Distributions received from equity method investees are classified in the combined statement of cash flows under the cumulative earnings approach, in which distributions received are considered returns on investment and classified as cash inflows from operating activities, unless the cumulative distributions received less distributions received in prior periods that were determined to be returns of

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

investment exceed cumulative equity in earnings recognized. When such an excess occurs, distribution up to this excess would be considered a return of investment and classified as cash inflows from investing activities.

Management has not projected any distributions related to their equity interest.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES

Unless otherwise noted, assumptions are the same for all three Organizations.

Facility Utilization

Management has projected the occupancies at EveryAge – Abernethy Laurels, EveryAge – Piedmont Crossing as follows. The projected occupancy of EveryAge – BellaAge is described subsequently.

EveryAge - Abernethy Laurels	2024	2025	2026	2027	2028
Average Occupied Units:					
Independent Living	162	162	162	162	162
Assisted Living	13	13	13	13	13
Skilled Nursing	156	156	156	156	156
Available Units:					
Independent Living	187	187	187	187	187
Assisted Living	18	18	18	18	18
Skilled Nursing	174	174	174	174	174
<u>Average Independent Living Occupancy Percentage</u>	<u>87%</u>	<u>87%</u>	<u>87%</u>	<u>87%</u>	<u>87%</u>
<u>Average Assisted Living Occupancy Percentage</u>	<u>72%</u>	<u>72%</u>	<u>72%</u>	<u>72%</u>	<u>72%</u>
<u>Average Skilled Nursing Occupancy Percentage</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>

EveryAge - Piedmont Crossing	2024	2025	2026	2027	2028
Average Occupied Units:					
Independent Living	161	161	161	161	161
Assisted Living	12	12	12	12	12
Skilled Nursing	86	86	86	86	86
Available Units:					
Independent Living	169	169	169	169	169
Assisted Living	20	20	20	20	20
Skilled Nursing	94	94	94	94	94
<u>Average Independent Living Occupancy Percentage</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>
<u>Average Assisted Living Occupancy Percentage</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>
<u>Average Skilled Nursing Occupancy Percentage</u>	<u>91%</u>	<u>91%</u>	<u>91%</u>	<u>91%</u>	<u>91%</u>

Source: Management

Revenue

Health care revenue includes revenue from residents residing in the nursing facility. Health care revenue and the payor mix is based upon historical experience for the Organization. Health care revenues are assumed to increase 3.5 percent annually throughout the Projection Period. The Projection does not assume any third-party payor settlements throughout the Projected Period.

Assisted living rents are based on historical experience of the Organization. These rents are assumed to increase 3.5 percent annually throughout the Projection Period.

Residential living rents are based on historical experience of the Organization. These rents are assumed to increase 3.5 percent annually throughout the Projection Period.

Home Care revenue is based on historical experience of the Organization. Home Care revenue is anticipated to increase approximately 3.5 percent annually throughout the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES

Management fee income is assumed to increase approximately 3.5 percent annually throughout the Projection Period.

Description	EveryAge Summary of Fees, Number and Types of Units Rates Effective 10/1/2023 and 2/1/2024*					
	Abernethy Laurels			Piedmont Crossing		
	Number of Units	Entrance Fee ⁽¹⁾	Standard Monthly Fee ⁽²⁾	Number of Units	Entrance Fee ⁽¹⁾	Standard Monthly Fee ⁽²⁾
<i>Independent Living</i>						
Village Homes:						
Villas	62	\$192,000 - 393,000	\$2,077	24	\$318,000 - \$462,750 *	\$1,996
Cottages	26	\$298,500 - \$502,500	\$2,265	18	\$365,250 - \$504,000 *	\$2,161
One Bedroom Townhome	10	\$169,500 - 189,000	\$1,802	0	N/A	N/A
Two Bedroom Townhome	31	\$182,250 - 219,000	\$1,942	0	N/A	N/A
Veranda Apartments						
One Bedroom	0	N/A	N/A	4	\$133,500	\$1,843
Two Bedroom	0	N/A	N/A	24	\$185,250	\$1,964
Patio Homes						
One Bedroom	0	N/A	N/A	5	\$152,250	\$1,893
Two Bedroom	0	N/A	N/A	15	\$211,500	\$2,038
Gallery Apartments						
One Bedroom Corner	0	N/A	N/A	4	\$117,750	\$2,463
One Bedroom Standard	0	N/A	N/A	8	\$117,750	\$2,560
Two Bedroom Standard	0	N/A	N/A	23	\$169,500	\$2,756
Pavillion:						
Studio	22	N/A	\$6,144 - 6,600	0	N/A	N/A
Studio - Deluxe	0	N/A	N/A	10	\$85,500	\$2,847
Efficiency	13	\$50,250	\$3,470	0	N/A	N/A
Efficiency Deluxe	2	\$50,250	\$3,857	0	N/A	N/A
One Bedroom	17	\$72,000	\$4,479	26	\$109,500	\$3,427
One Bedroom Deluxe	4	\$111,750	\$4,687	0	N/A	N/A
Two Bedroom	0	N/A	N/A	8	\$134,250	\$3,880
Total / Weighted Average	187	\$234,485	\$2,944	169	\$211,345	\$2,593
<i>Second Person</i>			\$810-\$1,297	\$750 - \$1,012		
<i>Assisted Living</i>						
Private	18	N/A	\$202	14	N/A	\$220
Semi-Private	0	N/A	\$0	6	N/A	\$164
Total / Weighted Average	18		\$202	20		\$203
<i>Nursing Beds</i>						
Private	34	N/A	\$346	60	N/A	\$331
Semi-Private	76	N/A	\$312	8	N/A	\$313
Rehab	16	N/A	\$435	18	N/A	\$437
Memory Care	48	N/A	\$352	18	N/A	\$344
Total / Weighted Average	174		\$341	104		\$350

Source: Management

Notes:

- (1) Reflects Type A rates. Type B (rental) rates are 1.5x less.
- (2) Reflects Type A rates. Type B (rental) rates are 1.5x higher.

Advance fees and resident deposit amortization revenue is based on the expected turnover in units at the Organization' apartment complexes for the elderly. The expected turnover during the Projection Period is consistent with the Organization historical experience.

Investment income is projected based on available investment balances earning investment income at a realized rate of 4.0 percent per year during the Projection Period.

Other revenue is expected to grow by 3.5 percent annually throughout the remainder of the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES AND OTHER ITEMS

Cost and Expenses

The Home Office charges a management fee to the facilities to cover related party management costs. Management fee income and expense have been eliminated in combination.

Other costs and expenses for the years ending September 30, 2024 are projected based upon historical operating expenses. Cost and expenses for subsequent years are being inflated 3.5 percent annually throughout the remainder of the Projection Period.

Depreciation expense is projected based on estimated useful lives, giving to effect capital additions during the Projection Period.

Operating Reserve

Under the rules and regulations of the Department of Insurance of North Carolina, which regulates continuing care facilities operating in the state, the Organization are required to maintain operating reserves of 25 percent or 50 percent depending on the occupancy percentage, of the total occupancy costs of the independent living units and assisted living units (i.e., total expenses less depreciation, amortization. Such operating reserve may only be released upon approval of the North Carolina Commissioner of Insurance. The operating reserve has been calculated based upon projected operating for EveryAge – Abernethy Laurels and EveryAge – Piedmont Crossing. EveryAge – BellaAge is not considered for purposes of the operating reserve calculation as it is a rental facility.

The operating reserve for the Organization is projected as follows:

	2024	2025	2026	2027	2028
Statutory Operating Reserve Calculation (Expenses in Thousands) ⁽¹⁾ :					
Total Operating Expenses	\$ 48,547	\$ 50,456	\$ 52,207	\$ 54,022	\$ 55,903
Include:					
Bond Principal Payments	1,960	545	540	540	625
Exclude:					
Depreciation	(4,886)	(5,352)	(5,609)	(5,877)	(6,152)
Amortization of Bond Issuance Costs	(50)	(50)	(50)	(50)	(50)
Debt Service Reserve	(1,613)	(1,702)	(1,809)	(1,938)	(2,087)
Total Operating Costs	\$ 43,958	\$ 43,897	\$ 45,279	\$ 46,697	\$ 48,239
Required Reserve	(2)	(2)	(2)	(2)	(2)
Required Operating Reserve	\$ 15,412	\$ 17,424	\$ 17,966	\$ 18,519	\$ 19,122

Source: Management

Notes:

- (1) Operating expenses are the operating expenses for the communities subject to an operating reserve, and exclude amortization and depreciation expense. The Debt Service Reserve fund provides an offset to interest expense and principal payments to the extent a debt service reserve fund has been established for such purpose.
- (2) Calculations for the individual facility calculations shown hereafter.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES AND OTHER ITEMS

The operating reserve projections are as follows:

Piedmont Crossing	2024	2025	2026	2027	2028
Statutory Operating Reserve Calculation (Expenses in Thousands):					
Total Operating Expenses	\$ 19,204	\$ 20,006	\$ 20,730	\$ 21,482	\$ 22,260
Include:					
Bond Principal Payments	346	154	152	151	177
Exclude:					
Depreciation	(1,573)	(1,760)	(1,862)	(1,969)	(2,079)
Amortization of Bond Issuance Costs	(11)	(11)	(11)	(11)	(11)
Debt Service Reserve	(277)	(292)	(311)	(333)	(358)
Total Operating Costs	\$ 17,689	\$ 18,097	\$ 18,698	\$ 19,320	\$ 19,989
Required Reserve	50%	25%	25%	25%	25%
Required Operating Reserve	\$ 8,845	\$ 4,524	\$ 4,675	\$ 4,830	\$ 4,997
Average Available Units:					
Independent Living Units	169	169	169	169	169
Assisted Living Units	20	20	20	20	20
Total Available Units	189	189	189	189	189
Occupancy at September 30:					
Independent Living Units	158	162	162	162	162
Assisted Living Units	11	12	12	12	12
Total Occupied Units	169	174	174	174	174
Occupancy at September 30:	89.4%	92.1%	92.1%	92.1%	92.1%

Abernethy Laurels	2024	2025	2026	2027	2028
Statutory Operating Reserve Calculation (Expenses in Thousands):					
Total Operating Expenses	\$ 29,343	\$ 30,450	\$ 31,477	\$ 32,540	\$ 33,643
Include:					
Bond Principal Payments	1,614	391	388	389	448
Exclude:					
Depreciation	(3,313)	(3,592)	(3,747)	(3,908)	(4,073)
Amortization of Bond Issuance Costs and Bond Premium	(39)	(39)	(39)	(39)	(39)
Principal Paid from Entrance Fee Receipts	-	-	-	-	-
Debt Service Reserve	(1,336)	(1,410)	(1,498)	(1,605)	(1,729)
Principal Set Aside in Debt Service Reserve Fund at Home Office					
Total Operating Costs	\$ 26,269	\$ 25,800	\$ 26,581	\$ 27,377	\$ 28,250
Required Reserve	25%	50%	50%	50%	50%
Required Operating Reserve	\$ 6,567	\$ 12,900	\$ 13,291	\$ 13,689	\$ 14,125
Average Available Units:					
Independent Living Units	187	187	187	187	187
Assisted Living Units	18	18	18	18	18
Total Available Units	205	205	205	205	205
Occupancy at September 30:					
Independent Living Units	168.0	167.0	167.0	167.0	167.0
Assisted Living Units	17.5	16.5	16.5	16.5	16.5
Total Occupied Units	185.5	183.5	183.5	183.5	183.5
Occupancy at September 30	90.5%	89.5%	89.5%	89.5%	89.5%

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued)

Operating Reserve (continued)

The total operating reserve is funded with cash and cash equivalents, debt securities and equity investments held by the EveryAge Home Office. These assets are restricted and cannot be used without approval by the North Carolina Department of Insurance.

Intercompany Accounts

Accounts due to affiliates and due from affiliates have been adjusted throughout the Projection Period as a result of projected activity of operations and to maintain a minimum operating cash balance and to account for the operating reserve requirements of those communities subject to an operating reserve.

Commitments and Contingencies

Management does not assume that there will be any claims on the Organization for the Projection Period relating to its self-insurance for professional and general liability coverage or workers' compensation plan in excess of its annual historical insurance expenses.

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalents for the Projection Period is projected to maintain a minimum operating cash balance based upon recent historical experience of each of the Organization.

Accounts Receivable, Net

Accounts receivable, net is projected based upon historical levels throughout the Projection Period that approximate the historical days of operating revenues for each of the respective Organization.

Other Current Assets

Other current assets are projected based on historic levels throughout the Projection Period.

Accounts Payable

Accounts payable is projected based upon historical levels throughout the Projection Period that approximate the historical days of operating expenses, net of depreciation, for each of the respective Organization.

Accrued Wages and Other Liabilities

Accounts wages and other liabilities is projected based upon historical levels throughout the Projection Period that approximate the historical days of operating expenses, net of depreciation, for each of the respective Organization.

Derivatives

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization has entered into interest rate swap agreements for the 2021B-D bonds. Under the agreement, interest is payable at a fixed rate of 1.985-2.624% based on the outstanding balance of the bank qualified loan payable, which is effective through October 1, 2036. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense on the combined statement of activities and changes in net assets. The interest rate swap agreement has nominal principal amount of \$59,445,000.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued)

The fair value of the interest rate swap agreement was derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present, and future market conditions.

Management does not project unrealized gains or losses from the valuation of swap agreements.

BellaAge

On May 18, 2023, EveryAge and BellaAge successfully closed a \$31,960,000 direct bank loan with Huntington Public Capital Corporation. Proceeds from the Series 2023A is being used to build a new 95 independent living unit rental community in downtown Hickory, NC that will be known as BellaAge Hickory, LLC ("BellaAge" or the "Project") which will be targeted to the middle-market. The average square footage per unit will be approximately 1,081 square feet, with monthly fees ranging from \$2,394 to \$3,618 in 2024. Management has projected that its stabilized occupancy of 90 percent would be achieved in the fiscal year ending 2027.

Prospective residents will enter into a rental contract with services. EveryAge purchased land in 2021 in downtown Hickory (approximately 15 miles from its Abernethy Laurels campus). The new units will be registered with the North Carolina Department of Health Service Regulation as multi-housing units with services. Proceeds from Series 2023A will also be used to fund interest during construction and fill-up, pay for certain costs of issuance, and purchase furniture, fixtures, and equipment. Construction began in June 2023 which will take approximately 20 months to complete.

Management has based its operating expense assumptions on its anticipated staffing needs, as well as other operating expenses based on their operating experience with their other communities.

Long Term Debt

During the Projection Period, the Organization's long-term debt is planned to be comprised of the Series 2021A Bonds, Series 2022B Bonds, Series 2023B Bonds, Series 2021D Bonds, and the Series 2023A Bonds.

Series 2021A Bonds: During the 2022 fiscal year, the Organization entered into a refinancing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2021A revenue bonds of \$22,205,000. The Series 2021A Bonds are due 2041 through 2051, bearing interest of 3.15% to 4.29%.

Series 2021D Bonds: During the 2022 fiscal year, the Organization entered into an \$18,385,000 bank loan financing with a commercial lender. The Series 2021D Bonds are due 2024-2037, bearing interest of 6.8%.

Series 2022B Bonds: During the 2023 fiscal year, the Organization converted their \$4,240,000 2021B Taxable Bonds originally financed with a commercial lender in 2022 to Series 2022B Tax-Exempt Bonds. The Series 2022B Bonds are due 2024-2037, bearing interest of 5.37%.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued)

Series 2023B Bonds: During the 2023 fiscal year, the Organization converted their \$31,310,000 Series 2021C Taxable Bonds originally financed with a commercial lender in 2022 to Series 2023B Tax-Exempt Bonds. The 2023B Bonds are due 2024-2046, bearing interest of 5.37%.

Series 2023A Bonds: On May 1, 2023, the Organization entered into a financing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2023A revenue bonds of \$31,960,000. The bonds were issued to finance the costs of the BellaAge project and pay certain expenses incurred in connection with the authorization and issuance of the bonds. The Series 2023A Bonds are due 2024-2046, bearing interest of 5.37%. The bonds are draw down bonds and the draws are assumed to fund BellaAge project costs plus interest expense during construction.

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization has entered into four interest rate swap agreements for the 2021B-D bonds. Under the agreements, interest is payable at a fixed rate of 1.985-2.624% based on the outstanding balance of the bank qualified loans and have termination dates ranging from June 4, 2024 through October 1, 2036. The annual gain or loss on the fair value of the swap agreements is reported as revenue or expense in the combined statements of operations and changes in net assets. The interest rate swap agreements had a notional principal amount of \$58,597,500 at September 30, 2023. The fair value of the interest swap agreements at September 30, 2023 is approximately \$7,617,000.

In May 2023, the Organization entered into an additional interest rate swap agreement for the Series 2023 Bonds. Under the agreement, interest is payable at a fixed rate of 4.21% based on the outstanding balance of the bank qualified loan payable and has a termination date of May 1, 2030. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense in the combined statements of operations and changes in net assets. The notional amount varies each year based on draws on the loan and will eventually equal the approximate outstanding balance of the Series 2023 Bonds. The fair value of the interest swap agreements at September 30, 2023 is approximately \$813,000.

Management has projected maturity of the outstanding debt as follows:

Fiscal Year Ending September 30,	Abernethy	Piedmont	Abernethy	Piedmont	Abernethy	Piedmont	Abernethy	Piedmont	Bella Age	Total
	Laurel	Crossing	Laurel	Crossing	Laurel	Crossing	Laurel	Crossing	Series 2023A	
	Series 2021A Bonds		Series 2022B Bonds		Series 2023B Bonds		Series 2021D Bonds		Bonds	Principal
2024	\$ -	\$ -	\$ 228	\$ 107	\$ 1,257	\$ 178	\$ 129	\$ 61	\$ -	\$ 1,960
2025	-	-	224	106	92	13	75	35	-	545
2026	-	-	221	104	92	13	75	35	200	740
2027	-	-	214	101	96	14	78	37	635	1,175
2028	-	-	269	126	101	14	78	37	665	1,290
2029	-	-	303	142	101	14	82	38	690	1,370
2030	-	-	439	206	101	14	85	40	725	1,610
2031	-	-	10	5	105	15	564	266	755	1,720
2032	244	51	78	37	110	16	1,727	813	790	3,865
2033	261	54	82	38	110	16	1,771	834	825	3,990
Thereafter	17,888	3,707	347	163	22,561	3,194	7,558	3,557	26,675	85,650
Total	\$ 18,393	\$ 3,812	\$ 2,414	\$ 1,136	\$ 24,725	\$ 3,500	\$ 12,223	\$ 5,752	\$ 31,960	\$ 103,915

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued)

The following table presents Management's projected capital additions during the Projection Period:

	2024	For the Years Ending September 30,				2028
		2025	2026	2027		
EveryAge - Abernethy Laurels	\$ 2,031	\$ 1,523	\$ 1,577	\$ 1,632	\$ 1,689	
EveryAge - Piedmont Crossing	1,357	1,012	1,048	1,084	1,122	
EveryAge - Home Office	103	107	111	115	119	
EveryAge - BellaAge	25,737	610	-	-	-	
EveryAge - BellaAge Capitalized Interest	925	880	-	-	-	
Total Property, Plant and Equipment	\$ 30,153	\$ 4,132	\$ 2,736	\$ 2,831	\$ 2,930	

Source: Management

SUPPLEMENTAL INFORMATION

See Independent Accountants' Compilation Report
(23)

**EVERYAGE – ABERNETHY LAURELS
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028**

	2024	2025	2026	2027	2028
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	1,546	1,600	1,656	1,714	1,775
Allowance for Credit Losses	(177)	(177)	(177)	(177)	(177)
Other Receivables	296	306	317	328	340
Due from Related Parties, Current	26,290	27,679	29,301	31,053	32,982
Other Current Assets	188	195	202	209	216
Total Current Assets	28,143	29,603	31,299	33,127	35,136
Due from Related Parties, Less Current Portion					
Assets Limited as to Use					
Residents' Funds	22	22	22	22	22
Bond Fund	143	175	174	178	180
Total Assets Limited as to Use	165	197	196	200	202
Fair Value of Interest Swap Agreements	6,093	6,093	6,093	6,093	6,093
Property and Equipment, Net					
Property and Equipment	97,478	99,001	100,578	102,210	103,899
Less: Accumulated Depreciation	(51,760)	(55,352)	(59,099)	(63,007)	(67,080)
Property and Equipment, Net	45,718	43,649	41,479	39,203	36,819
Total Assets	\$80,119	\$79,542	\$79,067	\$ 78,623	\$78,250
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	\$ 391	\$ 388	\$ 389	\$ 448	\$ 485
Accounts Payable	377	390	404	418	433
Accrued Salaries and Related Benefits	1,272	1,317	1,363	1,410	1,460
Other Current Payables	655	655	655	655	655
Total Current Liabilities	2,695	2,750	2,811	2,931	3,033
LONG-TERM LIABILITIES					
Long-Term Debt, Net of Current Portion	55,750	55,362	54,973	54,525	54,040
Deferred Financing Costs	(777)	(738)	(699)	(660)	(621)
Unamortized Bond Premium	1,969	1,875	1,781	1,687	1,593
Long-Term Debt, Net of Current Portion	56,942	56,499	56,055	55,552	55,012
Refundable Entrance Fees	3,394	3,269	3,231	3,233	3,329
Deferred Revenue from Advance Fees	12,271	12,671	13,074	13,461	13,876
Total Long-Term Liabilities	72,607	72,439	72,360	72,246	72,217
Total Liabilities	\$75,302	\$75,189	\$75,171	\$ 75,177	\$75,250
NET ASSETS					
Net Assets Without Donor Restrictions	4,802	4,338	3,881	3,431	2,985
Net Assets With Donor Restrictions	15	15	15	15	15
Total Net Assets	4,817	4,353	3,896	3,446	3,000
Total Liabilities and Net Assets	\$80,119	\$79,542	\$79,067	\$ 78,623	\$78,250

See Independent Accountants' Compilation Report
(24)

EVERYAGE – ABERNETHY LAURELS
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
REVENUES, GAINS, AND OTHER SUPPORT					
Health Care	\$ 18,918	\$ 19,580	\$ 20,265	\$ 20,974	\$ 21,708
Pavillion/Assisted Living	1,084	1,122	1,161	1,202	1,244
Residential Living	6,060	6,272	6,492	6,719	6,954
Amortization of Advance Fees	2,106	2,169	2,234	2,301	2,370
Home Care	461	477	494	511	529
Other Operating Revenue	227	235	243	252	261
Total Revenue, Gains, and Other Support	28,856	29,855	30,889	31,959	33,066
EXPENSES					
Health Services					
Health Care	8,227	8,515	8,813	9,121	9,440
Medical Records	77	80	83	86	89
Personnel and Employee Benefits	4,506	4,664	4,827	4,996	5,171
Laundry	176	182	188	195	202
Social Services	118	122	126	130	135
Activities	280	290	300	311	322
Spiritual Life	80	83	86	89	92
Housekeeping	821	850	880	911	943
Plant Maintenance	2,226	2,304	2,385	2,468	2,554
Pavillion/Assisted Living	594	615	637	659	682
Clinic	91	94	97	100	104
Resident Services	57	59	61	63	65
Transportation	105	109	113	117	121
Dietary	2,441	2,526	2,614	2,705	2,800
Wellness Center	158	164	170	176	182
Home Care	374	387	401	415	430
General and Administrative:					
Administrative	727	752	778	805	833
Marketing	402	416	431	446	462
Staff Development	109	113	117	121	125
Management Fees	1,876	1,938	2,006	2,076	2,149
Depreciation	3,313	3,592	3,747	3,908	4,073
Interest Expense	1,743	1,721	1,711	1,702	1,694
Interest - Amortization of Issuance Costs	39	39	39	39	39
Interest - Amortization of Bond Premium	(94)	(94)	(94)	(94)	(94)
Insurance	509	527	545	564	584
Credit Loss Expense	106	110	114	118	122
Other Operating Expenses	282	292	302	313	324
Total Operating Expenses	29,343	30,450	31,477	32,540	33,643
Operating Loss	(487)	(595)	(588)	(581)	(577)
Nonoperating Income					
Contribution Income	130	130	130	130	130
Other Nonoperating Income (Expense)	7	-	-	-	-
Investment/Interest Income	-	1	1	1	1
Net Nonoperating Income	137	131	131	131	131
Excess of Revenues Over Expenses and Change in Net Assets Without Donor Restrictions	(350)	(464)	(457)	(450)	(446)
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	-	-	-
Change in Net Assets With Donor Restrictions	-	-	-	-	-
Change in Net Assets	(350)	(464)	(457)	(450)	(446)
Net Assets, Beginning of Year	5,167	4,817	4,353	3,896	3,446
NET ASSETS, END OF YEAR	\$ 4,817	\$ 4,353	\$ 3,896	\$ 3,446	\$ 3,000

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EVERYAGE – ABERNETHY LAURELS
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (350)	\$ (464)	\$ (457)	\$ (450)	\$ (446)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:					
Depreciation	3,313	3,592	3,747	3,908	4,073
Amortization of Deferred Issue Costs	39	39	39	39	39
Amortization of Bond Premium, Net	(94)	(94)	(94)	(94)	(94)
Amortization of Advance Fees	(2,106)	(2,169)	(2,234)	(2,301)	(2,370)
Advance Fees Received	1,028	1,159	1,185	1,192	1,244
(Increase) Decrease in Current Assets:					
Accounts Receivable	202	(54)	(56)	(58)	(61)
Other Receivables	(46)	(10)	(11)	(11)	(12)
Other Current Assets	(4)	(7)	(7)	(7)	(7)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	103	13	14	14	15
Accrued Salaries and Related Benefits	80	45	46	47	50
Net Cash Provided by Operating Activities	2,165	2,050	2,172	2,279	2,431
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in Assets Limited as to Use	(143)	(32)	1	(4)	(2)
Purchases of Property and Equipment	(2,031)	(1,523)	(1,577)	(1,632)	(1,689)
Change in Related Party Due From or Due To Accounts	696	(1,389)	(1,622)	(1,752)	(1,929)
Net Cash Used in Investing Activities	(1,478)	(2,944)	(3,198)	(3,388)	(3,620)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advanced Fees Refunds	(985)	(868)	(788)	(716)	(674)
Principal Payments on Long-Term Debt and Capital Leases	(1,614)	(391)	(388)	(389)	(448)
Refundable and First Generation Advance Fees Received	1,910	2,153	2,202	2,214	2,311
Net Cash Provided by (Used in) Financing Activities	(689)	894	1,026	1,109	1,189
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2)	-	-	-	-
Cash and Cash Equivalents, Beginning of Year	2	-	-	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest	\$ 1,743	\$ 1,721	\$ 1,711	\$ 1,702	\$ 1,694

**EVERYAGE – PIEDMONT CROSSING
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028**

	2024	2025	2026	2027	2028
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	740	809	839	868	899
Allowance for Expected Credit Losses	(95)	(95)	(95)	(95)	(95)
Other Receivables	249	272	282	292	302
Due from Related Parties, Current	-	-	1,319	3,249	5,278
Other Current Assets	161	167	173	179	185
Total Current Assets	1,055	1,153	2,518	4,493	6,569
Assets Limited as to Use					
Residents' Funds	10	10	10	10	10
Bond Fund	35	47	47	49	49
Total Assets Limited as to Use	45	57	57	59	59
Equity Investment					
Fair Value of Interest Swap Agreements	1,524	1,524	1,524	1,524	1,524
Property and Equipment, Net	10,270	9,522	8,708	7,823	6,866
Total Assets	\$ 12,894	\$ 12,256	\$ 12,807	\$ 13,899	\$ 15,018
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	\$ 154	\$ 152	\$ 151	\$ 177	\$ 195
Accounts Payable	420	434	449	465	481
Accrued Salaries and Related Benefits	1,000	1,035	1,072	1,109	1,148
Other Current Payables	688	688	688	688	688
Due to/from Affiliates	2,434	586	-	-	-
Total Current Liabilities	4,696	2,895	2,360	2,439	2,512
LONG-TERM LIABILITIES					
Long-Term Debt, Net of Current Portion	13,700	13,548	13,397	13,220	13,025
Deferred Financing Costs	(195)	(184)	(173)	(162)	(151)
Unamortized Bond Premium	412	392	372	352	332
Long-Term Debt, Net of Current Portion	13,917	13,756	13,596	13,410	13,206
Refundable Entrance Fees	3,484	3,969	4,396	4,809	5,271
Deferred Revenue from Advance Fees	9,143	9,708	10,254	10,784	11,341
Total Long-Term Liabilities	26,544	27,433	28,246	29,003	29,818
Total Liabilities	\$ 31,240	\$ 30,328	\$ 30,606	\$ 31,442	\$ 32,330
NET ASSETS					
Net Assets Without Donor Restrictions	(18,346)	(18,072)	(17,799)	(17,543)	(17,312)
Net Assets With Donor Restrictions	-	-	-	-	-
Total Net Assets	(18,346)	(18,072)	(17,799)	(17,543)	(17,312)
Total Liabilities and Net Assets	\$ 12,894	\$ 12,256	\$ 12,807	\$ 13,899	\$ 15,018

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EVERYAGE – PIEDMONT CROSSING
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
REVENUES, GAINS, AND OTHER SUPPORT					
Health Care	\$ 11,148	\$ 11,445	\$ 11,820	\$ 12,207	\$ 12,608
Pavillion/Assisted Living	907	919	952	985	1,019
Residential Living	5,180	5,502	5,739	5,975	6,211
Amortization of Advance Fees	1,573	1,620	1,669	1,719	1,771
Home Care	641	663	687	711	736
Other Operating Revenue	85	131	136	141	146
Total Revenue, Gains, and Other Support	19,534	20,280	21,003	21,738	22,491
EXPENSES					
Health Services					
Health Care	5,684	5,883	6,089	6,302	6,523
Medical Records	47	49	51	53	55
Personnel and Employee Benefits	3,148	3,258	3,372	3,490	3,612
Laundry	127	131	136	141	146
Social Services	132	137	142	147	152
Activities	120	124	128	132	137
Spiritual Life	69	71	73	76	79
Housekeeping	448	464	480	497	514
Plant Maintenance	1,726	1,786	1,849	1,914	1,981
Pavillion/Assisted Living	257	266	275	285	295
Clinic	21	22	23	24	25
Resident Services	158	164	170	176	182
Transportation	35	36	37	38	39
Dietary	1,723	1,783	1,845	1,910	1,977
Beauty Shop	25	26	27	28	29
Home Care	581	601	622	644	667
General and Administrative:					
Administrative	634	656	679	703	728
Marketing	355	367	380	393	407
Staff Development	33	34	35	36	37
Management Fees	1,270	1,306	1,353	1,401	1,450
Depreciation	1,573	1,760	1,862	1,969	2,079
Interest Expense	393	414	410	406	403
Interest - Amortization of Issuance Costs	11	11	11	11	11
Interest - Amortization of Bond Premium	(20)	(20)	(20)	(20)	(20)
Insurance	352	364	377	390	404
Credit Loss Expense	72	75	78	81	84
Other Operating Expenses	230	238	246	255	264
Total Operating Expenses	19,204	20,006	20,730	21,482	22,260
Operating Income	330	274	273	256	231
Nonoperating Income (Expense)					
Other Nonoperating Revenue (Expense)	42	-	-	-	-
Investment/Interest Income	-	-	-	-	-
Net Nonoperating Income (Expense)	42	-	-	-	-
Excess of Revenues Over Expenses and Change in Net Assets Without Donor Restrictions	372	274	273	256	231
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	-	-	-
Change in Net Assets With Donor Restrictions	-	-	-	-	-
Change in Net Assets	372	274	273	256	231
Net Assets, Beginning of Year	(18,718)	(18,346)	(18,072)	(17,799)	(17,543)
NET ASSETS, END OF YEAR	\$ (18,346)	\$ (18,072)	\$ (17,799)	\$ (17,543)	\$ (17,312)

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**EVERYAGE – PIEDMONT CROSSING
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028**

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 372	\$ 274	\$ 273	\$ 256	\$ 231
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:					
Depreciation	1,573	1,760	1,862	1,969	2,079
Amortization of Deferred Issue Costs	11	11	11	11	11
Amortization of Bond Premium, Net	(20)	(20)	(20)	(20)	(20)
Amortization of Advance Fees	(1,573)	(1,620)	(1,669)	(1,719)	(1,771)
Advance Fees Received	1,494	1,132	1,130	1,132	1,177
(Increase) Decrease in Current Assets:					
Accounts Receivable	298	(69)	(30)	(29)	(31)
Other Receivables	(3)	(23)	(10)	(10)	(10)
Other Current Assets	(16)	(6)	(6)	(6)	(6)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(22)	14	15	16	16
Accrued Salaries and Related Benefits	147	35	37	37	39
Net Cash Provided by Operating Activities	2,261	1,488	1,593	1,637	1,715
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in Assets Limited as to Use	(35)	(12)	-	(2)	-
Purchases of Property and Equipment	(1,357)	(1,012)	(1,048)	(1,084)	(1,122)
Change in Related Party Due From or Due To Accounts	(2,762)	(1,848)	(1,905)	(1,930)	(2,029)
Net Cash Used in Investing Activities	(4,154)	(2,872)	(2,953)	(3,016)	(3,151)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advanced Fees Refunds	(537)	(563)	(586)	(572)	(574)
Principal Payments on Long-Term Debt and Capital Leases	(346)	(154)	(152)	(151)	(177)
Refundable and First Generation Advance Fees Received	2,776	2,101	2,098	2,102	2,187
Net Cash Provided by Financing Activities	1,893	1,384	1,360	1,379	1,436
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-	-	-
Cash and Cash Equivalents, Beginning of Year	-	-	-	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest	\$ 393	\$ 414	\$ 410	\$ 406	\$ 403

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**EVERYAGE – BELLA AGE
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028**

	2024	2025	2026	2027	2028
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Related Parties, Current	-	816	1,476	1,944	2,238
Total Current Assets	-	816	1,476	1,944	2,238
Due from Related Parties, Less Current Portion	-	-	-	-	-
Assets Limited as to Use					
Investments	98	98	98	98	98
Bond Fund	-	-	-	-	-
Total Assets Limited as to Use	98	98	98	98	98
Equity Investment					
Fair Value of Interest Swap Agreements	813	813	813	813	813
Property and Equipment, Net					
Property and Equipment	-	33,281	33,281	33,281	33,281
Construction in Progress	31,791	-	-	-	-
Less: Accumulated Depreciation	-	-	(808)	(1,616)	(2,424)
Property and Equipment, Net	31,791	33,281	32,473	31,665	30,857
Total Assets	\$32,702	\$ 35,008	\$ 34,860	\$ 34,520	\$ 34,006
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	\$ -	\$ 200	\$ 635	\$ 665	\$ 690
Due to/from Affiliates	66	-	-	-	-
Total Current Liabilities	66	200	635	665	690
LONG-TERM LIABILITIES					
Long-Term Debt, Net of Current Portion	29,909	31,760	31,125	30,460	29,770
Deferred Financing Costs	(518)	(501)	(484)	(467)	(450)
Long-Term Debt, Net of Current Portion	29,391	31,259	30,641	29,993	29,320
Total Long-Term Liabilities	29,391	31,259	30,641	29,993	29,320
Total Liabilities	\$29,457	\$ 31,459	\$ 31,276	\$ 30,658	\$ 30,010
NET ASSETS					
Net Assets Without Donor Restrictions	3,245	3,549	3,584	3,862	3,996
Net Assets With Donor Restrictions	-	-	-	-	-
Total Net Assets	3,245	3,549	3,584	3,862	3,996
Total Liabilities and Net Assets	\$32,702	\$ 35,008	\$ 34,860	\$ 34,520	\$ 34,006

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EVERYAGE – BELLAAGE
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
REVENUES, GAINS, AND OTHER SUPPORT					
Residential Living	\$ -	\$ 974	\$ 2,899	\$ 3,446	\$ 3,567
Other Operating Revenue	-	271	212	53	55
Total Revenue, Gains, and Other Support	-	1,245	3,111	3,499	3,622
EXPENSES					
Health Services					
Health Care	-	25	73	87	90
Housekeeping	-	13	38	45	47
Plant Maintenance	-	91	272	322	333
Administrative	24	121	363	430	445
Management Fees	-	-	-	-	254
Depreciation	-	-	808	808	808
Interest Expense	-	630	1,363	1,343	1,319
Interest - Amortization of Issuance Costs	17	17	17	17	17
Insurance	-	9	26	31	32
Other Operating Expenses	-	39	120	142	147
Total Operating Expenses	41	945	3,080	3,225	3,492
Operating Income (Loss)	(41)	300	31	274	130
Nonoperating Income (Expense)					
Investment/Interest Income	4	4	4	4	4
Net Nonoperating Income	4	4	4	4	4
Excess (Deficit) of Revenues Over Expenses and Change in Net Assets Without Donor Restrictions	(37)	304	35	278	134
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	-	-	-
Change in Net Assets With Donor Restrictions	-	-	-	-	-
Change in Net Assets	(37)	304	35	278	134
Net Assets, Beginning of Year	3,282	3,245	3,549	3,584	3,862
NET ASSETS, END OF YEAR	\$ 3,245	\$ 3,549	\$ 3,584	\$ 3,862	\$ 3,996

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EVERYAGE – BELLAAGE
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (37)	\$ 304	\$ 35	\$ 278	\$ 134
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:					
Depreciation	-	-	808	808	808
Amortization of Deferred Issue Costs	17	17	17	17	17
(Increase) Decrease in Current Assets:					
Other Receivables	23	-	-	-	-
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(892)	-	-	-	-
Net Cash Provided by (Used by) Operating Activities	(889)	321	860	1,103	959
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(25,737)	(610)	-	-	-
Capitalized Interest During Construction	(925)	(880)	-	-	-
Change in Related Party Due From or Due To Accounts	(11)	(882)	(660)	(468)	(294)
Net Cash Used in Investing Activities	(26,673)	(2,372)	(660)	(468)	(294)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings of Long-Term Debt	27,554	2,051	-	-	-
Principal Payments on Long-Term Debt	-	-	(200)	(635)	(665)
Net Cash Provided by (Used in) Financing Activities	27,554	2,051	(200)	(635)	(665)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8)	-	-	-	-
Cash and Cash Equivalents, Beginning of Year	8	-	-	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest	\$ 925	\$ 1,510	\$ 1,363	\$ 1,343	\$ 1,319

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**EVERYAGE – HOME OFFICE
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028**

	2024	2025	2026	2027	2028
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,229	\$ 1,272	\$ 1,316	\$ 1,362	\$ 1,409
Other Receivables	41	42	44	45	47
Other Current Assets	445	461	477	493	511
Total Current Assets	1,715	1,775	1,837	1,900	1,967
Due from Related Parties, Less Current Portion	228	228	228	228	228
Assets Limited as to Use					
Statutory Operating Reserve	15,412	17,424	17,966	18,519	19,122
Investments	47,779	52,369	58,553	64,718	70,963
Trustee Deposit Accounts Required by Debt Agreement	7,283	7,283	7,283	7,283	7,283
Total Assets Limited as to Use	70,702	77,304	84,030	90,748	97,596
Equity Investment	1,326	1,326	1,326	1,326	1,326
Other Noncurrent Assets	1,203	1,203	1,203	1,203	1,203
Property and Equipment, Net	7,369	7,066	6,755	6,437	6,111
Total Assets	\$ 82,315	\$ 88,674	\$ 95,151	\$ 101,614	\$ 108,203
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 433	\$ 448	\$ 464	\$ 480	\$ 497
Accrued Salaries and Related Benefits	1,055	1,092	1,130	1,169	1,210
Due to Affiliates	19,937	24,056	28,243	32,393	36,645
Total Current Liabilities	21,425	25,596	29,837	34,042	38,352
LONG-TERM LIABILITIES					
Total Long-Term Liabilities	-	-	-	-	-
Total Liabilities	\$ 21,425	\$ 25,596	\$ 29,837	\$ 34,042	\$ 38,352
NET ASSETS					
Net Assets Without Donor Restrictions	60,890	63,078	65,314	67,572	69,851
Net Assets With Donor Restrictions	-	-	-	-	-
Total Net Assets	60,890	63,078	65,314	67,572	69,851
Total Liabilities and Net Assets	\$ 82,315	\$ 88,674	\$ 95,151	\$ 101,614	\$ 108,203

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EVERYAGE – HOME OFFICE
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
REVENUES, GAINS, AND OTHER SUPPORT					
Management Fee Income	\$ 6,245	\$ 6,464	\$ 6,690	\$ 6,924	\$ 7,166
Other Operating Revenue	994	1,029	1,065	1,102	1,141
Total Revenue, Gains, and Other Support	7,239	7,493	7,755	8,026	8,307
EXPENSES					
Health Services					
Personnel and Employee Benefits	2,225	2,303	2,384	2,467	2,553
Day Care	324	335	347	359	372
General and Administrative:					
Administrative	4,198	4,345	4,497	4,654	4,817
Depreciation	395	410	422	433	445
Real Estate Taxes	15	16	17	18	19
Interest Expense	10	10	10	10	10
Insurance	152	157	162	168	174
Other Operating Expenses	45	47	49	51	53
Total Operating Expenses	7,364	7,623	7,888	8,160	8,443
Operating Loss	(125)	(130)	(133)	(134)	(136)
Nonoperating Income					
Contribution Expense	(168)	-	-	-	-
Investment/Interest Income	3,194	2,318	2,369	2,392	2,415
Net Nonoperating Income (Expense)	3,026	2,318	2,369	2,392	2,415
Excess of Revenues Over Expenses and Change in Net Assets Without Donor Restrictions	2,901	2,188	2,236	2,258	2,279
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	-	-	-
Change in Net Assets With Donor Restrictions	-	-	-	-	-
Change in Net Assets	2,901	2,188	2,236	2,258	2,279
Net Assets, Beginning of Year	57,989	60,890	63,078	65,314	67,572
NET ASSETS, END OF YEAR	\$ 60,890	\$ 63,078	\$ 65,314	\$ 67,572	\$ 69,851

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EVERYAGE – HOME OFFICE
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 2,901	\$ 2,188	\$ 2,236	\$ 2,258	\$ 2,279
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:					
Depreciation	395	410	422	433	445
(Increase) Decrease in Current Assets:					
Other Receivables	(29)	(1)	(2)	(1)	(2)
Other Current Assets	(145)	(16)	(16)	(16)	(18)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	155	15	16	16	17
Accrued Salaries and Related Benefits	165	37	38	39	41
Other Current Payables	(70)	-	-	-	-
Net Cash Provided by Operating Activities	3,372	2,633	2,694	2,729	2,762
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in Assets Limited as to Use	902	(2,012)	(542)	(553)	(603)
Purchases of Property and Equipment	(103)	(107)	(111)	(115)	(119)
Change in Due to Affiliates	2,077	4,119	4,187	4,150	4,252
Purchase of Investments	(6,403)	(4,590)	(6,184)	(6,165)	(6,245)
Net Cash Used in Investing Activities	(3,527)	(2,590)	(2,650)	(2,683)	(2,715)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Cash Provided by Financing Activities	-	-	-	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(155)	43	44	46	47
Cash and Cash Equivalents, Beginning of Year	1,384	1,229	1,272	1,316	1,362
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,229	\$ 1,272	\$ 1,316	\$ 1,362	\$ 1,409
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ -

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Section VII:
Reserves, Escrow and Trusts

The Board of Directors established an operating reserve in an amount equal to fifty (50) percent of the budgeted expenses for 2024 for the purpose of preserving the financial stability of the Corporation. In accordance with guidance received by the NC Department of Insurance dated September 26, 2019, and subsequent guidance received December 4, 2020, the calculation of operating reserve is based on the forecasted operating expenses for Fiscal Year 2024 and occupancy as of September 30, 2023. The funds held for operating reserve are invested and managed by independent money managers and had a balance of \$15,411,282 on January 31, 2024.

N.C.G.S. 58-64-33 requires the Corporation to maintain an operating reserve equal to fifty (50) percent of the total operating costs of the Community forecasted for the twelve-month period following the period covered by the most recent disclosure statement filed with the Department or twenty-five (25) percent, if occupancy is in excess of ninety (90) percent for the year ending September 30, 2023. Based on the Financial Forecasts, the Corporation will possess sufficient reserves to satisfy the Operating Reserve Requirement for EveryAge d/b/a Piedmont Crossing as shown below:

**Total Forecasted 2024 Operating Costs for
Piedmont Crossing**

Total Operating Costs:	\$19,202,701
Principal Payment	345,940
Less Depreciation Expense	(1,572,563)
Less Amortization Expense	(10,822)
Less Debt Service Reserve Account	<u>(276,943)</u>
	<u>\$17,688,313</u>

OPERATING RESERVE REQUIREMENT

Total Forecasted Operating Costs for 2024	\$17,688,313
Multiplied by Required Percentage	<u>X 50%</u>
Total Operating Reserve Required for 2024	<u>\$8,844,156</u>

ASSETS AVAILABLE TO FUND OPERATING RESERVE

Portion of reserve corpus of assets whose use is limited - Board designated	<u>15,411,282</u>
Necessary funds available to fund operating reserve	<u>\$8,844,156</u>

For all of the above reserves, the Finance Committee of the Board of Directors has developed an investment policy and makes the final decision concerning investment strategies.

Section VIII: Community Development and Expansion

Piedmont Crossing

The first phase of Piedmont Crossing was constructed in 1986 as a continuing care retirement community. The Health Center originally had fifty-four licensed nursing beds and forty licensed adult care (assisted living) beds. The Community was opened with **Residential Living Units** of apartments, villas, and cottages. Villa units and additional cottages have been added as they were marketed.

Further development of Piedmont Crossing occurred in the mid-1990s, with the addition of the Pavilion building, which was dedicated April 28, 1996, and consists of a Pavilion, and 36 - one- and two-bedroom apartments. The Pavilion provides a variety of residential and adult care (assisted living) opportunities from two-bedroom apartments to single occupancy studio rooms.

There is land available on the site to add additional villas, cottages, and apartments. One additional cottage was added to the campus in 2008. In 2021, preliminary plans began to evaluate the needed site infrastructure, such as water and sewer, to allow for the addition of cottages and/or villas in the future.

In October of 2009, the Board of Directors approved plans to renovate and expand the Piedmont Crossing Health Center, with the intent to finance the relocation of sixty licensed beds from the EveryAge Centerclair facility, formerly located in Lexington, NC, to the Piedmont Crossing campus. This consolidation included construction of new facilities on the Piedmont Crossing campus and the addition of sixty beds to the updated Health Center, for a total of 114 licensed beds. The consolidation was completed on January 12, 2012.

The project included upgrades to the existing healthcare rooms, with the addition of 54 new beds constructed as three individual “households” and connected to the existing facility. Each “Household model” is designed to create a homelike atmosphere for residents and consists of a large open kitchen, a family/living room, dining room, and private resident rooms. The concept allows for ample flexibility in the activities of daily living.

In 2019, the Adult Care Dining and Activity Space was renovated. Also, a Bistro was added to the community to provide an alternative dining venue for residents, staff, and visitors to enjoy.

In 2022, the Corporation began conducting market research as a preliminary step to evaluate an expansion of cottages and villas. In 2023, the Corporation engaged the services of an architect, civil engineer and others to develop a site plan for vacant land available on the campus for an expansion and to begin necessary site infrastructure improvements to accommodate additional on-campus residential living opportunities. The Corporation anticipates beginning construction of the site infrastructure improvements in 2024, which will allow for an additional thirty-two (32) cottages and villas to be added in phases.

Funding for future capital expansion will be provided by Residency Fees, contributions from interested individuals and other donors, entities, organizations, etc., bank financing, sale of tax-exempt bonds, and/or use of available reserves.

Section IX: **Other Material Information**

All 104 skilled nursing beds at Piedmont Crossing are Medicare certified and eighty (80) of the skilled nursing beds are also Medicaid certified.

In 2023, the Corporation transferred ten (10) skilled nursing beds to another provider within the County. The transfer was approved by the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Health Planning and Certificate of Need Section.

The Corporation strives to make every effort to reach out to the wider community and respond with care and services to meet a variety of needs of the growing older population. As opportunities and finances are available, new outreach ministries are undertaken, not only to respond to needs, but to also help set standards for quality care and affordable retirement living opportunities. The Corporation is committed to a mission of carrying on charitable work in response to community and individual needs as funds are available and as opportunities present themselves.

The Corporation purchases general, professional, and excess automobile liability insurance from Caring Communities, a Reciprocal Risk Retention Group (“CCrRRG”). CCrRRG is a District of Columbia insurer owned by over 60 members, including EveryAge, all of whom are not-for-profit providers of senior services and housing, except one member which is a Vermont insurer owned by its members all of which are also not-for-profit providers of senior services and housing. CCrRRG is registered with the North Carolina Department of Insurance but is not covered by the North Carolina Guarantee Association.

Capital contributions are now represented by the EveryAge Charter Capital Account of CCrRRG.

Balance Sheet, Profit and Loss, and Cash Flow items with a Material Variance of greater of 10% and \$500,000 are itemized and explained in corresponding footnotes in the following pages numbered 27, 28, 29, and 30.

Balance Sheet

EveryAge					
Comparison 2023 Forecast to 2023 Actuals					
Balance Sheet (In Thousands of Dollars)					
	2023	2023			
	Forecast	Actual	Variance	% Variance	Footnote
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,806	\$ 1,394	\$ (412)	(22.81%)	
Accounts receivable, net	1,350	2,514	1,164	86.22%	(a)
Due from affiliates	23,977	27,968	3,991	16.65%	(b)
Other receivables and current assets	962	1,160	198	20.58%	
Total current assets	28,095	33,036	4,941	17.59%	
Assets limited as to use:					
Operating reserves	16,314	16,314	0	0.00%	
Patient Funds	41	32	(9)	(22.38%)	
Investments	2,498	2,634	136	5.44%	
Assets held by trustees and board designated	60,226	48,652	(11,574)	(19.22%)	(c)
Total assets limited as to use	79,079	67,633	(11,446)	(14.47%)	
Fair value of interest rate swap receivable	5,704	8,430	2,726	47.79%	(d)
Property and equipment, net	68,459	70,275	1,816	2.65%	
Total assets	181,337	179,374	(1,963)	(1.08%)	
Liabilities and Net Assets					
Current Liabilities:					
Line of Credit	1,000	-	(1,000)	(100.00%)	(e)
Current portion of long-term debt	1,960	1,960	-	0.00%	
Accounts payable and accrued expenses	4,064	5,241	1,177	28.96%	(f)
Advance deposits, resident escrows and refunds payable	1,395	995	(400)	(28.67%)	
Due to affiliates	37,713	23,888	(13,825)	(36.66%)	(b)
Total current liabilities	46,132	32,084	(14,048)	(30.45%)	
Long-Term Liabilities:					
Long-term debt, less current portion	71,472	73,286	1,814	2.54%	
Long-term refund payable	6,135	6,105	(30)	(0.49%)	
Deferred revenue from advanced fees:					
Non-refundable contracts	14,977	14,421	(556)	(3.71%)	
Refundable contracts	4,224	5,758	1,534	36.32%	(g)
Total liabilities	142,940	131,654	(11,286)	(7.90%)	
Net Assets:					
Without Donor Restrictions:	38,397	47,705	9,308	24.24%	(h)
With Donor Restrictions	-	15	15	100.00%	
Total net assets	38,397	47,720	9,323	24.28%	
Total liabilities and net assets	\$ 181,337	\$ 179,374	\$ (1,963)	(1.08%)	
Based on material variance of 10% in main category with floor of \$500K					

- (a) Accounts receivable higher than expected due to delay in payments from 3rd party payers.
- (b) Net due from / to affiliates differed by (\$17.8MM). (\$7.6MM) of that resulted from a payback of the liability to Carolina SeniorCare, an affiliate. The remaining difference came from less than projected cash flows from all affiliates.
- (c) Investment balance lower than expected due to payback of liability to Carolina SeniorCare, an affiliate, of approximately \$7.6MM and less than expected cash flows from affiliates.
- (d) Interest rate swap receivable higher than expected due to market value change in FY2023.
- (e) Line of credit balance lower than projected due to payoff in FY2023.
- (f) Accounts payable and accrued expenses higher than projected due to outstanding construction project invoices.
- (g) Total entrance fees received were \$978k more than projected with a higher distribution falling into the refundable category vs non-refundable.

Profit and Loss Statement

EveryAge					
Comparison 2023 Forecast to 2023 Actuals					
Profit and Loss Statement (In Thousands of Dollars)					
	2023	2023		Material Variances of greater of 10% and \$500K are itemized and explained on Notes page.	
	Forecast	Actual	Variance	% Variance	Footnote
Operating revenues:					
Health care	\$ 26,511	\$ 29,130	\$ 2,619	9.88%	
Residential living service	10,262	10,362	100	0.98%	
Pavilion/assisted living	1,875	1,487	(388)	(20.71%)	
Home care	934	1,153	219	23.42%	
Outside services	-	190	190	100.00%	
Amortization of advance fees	3,291	3,586	295	8.96%	
Management fee income	2,767	2,811	44	1.60%	
Other operating revenues	1,582	1,679	97	6.11%	
Total operating revenues	47,222	50,398	3,176	6.72%	
Operating expenses:					
Health care	11,545	12,291	746	6.46%	
Medical records	108	112	4	3.58%	
Personnel	9,479	8,445	(1,034)	(10.91%)	(i)
Laundry	303	294	(9)	(2.88%)	
Social services	247	222	(25)	(10.20%)	
Activities	344	310	(34)	(9.96%)	
Spiritual life	136	141	5	4.00%	
Housekeeping	1,221	1,106	(115)	(9.44%)	
Plant maintenance	3,795	4,223	428	11.28%	
Staff development	150	127	(23)	(15.45%)	
Pavilion/assisted living	786	740	(46)	(5.84%)	
Independent living	-	166	166	100.00%	
Home care	778	1,044	266	34.11%	
Clinic	100	109	9	9.04%	
Resident services	206	180	(26)	(12.60%)	
Transportation	146	173	27	18.10%	
Dietary	3,967	4,086	119	2.99%	
Wellness center	140	136	(4)	(2.94%)	
Beauty shop	46	20	(26)	(56.52%)	
Day care	322	343	21	6.62%	
General and administrative:					
Administrative	5,526	5,101	(425)	(7.69%)	
Marketing	791	626	(165)	(20.89%)	
Depreciation/amortization	5,392	4,976	(416)	(7.71%)	
Real estate taxes	11	28	17	165.91%	
Interest expense	2,130	2,989	859	40.30%	(j)
Insurance	952	935	(17)	(1.82%)	
Special Projects	-	1	1	100.00%	
Bad debts	158	328	170	107.16%	
Other operating expenses	615	499	(116)	(18.89%)	
Total operating expenses	49,396	49,751	355	0.72%	
Operating loss	(2,174)	647	2,821	129.77%	
Nonoperating income (loss):					
Contribution income/expense	107	2,301	2,194	2059.39%	(k)
Change in Fair Value of Interest Rate Swap	-	2,726	2,726	100.00%	(d)
Other nonoperating expense	(81)	119	200	247.51%	
Investment/interest income	4,875	6,273	1,398	28.68%	(l)
Net nonoperating income	4,901	11,419	6,518	133.00%	
Changes in net assets	\$ 2,727	\$ 12,066	\$ 9,339	342.44%	
Based on material variance of 10% in main category with floor of \$500K					

(d) Interest rate swap receivable higher than expected due to market value change in FY2023.

(i) Personnel costs higher than projected due to an increase in employee health claims.

(j) Interest costs higher than expected due to interest rate increases in FY2023.

(k) Contribution revenue higher than expected due to donation of property to BellaAge from EA Holding which wasn't included in the FY2023 forecast.

(l) Investment income higher than projected due to realized and unrealized gains.

Cash Flow Statement

EveryAge					
Comparison 2023 Forecast to 2023 Actuals					
Cash Flow (In Thousands of Dollars)					Material Variances of greater of 10% and \$500K are itemized and explained on Notes page.
	2023	2023			
	Forecast	Actual	Variance	% Variance	Footnote
Cash flows from operating activities:					
Changes in net assets	2,727	12,065	9,338	342.40%	
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net realized and unrealized gain on investments	(4,875)	(6,273)	1,398	28.68%	(l)
Depreciation/amortization	5,281	4,862	(419)	(7.93%)	
Interest Rate Swap Payable	-	(2,726)	(2,726)	(100.00%)	(d)
Amortization of advance fees	(3,291)	(3,586)	(295)	(8.96%)	
Advance fees received - nonrefundable	3,381	4,325	944	27.91%	(g)
Advance fees received - refundable	719	824	105	14.55%	
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	1,096	(282)	(1,378)	(125.73%)	(a)
Increase (decrease) in:					
Accounts payable and accrued expenses	(214)	958	1,172	547.66%	(f)
Advance deposits, resident escrows and refunds payables	-	231	231	100.00%	
Net cash provided by operating activities	4,825	10,398	8,138	115.51%	
Cash flows from investing activities:					
Changes in assets limited as to use	(2,797)	10,047	12,844	459.18%	(c)
Repayments from related parties, net	9,521	(8,297)	(17,818)	(187.15%)	(b)
Purchases of property and equipment	(6,691)	(8,079)	(1,388)	(20.74%)	(m)
Net cash used in investing activities	32	(6,329)	(6,361)	(19577.75%)	
Cash flows used in financing activities:					
Borrowing (payments) on line of credit, net	(1,159)	(2,159)	(1,000)	(86.28%)	(e)
Refunds of advance fees	(1,534)	(1,965)	(431)	(28.11%)	
Issuance costs paid / bond premiums received	(39)	(587)	(548)	(1415.27%)	(n)
Proceeds from issuance of new debt, net	-	2,355	2,355	100.00%	(n)
Principal payments of long-term debt	(2,125)	(2,125)	0	0.01%	
Net cash used in financing activities	(4,857)	(4,481)	376	(1429.65%)	
Net increase (decrease) in cash and cash equivalents	0	(412)	(412)	(102723.65%)	
Cash and cash equivalents, beginning	1,806	1,806	-	0.00%	
Cash and cash equivalents, ending	1,806	1,394	(412)	(22.83%)	
Based on material variance of 10% in main category with floor of \$500K					

- (a) Accounts receivable higher than expected due to delay in payments from 3rd party payers.
- (b) Net due from / to affiliates differed by (\$17.8MM). (\$7.6MM) of that resulted from a payback of the liability to Carolina SeniorCare, an affiliate. The remaining difference resulted from less than expected cash flows from all affiliates.
- (c) Investment balance lower than expected due to payback of liability to Carolina SeniorCare, an affiliate, of approximately \$7.6MM and less than expected cash flows from affiliates.
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- (f) Accounts payable and accrued expenses higher than projected due to outstanding construction project invoices.
- (g) Total entrance fees received were \$978k more than projected with a higher distribution falling into the refundable category vs non-refundable.
- (l) Investment income higher than projected due to realized and unrealized gains.
- (m) Property and equipment higher than expected due to BellaAge construction which began in FY2023 but wasn't included in 2023 projection.
- (n) The BellaAge project began in FY2023 and is being funded by Series 2023A debt. The project was not included in the FY2023 forecast due to not knowing if we could obtain funding at the time the forecast was prepared. That is why no issuance costs nor proceeds from new debt were included in the forecast but are now seen on the FY2023 cash flow statement.

Footnotes

EveryAge
Comparison 2023 Forecast to 2023 Actuals
Footnotes
Based on material variance of 10% in main category with floor of \$500K

- (a) Accounts receivable higher than expected due to delay in payments from 3rd party payers.
- (b) Net due from / to affiliates differed by (\$17.8MM). (\$7.6MM) of that resulted from a payback of the liability to Carolina SeniorCare, an affiliate. The remaining difference came from less than projected cash flows from all affiliates.
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- (f) Accounts payable and accrued expenses higher than projected due to outstanding construction project invoices.
- (g) Total entrance fees received were \$978k more than projected with a higher distribution falling into the refundable category vs non-refundable.
- (h) Higher than projected net assets due to better than projected FY2023 net profit.
- (i) Personnel costs higher than projected due to an increase in employee health claims.
- (j) Interest costs higher than expected due to interest rate increases in FY2023.
- (k) Contribution revenue higher than expected due to donation of property to BellaAge from EA Holding which wasn't included in the FY2023 forecast.
- (l) Investment income higher than projected due to realized and unrealized gains.
- (m) Property and equipment higher than expected due to BellaAge construction which began in FY2023 but wasn't included in 2023 projection.
- (n) The BellaAge project began in FY2023 and is being funded by Series 2023A debt. The project was not included in the FY2023 forecast due to not knowing if we could obtain funding at the time the forecast was prepared. That is why no issuance costs nor proceeds from new debt were included in the forecast but are now seen on the FY2023 cash flow statement.

Exhibit 1: Fee Schedules

Each of the following **Fee Schedules** provide an itemized list of services, not included in the Monthly Fee, which may be available on a fee-for-service basis.

EveryAge d/b/a Piedmont Crossing
The Health Center and Adult Care Home
 Fee Schedule as of October 1, 2023

Activities

Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Laundry Service

Personal Laundry Service (per month Health Center Only)..... \$85.00

Clerical Services

(Per 1/2 hour/plus supplies)

Administrative Services \$ 25.00
 NSF Check Fee 50.00
 Late Payment Fee..... 50.00
 Fax Fee..... 6.00
 Duplication beyond five pages (per page)..... 0.30
 Long-Term Care Insurance Processing Fee (Initial) 85.00
 Long-Term Care Insurance Processing Fee (Monthly) 41.00

Salon Services

Color Rinse \$ 5.00
 Haircut (Dry) 17.00
 Shampoo/Condition/Set/Blow Out..... 26.00
 Permanent..... 64.00
 Color..... 62.00
 Color/Highlight (Add) 72.00
 Manicure 21.00
 Pedicure..... 31.00

(Other services available at posted prices)

Meals

Guest Breakfast..... \$8.00
 Guest Lunch..... 12.00
 Guest Dinner..... 12.00
 Charge to Account without ID card..... 3.50
 Child's Plate (under 10 years) 5.00
 Hearth Upcharge per meal for NF/ACH..... 5.00

Catering Services – Quote upon request

Telephone

Monthly fee..... 21.00

Long Distance Fees Apply

Medical

Glucose Test..... \$ 8.50
 Pacemaker Check..... 36.00
 Bladder Scan..... 36.00
 Oxygen (per day)..... 12.00

(Other services available at posted prices)

Nursing Services Incontinence Program Per Day *

Small \$12.50
 Medium 14.50
 Large 15.50
 X-Large 17.50
 XX-Large 19.50
 Bariatric 23.00

(Non-routine nursing supplies are charged per unit)

Transportation

Trips are charged a mileage fee, plus attendant

Attendant Fees per hour, per attendant \$ 48.00
 Weekends/Holidays per hour, plus mileage 53.00
 Mileage Fees, per mile \$1.50

Guest Accommodations (per night)..... \$90.00

Emergency Pendant (Adult Care):

Emergency Pendant Service Monthly Fee \$ 38.00
 Emergency Pendant Replacement 195.00

Watchmate Wander Alert Service (HCU):

Monthly Fee..... \$ 38.00

Lockbox..... \$16.00

Use Of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is no charge for the space.

Set up and Clean up
 Per staff person/per 1/2 hour \$32.00

Daily Room Fees

Healthcare Suite (Private)..... \$331.00
 Healthcare Companion Suite (Semiprivate)..... 313.00
 Adult Care Home Suite (Private) (100 Hall)..... 220.00
 Adult Care Home Companion Suite (100 Hall) 164.00
 Pine Parkway Rooms (413-430) 437.00
 Willow Parkway Private Suites (313-330)..... 344.00

Companion or Private Sitter Services

Companion Weekdays (per hour/two hour minimum) \$24.00
 Home Care Aide (per hour/two hour minimum)..... 27.00
 Weekends and Holidays (additional charge per hour) 6.00
 *Premium Charge for Short Notice..... Daily Fees X2

**Less than 24 hours advanced notice of service requests*

Note: Arrangements for special services not listed may be made by contacting administration. Fees are subject to change with an advance notice.

EveryAge d/b/a Piedmont Crossing
The Village and Pavilion
 Fee Schedule as of October 1, 2023

Activities Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Catered Support Services (1/2 hour minimum)
 Per 1/2 hour per staff person.....\$30.00

Key Duplication (each).....\$8.00

Landscaping (available on request)

Housekeeping Packages

4 Hours per Month..... \$ 120.00
 8 Hours per Month.....214.00
 12 Hours per Month293.00
 Personal Laundry Service (per month, Pavilion only).....\$80.00

Clerical (Per half hour, plus supplies)

Administrative Services..... \$25.00
 NSF Check Fee50.00
 Late Payment Fee.....50.00
 Fax.....6.00
 Duplication beyond 5 pages (per copy)..... 0.30

Salon Services

Color Rinse\$ 5.00
 Hair Cut (Dry)17.00
 Shampoo, Condition and Set/Blow Out.....26.00
 Permanent.....64.00
 Color.....62.00
 Color/Highlight (Add).....72.00
 Manicure21.00
 Pedicure.....31.00

(Other services available at posted prices)

Dining Services (Resident or Guest)

Breakfast\$ 8.00
 Lunch.....12.00
 Dinner12.00
 Child's Place (under 10).....5.00
 Meal Delivery (per delivery).....3.00
 Charge to Account without ID card.....3.50
 A la carte ordering available in Hearth
 Special Event Meals.....Posted Price
 Catering ServicesQuote Upon Request

Dining Packages:

\$120 POS Dining Credit (save \$6.00) \$ 114.00
 \$240 POS Dining Credit (save \$20.00).....220.00
 \$360 POS Dining Credit (save \$34.00)326.00
 \$480 POS Dining Credit (save \$46.00).....434.00
 \$600 POS Dining Credit (save \$60.00).....540.00
 \$720 POS Dining Credit (save \$74.00).....646.00
 The Crossing Bistro (a la carte).....Posted Price

P.O.S. Card Replacement (each) \$ 15.00

Guest Rooms (per night) Studio \$ 90.00

Emergency Pendant..... \$ 195.00
(if lost, charge of cost for replacement per bracelet)

Spectrum Cable Box(es)..... \$ 150.00
(if lost or removed, charge of cost for replacement per box)

Transportation

Trips are charged a mileage fee, plus attendant
Attendant Fees per hour, per attendant

Attendant Fees
 (per hour, per attendant)30.00
 Weekends attendant
 (per half hour plus mileage).....35.00
 Mileage Fees (per mile).....1.50

Use of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is no charge for the space.

Set up/Clean up,
 per staff person, per half hour: \$ 32.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees are subject to change with an advance notice.

EveryAge d/b/a Piedmont Crossing
Piedmont At Home
 Fee Schedule as of October 1, 2023

Home Care

Companion (<i>Weekdays/per hour/2 Hr. minimum</i>)	\$ 24.00
Home Care Aide (<i>Weekdays/per hour/2 Hr. minimum</i>)	27.00
Weekends/Holidays (<i>additional charge per hour</i>).....	6.00
Licensed Nurse Visit (<i>per 1/2 hour</i>)	43.00
Home Care Enrollment Fee	90.00
Dietician Consultant (<i>per hour</i>).....	61.00

*Premium Notice for Short Notice: Rate X 2

*Less than 24 hours advanced notice of service requests

* Cancellation of services with less than 24-Hour Notice \$ 30.00

Medication Assistance (*per month at Clinic*)

1 time per day at clinic.....	\$ 99.00
2 times per day at clinic.....	133.00
3 times per day at clinic.....	180.00
4 times per day at clinic.....	224.00

Medication Box Fill (*per week*)..... \$ 51.00

Medication Assistance (*per month – Pavilion only*)

1 time per day in apartment.....	\$ 488.00
2 times per day in apartment.....	954.00
3 times per day in apartment.....	1,430.00
4 times per day in apartment.....	1,908.00

Other Home Care Charges and Services

(*plus, cost of supplies*)

Clinic Visit.....	\$ 32.00
Infirmery/Clinic Day Charge (<i>per day</i>).....	195.00
Incontinence Supplies.....	Market Price
Blood Draws	26.00
Catheter Care.....	31.00
Colostomy/Ileostomy Care.....	26.00
Dressing Changes (<i>uncomplicated/per visit</i>).....	21.00
Dressing Changes (<i>plus supplies/complex/per visit</i>)	31.00
Ear Irrigation	31.00
Glucose Test.....	8.50
Injections (other than Flu/Pneumonia).....	21.00
Pacemaker Check	36.00
Blood Pressure Check	9.00
Urinalysis (Specimen Collection).....	16.00
Pet Sitting per 1/2 hour (1/2 hr. minimum)	20.00
Pavilion Escort to Dine (per meal)	24.00
Mileage Fees, per mile	1.50

Long Term Care Insurance Filing

Long-term Care Insurance - Initial set up fee	85.00
Long-term Care Insurance - Monthly filing fee	41.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees are subject to change with an advance notice.

Exhibit 2: Residential Living Unit: 50% Refund

Residential Living Unit: 50% Refund

Residential Living Residency Agreement
Between

(Resident)

And

EveryAge d.b.a., Piedmont Crossing
100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2024

PIEDMONT CROSSING
EveryAge
100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

1. Basic Requirements and Terms for Cancellation

(a) This Residency Agreement is made this _____ day of _____, 20____ by and between _____ hereinafter referred to as the “*Resident*” and EveryAge, a not-for-profit Corporation chartered by the State of North Carolina, hereinafter referred to as the “*Corporation.*” The Corporation is chartered to carry on ministry among aging persons within the bounds of the Southern Conference of the United Church of Christ. This Residency Agreement is made between the Corporation and the Resident for occupancy of a _____ numbered _____, hereinafter referred to as the “*Residential Living Unit,*” located at Piedmont Crossing, hereinafter referred to as the “*Community.*” This Residency Agreement is made binding with payment by the Resident a Residency Fee in the amount of \$ _____, and a Monthly Fee.

(b) Cancellation Prior to Occupancy Due to Death, Illness, or Incapacity.

If this Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, this Residency Agreement is automatically cancelled, and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of this Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness, or incapacity.

(c) Cancellation by the Resident Within Thirty (30) Days of Contract Execution.

Notwithstanding any other provision of this Residency Agreement, the Resident may rescind this Residency Agreement within thirty (30) days following the execution of this Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and

Resident Initials: _____

- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(d) Cancellation by the Resident Between the Thirtieth (30th) and Ninetieth (90th) Day of Occupancy.

During the first ninety (90) days of occupancy, the Resident will have the right to terminate this Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate this Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(e) Cancellation by the Resident After Ninety (90) Days of Occupancy.

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. For termination by the Resident under this paragraph (e), the Resident's rights to a refund and the account of any such refund, will be described in Section 3 of this Residency Agreement, below.

(f) Terminations by the Corporation

The Corporation may terminate this Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) there is conduct on the part of the Resident that threatens the safety or well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(g) Responsibilities of the Resident Upon Cancellation or Termination

At the effective date of termination of this Residency Agreement, the Resident shall vacate the Residential Living Unit and shall leave it in good condition except for reasonable wear and tear. Damage due to smoking or having household pets, if approved, will not be considered as reasonable wear and tear. The Resident shall be responsible to the Corporation for any costs incurred in restoring the Residential Living Unit to good condition and repair any damage beyond reasonable wear and tear.

Resident Initials: _____

(h) Joint Occupancy of Residential Living Unit

If another individual (“Other Resident”) signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of this Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate his or her Residency Agreement, within the time period described in paragraph 3(g) of this Residency Agreement.

(i) Effect of Termination

Upon termination of this Residency Agreement and upon complying with the provisions of this Residency Agreement, the Corporation shall have no further obligation to the Resident or their heirs, executors, administrators, or assigns.

2. Changes In Occupancy

- (a) Should the Resident choose to marry, and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee and the Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.
- (b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.
- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended, or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.

Resident Initials: _____

- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied Residential Living Unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges, and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to the Other Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described above, subject to the conditions of this Residency Agreement.
- (b) Upon termination of this Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or the Resident's estate will be entitled to a refund of the Residency Fee as described in this Section 3. The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination as follows:
- (i) Refunds of Residency Fee for termination of this Residency Agreement within the first thirty (30) days of occupancy are covered by Section 1(c) of this Residency Agreement.
 - (ii) Refunds of the Residency Fee for termination of this Residency Agreement between the thirtieth (30th) and ninetieth (90th) day of occupancy are covered by Section 1(d) of this Residency Agreement.
 - (iii) In cases of termination of this Residency Agreement occurring on or after day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the residency fee will be reduced by 1.21% per month for each month of occupancy through month thirty-six (36).
 - (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36th) month of occupancy, the Resident will be entitled to a refund of fifty percent (50%) of the Residency Fee.
 - (v) During the life of the Resident at the Community, the refund shall not be assigned to another party, without an amendment to the Residency Agreement executed by the Resident and the Corporation.
- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.

Resident Initials: _____

- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, this Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of this Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under this Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under this Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Monthly Fee

- (a) There is a monthly fee to be paid by the Resident at the beginning of each month that helps underwrite administrative/programmatic costs and a variety of support services. This fee is referred to as a Monthly Fee. This fee provides the Resident with services including the following:
 - (i) Outside maintenance and inside routine maintenance of the Residential Living Unit as described in the Resident Handbook.
 - (ii) Twelve (12) noncumulative nurse visits per year, if needed. (See Paragraph 7(e) for clarification.)
 - (iii) Emergency call system to Nursing Station on 24-hour basis plus night security services.
 - (iv) The option to purchase meals singly or through a monthly fee.
 - (v) Access to programs and transportation of the Community. A minimum charge will be made for certain activities and items. The Resident will be informed of all charges.
 - (vi) Access to a variety of types of support services. A minimum charge will be made for these services. The Resident will be informed of all charges.
 - (vii) Other as herein listed: _____
- (b) Additional services may be purchased by the Resident. The list of additional services, which may be purchased, and the applicable cost of each to the Resident, are provided on the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (c) The current Monthly Fee is as follows: \$_____. It is understood, given a thirty (30) day advance notice, this fee will be adjusted from time-to-time by the Corporation to reflect changes in costs.

Resident Initials: _____

- (d) The Corporation will furnish a monthly statement to the Resident for the Monthly Fee and all chargeable items incurred by the Resident.
- (e) The Resident's Monthly Fee and charges for additional services shall be paid on or before the tenth (10th) day of each month, except that the first Monthly Fee is due on the occupancy date. Payments not received by the due date will result in an assessment of the late fee listed in the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (f) If, after a period of sixty (60) days, the Resident has not paid applicable fees and charges, the Corporation may terminate this Residency Agreement.
- (g) If the Resident plans to be absent from the Residential Living Unit for an extended period, the Resident may apply for a meal credit based on the meal plan for which the Resident is entitled.
- (h) The Monthly Fee is charged as long as the Resident and/or the Resident's possessions are occupying the unit.

5. Financial Requirements

- (a) The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet their ordinary living expenses. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (b) The Resident or Resident's current and/or future representatives (i.e., power of attorney, executor, etc.) will abide by any and all financial arrangements made with the Corporation for the purpose of securing the Resident's ability to pay any and all charges for residing at the Community. The Resident agrees not to make any gift or other transfer of assets for the purpose of evading the Resident's obligations under this Agreement if such gift or transfer would render the Resident unable to meet their financial obligations under this Agreement. Gifts or transfers of assets in this manner, which result in the Resident's inability to meet the Resident's financial obligations in accordance with this Agreement, would entitle the Corporation to terminate this Agreement, and the Resident or Resident's representative, as applicable, would be liable for any unpaid amounts to the Corporation.
- (c) If requested by the Corporation, the Resident will apply for any or all federal, state, and local benefits for which the Resident may be eligible or entitled; and if requested by the Corporation, the Resident will apply any or all such benefits toward the cost of the Resident's care at the Community. These benefits may include, but would not be limited to: Medicare, prescription, and Veteran benefits.
- (d) The Corporation will carry fire and extended coverage insurance on the Residential Living Unit. The Resident will be responsible for insurance on contents and personal liability.
- (e) The Corporation will make a copy of its North Carolina Disclosure Statement available to the Resident that includes information regarding the financial status of the Corporation.
- (f) In the event it is necessary for the Corporation to take action for the purpose of enforcing this Residency Agreement or the collecting of any sums of money due under this Residency

Resident Initials: _____

Agreement, the Corporation shall be entitled to recover routine attorney's fees, out-of-pocket expenses, and court costs.

- (g) In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

6. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
 - (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

Resident Initials: _____

7. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit.

The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.

- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is available to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of this Residency Agreement, unless such needed arrangements have already been made.
- (e) The Resident is provided with twelve (12) nurse visits per year as part of the Monthly Fee. Nurse visits are noncumulative. The administrative staff, in consultation with the Resident's physician, shall determine the need for such routine services. A routine charge will be made to the Resident for nurse visits in excess of twelve (12) visits per year.
- (f) If the Resident should need Adult Care Services or Nursing Services such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

8. Resident Obligations

- (a) The Resident will make provisions in a Last Will and Testament thirty (30) days prior to occupancy for the final disposition of all furniture and possessions located at the Community, for burial and payment of funeral expenses, and for the appointment of an executor, provided the Resident does not already have a Will that would accomplish these purposes. The Resident agrees to complete an instruction form that will contain pertinent data related to the above matters and will keep this recorded information current while in residency. It is the responsibility of the Resident to deliver this up-to-date information to the Administrative Office.

Resident Initials: _____

- (b) The Resident shall, within thirty (30) days prior to occupancy, legally designate a person as Power-of-Attorney/Resident Representative. The name, address, and telephone number of this person, along with a copy of the documentation of this designation, will be filed with the Corporation.
- (c) The rights and privileges of the Resident under this Residency Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceedings at law, or otherwise.
- (d) The Resident agrees to reimburse the Corporation for any loss or damage suffered by the Corporation resulting from their misconduct, negligence or any damage beyond normal wear and tear.
- (e) The Resident will maintain their living accommodations in a clean, safe, and orderly condition.
- (f) The Resident shall assist the Corporation in application for and utilization of all appropriate support funds to which the Resident may be entitled and agrees to execute reasonable and necessary documents for this purpose.
- (g) The Resident agrees to follow and abide by administrative policies that are designed for the comfort, safety, and security of all Residents. The Resident will be furnished a copy of the current Resident Handbook. The Resident Handbook includes administrative policies and procedures that are part of this Residency Agreement by reference and will be amended by the Corporation from time to time.
- (h) Rights of the Resident under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.
- (i) The Corporation shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause, it being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Ten (10) days after the death of the Resident or termination of this Residency Agreement, the Corporation shall have the right to remove all property from the Resident's Residential Living Unit and to store and charge for the storage of such property if the Resident or the Resident's estate has not disposed of same.
- (j) The Corporation assumes no responsibility for any injury or illness resulting from misconduct or negligence of or by the Resident.
- (k) The Corporation shall not be liable or responsible for any expenses incurred or obligations of any nature contracted by the Resident.

9. Financial Assistance

- (a) In connection with its charitable mission, the EveryAge Foundation, hereinafter referred to as the "*Foundation*" was established to help fulfill the Corporation's desire that a Resident would not need to leave the Community solely due to the lack of funds. Any disposition of the Resident's assets in any way other than for care and services at the Community or related living/medical expenses to the extent that Resident cannot adequately provide for the Resident's expenses or care, will disqualify the Resident for financial assistance from the Foundation and entitle the Corporation to terminate the Resident's right to reside at the Community.

Resident Initials: _____

In the event that a Resident presents facts which in the opinion of the Foundation justify special financial consideration, the Foundation will give careful consideration to subsidizing in whole or in part the fees and charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of the Foundation to attain its objectives while operating on a sound financial basis.

In the event that the Foundation may subsidize in whole or in part the fees and charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial (Benevolence) Assistance Agreement with the Foundation.

In the event that the Foundation continues to provide the services to the Resident under the terms of said Financial (Benevolence) Assistance Agreement despite the Resident's financial inability to continue to pay the fees or charges payable under the terms of this Agreement, the Corporation shall be entitled to require the Resident to move to a smaller or less costly living accommodation.

Any determination by the Foundation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Foundation, under a separate agreement.

- (b) When a Resident leaves the Community either through death or relocation, if said Resident's fees have been subsidized wholly or partly by the Foundation, the Resident or Resident's estate, if any, will be liable to the Foundation for the full amount of the subsidy the Resident received for the entire time of residency. This provision will apply whether or not the Resident is residing at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to the Foundation of the amount of the Resident's property necessary to cover such liability. Any amount due the Foundation under this provision may be deducted from any refund payable by the Corporation to the Resident or to the Resident's estate, with said funds to be used to reimburse the Foundation.
- (c) The Foundation has established funds which will be used to assist Residents who would otherwise not be able to live at the Community. These funds may be used for the purpose of providing financial assistance, but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.
- (d) The resources of the Foundation to provide financial assistance are limited, and the Corporation reserves the right to terminate the residency of any Resident who cannot pay the full cost of Corporation's fees and charges, and other costs in connection with such Resident's stay at the Community.

10. Residency Agreement Concerns

- (a) This Residency Agreement constitutes the entire Contract by and between the Corporation and the Resident. The Corporation is not liable in any manner by any statements, representations, or promises made by persons representing or purporting to represent the Corporation, unless such statements, representations, or promises are set forth in this Residency Agreement or in a subsequent Residency Agreement signed by the parties.

Resident Initials: _____

- (b) Notwithstanding any other provisions of this Residency Agreement, the Corporation shall have the right to alter the living accommodations of the Resident to meet the requirement of law, or regulation of the Fire Department, Department of Public Health, or other duly constituted authorities or agencies.
- (c) Except as set forth herein, this Residency Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, and administrators, and assigns of the Resident.
- (d) No breach of the Corporation's obligations under this Agreement and no liability of injury to the Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the control of the Corporation, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. The Corporation shall make reasonable efforts to continue to provide the usual services in such event.
- (e) The Corporation shall not cancel this Agreement with the Resident without good cause. Good cause shall be limited to: proof that the Resident is a danger to himself/herself or others; nonpayment of the Monthly Fee; repeated conduct by the Resident that interferes with other residents' enjoyment of the Community; persistent refusal to comply with the Corporation's written policies and procedures; a material misrepresentation made intentionally or recklessly by the Resident in their application for residency, or related materials, regarding information which if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and services provided under this Agreement; or a material breach of the terms and conditions of this Agreement by the Resident. A written notice of intent to cancel this Agreement by the Corporation will be provided to the Resident. Where applicable, an opportunity will be given to cure, within a thirty (30) day period, whatever conduct is alleged to warrant the cancellation of this Agreement.

11. Other Considerations

- (a) This Residency Agreement supersedes any previous agreements between said parties.
- (b) The Resident has been given, as an Addendum to this Residency Agreement, a current copy of the Resident Handbook. The Resident understands that these documents will change from time to time but that they are the procedural documents for those occupying Residential Living Units at the Community.
- (c) The Resident shall not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at EveryAge, without notification to the Corporation.

Resident Initials: _____

- (d) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.
- (e) The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of this Residency Agreement by the Corporation and release of its obligations hereunder.
- (f) All items in the aforementioned Residency Agreement are binding as of the date signed.

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Resident Initials: _____

The undersigned representative of EveryAge and the undersigned Resident do hereby certify that on this date a current Disclosure Statement dated _____ and a current copy of the Resident Handbook have been presented to the Resident(s) and that the Monthly Fee has been explained to the Resident(s). Prior to execution of this Residency Agreement, the Resident(s) had the opportunity to obtain the assistance of counsel in reviewing its terms.

The parties hereby execute this Residency Agreement:

EveryAge

Date

By: _____

Authorized Community Representative/Title

Date

By: _____

Resident

Exhibit 3: Residential Living Unit: Fully Declining

Residential Living Unit: Fully Declining

Residential Living Residency Agreement
Between

(Resident)

And

EveryAge, d.b.a., Piedmont Crossing
100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2024

PIEDMONT CROSSING

EveryAge

100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

1. Basic Requirements and Terms for Cancellation

(a) This Residency Agreement is made this _____ day of _____, 20____ by and between _____ hereinafter referred to as the “*Resident*” and EveryAge, a not-for-profit Corporation chartered by the State of North Carolina, hereinafter referred to as the “*Corporation.*” The Corporation is chartered to carry on ministry among aging persons within the bounds of the Southern Conference of the United Church of Christ. This Residency Agreement is made between the Corporation and the Resident for occupancy of a _____ numbered _____, hereinafter referred to as the “*Residential Living Unit,*” located at Piedmont Crossing, hereinafter referred to as the “*Community.*” This Residency Agreement is made binding with payment by the Resident a Residency Fee in the amount of \$ _____, and a Monthly Fee.

(b) Cancellation Prior to Occupancy Due to Death, Illness, or Incapacity.

If this Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, this Residency Agreement is automatically cancelled, and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of this Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness, or incapacity.

(c) Cancellation by the Resident Within Thirty (30) Days of Contract Execution.

Notwithstanding any other provision of this Residency Agreement, the Resident may rescind this Residency Agreement within thirty (30) days following the execution of this Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and

Resident Initials: _____

- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(d) Cancellation by the Resident Between the Thirtieth (30th) and Ninetieth (90th) Day of Occupancy

During the first ninety (90) days of occupancy, the Resident will have the right to terminate this Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate this Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(e) Cancellation by the Resident After Ninety (90) Days of Occupancy.

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. For termination by the Resident under this paragraph (e), the Resident's rights to a refund and the account of any such refund, will be described in Section 3 of this Residency Agreement, below.

(f) Terminations by the Corporation.

The Corporation may terminate this Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) if there is misconduct on the part of the Resident that threatens the well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(g) Responsibilities of the Resident Upon Cancellation or Termination.

At the effective date of termination of this Residency Agreement, the Resident shall vacate the Residential Living Unit, and shall leave it in good condition except for reasonable wear and tear. Damage due to smoking or having household pets, if approved, will not be considered as reasonable wear and tear. The Resident shall be responsible to the Corporation for any costs incurred in restoring the Residential Living Unit to good condition and repair any damage beyond reasonable wear and tear.

Resident Initials: _____

(h) Joint Occupancy of Residential Living Unit

If another individual (“Other Resident”) signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of this Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate their Residency Agreement within the time period described in paragraph 3(g) of this Residency Agreement.

(i) Effect of Termination

Upon termination of this Residency Agreement and upon complying with the provisions of this Residency Agreement, the Corporation shall have no further obligation to the Resident or their heirs, executors, administrators, or assigns.

2. Changes In Occupancy

(a) Should the Resident choose to marry, and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee and Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.

(b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.

(c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended, or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.

(d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges, and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any

Resident Initials: _____

refund and the Corporation shall have no further obligations to the Other Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described above, subject to the conditions of this Residency Agreement.
- (b) Upon termination of this Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or the Resident's estate will be entitled to a refund of the Residency Fee as described in this Section 3. The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination as follows:
 - (i) Refunds of Residency Fee for termination of this Residency Agreement within the first thirty (30) days of occupancy are covered by Section 1 (c) of this Residency Agreement.
 - (ii) Refunds of the Residency Fee for termination of this Residency Agreement between the thirtieth (30th) and ninetieth (90th) day of occupancy are covered by Section 1(d) of this Residency Agreement.
 - (iii) In cases of termination of this Residency Agreement occurring on or after day 91, the total portion of the residency fee which remains refundable is reduced to 90% of the original fee. From Day 91 through the end of the 36th month of occupancy, the refundable portion of the residency fee will be reduced by 2.73% per month for each month of occupancy through month thirty-six (36).
 - (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36th) month of occupancy, the Resident will not be entitled to any refund of the Residency Fee.
 - (v) During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.
- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, this Residency Agreement will remain in effect.

Resident Initials: _____

- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of this Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under this Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under this Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Monthly Fee

- (a) There is a monthly fee to be paid by the Resident at the beginning of each month that helps underwrite administrative/programmatic costs and a variety of support services. This fee is referred to as a Monthly Fee. This fee provides the Resident with services including the following:
 - (i) Outside maintenance and inside routine maintenance of the Residential Living Unit as described in the Resident Handbook.
 - (ii) Twelve (12) noncumulative nurse visits per year, if needed. (See Paragraph 7(e) for clarification.)
 - (iii) Emergency call system to Nursing Station on 24-hour basis plus night security services.
 - (iv) The option to purchase meals singly or through a monthly fee.
 - (v) Access to programs and transportation of the Community. A minimum charge will be made for certain activities and items. The Resident will be informed of all charges.
 - (vi) Access to a variety of types of support services. A minimum charge will be made for these services. The Resident will be informed of all charges.
 - (vii) Other as herein listed: _____
- (b) Additional services may be purchased by the Resident. The list of additional services, which may be purchased, and the applicable cost of each to the Resident, are provided on the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (c) The current Monthly Fee is as follows: \$_____. It is understood, given a thirty (30) day advance notice, this fee will be adjusted from time to time by the Corporation to reflect changes in costs.
- (d) The Corporation will furnish a monthly statement to the Resident for the Monthly Fee and all chargeable items incurred by the Resident.
- (e) The Resident's Monthly Fee and charges for additional services shall be paid on or before the tenth (10th) day of each month, except that the first Monthly Fee is due on the occupancy date. Payments not received by the due date will result in an assessment of the late fee listed in the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (f) If, after a period of sixty (60) days, the Resident has not paid applicable fees and charges, the Corporation may terminate this Residency Agreement.

Resident Initials: _____

- (g) If the Resident plans to be absent from the Residential Living Unit for an extended period, the Resident may apply for a meal credit based on the meal plan for which the Resident is entitled.
- (h) The Monthly Fee is charged as long as the Resident and/or the Resident's possessions are occupying the unit.

5. Financial Requirements

- (a) The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet their ordinary living expenses. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (b) The Resident or Resident's current and/or future representatives (i.e., power of attorney, executor, etc.) will abide by any and all financial arrangements made with the Corporation for the purpose of securing the Resident's ability to pay any and all charges for residing at the Community. The Resident agrees not to make any gift or other transfer of assets for the purpose of evading the Resident's obligations under this Agreement if such gift or transfer would render the Resident unable to meet their financial obligations under this Agreement. Gifts or transfers of assets in this manner, which result in the Resident's inability to meet the Resident's financial obligations in accordance with this Agreement, would entitle the Corporation to terminate this Agreement, and the Resident or Resident's representative, as applicable, would be liable for any unpaid amounts to the Corporation.
- (c) If requested by the Corporation, the Resident will apply for any or all federal, state, and local benefits for which the Resident may be eligible or entitled; and if requested by the Corporation, the Resident will apply any or all such benefits toward the cost of the Resident's care at the Community. These benefits may include, but would not be limited to: Medicare, prescription, and Veteran benefits.
- (d) The Corporation will carry fire and extended coverage insurance on the Residential Living Unit. The Resident will be responsible for insurance on contents and personal liability.
- (e) The Corporation will make a copy of its North Carolina Disclosure Statement available to the Resident that includes information regarding the financial status of the Corporation.
- (f) In the event it is necessary for the Corporation to take action for the purpose of enforcing this Residency Agreement or the collecting of any sums of money due under this Residency Agreement, the Corporation shall be entitled to recover routine attorney's fees, out-of-pocket expenses, and court costs.
- (g) In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

6. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.

Resident Initials: _____

- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
- (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide The Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

7. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.

Resident Initials: _____

- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is available to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of this Residency Agreement; unless such needed arrangements have already been made.
- (e) The Resident is provided with twelve (12) nurse visits per year as part of the Monthly Fee. Nurse visits are noncumulative. The administrative staff, in consultation with the Resident's physician, shall determine the need for such routine services. A routine charge will be made to the Resident for nurse visits in excess of twelve (12) visits per year.
- (f) If the Resident should need Adult Care Services or Nursing Services, such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

8. Resident Obligations

- (a) The Resident will make provisions in a Last Will and Testament thirty (30) days prior to occupancy for the final disposition of all furniture and possessions located at the Community, for burial and payment of funeral expenses, and for the appointment of an executor, provided the Resident does not already have a Will that would accomplish these purposes. The Resident agrees to complete an instruction form that will contain pertinent data related to the above matters and will keep this recorded information current while in residency. It is the responsibility of the Resident to deliver this up-to-date information to the Administrative Office.
- (b) The Resident shall, within thirty (30) days prior to occupancy, legally designate a person as Power-of-Attorney/Resident Representative. The name, address, and telephone number of this person, along with a copy of the documentation of this designation, will be filed with the Corporation.
- (c) The rights and privileges of the Resident under this Residency Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceedings at law, or otherwise.
- (d) The Resident agrees to reimburse the Corporation for any loss or damage suffered by the Corporation resulting from their misconduct, negligence or any damage beyond normal wear and tear.
- (e) The Resident will maintain their living accommodations in a clean, safe, and orderly condition.

Resident Initials: _____

- (f) The Resident shall assist the Corporation in application for and utilization of all appropriate support funds to which the Resident may be entitled and agrees to execute reasonable and necessary documents for this purpose.
- (g) The Resident agrees to follow and abide by administrative policies that are designed for the comfort, safety, and security of all Residents. The Resident will be furnished a copy of the current Resident Handbook. The Resident Handbook includes administrative policies and procedures that are part of this Residency Agreement by reference and will be amended by the Corporation from time to time.
- (h) Rights of the Resident under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.
- (i) The Corporation shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause, it being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Ten (10) days after the death of the Resident or termination of this Residency Agreement, the Corporation shall have the right to remove all property from the Resident's Residential Living Unit and to store and charge for the storage of such property if the Resident or the Resident's estate has not disposed of same.
- (j) The Corporation assumes no responsibility for any injury or illness resulting from misconduct or negligence of or by the Resident.
- (k) The Corporation shall not be liable or responsible for any expenses incurred or obligations of any nature contracted by the Resident.

9. Financial Assistance

- (a) In connection with its charitable mission, the EveryAge Foundation, hereinafter referred to as the "Foundation" was established to help fulfill the Corporation's desire that a Resident would not need to leave the Community solely due to the lack of funds. Any disposition of the Resident's assets in any way other than for care and services at the Community or related living/medical expenses to the extent that Resident cannot adequately provide for the Resident's expenses or care, will disqualify the Resident for financial assistance from the Foundation and entitle the Corporation to terminate the Resident's right to reside at the Community.

In the event that a Resident presents facts which in the opinion of the Foundation justify special financial consideration, the Foundation will give careful consideration to subsidizing in whole or in part the fees and charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of the Foundation to attain its objectives while operating on a sound financial basis.

In the event that the Foundation may subsidize in whole or in part the fees and charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial (Benevolence) Assistance Agreement with the Foundation.

In the event that the Foundation continues to provide the services to the Resident under the terms of said Financial (Benevolence) Assistance Agreement despite the Resident's financial inability to continue to pay the fees or charges payable under the terms of this Agreement, the

Resident Initials: _____

Corporation shall be entitled to require the Resident to move to a smaller or less costly living accommodation.

Any determination by the Foundation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Foundation, under a separate agreement.

- (b) When a Resident leaves the Community either through death or relocation, if said Resident's fees have been subsidized wholly or partly by the Foundation, the Resident or Resident's estate, if any, will be liable to the Foundation for the full amount of the subsidy the Resident received for the entire time of residency. This provision will apply whether or not the Resident is residing at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to the Foundation of the amount of the Resident's property necessary to cover such liability. Any amount due to the Foundation under this provision may be deducted from any refund payable by the Corporation to the Resident or to the Resident's estate, with said funds to be used to reimburse the Foundation.
- (c) The Foundation has established funds which will be used to assist Residents who would otherwise not be able to live at the Community. These funds may be used for the purpose of providing financial assistance, but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.
- (d) The resources of the Foundation to provide financial assistance are limited, and the Corporation reserves the right to terminate the residency of any Resident who cannot pay the full cost of Corporation's fees and charges, and other costs in connection with such Resident's stay at the Community.

10. Residency Agreement Concerns

- (a) This Residency Agreement constitutes the entire Contract by and between the Corporation and the Resident. The Corporation is not liable in any manner by any statements, representations, or promises made by persons representing or purporting to represent the Corporation, unless such statements, representations, or promises are set forth in this Residency Agreement or in a subsequent Residency Agreement signed by the parties.
- (b) Notwithstanding any other provisions of this Residency Agreement, the Corporation shall have the right to alter the living accommodations of the Resident to meet the requirement of law, or regulation of the Fire Department, Department of Public Health, or other duly constituted authorities or agencies.
- (c) Except as set forth herein, this Residency Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, and administrators, and assigns of the Resident.
- (d) No breach of the Corporation's obligations under this Agreement and no liability of injury to the Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the control of the Corporation, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. The Corporation shall make reasonable efforts to continue to provide the usual services in such event.

Resident Initials: _____

- (e) The Corporation shall not cancel this Agreement with the Resident without good cause. Good cause shall be limited to: proof that the Resident is a danger to himself/herself or others; nonpayment of the Monthly Fee; repeated conduct by the Resident that interferes with other residents' enjoyment of the Community; persistent refusal to comply with the Corporation's written policies and procedures; a material misrepresentation made intentionally or recklessly by the Resident in their application for residency, or related materials, regarding information which if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing to the Resident the care and services provided under this Agreement; or a material breach of the terms and conditions of this Agreement by the Resident. A written notice of intent to cancel this Agreement by the Corporation will be provided to the Resident. Where applicable, an opportunity will be given to cure, within a thirty (30) day period, whatever conduct is alleged to warrant the cancellation of this Agreement.

11. Other Considerations

- (a) This Residency Agreement supersedes any previous agreements between said parties.
- (b) The Resident has been given, as an Addendum to this Residency Agreement, a current copy of the Resident Handbook. The Resident understands that these documents will change from time to time but that they are the procedural documents for those occupying Residential Living Units at the Community.
- (c) The Resident shall not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at EveryAge, without notification to the Corporation.
- (d) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.
- (e) The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of this Residency Agreement by the Corporation and release of its obligations hereunder.
- (f) All items in the aforementioned Residency Agreement are binding as of the date signed.

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Resident Initials: _____

The undersigned representative of EveryAge and the undersigned Resident do hereby certify that on this date a current Disclosure Statement dated _____ and a current copy of the Resident Handbook have been presented to the Resident(s) and that the Monthly Fee has been explained to the Resident(s). Prior to execution of this Residency Agreement, the Resident(s) had the opportunity to obtain the assistance of counsel in reviewing its terms.

The parties hereby execute this Residency Agreement:

EveryAge

Date

By: _____
Authorized Community Representative/Title

Date

By: _____
Resident

Exhibit 4: Articles of Incorporation

ARTICLES OF INCORPORATION

OF

EVERYAGE

A Non-Profit Organization

I

The name of the Corporation is **EVERYAGE**

II

The period of duration of the Corporation shall be perpetual.

III

The purposes for which the Corporation is organized are:

- A. To conduct and manage a Retirement Community or communities for aging individuals throughout the geographic area of the Southern Conference of the United Church of Christ and for such other persons as may be admitted from time to time in accordance with the rules and regulations adopted by the Board of Directors of the Corporation;
- B. to establish and carry on a program of care in each designated operating unit that is designed to minister to the “whole person,” thereby meeting their physical, social, spiritual, educational, religious, and economic needs;
- C. to establish and carry on a program of charity in which the Corporation will be enabled to reach out and provide its services to needy and deserving members of the Community who would not otherwise be able to afford the same;
- D. to establish, build, and operate several facilities across the geographical boundaries of the Southern Conference of the United Church of Christ, ministering to the needs of the aging population of that area but at all times, however, keeping in mind the necessity of providing a continuum of care in each such area of residential, custodial, and nursing services;
- E. in connection with the purposes set forth hereinabove and in order to carry them out, to receive and acquire by gift, bequest, or otherwise, and to hold real and personal property, to lease and sell its holdings, to make investment of its funds, to borrow money, secured by mortgage on its properties or otherwise, to accept gifts and bequests, and to apply the principal and interest as may be directed by the donor or as the Board of Directors may determine in the absence of such direction; and
- F. to take such other steps as the Board of Directors deems requisite and necessary to carry out such of its general purposes as are permitted by law to non-profit corporations and to have all other powers with which such corporations are normally endowed.

IV

The Corporation shall have no members.

V

The control and operation of the Corporation shall be vested in a Board of Directors consisting of no more than twenty-six (26) members, who shall be elected in the manner and for the terms as provided in the Bylaws of the Corporation.

VI

No part of the income of the Corporation or no part of the property or assets of the Corporation upon dissolution or liquidation shall ever inure to the benefit of any of the Board of Directors. Upon the dissolution or liquidation of the Corporation, all of the property and assets, after the payment of claims and liabilities, shall belong to and be the property of the Southern Conference of the United Church of Christ, or its successors.

VII

The Board of Directors shall have the general management of the affairs of the Corporation and may, from time to time, delegate these duties to committees or individuals, as it may see fit.

VIII

The Board of Directors shall adopt Bylaws not inconsistent with the Articles of Incorporation of the Corporation, and such Bylaws may be amended at any time upon such notice as may be required by the Bylaws or the General Statutes of North Carolina by the Board of Directors by a two-thirds majority of its members present and voting.

IX

These Articles of Incorporation may be amended by the affirmative vote of two-thirds majority of the members of the Board of Directors voting at either an Annual Meeting or at a special meeting called for such purpose, provided, however, that a written notice of the proposed resolution to amend such Articles shall be given to each member at least ten (10) days prior to any such meeting.

X

Notwithstanding any other provisions of these Articles of Incorporation or the General Statutes of the State of North Carolina, no director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation which is not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its Regulations as they now exist or as they may be hereafter amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of such code and regulations as they now exist or as they may hereafter be amended.

XI


The address of the registered office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658. The name of the registered agent at the above address is Lee B. Syria. From time to time, changes in the registered agent and/or registered office may be determined by the President and CEO, as necessary.

XII

The address of the principal office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658.

IN TESTIMONY WHEREOF, the Corporation has caused this instrument to be executed in its corporate name by its President, this the 26th day of August 2021.

United Church Homes and Services

By: 

Lee B. Syria, President and CEO

Exhibit 5: Certified 2022 - 2023 Audited Financial Statement

For the Period Ending September 30, 2023

EVERYAGE AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2023 AND 2022



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**EVERYAGE AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
EveryAge and Affiliates
Newton, North Carolina

Opinion

We have audited the accompanying combined financial statements of EveryAge and Affiliates (a North Carolina nonprofit organization), which comprise the combined statements of financial position as of September 30, 2023, and the related combined statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of EveryAge and Affiliates as of September 30, 2023, and the changes in their net assets and 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of EveryAge and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a are free from material misstatement, whether due to fraud or error, and to issue an auditor's that includes our opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 auditing standards generally accepted in the United States of America 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, including omissions, 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 combined financial statements.

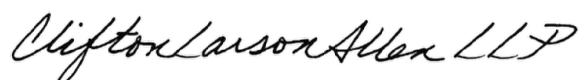
In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 EveryAge and Affiliates' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EveryAge and Affiliates' 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.

Other Matter

The 2022 combined financial statements of EveryAge and Affiliates were audited by other auditors whose report dated December 12, 2022 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Charlotte, North Carolina
January 24, 2024

EVERYAGE AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,838,684	\$ 3,725,758
Cash and Cash Equivalents, Limited as to Use	182	1,027,597
Accounts Receivable, Net of Allowance for Doubtful Accounts	3,374,298	3,309,332
Other Receivables, Net of Allowance for Doubtful Accounts	1,459,426	817,112
Due from Related Parties, Current	2,847,600	941,573
Other Current Assets	809,139	966,717
Total Current Assets	12,329,329	10,788,089
Due from Related Parties, Less Current Portion	227,524	227,524
Assets Limited as to Use	85,018,644	80,189,203
Equity Investment	1,326,104	1,217,675
Fair Value of Interest Rate Swap Agreements	8,429,975	5,703,707
Other Noncurrent Assets	1,203,454	1,176,020
Property and Equipment, Net	96,408,626	87,195,449
Total	192,614,327	175,709,578
Total Assets	\$ 204,943,656	\$ 186,497,667
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ -	\$ 2,159,178
Current Portion of Long-Term Debt	2,435,000	2,575,000
Current Portion of Capital Leases	-	10,383
Accounts Payable	5,646,396	4,322,300
Accrued Salaries and Related Benefits	3,946,493	3,642,229
Other Current Payables	2,892,312	3,141,965
Total Current Liabilities	14,920,201	15,851,055
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Portion	94,768,662	90,222,607
Refundable Advance Fees	8,342,300	9,097,284
Deferred Revenue CARES Act	-	26,742
Deferred Revenue from Advance Fees	41,928,863	37,660,841
Total	145,039,825	137,007,474
Total Liabilities	159,960,026	152,858,529
NET ASSETS		
Without Donor Restrictions	36,811,490	25,773,040
With Donor Restrictions	8,172,140	7,866,098
Total Net Assets	44,983,630	33,639,138
Total Liabilities and Net Assets	\$ 204,943,656	\$ 186,497,667

See accompanying Notes to Combined Financial Statements.

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EVERYAGE AND AFFILIATES
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Health Care	\$ 32,465,310	\$ 28,291,323
Pavilion/Assisted Living	4,023,627	3,674,865
Residential Living	15,344,674	14,289,545
Amortization of Advance Fees	6,069,827	5,725,924
Home Care	2,231,534	3,446,339
PACE Income	17,216,832	15,741,565
Management Fee Income	919,474	176,652
Outside Services	334,050	309,522
Other Operating Revenue	1,706,813	806,629
Total Operating Revenues	80,312,141	72,462,364
OPERATING EXPENSES		
Health Services:		
Health Care	14,206,279	12,540,873
Medical Records	160,457	143,155
Personnel and Employee Benefits	10,408,566	10,056,998
Laundry	353,192	289,003
Social Services	278,304	262,398
Activities	412,942	365,348
Spiritual Life	207,564	199,483
Housekeeping	1,338,787	1,186,626
Plant Maintenance	5,985,864	5,369,543
Residential Living	166,488	448,709
Pavilion/Assisted Living	1,733,853	1,605,946
Clinic	205,250	164,108
Resident Services	277,686	255,000
Transportation	208,257	202,206
Dietary	5,173,044	4,381,747
Wellness Center	135,146	121,669
Beauty Shop	54,067	36,478
Day Care	343,379	300,544
Home Care	2,136,271	2,278,365
Home Health	1,059,599	948,323
PACE Expenses (Including 2023 and 2022 Depreciation of \$104,185 and 119,265, respectively)	14,853,224	13,240,712
Outside Services	122,636	38,849
General and Administrative:		
Administrative	5,987,369	5,782,370
Marketing	991,054	884,238
Staff Development	204,802	156,247
Depreciation	6,619,308	6,749,921
Real Estate Taxes	388,224	394,989
Interest Expense	3,878,856	2,575,186
Insurance	1,150,740	1,084,910
Bad Debts	359,651	354,542
Other Operating Expenses	706,860	623,129
Total Operating Expenses	80,107,719	73,041,615
OPERATING INCOME (LOSS)	204,422	(579,251)

See accompanying Notes to Combined Financial Statements.

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EVERYAGE AND AFFILIATES
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NONOPERATING INCOME (EXPENSE)	<u>2023</u>	<u>2022</u>
Contributions and Grants	\$ 2,640,326	\$ 188,311
Contribution Expense	(2,659,625)	(2,313,612)
Investment Return, Net	7,306,774	(12,409,552)
Change in Fair Value of Interest Rate Swap Agreements	2,726,268	6,482,861
Gain (Loss) on Sale of Property and Equipment	(71,998)	28,454
Loss on Extinguishment of Debt	-	(5,887,333)
Other Nonoperating Income	302,302	1,919,506
Net Assets Released from Restrictions	589,981	830,962
Total Nonoperating Income (Expense)	<u>10,834,028</u>	<u>(11,160,403)</u>
 EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 11,038,450	 (11,739,654)
 NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	896,023	1,419,544
Change in Value of Gift Annuities	-	(4,627)
Net Assets Released from Restrictions	<u>(589,981)</u>	<u>(830,959)</u>
 CHANGE IN NET ASSETS WITH DONOR RESTRICTONS	 306,042	 583,958
 CHANGE IN NET ASSETS	 11,344,492	 (11,155,696)
 Net Assets - Beginning of Year	 <u>33,639,138</u>	 <u>44,794,834</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 44,983,630</u></u>	 <u><u>\$ 33,639,138</u></u>

See accompanying Notes to Combined Financial Statements.

(5)

EVERYAGE AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	\$ 11,344,492	\$ (11,155,696)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gain) Loss on Investments	(7,022,462)	12,409,552
Net (Gain) Loss on Sale of Property and Equipment	71,998	(28,454)
Loss on Extinguishment of Debt	-	28,212
Change in Allowance for Doubtful Accounts	183,886	391,890
Depreciation	6,723,493	6,869,186
Change in Fair Value of Interest Rate Swap Agreement	(2,726,268)	(6,482,861)
Amortization of Deferred Issue Costs	184,707	145,822
Amortization of Bond Premium, Net	(288,571)	(271,435)
Amortization of Advance Fees	(6,069,827)	(5,725,924)
Advance Fees Received	9,605,461	5,655,451
Change in Value of Equity Investment	(108,429)	-
Change in Value of Gift Annuities	-	9,167
(Increase) Decrease in:		
Accounts Receivable	(248,852)	(1,487,934)
Other Receivables	(642,314)	238,775
Other Current Assets	130,144	(235,715)
Increase (Decrease) in:		
Accounts Payable	16,290	280,472
Accrued Salaries and Related Benefits	304,264	295,077
Other Current Payables	(249,653)	1,888,881
Deferred Revenue	(26,742)	26,742
Net Cash Provided by Operating Activities	11,181,617	2,851,208
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Assets Limited as to Use	2,193,021	2,499,086
Purchases of Property and Equipment	(15,025,710)	(9,014,779)
Proceeds from Sale of Property and Equipment	324,848	29,455
Repayments to Related Parties, Net	(1,906,027)	(610,800)
Net Cash Used by Investing Activities	(14,413,868)	(7,097,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advanced Fees Refunds	(2,300,240)	(1,921,474)
Borrowings on Lines of Credit	-	1,659,178
Borrowings from Long-Term Debt	7,669,632	77,242,841
Principal Payments on Long-Term Debt and Capital Leases	(2,585,383)	(73,056,764)
Principal Payments on Line of Credit	(2,159,178)	-
Refundable and First Generation Advance Fees Received	2,277,644	1,472,240
Increase in Bond Issuance Costs	(584,713)	-
Premium Received on Bonds Issued	-	1,347,750
Net Cash Provided by Financing Activities	2,317,762	6,743,771
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(914,489)	2,497,941
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,753,355	2,255,414
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 3,838,866	\$ 4,753,355

See accompanying Notes to Combined Financial Statements.

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**EVERYAGE AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 3,838,684	\$ 3,725,758
Cash and Cash Equivalents in Assets Limited as to Use	182	1,027,597
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 3,838,866</u>	<u>\$ 4,753,355</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 3,616,434</u>	<u>\$ 2,783,828</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Acquisition of Property and Equipment through Incurrence of Accounts Payable	<u>\$ 1,307,806</u>	<u>\$ -</u>

See accompanying Notes to Combined Financial Statements.

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EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 ORGANIZATION

EveryAge is a nonprofit organization that owns and operates continuing care retirement communities in Newton (Abernethy Laurels) and Thomasville (Piedmont Crossing), North Carolina, consisting of residential living units, assisted living units and nursing facilities providing adult care and intermediate and skilled nursing care. EveryAge was incorporated in North Carolina in 1961. EveryAge's corporate office is located in Newton, North Carolina.

Lake Prince Center, Inc. (Lake Prince) is a nonprofit continuing care retirement community in Suffolk, Virginia. The facility consists of independent living units and nursing facilities providing adult care and intermediate and skilled nursing care for Lake Prince residents. Lake Prince was incorporated under the laws of North Carolina in July 1999 and has obtained a certificate to transact business in Virginia where the facility is located.

Lake Prince at Home, LLC, was incorporated on October 16, 2017 and is a wholly owned subsidiary of Lake Prince Center, Inc. It has expanded the services offered at Lake Prince and the surrounding market areas of Suffolk, Virginia.

The EveryAge Foundation (the Foundation) is a nonprofit organization which was established for the purpose of fund development for the capital and operating support of the residential facilities operated by EveryAge, which includes fund development to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by EveryAge. The Foundation was incorporated under the laws of the state of North Carolina in 2000.

EA Holding is a nonprofit organization which was established for the purpose of development and investment of funds outside of the obligated group. EA Holding was incorporated under the laws of the state of North Carolina in 2021.

Carolina SeniorCare (CSC), a Program of All-inclusive Care for the Elderly (PACE), in Lexington, North Carolina, is a nonprofit organization created in 2011 by its parent organization, EveryAge. Carolina SeniorCare serves individuals who are age 55 or older, are certified by their state to need nursing home care, able to live safely in the community at the time of enrollment, live in Davidson, Rowan, Davie, or Iredell counties and either Medicare or Medicaid eligible. The program is able to provide the entire continuum of care and services to seniors with chronic care needs while maintaining their independence in their homes for as long as possible. PACE receives direct payments from Medicare and Medicaid to cover needed services. Because of the pooled financing of PACE, programs have strong incentives to focus on wellness and prevention and to decrease the hospitalization rates for the participants and the incidence of long-term institutionalization.

BellaAge Hickory, LLC is a nonprofit organization which was incorporated on December 12, 2022. BellaAge Hickory, LLC is a planned new independent living unity community with construction beginning in 2023. Construction is expected to take approximately 18 months to complete.

EveryAge, Lake Prince, Carolina SeniorCare, EA Holding, BellaAge and the Foundation are collectively referred to as the Organization.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the financial statements of EveryAge, Lake Prince, Carolina SeniorCare, EA Holding, BellaAge Hickory, and the Foundation. All material intercompany accounts and transactions have been eliminated in the combination.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash on hand and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes assets limited as to use from cash and cash equivalents.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the board of directors for future capital improvements to the extent funds are available, over which the board retains control and may, at its discretion, subsequently use for other purposes; and the operating reserve required by State statute.

Investments

Investments held are reported at fair value and are included in assets limited as to use as they are considered board designated. Fair value is 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. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included and reflected within investment return, net of nonoperating income on the combined statement of operations and changes in net assets. Donated investments are stated at fair value at the date of the gift. Investment expenses and fees are approximately \$261,000 and \$263,000, and are netted with net realized gains on investments in the combined statement of operations and changes in net assets as of September 30, 2023 and 2022, respectively.

The Organization's 20% investment in Trinity Rehab, LLC is accounted for by the equity method, and the Organization's proportionate share of Trinity Rehab, LLC's change in net assets is reflected in the Organization's combined statement of operations.

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance less an allowance for doubtful accounts. The Organization determines past-due status based on the billing dates and does not charge interest on overdue accounts. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to bad debt expense. The accounts receivable's allowance for doubtful accounts at September 30, 2023 and 2022 was approximately \$528,000 and \$712,000, respectively.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Donated property and equipment are recorded at their estimated fair value on the date of receipt. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. The Organization capitalizes property and equipment with an estimated useful life of greater than one year and a cost of more than \$2,000.

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

Land Improvements	10 to 20 Years
Buildings and Improvements	30 to 40 Years
Furniture, Fixtures, and Equipment	5 to 15 Years
Vehicles	5 Years

The Organization periodically assesses the value of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the bonds. Amortization expense, which is included with interest expense on the combined statements of operations and changes in net assets without donor restrictions, was approximately \$185,000 and \$165,000 for the years ended September 30, 2023 and 2022, respectively. The annual amortization for these deferred financing costs will be approximately \$195,000 for each of the next five years.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Escrows

If a resident should move into a health care unit and vacate a residential living unit, the amount of any refund to which the resident would be entitled is set aside and held by the Organization for use by the resident to pay for necessary health care expenses. Once a permanent move is made and the residential living unit is available for remarketing, the resident may draw against the remaining residency refund to pay health care costs. At September 30, 2023 and 2022, resident escrow totaled approximately \$367,000 and \$287,000, respectively.

In case of financial hardship, withdrawal of more than \$1,500 per month may be requested by the resident. The resident must submit financial information sufficient to prove financial need. Such withdrawals will be allowed upon approval by senior management of the Organization.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents at a discount rate of 5% and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The Organization had no future service obligation at September 30, 2023 and 2022.

Advance Deposits

The Organization may collect up to 10% of the advance fees described below as a deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue. At September 30, 2023 and 2022, advance deposits totaled approximately \$708,000 and \$1,278,000, respectively.

Advance Fees

Deferred revenue from 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.

Contracts currently offered to EveryAge and Lake Prince residents are a fully declining refund contract and a 50% refundable contract. The nonrefundable portion of these fees is amortized into income on a straight-line basis over the estimated remaining life, actuarially adjusted, of each resident. The estimated amount of advance fees that is expected to be refunded to current residents under terms of the contracts are classified as refundable advance fees. Refunds are made to residents upon re-occupancy of the unit unless the resident has chosen to transfer their remaining balance into escrow as described above. Any unrecognized deferred revenue, less any related refund, at the date of termination of the contract is recorded as income in the period the termination of the contract occurs.

At September 30, 2023 and 2022, current portion of refunds payable was approximately \$622,000 and \$964,296, respectively.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swap Agreement

The Organization uses interest rate swap agreements to manage risks related to interest rate movements. The Organization's interest rate risk strategy is to pay-fixed and receive-variable interest rate swaps. The combination of these swaps and variable-rate bonds creates synthetic fixed-rate debt. The use of synthetic fixed-rate debt has the ability to lower the Organization's borrowing costs associated with the issuance of traditional fixed-rate bonds. The Organization's interest rate swap agreements have not been designated as hedging transactions and are reported at fair value.

Net Assets

The following classification of net assets is presented in the accompanying combined financial statements:

Without Donor Restrictions – All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

With Donor Restrictions – All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor 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.

Operating Reserve

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% to 50% of operating expenses (net of depreciation and amortization) plus debt service, for the projected years ended September 30, 2023 and 2022, for those facilities depending on occupancy levels of each facility.

Excess (Deficit) of Revenues Over (Under) Expenses

The combined statements of operations and changes in net assets reflect the excess (deficit) of revenues over (under) expenses. Changes in net assets without donor restrictions that are excluded from the excess (deficit) of revenues over (under) expenses, consistent with industry practice, would include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were used for acquiring the asset).

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization generates revenues, primarily by providing housing, amenities (recreational, dining, etc.) and access to health care services to its residents and participants. The various life care contract streams of revenue are recognized as follows:

Entrance Fees

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment under the life care contract and included in liabilities in the statement of financial position until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the expectant life of the resident as the performance obligation is associated with access to future services. 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 statement of financial position.

Health Care Services

The Organization also provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed rates from government and commercial payers. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the estimated net realizable amounts from patients, third-party payors, and others for services rendered while in the health care unit, 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 Organization have been immaterial in relation to the combined financial statements as a whole.

Monthly Service 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 nonroutine or additional services are billed monthly in arrears and recognized when the service is provided.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Two major types of revenue are recognized in resident services as follows:

Residential/Assisted Living Revenue

Residents that reside in residential and assisted living units are subject to a continuing monthly support service fee, which varies based on each resident's contract. The monthly fee can be adjusted from time to time by the Organization according to changes in costs.

PACE Revenue

PACE provides comprehensive health care services to participants and receives payment in the form of capitated rates per participant based on a tri-party agreement between Medicare, Medicaid, and Carolina SeniorCare. Medicaid and Medicare make monthly interim capitation payments to Carolina SeniorCare. Capitation revenues from Medicare are subject to the same retroactive rate adjustments and audits which often are not finalized until months or years after the services are rendered. Adjustments are nominal and are included in the statement of operations in the period they become known.

Benevolent Assistance

The Organization has a policy of providing benevolent assistance to qualified residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The normal charges for services provided are included in revenue and paid through a transfer of assets from the Benevolent Trust Fund.

Income Tax Status

The Organization consists of not-for-profit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), and the affiliated Foundation is exempt from income taxes pursuant to Internal Revenue Code Section 501(a).

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the combined financial statements. No material uncertain tax positions were identified for 2023 and 2022.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended September 30, 2023 and 2022 were approximately \$296,000 and \$230,000, respectively.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are primarily allocated include salaries and benefits which are allocated on the basis of estimates of time and effort.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This new accounting standard increases transparency among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the combined statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objectivity of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. As of the year ended September 30, 2023, the Organization had no material leases that were applicable to this new standard.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through January 24, 2024, which is the date the combined financial statements were available to be issued.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair value measurement provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets limited as to use measured at fair value. There have been no changes in the methodologies used during the year.

Common stocks and asset backed securities: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. government and agency, municipal, international, and corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Cash and Money Market Funds, Mutual Funds, and Closed-End Funds: Valued at the net asset value of shares held by the Organization at year-end.

Charitable Gift Annuities: Valued at the net present value of the anticipated residual value of the original charitable gift.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets limited as to use at fair value as of September 30:

	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 39,268,784	\$ -	\$ -	\$ 39,268,784
U.S. Government and Agency Bonds	-	4,280,276	-	4,280,276
Municipal Bonds	10,042,410	-	-	10,042,410
Asset Backed Securities	38,342	-	-	38,342
Corporate Bonds	2,912,954	-	-	2,912,954
Cash and Money Market Funds	32,518	11,533,401	-	11,565,919
Charitable Gift Annuities	-	-	104,833	104,833
Closed End Funds	1,490,342	-	-	1,490,342
Common Stocks	15,314,784	-	-	15,314,784
Assets Under Interest Rate				
Swap Agreements	8,429,975	-	-	8,429,975
Total Assets at Fair Value	<u>\$ 77,530,109</u>	<u>\$ 15,813,677</u>	<u>\$ 104,833</u>	<u>\$ 93,448,619</u>

(16)

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

	2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 39,354,406	\$ -	\$ -	\$ 39,354,406
U.S. Government and Agency Bonds	-	1,921,684	-	1,921,684
Municipal Bonds	7,776,993	-	-	7,776,993
Asset Backed Securities	64,246	-	-	64,246
Corporate Bonds	3,195,794	-	-	3,195,794
Cash and Money Market Funds	40,938	9,264,328	-	9,305,266
Charitable Gift Annuities	-	-	104,833	104,833
Closed End Funds	4,735,840	-	-	4,735,840
Common Stocks	13,730,141	-	-	13,730,141
Assets Under Interest Rate				
Swap Agreements	5,703,707	-	-	5,703,707
Total Assets at Fair Value	<u>\$ 74,602,065</u>	<u>\$ 11,186,012</u>	<u>\$ 104,833</u>	<u>\$ 85,892,910</u>

A reconciliation of the beginning and ending balances of the Organization's Level 3 investments is as follows for the years ended September 30:

	2023	2022
Beginning Balance	\$ 104,833	\$ 113,999
Change in Value of Charitable Gift Annuities and Settlements	-	(9,166)
Ending Balance	<u>\$ 104,833</u>	<u>\$ 104,833</u>

NOTE 4 ASSETS LIMITED AS TO USE

Assets limited as to use are allocated as follows for the years ended September 30:

	2023	2022
Board-Designated Quasi-Endowment Fund	\$ 62,664,793	\$ 57,114,833
Trustee Deposit Accounts Required by Debt Agreement	5,902,103	7,362,659
Operating Reserve for Department of Insurance	16,314,397	15,565,940
Beneficial Interest in Charitable Gift Annuities	104,833	104,833
Residents' Funds	32,518	40,938
Total	<u>\$ 85,018,644</u>	<u>\$ 80,189,203</u>

Net investment income is composed of the following for the years ended September 30:

	2023	2022
Interest and Dividends	\$ 567,279	\$ 4,433,015
Realized Gains (Losses) on Sale of Investments	1,190,532	(973,864)
Investment Expenses	(282,967)	(302,794)
Unrealized Gains (Losses) on Investments	5,831,930	(15,565,909)
Total	<u>\$ 7,306,774</u>	<u>\$ (12,409,552)</u>

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 4 ASSETS LIMITED AS TO USE (CONTINUED)

The Organization's investments held within assets limited as to use potentially subject it to concentrations of credit risk. The Organization maintains various types of investments that encompass many different companies with varied industrial and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Organization's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Organization maintains an investment policy and retains investment managers to operate within that investment policy and who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Organization invests.

NOTE 5 EQUITY METHOD INVESTMENT

The Organization has a 20% equity interest in Trinity Rehab, LLC. During the year ended September 30, 2022, the Organization made the initial investment of \$1,100,000. The Organization receives 20% of Trinity Rehab LLC's net income, and distributions as declared by Trinity Rehab, LLC. During the year ended September 30, 2023 the Organization received \$351,000 in distributions, and their 20% share of income was approximately \$467,000. During the year ended September 30, 2022 the Organization received \$120,000 in distributions, and their 20% share of income was approximately \$238,000. The investment as of September 30, 2023 and 2022 was \$1,326,104 and \$1,217,675, respectively.

Distributions received from equity method investees are classified in the combined statement of cash flows under the cumulative earnings approach, in which distributions received are considered returns on investment and classified as cash inflows from operating activities, unless the cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed cumulative equity in earnings recognized. When such an excess occurs, distribution up to this excess would be considered a return of investment and classified as cash inflows from investing activities.

NOTE 6 LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the combined statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statement of financial position date. Amounts not available also include amounts designated for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 3,838,684	\$ 3,725,758
Assets Limited As To Use:		
Board-Designated Quasi-Endowment Fund	62,664,793	57,114,833
Operating Reserve for Department of Insurance	16,314,397	15,565,940
Receivables, Net	4,833,724	4,126,444
Less: Net Assets With Donor Restrictions	<u>(8,172,140)</u>	<u>(7,866,098)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 79,479,458</u>	<u>\$ 72,666,877</u>

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 6 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization is substantially supported by health care and residential/assisted living revenues. As part of the Organization's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The organization maintains a line of credit for the purposes of managing short term cash flow deficits. Determination of the source of liquidity is based on an analysis of the underlying cost of capital for each source of liquidity including the line of credit or use of long-term assets with board approval. In addition, the Organization invests cash in excess of daily requirements in various investments held in assets limited as to use as board-designated quasi-endowment funds for long-term investing. These funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land and Improvements	\$ 18,591,740	\$ 18,459,813
Buildings and Improvements	144,072,128	141,958,467
Furniture, Fixtures and Equipment	42,589,950	41,262,192
Vehicles	1,895,025	1,685,665
Total	<u>207,148,843</u>	<u>203,366,137</u>
Less: Accumulated Depreciation Construction In Progress	<u>(126,398,316)</u>	<u>(120,598,413)</u>
Total	80,750,527	82,767,724
Construction in Progress	15,658,099	4,427,725
Total Property and Equipment	<u>\$ 96,408,626</u>	<u>\$ 87,195,449</u>

Depreciation expense for the years ended September 30, 2023 and 2022 totaled approximately \$6,723,000 and \$6,750,000, respectively. Construction in progress related to construction of the BellaAge Hickory campus, master planning and routine renovation projects, as of September 30, 2023. Construction in progress related to routine renovation projects as of September 30, 2022.

The Organization signed contracts with architecture and construction firms for a total fee of approximately \$56,102,000. As of September 30, 2023, approximately \$44,404,000 remains to be paid on these contracts.

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following at September 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
North Carolina Medical Care Commission:		
Retirement Facilities First Mortgage Revenue		
Refunding Bonds (Everyage Prev. United Church		
Homes and Services), Series 2021A:		
Term Bonds Due 2041, Yielding 3.15% to 4.29%	\$ 6,540,000	\$ 6,540,000
Term Bonds Due 2047, Yielding 3.15% to 4.29%	11,815,000	11,815,000
Term Bonds Due 2051, Yielding 3.15% to 4.29%	3,850,000	3,850,000
Truist Bank:		
Direct Bank Term Loan, Series 2021D		
Due 2024-2037, Yielding 6.80%	17,975,000	18,190,000
Direct Bank Bond, Series 2022		
Due 2024-2052, Yielding 5.43%	6,420,787	1,102,841
Direct Bank Term Loan, Series 2022B (formerly 2021B)		
Due 2024-2037, Yielding 5.37%	3,550,000	3,885,000
Direct Bank Bond, Series 2023A		
Due 2024-2053, Yielding 3.32%	2,354,545	-
Direct Bank Term Loan, Series 2023B (formerly 2021C)		
Due 2024-2046, Yielding 5.37%	28,225,000	29,800,000
Economic Development Authority of the City of Suffolk:		
Variable Rate Demand Residential Care Facility Revenue		
Bonds (Lake Prince Center, Inc.), Series 2016:		
Serial Bonds Due 2024-2027 Yielding 1.40% to 3.5%	6,795,000	5,005,000
Term Bonds Due 2031, Yielding 3.5%	9,180,000	11,420,000
Total	<u>96,705,332</u>	<u>91,607,841</u>
Plus Net Premium, Net of Accumulated		
Amortization of \$1,420,822	3,308,596	3,597,527
Less: Deferred Financing Cost, Net of Accumulated		
Amortization of \$1,962,057	<u>(2,810,266)</u>	<u>(2,407,761)</u>
Total	97,203,662	92,797,607
Less: Current Portion	<u>(2,435,000)</u>	<u>(2,575,000)</u>
Long-Term Portion	<u>\$ 94,768,662</u>	<u>\$ 90,222,607</u>

During the 2017 fiscal year, the Organization entered into a financing agreement with the Economic Development Authority of the City of Suffolk (the Authority), under which the Authority issued tax-exempt Series 2016 revenue bonds of \$18,940,000. The bonds were issued to refund existing bonds for the Lake Prince Center.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 8 LONG-TERM DEBT (CONTINUED)

During the 2022 fiscal year, the Organization entered into a re-financing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2021A revenue bonds of \$22,205,000. The bonds were issued to refund the existing 2017B bonds of \$9,490,000 and 2017A bonds of \$10,300,000, in addition to \$4,100,000 of new project funding. The 2017B and 2017A debt was paid off during fiscal year 2022.

During the 2022 fiscal year, the Organization entered into a \$4,240,000 bank loan financing with a commercial lender (Series 2021B) and a \$18,385,000 bank loan financing with a commercial lender (Series 2021D). The loans were used to refund the existing 2015A bonds of \$21,230,000. The 2015A debt was paid off during the fiscal year 2022. Under the terms of the bond agreement, during the 2023 fiscal year, the Series 2021B Taxable Bonds were converted to the Series 2022B Tax-Exempt Bonds. There were no changes to the bond terms.

During the 2022 fiscal year, the Organization entered into a \$31,310,000 bank loan financing with a commercial lender (Series 2021C). The loan was used to refund the existing 2017C bonds of \$29,565,000. The 2017C debt was paid off during the fiscal year 2022. Under the terms of the bond agreement, during the 2023 fiscal year, the Series 2021C Taxable Bonds were converted to the Series 2023B Tax-Exempt Bonds. There were no changes to the bond terms.

During the 2022 fiscal year, the Organization entered into a financing agreement with the Economic Development Authority of the City of Suffolk (the Authority), under which the Lender will advance proceeds up to \$14,000,000. The final advance will be on September 8, 2025. The amount advanced as of September 30, 2022 was \$1,102,841. The loan will be used to pay for projects at Lake Prince Woods including a new wellness center and other renovations and upgrades.

On May 1, 2023, the Organization entered into a financing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2023A revenue bonds of \$31,960,000. The bonds were issued to finance the costs of the BellaAge Hickory project and pay certain expenses incurred in connection with the authorization and issuance of the Bonds. The amount advanced as of September 30, 2023 was \$2,354,545.

With the issuance of the debt, the Organization executed a Master Trust Indenture that appointed all the Organization's divisions, excluding the Foundation, EA Holding, and Carolina SeniorCare, as members of the obligated group. Series 2016, 2021A, 2021B, 2017C, 2021D, 2022, and 2023A bonds are collateralized by a deed of trust on the land and buildings of the obligated group and the assignment of interest in use-for-life contracts for the obligated group.

The bonds are also collateralized by an assignment of the Commission and Authority's rights in the Loan Agreement to the bond trustee.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 8 LONG-TERM DEBT (CONTINUED)

Under the terms of the bonds, the obligated group is required to maintain certain deposits with the trustee. Such deposits are included with assets limited as to use of the Organization. The Master Trust Indenture and Loan Agreements for these bonds include certain covenants and restrictions. Management is not aware of any noncompliance with the covenants and restrictions.

Scheduled principal repayments on long-term debt, excluding the net premium on the bonds, for the next five years and thereafter, are summarized as follows:

September 30,	Total
2024	\$ 2,435,000
2025	2,505,000
2026	2,935,000
2027	3,495,000
2028	3,645,000
Thereafter	81,690,332
Total	\$ 96,705,332

NOTE 9 INTEREST RATE SWAP AGREEMENTS

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization has entered into four interest rate swap agreements for the 2021B-D bonds. Under the agreements, interest is payable at a fixed rate of 1.985-2.624% based on the outstanding balance of the bank qualified loans and have termination dates ranging from June 4, 2024 through October 1, 2036. The annual gain or loss on the fair value of the swap agreements is reported as revenue or expense in the combined statements of operations and changes in net assets. The interest rate swap agreements had a notional principal amount of \$58,597,500 and \$59,445,000 at September 30, 2023 and 2022, respectively. The fair value of the interest swap agreements at September 30, 2023 and 2022 is approximately \$7,617,000 and \$5,704,000, respectively.

In May 2023, the Organization entered into an additional interest rate swap agreement for the Series 2023 Bonds. Under the agreement, interest is payable at a fixed rate of 4.21% based on the outstanding balance of the bank qualified loan payable and has a termination date of May 1, 2030. The annual gain or loss on the fair value of the swap agreement is reported as revenue or expense in the consolidated statements of operations and changes in net assets. The interest rate swap agreement had a notional principal amount of \$614,046. The fair value of the interest swap agreements at September 30, 2023 is approximately \$813,000.

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 9 INTEREST RATE SWAP AGREEMENTS (CONTINUED)

The combined fair value of all interest swap agreements at September 30, 2023 and 2022 is approximately \$8,430,000 and \$5,704,000, respectively. The fair value of the interest rate swap agreements was derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid-market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present, and future market conditions.

NOTE 10 LINE OF CREDIT

The Organization had available a \$5,000,000 unsecured revolving line of credit with Truist due in full in June 2023. In June 2023, the line of credit was extended with a maturity date of June 2024. Amounts drawn against the line bore interest at the one-month SOFR rate plus 2.00% (5.14% at year-end), which was payable monthly. There are no amounts outstanding on the line of credit at September 30, 2023.

The Organization had available a \$3,000,000 unsecured revolving line of credit with People's Bank due in full in October 2022. Amounts drawn against the line bore interest at the prime rate less 0.250% (6.00% at year-end), which was payable monthly. The line of credit agreement included certain covenants and restrictions. The line of credit was not extended.

NOTE 11 CAPITAL LEASES – ASC 840

The Organization currently leases equipment under capital lease agreements. The asset and liability under the capital leases are recorded at the present value of the future lease payments, which approximates fair value. The asset is being amortized over the estimated useful life using the straight-line method and is included in depreciation expense.

Cost of equipment under capital leases was \$69,939 and the related accumulated depreciation was \$60,632.

Future lease payments under capital lease obligations are as follows for the year ended September 30, 2022:

<u>Year Ending September 30,</u>	<u>2023</u>
2023	\$ 11,900
Less amounts representing interest	(1,517)
Present value of future payments	<u>\$ 10,383</u>

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of September 30:

	2023	2022
Benevolent Trust	4,154,269	\$ 4,304,176
Capital Expansion	4,017,871	3,561,922
Total	\$ 8,172,140	\$ 7,866,098

NOTE 13 EMPLOYEE GROUP HEALTH PLAN

The Organization maintains a self-insured employee group health plan. The plan is administered by a third party and individual stop-loss coverage has been obtained at \$100,000, with a maximum aggregate limit of loss that fluctuates based on enrollment. The total plan expense incurred by the Organization during the year ended September 30, 2023 and 2022 was approximately \$3,547,000 and \$3,255,000, respectively.

NOTE 14 RETIREMENT PLANS

The Organization has a 403(b) plan that covers substantially all employees who meet eligibility requirements. The Organization contributes to the plan based on a percentage of gross wages paid. The expenses related to the plan during the year ended September 30, 2023 and 2022 were approximately \$825,000 and \$693,000, respectively.

The Organization has a nonqualified retirement plan that covers key management employees. The Organization contributes to the plan based on a percentage of the employee's salary. During the year ended September 30, 2023 and 2022, the Organization contributed \$378,000 and \$368,000, respectively.

The Organization also has a retirement annuity plan that covers ordained United Church of Christ ministers employed by the Organization. During the year ended September 30, 2023 and 2022, the Organization contributed 10% of the ministers' salary to the plan for a total of approximately \$8,000 and \$7,000, respectively.

NOTE 15 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

The Organization grants credit without collateral to its residents and is insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows:

	2023	2022
Medicaid	6 %	30 %
Medicare	49	9
Private and Other Insurances	45	61
Total	100 %	100 %

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 16 RESIDENT SERVICE REVENUE

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident and PACE participant care. These amounts are due from residents, patients, participants, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents, patients, and third-party payors several days after the services are performed and monthly for capitated payment arrangements for PACE participants. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

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

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

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 16 RESIDENT SERVICE REVENUE (CONTINUED)

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). On October 1, 2019, CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare Prospective Payment System (PPS). Under PDPM, therapy minutes are removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduced variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Effective October 1, 2019, new PDPM HIPPS codes replaced RUG scores listed on each claim for determining reimbursement amounts. Annual Medicaid cost reports are required by the state of North Carolina, however, they are not used to settle the costs of claims. Instead, the cost reports are used in the development of price-based rates and to monitor the adequacy of the reimbursement methodology.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2023 or 2022.

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 16 RESIDENT SERVICE REVENUE (CONTINUED)

Generally, residents and patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents and patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and home and community-based services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2023 or 2022. Subsequent changes that are determined to be the result of an adverse change in the resident's or patient's ability to pay are recorded as bad debt expense.

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

Contract Costs

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

The opening and closing contract balances related to resident accounts receivable and residence and service agreements were as follows:

	Accounts Receivable	Deferred Revenue
Balance as of October 1, 2021	\$ 2,213,288	\$ 35,148,153
Balance as of September 30, 2022	3,309,332	37,660,841
Balance as of September 30, 2023	3,374,298	41,928,863

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 17 FUNCTIONAL EXPENSES

The table below presents functional expenses by their nature for the year ended September 30:

	2023					
	Salaries and Benefits	Contracted Services	Utilities	Repairs	Other	Total
Health Services:						
Health Care	10,804,849	\$ 1,850,873	\$ -	\$ 20,943	\$ 1,529,614	\$ 14,206,279
Medical Records	158,527	-	-	-	1,930	160,457
Personnel and						
Employee Benefits	8,069,556	-	-	-	2,339,010	10,408,566
Laundry	258,890	-	-	-	94,302	353,192
Social Services	276,521	-	-	-	1,783	278,304
Activities	383,952	-	-	-	28,990	412,942
Spiritual Life	206,920	-	-	-	644	207,564
Housekeeping	1,134,553	-	-	-	204,234	1,338,787
Plant Maintenance	968,310	-	1,860,553	1,537,318	1,619,683	5,985,864
Residential Living	-	166,488	-	-	-	166,488
Pavilion/Assisted Living	1,733,844	-	-	-	9	1,733,853
Clinic	129,406	-	-	-	75,844	205,250
Resident Services	229,616	-	-	-	48,070	277,686
Transportation	163,637	-	-	5,982	38,638	208,257
Dietary	2,659,789	-	-	251	2,513,004	5,173,044
Wellness Center	128,996	-	-	-	6,150	135,146
Beauty Shop	-	-	-	-	54,067	54,067
Day Care	-	-	-	-	343,379	343,379
Home Care	1,344,376	-	-	-	791,895	2,136,271
Home Health	419,584	-	-	-	640,015	1,059,599
PACE Expenses	4,873,786	5,946,057	61,141	123,493	3,848,747	14,853,224
Outside Services	-	122,636	-	-	-	122,636
General and Administrative:						
Administrative	3,985,259	-	-	-	2,002,110	5,987,369
Marketing	600,455	-	-	-	390,599	991,054
Staff Development	136,448	-	-	-	68,354	204,802
Depreciation	-	-	-	-	6,619,308	6,619,308
Real Estate Taxes	-	-	-	-	388,224	388,224
Interest Expense	-	-	-	-	3,878,856	3,878,856
Insurance	-	-	-	-	1,150,740	1,150,740
Bad Debts	-	-	-	-	359,651	359,651
Other Operating Expenses	-	-	-	-	706,860	706,860
Total Expenses	<u>\$ 38,667,274</u>	<u>\$ 8,086,054</u>	<u>\$ 1,921,694</u>	<u>\$ 1,687,987</u>	<u>\$ 29,744,710</u>	<u>\$ 80,107,719</u>

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 17 FUNCTIONAL EXPENSES (CONTINUED)

	2022					
	Salaries and Benefits	Contracted Services	Utilities	Repairs	Other	Total
Health Services:						
Health Care	\$ 9,656,815	\$ 1,570,713	\$ -	\$ 20,545	\$ 1,292,800	\$ 12,540,873
Medical Records	140,369	-	-	-	2,786	143,155
Personnel and Employee Benefits	9,549,264	-	-	-	507,734	10,056,998
Laundry	208,258	-	-	-	80,745	289,003
Social Services	261,439	-	-	-	959	262,398
Activities	341,342	-	-	-	24,006	365,348
Spiritual Life	191,451	-	-	-	8,032	199,483
Housekeeping	1,001,451	-	-	-	185,175	1,186,626
Plant Maintenance	907,318	-	1,661,241	1,334,059	1,466,925	5,369,543
Residential Living	-	447,671	-	-	1,038	448,709
Pavilion/Assisted Living Clinic	1,516,950 28,567	54,128 -	- -	- -	34,868 135,541	1,605,946 164,108
Resident Services	210,117	-	-	428	44,455	255,000
Transportation	153,868	-	-	-	48,338	202,206
Dietary	2,348,513	-	1,464	21,179	2,010,591	4,381,747
Wellness Center	110,880	-	-	-	10,789	121,669
Beauty Shop	-	-	-	-	36,478	36,478
Day Care	220,772	-	-	-	79,772	300,544
Home Care	2,015,678	-	-	-	262,687	2,278,365
Home Health	331,275	-	-	-	617,048	948,323
PACE Expenses	3,495,540	5,449,838	68,345	66,074	4,160,915	13,240,712
Outside Services	-	20,887	-	-	17,962	38,849
General and Administrative:						
Administrative	4,025,069	-	-	-	1,757,301	5,782,370
Marketing	546,373	-	-	-	337,865	884,238
Staff Development	103,501	-	-	-	52,746	156,247
Depreciation	-	-	-	-	6,749,921	6,749,921
Real Estate Taxes	-	-	-	-	394,989	394,989
Interest Expense	-	-	-	-	2,575,186	2,575,186
Insurance	-	-	-	-	1,084,910	1,084,910
Bad Debts	-	-	-	-	354,542	354,542
Other Operating Expenses	-	-	-	-	623,129	623,129
Total Expenses	<u>\$ 37,364,810</u>	<u>\$ 7,543,237</u>	<u>\$ 1,731,050</u>	<u>\$ 1,442,285</u>	<u>\$ 24,960,233</u>	<u>\$ 73,041,615</u>

EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 18 PROFESSIONAL AND GENERAL LIABILITY

In the summer of 2002, the management of the Organization evaluated the best means of assuring the Organization's continued access to affordable liability and excess insurance coverage, including the possibility of obtaining such coverage from conventional and alternative insurance providers. After performing a diligent search, the Organization was not able to procure professional and general liability coverage from any insurance company licensed to do business in the state of North Carolina, and therefore, obtained liability coverage from Caring Communities Insurance Company (CCIC).

CCIC was an insured owned insurance company incorporated in and regulated by the Superintendent of Insurance of the Cayman Islands. In addition to the Organization, CCIC was owned by and insured approximately 25 other long-term care organizations that operate across the United States. As an insurance company that is not authorized to conduct business in North Carolina, CCIC was not subject to regulation by the North Carolina Department of Insurance nor covered under the North Carolina Guaranty Association. The Organization independently procured this liability coverage pursuant to the North Carolina General Statutes, which permit persons to obtain insurance from an insurer not authorized to do business in the state of North Carolina in the event that the full amount or kind of insurance necessary to protect the risks cannot be obtained from insurance companies authorized to do business in North Carolina. The policy was renewed November 30, 2004. Effective January 1, 2006, the insurance previously written by CCIC was written by Diapason Casualty Risk Retention Group, Inc., a District of Columbia corporation (DCRRG) regulated by the District of Columbia Department of Insurance. DCRRG was a wholly owned subsidiary of Diapason Shared Services, a District of Columbia nonprofit corporation (DSS). The four members of DSS, who were also owners of CCIC, were the insurers of DCRRG. DCRRG has given intent to offer insurance in North Carolina as required by federal law. DCRRG is substantially reinsured by CCIC.

As a risk retention group DCRRG is not covered under the North Carolina Guaranty Association. Effective January 1, 2008, CCIC and DCRRG completed a corporate restructuring. As a result of the restructuring, DCRRG changed its name to Caring Communities, a reciprocal Risk Retention Group (CCrRRG) and became a reciprocal insurer. The Organization, along with all other shareholders of CCIC, exchanged its shares of CCIC for a Charter Capital Account of CCrRRG. CCIC is now a wholly owned subsidiary of CCrRRG. Members of CCrRRG are required to pay assessed premiums and are subject to a per claim self-insurance retention. Insurance premiums under this program totaled \$869,039.

The Organization made an initial capital contribution to CCIC of \$187,855 in November of 2002 and additional capital contributions of \$72,252 on January 1, 2004, and \$28,901 on January 1, 2005. These capital contributions, totaling \$289,008, are represented by the Organization's Charter Capital Account of CCrRRG and are included in other noncurrent assets in its combined statement of financial position. At year-end, the value of the Organization's Charter Capital Account is \$783,407 due to premiums in excess of claims paid by CCrRRG.

**EVERYAGE AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 19 RELATED PARTIES

The following organizations are considered related parties of the Organization due to management and administrative services provided to them by the Organization:

- New Bern Older Adult Housing, Inc. (NOAH), a HUD 202 facility in New Bern, North Carolina.
- UCC Living Center, Inc. (Covenant Place), a HUD 202 project in Chapel Hill, North Carolina.
- Statesville Elderly Housing, Inc. (Emmanuel's Place), a HUD 202 facility in Statesville, North Carolina.
- Carolina Senior Living, Inc. a HUD 202 facility in Lexington, North Carolina.
- UDI/St. Joseph's, Inc. (St. Joseph's Place), a HUD 202 facility in Durham, North Carolina.
- Albemarle Older Adult Housing, Inc. (Matthew's Place), a HUD 202 facility in Albemarle, North Carolina.
- The Willows, a HUD 202 facility in Burlington, North Carolina.
- Elderhaus, Inc., a nonprofit PACE program in Wilmington, North Carolina
- Elderhaus at the Lake, a nonprofit Adult Day Service Program in Wilmington, North Carolina
- Iredell Adult Day Services, a nonprofit Adult Day Service Program in Statesville, North Carolina

The Organization provides management and administrative services to the above organizations. Management fee income was approximately \$919,000 and \$177,000, respectively.

The Organization pays salaries and employee benefit expense on behalf of its related parties, charging for expenses paid on a reimbursement basis. The Organization, as the sponsoring organization of these related parties, also advanced these entities funding for initial development costs.

The Organization was owed the following at September 30:

	<u>2023</u>	<u>2022</u>
Noah	\$ 257,433	\$ 274,098
Covenant Place	99,610	23,680
Emmanuel's Place	4,143	6,378
St. Joseph's Place	137,343	119,460
Carolina Senior Living	49,462	5,450
Matthew's Place	89,445	17,771
Willows	344,833	159,204
Elderhaus, Inc.	1,283,827	217,950
Elderhaus At The Lake	808,780	345,106
Iredell Adult Day Services	248	-
Total	<u>\$ 3,075,124</u>	<u>\$ 1,169,097</u>



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
EveryAge and Affiliates
Newton, North Carolina

We have audited the combined financial statements of EveryAge and Affiliates as of and for the year ended September 30, 2023, and have issued our report thereon dated January 24, 2024, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position, and combining statement of operations and changes in net assets without donor restrictions as of and for the year ended September 30, 2023 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
January 24, 2024

EVERYAGE AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT FOR SUPPLEMENTARY INFORMATION)

	Corporate Office	Abernethy Laurels	Piedmont Crossing	EveryAge Subtotal	Lake Prince Center, Inc.	BellaAge	Total Obligated Group	Foundation	EA Holding	Carolina SeniorCare	Total
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 1,383,861	\$ 1,900	\$ 400	\$ 1,386,161	\$ 1,000	\$ 7,854	\$ 1,395,015	\$ 1,714,994	\$ 10,065	\$ 718,610	\$ 3,838,684
Cash and Cash Equivalents, Limited as to Use	182	-	-	182	-	-	182	-	-	-	182
Accounts Receivable, Net	-	1,570,300	943,327	2,513,627	871,816	-	3,385,443	(20,305)	-	9,160	3,374,298
Other Receivables, Net	11,638	249,657	246,428	507,723	271,552	23,488	802,763	203,048	-	453,615	1,459,426
Due from Related Parties, Current	-	26,985,631	-	26,985,631	3,158,557	-	30,144,188	-	-	-	30,144,188
Other Current Assets	299,799	183,950	144,703	628,452	101,784	-	730,236	3,500	-	75,403	809,139
Total Current Assets	1,695,480	28,991,438	1,334,858	32,021,776	4,404,709	31,342	36,457,827	1,901,237	10,065	1,256,788	39,625,917
Due from Related Parties, Less Current Portion	227,524	-	-	227,524	-	-	227,524	-	-	-	227,524
Assets Limited as to Use	64,973,178	21,996	9,826	65,005,000	1,528,491	98,337	66,631,828	10,693,317	99,765	7,593,734	85,018,644
Equity Investment	1,326,104	-	-	1,326,104	-	-	1,326,104	-	-	-	1,326,104
Interest Rate Swap Agreements	-	6,093,038	1,524,248	7,617,286	-	812,689	8,429,975	-	-	-	8,429,975
Other Noncurrent Assets	1,203,454	-	-	1,203,454	-	-	1,203,454	-	-	-	1,203,454
Property and Equipment, Net	7,659,851	46,999,916	10,486,559	65,146,326	24,771,500	5,129,030	95,046,856	-	-	1,361,770	96,408,626
Total Assets	<u>\$ 77,085,591</u>	<u>\$ 82,106,388</u>	<u>\$ 13,355,491</u>	<u>\$ 172,547,470</u>	<u>\$ 30,704,700</u>	<u>\$ 6,071,398</u>	<u>\$ 209,323,568</u>	<u>\$ 12,594,554</u>	<u>\$ 109,830</u>	<u>\$ 10,212,292</u>	<u>\$ 232,240,244</u>
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Current Portion of Long-Term Debt	-	1,614,060	345,940	1,960,000	475,000	-	2,435,000	-	-	-	2,435,000
Accounts Payable	275,563	273,913	443,161	992,637	1,647,135	892,822	3,532,594	41,989	-	2,071,813	5,646,396
Accrued Salaries and Related Benefits	890,184	1,191,608	853,307	2,935,099	574,433	-	3,509,532	14,807	-	422,154	3,946,493
Other Current Payables	71,072	655,064	689,065	1,415,201	891,014	-	2,306,215	-	-	586,097	2,892,312
Due to (from) Affiliates	17,859,841	-	5,196,427	23,056,268	-	76,804	23,133,072	3,670,175	16,715	476,626	27,296,588
Total Current Liabilities	19,096,660	3,734,645	7,527,900	30,359,205	3,587,582	969,626	34,916,413	3,726,971	16,715	3,556,690	42,216,789
LONG-TERM LIABILITIES											
Long-Term Debt, Less Current Portion	-	57,387,027	14,079,565	71,466,592	21,482,426	1,819,644	94,768,662	-	-	-	94,768,662
Refundable Advance Fees	-	3,837,909	2,266,807	6,104,716	2,237,584	-	8,342,300	-	-	-	8,342,300
Deferred Revenue from Advance Fees	-	11,980,087	8,199,537	20,179,624	21,749,239	-	41,928,863	-	-	-	41,928,863
Total Liabilities	19,096,660	76,939,668	32,073,809	128,110,137	49,056,831	2,789,270	179,956,238	3,726,971	16,715	3,556,690	187,256,614
NET ASSETS											
Without Donor Restrictions	57,988,931	5,151,740	(18,718,318)	44,422,353	(18,352,131)	3,282,128	29,352,350	710,423	93,115	6,655,602	36,811,490
With Donor Restrictions	-	14,980	-	14,980	-	-	14,980	8,157,160	-	-	8,172,140
Total Net Assets	57,988,931	5,166,720	(18,718,318)	44,437,333	(18,352,131)	3,282,128	29,367,330	8,867,583	93,115	6,655,602	44,983,630
Total Liabilities and Net Assets	<u>\$ 77,085,591</u>	<u>\$ 82,106,388</u>	<u>\$ 13,355,491</u>	<u>\$ 172,547,470</u>	<u>\$ 30,704,700</u>	<u>\$ 6,071,398</u>	<u>\$ 209,323,568</u>	<u>\$ 12,594,554</u>	<u>\$ 109,830</u>	<u>\$ 10,212,292</u>	<u>\$ 232,240,244</u>

EVERYAGE AND AFFILIATES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT FOR SUPPLEMENTARY INFORMATION)

	Corporate Office	Abernethy Laurels	Piedmont Crossing	EveryAge Subtotal	Lake Prince Center, Inc.	BellaAge	Total Obligated Group	Foundation	EA Holding	Carolina SeniorCare	Total
Operating Revenues:											
Health Care	\$ -	\$ 18,685,516	\$ 10,444,653	\$ 29,130,169	\$ 3,335,141	\$ -	\$ 32,465,310	\$ -	\$ -	\$ -	\$ 32,465,310
Pavilion/Assisted Living	-	909,111	577,741	1,486,852	2,536,775	-	4,023,627	-	-	-	4,023,627
Residential Living	-	5,659,963	4,702,249	10,362,212	4,982,462	-	15,344,674	-	-	-	15,344,674
Amortization of Advance Fees	-	2,015,047	1,570,533	3,585,580	2,484,247	-	6,069,827	-	-	-	6,069,827
Home Care	-	492,525	660,562	1,153,087	1,078,447	-	2,231,534	-	-	-	2,231,534
PACE Income	-	-	-	-	-	-	-	-	-	17,216,832	17,216,832
Management Fee Income	919,474	-	-	919,474	-	-	919,474	-	-	-	919,474
Outside Services	-	155,556	34,572	190,128	143,922	-	334,050	-	-	-	334,050
Other Operating Revenue	954,312	426,760	162,914	1,543,986	162,093	-	1,706,079	-	-	734	1,706,813
Total Operating Revenues	1,873,786	28,344,478	18,153,224	48,371,488	14,723,087	-	63,094,575	-	-	17,217,566	80,312,141
Operating Expenses:											
Health Services:											
Health Care	-	6,921,497	5,375,424	12,296,921	1,909,537	-	14,206,458	-	-	(179)	14,206,279
Medical Records	-	76,956	36,716	113,672	41,802	-	155,474	-	-	4,983	160,457
Personnel and Employee Benefits	1,968,812	3,879,828	2,595,893	8,444,533	1,851,497	-	10,296,030	73,808	-	38,728	10,408,566
Laundry	-	139,868	154,320	294,188	59,004	-	353,192	-	-	-	353,192
Social Services	-	112,292	110,686	222,978	55,166	-	278,144	-	-	160	278,304
Activities	-	239,514	70,443	309,957	102,985	-	412,942	-	-	-	412,942
Spiritual Life	-	75,941	56,914	132,855	74,709	-	207,564	-	-	-	207,564
Housekeeping	-	709,975	396,302	1,106,277	232,256	-	1,338,533	-	-	254	1,338,787
Plant Maintenance	-	2,495,272	1,725,799	4,221,071	1,764,418	-	5,985,489	-	-	375	5,985,864
Residential Living	-	136,835	29,653	166,488	-	-	166,488	-	-	-	166,488
Pavilion/Assisted Living	-	541,136	198,577	739,713	994,140	-	1,733,853	-	-	-	1,733,853
Clinic	-	87,695	20,969	108,664	-	-	108,664	-	-	96,586	205,250
Resident Services	-	50,053	130,304	180,357	97,329	-	277,686	-	-	-	277,686
Transportation	-	130,644	42,034	172,678	35,579	-	208,257	-	-	-	208,257
Dietary	-	2,241,586	1,844,431	4,086,017	1,065,263	-	5,151,280	-	-	21,764	5,173,044
Wellness Center	-	135,146	-	135,146	-	-	135,146	-	-	-	135,146
Beauty Shop	-	-	20,308	20,308	33,759	-	54,067	-	-	-	54,067
Day Care	343,379	-	-	343,379	-	-	343,379	-	-	-	343,379
Home Care	-	456,143	588,571	1,044,714	338,751	-	1,383,465	-	-	752,806	2,136,271
Home Health	-	-	-	-	1,059,599	-	1,059,599	-	-	-	1,059,599
PACE Expenses (Including Depreciation)	-	-	-	-	-	-	-	-	-	14,853,224	14,853,224
Outside Services	-	-	-	-	122,636	-	122,636	-	-	-	122,636
General and Administrative:											
Administrative	3,876,499	653,963	599,666	5,130,128	610,125	2,488	5,742,741	244,031	-	597	5,987,369
Marketing	-	381,538	244,849	626,387	363,118	-	989,505	-	-	1,549	991,054
Staff Development	-	108,624	18,350	126,974	77,828	-	204,802	-	-	-	204,802
Management Fees	(4,838,258)	1,630,176	1,180,952	(2,027,130)	907,797	-	(1,119,333)	-	-	1,119,333	-
Depreciation	376,155	3,215,981	1,325,620	4,917,756	1,701,552	-	6,619,308	-	-	-	6,619,308
Real Estate Taxes	13,565	-	-	13,565	360,243	14,416	388,224	-	-	-	388,224
Interest Expense (Including Amortization)	57,805	2,538,181	445,200	3,041,186	832,608	5,062	3,878,856	-	-	-	3,878,856
Insurance	136,481	469,260	325,626	931,367	219,373	-	1,150,740	-	-	-	1,150,740
Bad Debts	-	169,205	158,915	328,120	31,531	-	359,651	-	-	-	359,651
Other Operating Expenses	49,480	237,877	186,673	474,030	213,038	46	687,114	1,295	812	17,639	706,860
Total Operating Expense	1,983,918	27,835,186	17,883,195	47,702,299	15,155,643	22,012	62,879,954	319,134	812	16,907,819	80,107,719
Operating Income (Loss)	(110,132)	509,292	270,029	669,189	(432,556)	(22,012)	214,621	(319,134)	(812)	309,747	204,422

EVERYAGE AND AFFILIATES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT FOR SUPPLEMENTARY INFORMATION)

	Corporate Office	Abernathy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	BellaAge	Total Obligated Group	Foundation	EA Holding	Carolina Senior Care	Total
Nonoperating Income (Loss):											
Contributions and Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,489,672	\$ 2,489,672	\$ 150,654	\$ -	\$ -	2,640,326
Contribution Expense	(519,953)	-	-	(519,953)	-	-	(519,953)	-	(2,139,672)	-	(2,659,625)
Investment Return, Net	6,271,082	89	-	6,271,171	76,608	1,779	6,349,558	939,951	9,995	7,270	7,306,774
Change in Fair Value of Interest Rate Swap Agreements	-	1,570,374	343,205	1,913,579	-	812,689	2,726,268	-	-	-	2,726,268
Gain (Loss) on Sale of Property and Equipment	3,212	(2,058)	(103,630)	(102,476)	(1,097)	-	(103,573)	-	-	31,575	(71,998)
Other Nonoperating Income (Expense)	-	438,525	98,792	537,317	339,213	-	876,530	(575,402)	-	1,174	302,302
Net Assets Released from Restrictions	-	14,579	-	14,579	-	-	14,579	575,402	-	-	589,981
Total Nonoperating Income	<u>5,754,341</u>	<u>2,021,509</u>	<u>338,367</u>	<u>8,114,217</u>	<u>414,724</u>	<u>3,304,140</u>	<u>11,833,081</u>	<u>1,090,605</u>	<u>(2,129,677)</u>	<u>40,019</u>	<u>10,834,028</u>
Changes in Net Assets Without Donor Restriction	<u>\$ 5,644,209</u>	<u>\$ 2,530,801</u>	<u>\$ 608,396</u>	<u>\$ 8,783,406</u>	<u>\$ (17,832)</u>	<u>\$ 3,282,128</u>	<u>\$ 12,047,702</u>	<u>\$ 771,471</u>	<u>\$ (2,130,489)</u>	<u>\$ 349,766</u>	<u>\$ 11,038,450</u>

Exhibit 6: Interim Financial Statements

For the Period Ending December 31, 2023

3. EveryAge Cash Flow Statement For the Period Ending December 31, 2023

	Home Office	BellaAge	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	EveryAge Obligated Group	Foundation	EA Holding	Carolina SeniorCare Lexington	Carolina SeniorCare New Bern	Elderhaus at the Lake	EveryAge Consolidated	
Operating Activities:														
Change in Net Assets Without Donor Restrictions	\$4,761,404	(\$969,958)	(\$1,213,548)	(\$584,287)	(\$78,859)	(\$202,407)	\$1,712,344	\$878,736	\$7,981	\$455,795	\$0	(\$19,816)	(\$21,046)	\$3,013,994
Adjustments to reconcile change in net assets to net cash provided by operating activities:														
Net realized and unrealized gain on investments	(\$4,703,535)	(\$1,237)	\$0	\$0	(\$19,816)	\$0	(\$4,724,588)	(\$912,107)	(\$7,981)	(\$691,719)	\$0	\$0	\$0	(\$6,336,395)
Change in allowance for doubtful accounts	\$0	\$0	\$40,409	\$24,177	\$2,690	(\$4,339)	\$62,937	\$0	\$0	\$22,318	\$0	\$0	\$0	\$85,255
Depreciation	\$96,708	\$0	\$813,833	\$333,394	\$453,168	\$728	\$1,697,831	\$0	\$0	\$29,716	\$0	\$22,883	\$9,033	\$1,759,463
Gain/Loss on Disposal of assets	\$0	\$0	\$14,320	\$17,443	\$15,669	\$0	\$47,432	\$0	\$0	\$0	\$0	\$0	\$0	\$47,432
Amortization of deferred costs	\$0	\$4,520	\$9,792	\$2,706	\$27,073	\$0	\$44,091	\$0	\$0	\$0	\$0	\$0	\$0	\$44,091
Amortization of advance fees	\$0	\$0	(\$558,074)	(\$491,364)	(\$627,590)	\$0	(\$1,677,028)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,677,028)
Amortization of bond discounts	\$0	\$0	\$0	\$0	\$4,723	\$0	\$4,723	\$0	\$0	\$0	\$0	\$0	\$0	\$4,723
Amortization of bond premiums	\$0	\$0	(\$23,590)	(\$4,990)	(\$44,020)	\$0	(\$72,601)	\$0	\$0	\$0	\$0	\$0	\$0	(\$72,601)
Entrance fees received	\$0	\$0	\$471,577	\$481,306	\$1,403,012	\$0	\$2,355,895	\$0	\$0	\$0	\$0	\$0	\$0	\$2,355,895
Temporarily restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$73,652	\$0	\$73,652
Change in value of fund balances	\$0	\$0	(\$4,088)	\$0	\$0	\$0	(\$4,088)	\$17,584	\$0	\$0	\$0	\$0	\$0	\$13,496
(Increase) decrease in:														
Accounts receivable(net)	\$0	\$0	(\$129,567)	(\$32,193)	(\$39,785)	\$92,177	(\$109,369)	\$0	\$0	(\$17,587)	\$0	\$39,090	(\$18,537)	(\$106,403)
Other receivables	(\$51,668)	(\$43,429)	\$25,380	(\$118,493)	(\$87,992)	(\$5,431)	(\$281,633)	(\$216)	\$0	(\$7,504)	\$0	(\$11,127)	(\$4,988)	(\$305,468)
Prepays	\$98,728	\$0	\$13,322	(\$18,828)	\$12,210	\$1,973	\$107,405	(\$3,279)	\$0	\$25,862	\$0	\$21,119	\$0	\$151,107
Increase (decrease) in:														
Accounts payable	(\$149,469)	\$1,179,806	\$90,941	(\$159,335)	\$646,217	(\$8,863)	\$1,599,297	(\$33,478)	\$0	\$59,698	\$0	(\$42,045)	\$7,451	\$1,590,924
Accrued expenses and other payables	\$141,470	\$0	\$273,767	\$237,336	\$161,649	\$32,667	\$846,888	\$2,490	\$0	\$88,552	\$0	\$71,828	\$10,306	\$1,020,064
Other Current Liabilities	\$7,031	\$0	\$164,020	\$34,882	\$67,983	\$0	\$273,916	\$0	\$0	(\$564,458)	\$0	(\$648,576)	\$0	(\$939,119)
Resident escrows	\$0	\$0	(\$4,500)	\$0	(\$102)	\$0	(\$4,602)	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,602)
Intercompany	\$988,740	\$56,724	(\$722,277)	\$736,009	(\$1,230,404)	\$93,496	(\$77,713)	\$69,232	\$0	\$67,636	\$60,669	(\$137,150)	\$17,783	\$457
Net Cash provided by operating activities	\$1,189,408	\$226,426	(\$738,283)	\$457,761	\$665,826	\$0	\$1,801,138	\$18,962	\$0	(\$531,691)	\$60,669	(\$630,142)	\$0	\$718,937
Cash flows from investing activities:														
Change of assets limited as to use	(\$23,858)	\$47,338	\$0	\$0	(\$301,548)	\$0	(\$278,068)	(\$985,951)	\$0	\$7,138	\$0	\$1,348	\$0	(\$1,255,534)
Advances from related parties, net	(\$63,946)	\$0	\$0	\$0	\$0	\$0	(\$63,946)	\$0	\$0	\$0	\$0	\$0	\$0	(\$63,946)
Purchases of property and equipment	(\$15,418)	(\$2,907,182)	(\$443,884)	(\$603,571)	(\$3,545,790)	\$0	(\$7,515,845)	\$0	\$0	(\$137,276)	(\$198,121)	(\$25,517)	\$0	(\$7,876,759)
Net cash used by investing activities	(\$103,223)	(\$2,859,844)	(\$443,884)	(\$603,571)	(\$3,847,338)	\$0	(\$7,857,859)	(\$985,951)	\$0	(\$130,139)	(\$198,121)	(\$24,169)	\$0	(\$9,196,239)
Cash flows from financing activities														
Entrance fees refunded	\$0	\$0	(\$186,285)	(\$215,910)	(\$128,374)	\$0	(\$530,570)	\$0	\$0	\$0	\$0	\$0	\$0	(\$530,570)
Deposits on advanced fees	\$0	\$0	\$0	(\$1,000)	\$493	\$0	(\$507)	\$0	\$0	\$0	\$0	\$0	\$0	(\$507)
Interest Rate Swap	\$0	\$963,525	\$1,750,082	\$443,590	\$0	\$0	\$3,157,197	\$0	\$0	\$0	\$0	\$0	\$0	\$3,157,197
Debt Issuance Costs	\$0	\$0	\$2,190	\$310	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500
New debt / leases	\$0	\$1,668,479	\$0	\$0	\$3,309,393	\$0	\$4,977,873	\$0	\$0	\$0	\$137,451	\$0	\$0	\$5,115,324
Principal payments of long-term debt / leases	\$0	\$0	(\$383,820)	(\$81,180)	\$0	\$0	(\$465,000)	\$0	\$0	\$0	\$0	(\$3,598)	\$0	(\$468,598)
Net cash used by financing activities	\$0	\$2,632,004	\$1,182,167	\$145,809	\$3,181,512	\$0	\$7,141,493	\$0	\$0	\$0	\$137,451	(\$3,598)	\$0	\$7,275,347
Net increase(decrease) in cash & cash equivalents	\$1,086,185	(\$1,413)	\$0	\$0	\$0	\$0	\$1,084,772	(\$966,989)	\$0	(\$661,829)	\$0	(\$657,909)	\$0	(\$1,201,955)

4. EveryAge Profit and Loss Statement (Fiscal Year 2024 Budget)

(without Lake Prince Woods, Carolina SeniorCare, and EveryAge Foundation)

OPERATING BUDGET:					
	Home		Abernethy	Piedmont	EveryAge
	Office	BellaAge	Laurels	Crossing	Combined
OPERATING REVENUES:					
Health Care	\$0	\$0	\$18,917,909	\$11,147,884	\$30,065,793
Home Care	\$0	\$0	\$460,919	\$641,023	\$1,101,942
Pavilion/Assisted Living	\$0	\$0	\$1,084,314	\$907,201	\$1,991,515
Residential Living	\$0	\$0	\$6,059,981	\$5,179,768	\$11,239,749
Net Service Revenues	\$0	\$0	\$26,523,123	\$17,875,876	\$44,398,999
Amortization of Advance Fees	\$0	\$0	\$2,106,391	\$1,573,434	\$3,679,825
Other Operating Revenue	\$7,238,695	\$0	\$226,631	\$84,999	\$7,550,325
Total Operating Revenue	\$7,238,695	\$0	\$28,856,145	\$19,534,309	\$55,629,149
OPERATING EXPENSES:					
Health Services:					
Health Care Expense	\$0	\$0	\$8,227,234	\$5,683,840	\$13,911,074
Medical Records	\$0	\$0	\$76,818	\$46,600	\$123,418
Personnel	\$2,225,470	\$2,426	\$4,506,045	\$3,148,030	\$9,881,971
Laundry	\$0	\$0	\$175,800	\$127,456	\$303,256
Social Services	\$0	\$0	\$118,169	\$132,477	\$250,646
Activities	\$0	\$0	\$280,039	\$119,829	\$399,868
Spiritual Life	\$0	\$0	\$79,639	\$68,852	\$148,491
Housekeeping	\$0	\$0	\$820,858	\$447,889	\$1,268,747
Plant Maintenance	\$0	\$0	\$2,225,794	\$1,725,670	\$3,951,464
Staff Development	\$0	\$0	\$109,270	\$33,350	\$142,620
Pavilion/Assisted Living Expense	\$0	\$0	\$593,877	\$256,576	\$850,453
Clinic	\$0	\$0	\$90,908	\$21,000	\$111,908
Home Care Expense	\$0	\$0	\$373,790	\$580,728	\$954,518
Resident Services	\$0	\$0	\$56,689	\$158,059	\$214,748
Transportation	\$0	\$0	\$105,327	\$35,043	\$140,370
Dietary	\$0	\$0	\$2,441,203	\$1,723,059	\$4,164,262
Wellness Center	\$0	\$0	\$158,249	\$0	\$158,249
Beauty Shop Expense	\$0	\$0	\$0	\$25,000	\$25,000
Day Care Expense	\$324,330	\$0	\$0	\$0	\$324,330
General and Administrative:					
Administrative	\$4,197,724	\$24,267	\$727,069	\$633,760	\$5,582,820
Marketing	\$0	\$0	\$402,177	\$355,350	\$757,527
Management Fees	\$0	\$0	\$1,875,649	\$1,269,730	\$3,145,379
Depreciation	\$394,726	\$0	\$3,312,743	\$1,572,563	\$5,280,032
Amortization	\$0	\$17,165	\$39,169	\$10,822	\$67,156
Real Estate	\$15,272	\$0	\$0	\$0	\$15,272
Interest Expense	\$10,000	\$0	\$1,648,717	\$373,203	\$2,031,920
Insurance	\$152,402	\$0	\$509,335	\$352,014	\$1,013,751
Bad Debt Expense	\$0	\$0	\$106,092	\$71,504	\$177,596
Other Operating Expenses	\$45,262	\$0	\$281,962	\$230,297	\$557,521
Total Operating Expenses	\$7,365,186	\$43,858	\$29,342,622	\$19,202,701	\$55,954,367
Profit (Loss) from Operations	(\$126,491)	(\$43,858)	(\$486,477)	\$331,608	(\$325,218)
Contributions - Revenue	\$0	\$0	\$130,000	\$0	\$130,000
Contributions - Expense	(\$168,203)	\$0	\$0	\$0	(\$168,203)
Realized Gain/(Loss) on Investments	\$3,230,000	\$0	\$0	\$0	\$3,230,000
Other Non-operating Revenue/(Expense)	\$0	\$0	\$7,000	\$42,000	\$49,000
Total Non-Operating Revenues/(Expense)	\$3,061,797	\$0	\$137,000	\$42,000	\$3,240,797
Net Profit (Loss)	\$2,935,306	(\$43,858)	(\$349,477)	\$373,608	\$2,915,579
CAPITAL BUDGET					
	\$102,775	\$0	\$2,031,331	\$1,357,072	\$3,491,178