

**CONTINUING CARE DISCLOSURE STATEMENT**

**June 1, 2024**

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
(THE SHARON AT SOUTHPARK)  
5100 SHARON ROAD  
CHARLOTTE, NORTH CAROLINA 28210  
(704) 553-1670**

**CHAPTER 58, ARTICLE 64 OF THE NORTH CAROLINA GENERAL STATUTES, ENTITLED "CONTINUING CARE RETIREMENT COMMUNITIES" REQUIRES DELIVERY OF A CURRENT CONTINUING CARE DISCLOSURE STATEMENT PRIOR TO THE SIGNING OF A RESIDENT'S AGREEMENT PROVIDING FOR CONTINUING CARE. THIS CONTINUING CARE DISCLOSURE STATEMENT SHALL BE CONSIDERED CURRENT AND MAY BE DELIVERED BY THE SHARON AT SOUTHPARK ANYTIME PRIOR TO May 30, 2025, UNLESS THE SHARON AT SOUTHPARK DETERMINES THAT A REVISION IS NECESSARY BEFORE THAT DATE. THIS CONTINUING CARE DISCLOSURE STATEMENT HAS NOT BEEN REVIEWED OR APPROVED BY ANY GOVERNMENT AGENCY OR REPRESENTATIVE TO ENSURE THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT.**

(THE SHARON AT SOUTHPARK)

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## **I. ORGANIZATION INTRODUCTION AND INFORMATION**

The Presbyterian Home at Charlotte, Inc., a not-for-profit corporation organized in 1964 under the laws of the state of North Carolina, owns and operates a continuing care facility and currently provides health-related services to approximately 400 persons aged 60 or over. Its facilities are known as "The Sharon at SouthPark" and in the remainder of this Disclosure Statement, The Presbyterian Home at Charlotte, Inc. and the facilities owned and operated by it are referred to as "The Sharon at SouthPark." The Sharon at SouthPark does not discriminate based on gender, race or religion. (Please note, The Sharon at SouthPark DBA is effective October 1, 2023 and the organization no longer uses the DBA Sharon Towers.)

The Sharon at SouthPark is governed by an 18 to 24-person Board of Directors, divided into three classes and elected for three-year terms by the Presbytery of Charlotte. The Presbytery of Charlotte is organized and exists under the authority of the constitution of the Presbyterian Church (U.S.A.). Nevertheless, neither the Presbyterian Church (U.S.A.), the Presbytery of Charlotte (or its successor) nor any general assembly, board, synod, presbytery, session, church, congregation or agency thereof has any financial or managerial responsibility for the business or affairs of The Sharon at SouthPark other than the election of its directors as described above.

The Sharon at SouthPark, a charitable and religious organization, is exempt from federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code of 1986.

The Sharon at SouthPark is a member of Leading Age, the Presbyterian Association of Homes and Services for the Aging, and Leading Age North Carolina.

## **II. FACILITY INTRODUCTION AND INFORMATION**

The Sharon at SouthPark maintains one ten-story, three six-story, one five story and two three-story residential towers surrounded by 33 freestanding or paired cottages on approximately 28 wooded acres in southeast Charlotte. SouthPark shopping mall, bus routes to downtown Charlotte, and Sharon Presbyterian Church are nearby.

The Sharon at SouthPark is known for its financial stability, excellent location and quality of care. The Sharon at SouthPark opened the East Tower (now referred to as Heritage East) and 22-bed Health Care Center in 1969. West Tower (now referred to as Heritage West), South Wing and additional nursing beds were added in 1974 and 1985; cottages have been added over the years; the North Terrace opened in 1999 and South Terrace opened in 2003. The first of two Magnolia Villas opened in January of 2017 with the second Villa opening in February of 2018. The Deerwood opened in 2022. The Sharon at SouthPark initiated a cottage renewal program in 2004 where vacated cottages are extensively renovated and or expanded. In some cases, old cottages are torn down and rebuilt in order to provide cottages with larger square footage and enhanced floor plans.

Since 1994, many small single residences have been combined to create the larger floor plans that are in greater demand. Two 20-bed assisted living units, licensed as "Adult Care," were opened

in November 1994, and May, 1996, respectively in the Heritage West. Together, the two assisted living units are known as Azalea West. Third Floor Azalea West, licensed as adult care, is secured with magnetic locks to prevent wandering.

The Sharon at SouthPark maintains an open Certificate of Need for 62 of its Nursing Facility Beds, allowing direct admission of non-residents to these beds. Nineteen of these 62 beds are Medicare certified and used for short-term rehabilitation of The Sharon at SouthPark's residents and members of the community. The remaining 34 Nursing Facility Beds are closed to direct admissions and must follow certain admissions policies described in the Resident's Agreement (hereinafter defined).

In 2006, the Corporation began purchasing certain single-family parcels contiguous to its property as they became available in order to provide future campus expansion opportunities. These purchases have enabled the Corporation to move forward with the expansion plans described in Section IX.

**A. Directors/Officers of The Sharon at SouthPark:** As of January 1, 2024, the following persons were either directors or officers of The Sharon at SouthPark responsible for development of policy and providing direction to management. Some Directors who are also Residents of The Sharon at SouthPark are elected by the Residents with the election ratified by the Charlotte Presbytery. Neither the CEO nor any member of the Board of Directors has been convicted of a felony or pleaded nolo contendere to a felony charge or judgment, or a felony or civil action involved in fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunction or restrictive court order, or within the past five years has had any State or federal license or permit suspended or revoked as a result of any action brought by a governmental agency or department, arising out of or relative to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, Home for the Aged or facility subject to the North Carolina G.S.58-64 or similar law in another state.

**KEITH G. BUTLER** is a member of the Board of Directors and serves on the Finance and Investments Committee and the Planning and Governance Committee. He is retired from Duke Energy as Chief Operating, Financial Security Officer and is a member of St. Peter Catholic Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**MARTHA K. CADDELL** is a member of the Board of Directors and serves on the Planning and Governance Committee. She is a member of First Presbyterian Church. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**ADELAIDE A. DAVIS** is a member of the Board of Directors and serves on the Fundraising and Community Outreach Committee. She is Associate Vice President of Alumni Relations and Planned Giving at Queens University and is a member of Covenant Presbyterian Church. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**ROBERT T. DOOLEY** is Chair of the Board of Directors and serves on the Executive Committee. He is a Senior Executive at Barringer Construction and a member of Christ Episcopal

Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**EDITH M. HALL** is a member of the Board of Directors and serves on the Planning and Governance Committee. She is a member of Grace Covenant Church. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**JAMES J. HARRIS** is a member of the Board of Directors and serves on the Finance and Investments Committee. He is Trust Officer and Senior Managing Director of Strategic Initiatives at Piedmont Trust Company and is a member of Davidson College Presbyterian Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210

**CLEVE W. HOWARD** is a member of the Board of Directors and serves on the Facilities and Programs Committee. He is a member of Myers Park United Methodist Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**RAY A. KILLIAN, JR.** is a member of the Board of Directors and serves on the Facilities and Programs Committee. He is President of Queens Capital, LLC and is a member of Myers Park Presbyterian Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**ANNE S. MCQUISTON** is a member of the Board of Directors and serves on the Fundraising and Community Outreach Committee. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**RICHARD L. NICHOLS, JR.** is the Past Chair of the Board of Directors, Chair of the Planning and Governance Committee and serves on the Executive Committee. He is a member of The Park Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**WILLIAM A. NICHOLS, JR.** is a member of the Board of Directors and Chair of the Facilities and Programs Committee and serves on the Executive Committee. He is President of Nichols Architecture PA and a member of Christ Episcopal Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**COOKIE F. PARNELL** is a member of the Board of Directors, Chair of the Fundraising and Community Outreach Committee and serves on the Executive Committee. She is a member of Trinity Presbyterian Church. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**B. PARTHENIA RICHARDSON, MD** is a member of the Board of Directors and serves on the Fundraising and Community Outreach Committee. She is a gastroenterologist/internist in the Charlotte area and a member of Matthews Murkland Presbyterian Church. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**ANGELA L. RIGSBEE**, President and Chief Executive Officer, has worked in long term care for 28 years after receiving her BA in Psychology from the University of North Carolina at Greensboro. Prior to becoming President & CEO in 2021, she served as the Corporations' Chief

Operating Officer for six years and is also a licensed nursing home administrator. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**THECKLA D. STERRETT** is a member of the Board of Directors and serves on the Planning and Governance Committee. She is retired President and Executive Director of Account Services at Saturday Brand Communication and a member of St. Peters Episcopal Church. Her contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**CURTIS L. TRENKLEBACH** is a member of the Board of Directors and serves on the Facilities and Programs Committee. He is President of Intercon Building Company and a member of Christ Episcopal Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**RICHARD D. WILLIAMS** is a member of the Board of Directors, Chair of the Finance and Investments Committee and serves on the Executive Committee. He is Managing Director of Bank of America and a member of Trinity Presbyterian Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**WORTH W. WILSON** is a member of the Board of Directors and serves on the Planning and Governance Committee. He is a member of Christ Lutheran Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

**JONATHAN C. WINDHAM** is a member of the Board of Directors and serves on the Finance and Investments Committee. He is a Partner with Essex Richards Attorneys at Law and is a member of Dilworth United Methodist Church. His contact address is 5100 Sharon Road, Charlotte, North Carolina 28210.

Officers and Directors serve as volunteers and have no professional experience in the operation and management of facilities similar to The Presbyterian Home at Charlotte, Inc.

There is no professional service firm, association, trust, partnership or corporation in which the President/CEO (who will manage the facility on a day to day basis) or any member of the Board of Directors has, or which has in such persons, a ten percent or greater interest and which it is presently intended shall currently or in the future provide goods, leases or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars (\$500) or more within any year.

## **B. Description of Physical Property**

**Independent Living Units.** The floor plans for the independent living units vary in design and include studio, one-bedroom, two-bedroom and three-bedroom apartments, villas, terrace units and cottages in configurations ranging from 250 to 2,499 square feet. Each independent living unit, with the exception of studios, features a living room, one, two or three bathrooms, carpeting and /or hardwood flooring and a fully-equipped kitchen. All independent units have individually controlled heating and air conditioning, cable television and telephone hook-ups, and a 24-hour fire, safety and medical emergency call system. Most of the independent living units are equipped with microwave ovens and washer/dryers.

The buildings that make up the main building complex, located in the center of the campus, are physically connected and do not require walking outside in order to get from one building to another. These are the Heritage East and Heritage West, the North Terrace, South Terrace and the core connector building with its south wing (the “Core Building”).

Heritage East consists of six stories, plus an underground level. Heritage West is six stories in height, all above ground. These buildings house numerous resident amenity spaces including, a resident-run resale shop, a library, an arts and crafts room, the main lobby and a common living room known as the Harris Towne Center, as well as support services including maintenance, housekeeping, laundry facilities and some management offices. As of May 15, 2024, there are 67 independent living apartment units located in Heritage East and Heritage West. The Corporation has been combining Heritage East and Heritage West apartments for the past 20 years in an effort to create units large enough for current market demand. The Corporation continues to look for additional opportunities for combination as these units open up.

The North Terrace and South Terrace buildings, connected to Heritage East on the north and south sides, house larger independent living apartments, consistent with market demand. The North Terrace is five stories tall with five apartments per floor that sit atop an above-ground parking area. Similar in square footage and floor plans to the North Terrace, the South Terrace is 10 stories tall and has five apartments per floor, with the exception of the 10th floor, where a community room overlooks the Charlotte skyline. Parking for the South Terrace is located in an adjacent parking deck.

The Magnolia Villas offer large apartments consistent with market demand and are separate from the main buildings. Each Magnolia Villa houses eighteen residential apartments (six per floor), a community room and underbuilding parking. The Magnolia Villas opened in 2017 and 2018, and each filled quickly upon opening.

The Deerwood is the newest independent living building containing 42 apartments ranging from 1000-2148 square feet in a five-story building with underbuilding parking. The building also features a community room that seats 32, a meeting room for eight, a catering kitchen and two outdoor terraces with seating.

As of May 15, 2024 The Sharon at SouthPark has 33 independent living cottages in operation including three houses in the adjacent Fairmeadows neighborhood contiguous to the campus. One cottage has been taken offline and serves as storage, and six cottages are slated for future demolition to accommodate the second phase of the Master Plan. See Section IX.

**Amenities.** The Sharon at SouthPark’s amenity spaces are located on the ground and first floor levels of the four-story Core Building, which joins Heritage East and Heritage West. These floors house the kitchen facilities, dining venues, exercise room, therapy room, Wellness Clinic, Physician’s Clinic, a multi-purpose room, resident resource room, chapel, mail room, private dining room, offices and access to the aquatics facility on the lower level.

**C. Number of Residents:** Approximately 400 residents make The Sharon at SouthPark their home.

### **III. POLICIES, ADMISSION**

**A. Health Criteria:** With the exception referred to in Section III.E1 or as described herein, all Residents must be mobile, mentally alert, and able to live independently on the date the Resident occupies the Living Accommodation, as defined in the Resident's Agreement and for a reasonable time thereafter. The determination of whether a Resident satisfies these criteria is made within the discretion of The Sharon at SouthPark's management and as a result of the Resident's medical examination, through interviews and observations by The Sharon at SouthPark staff prior to occupancy, and during the 90-day Trial Period. If at any time prior to the expiration of the 90-day Trial Period The Sharon at SouthPark determines that the Resident does not satisfy the physical and mental criteria for admission or violates the terms of the Resident's Agreement, The Sharon at SouthPark may terminate the Resident's Agreement. Notwithstanding the requirement above, a limited number of Applicants who can benefit from health care services may be admitted directly to assisted living or the Health Care Center.

**B. Financial Criteria; Financial Assistance:** Except as provided herein, a Resident must have a net worth sufficient to pay the Entry Fee (also referred to as Entrance Fee) and in the opinion of the Admissions Committee, as determined on a case-by-case basis, have income sufficient to pay the Monthly Service Fee, Health Care Center Daily Rate and other incidental amounts.

It is, however, the policy of The Sharon at SouthPark, officially adopted as Article V, Section 1 of its Bylaws that financial assistance be made available to Residents who, because of their financial condition, are unable to pay the full cost of their care at The Sharon at SouthPark. Entry Fee and Monthly Service Fee assistance may also be provided at the sole discretion of The Sharon at SouthPark for a Resident upon admission, after proof of financial need. The Sharon at SouthPark strives to give financial assistance equal to five percent (5%) of annual revenue. Accordingly, persons should not be discouraged from applying for admission to The Sharon at SouthPark because of their inability to afford the Entry Fee or Monthly Service Fee. Nevertheless, while the above policies are the goals of The Sharon at SouthPark, implementation of the policies are specifically conditional upon the availability of resources for these purposes and the continued financial stability of The Sharon at SouthPark. The Sharon at SouthPark reserves the right to require periodic financial statements from Residents for the purpose of ascertaining future needs for assistance.

**NOTE:** The above-described admissions criteria may be modified at any time by the Board of Directors or their designated representative(s) of The Sharon at SouthPark, and all Residents should expect to pay the charges incurred for their care unless specifically waived by The Sharon at SouthPark at the time of admission.

**C. Age Criteria:** At the time a Resident moves to The Sharon at SouthPark, the Resident must be at least 60 years of age, except that in the case of a couple, only one of the couple must meet this requirement. Other extenuating circumstances may be considered.

**D. The Admissions Process:** A person who is interested in living at The Sharon at SouthPark contacts or visits The Sharon at SouthPark and receives certain preliminary information, which

includes a brief information sheet, a price list and application forms. When the person is interested in continuing the admissions process, the potential Resident receives a packet containing this Continuing Care Disclosure Statement and the Resident's Agreement.

**1. Application and Approval:** The prospective Resident completes the application form, which includes the confidential financial statement and returns these documents to The Sharon at SouthPark with the application fee (currently \$100 per person). The application fee is nonrefundable unless the applicant is not approved for financial reasons at the time of application. A \$1,000 Future Residency Program deposit is also required. The \$1,000 Future Residency Program deposit is refundable, without interest, upon the applicant's written request unless it is specified as a reasonable service charge should the prospective Resident cancel the Resident's Agreement after agreeing to occupy a specific residence at The Sharon at SouthPark. This \$1,000 deposit will be applied to the Entry Fee, without interest, upon admission. The Admissions Committee of The Sharon at SouthPark reviews the application and either grants preliminary approval of the application or rejects the application, based on the admissions policy then in effect.

At the point of preliminary approval, the Resident may (1) go on the Future Residency Program List for occupancy at a later time, (2) reserve an available residence for occupancy in the near future, or (3) apply for an upgrade to the Early Advantage Program (space permitting).

**2. Future Residency Program List:** The prospective Resident's name is placed on The Sharon at SouthPark's Future Residency Program List in chronological order based on the day and time the application was received. The Admissions Committee will give preliminary approval of the application according to the terms of the admissions policy then in effect. The prospective Resident is notified in writing of his/her approval.

**3. Early Advantage Program:** Upon notification that space is available in this actuarially-based program, a preliminary-approved member of the Future Residency Program List may apply to become an Early Advantage Program Resident. Any member of the Future Residency Program who applies to become an Early Advantage Program Resident is expected to schedule an orientation visit. Upon applying for admission to the Early Advantage Program, the Prospective Early Advantage Program Resident is required to have a medical examination at their expense and supplement the application with a current financial statement and other data.

Upon acceptance into the Early Advantage Program by The Sharon at SouthPark, payment of the then current Entry Fee and Monthly fee is due at the time the offer of The Sharon at SouthPark is accepted in writing by the prospective Early Advantage Program Resident. The Early Advantage Program Agreement may be terminated by the Early Advantage Program Resident at any time by providing The Sharon at SouthPark sixty (60) days advanced written notice of such termination. The Early Advantage Program Resident may be entitled to a prorated refund of the Entry Fee pursuant to Section VIII.D of The Early Advantage Program Agreement.

**4. Orientation Visit and Signing Resident's Agreement:** Members of the Future Residency Program who wish to reserve an available accommodation are expected to schedule an orientation visit. Prospective Residents are required to have a medical examination at their

expense prior to admission. At this time the incoming Resident may be asked to supplement the application with a current financial statement and other data.

When the prospective Resident wishes to select an available accommodation, he/she notifies The Sharon at SouthPark and is invited to select an accommodation according to his/her position on the Future Residency Program List. If there is competition for an accommodation, the Resident with the earlier date on the Future Residency Program List is given first choice. Payment of a reservation deposit equal to 10% of the Entry Fee is due at the time the offer of The Sharon at SouthPark is accepted in writing by the prospective Resident. The Sharon at SouthPark may, according to Section III. B., waive the Entry Fee for prospective Residents who qualify for financial assistance. If a prospective Resident pays the 10% reservation deposit and then cancels the Agreement before moving in (for any reason other than illness or death of the Resident or his/her spouse) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee and the non-standard costs to modify the Living Accommodation incurred by The Sharon at SouthPark at the request of said prospective Resident will be withheld.

**5. Date of Availability:** The Resident will be notified in writing of the date on which the Resident can occupy his/her living accommodation. This date is referred to as the "Date of Availability." The Date of Availability will be determined by The Sharon at SouthPark, based on availability of the accommodation, and will be within a reasonable time following acceptance of the written offer.

Payment of the Entry Fee and Monthly Fee is due on the Date of Availability, whether or not the Resident chooses to physically occupy the living accommodation on that date. The first monthly service fee shall be prorated based on the number of days in the month, from the date of availability through the end of that month.

If customized renovations are made to a living accommodation at the Resident's request, the Date of Availability shall remain the date by which the accommodation would have been ready had the extra work not been ordered.

**6. Date of Occupancy:** The "Date of Occupancy" is the date on which the Resident actually moves into The Sharon at SouthPark or the date on which he/she begins paying the Monthly Service Fee, whichever comes first.

**E. Changes of Condition Prior to Occupancy:**

**1. One of a Couple Fails to Meet Admissions Criteria:** All Residents must meet the physical and mental health requirements for admission set forth above under Section III. "Policies," except in the case of couples where one is in need of nursing care and the other is physically able to occupy a living accommodation. In this case, the person needing nursing care may be admitted directly to one of the Health Care Center beds. Separate Entry Fees are due in this circumstance. For purposes of this exception, couples are defined as co-applicants.



**2. Changes in Unit Selection:** Should Resident select an accommodation of different size after making payment, but before occupancy, the appropriate Entry Fee will be adjusted up or down to reflect the current price at Date of Occupancy and the Resident shall also pay the non-standard costs specifically incurred by The Sharon at SouthPark at the Request of Resident for each accommodation.

**F. Living Accommodations Made Available to Others Prior to Death:** In the event the Resident has been in the Health Care Center and it has been determined by The Sharon at SouthPark's Medical Director or the Resident's personal physician it is unlikely that the Resident will be physically or mentally able to reoccupy his/her Living Accommodation for the reasonably foreseeable future, The Sharon at SouthPark may remove, or cause to be removed within fourteen days, the Resident's personal belongings from the Living Accommodation and make the Living Accommodation available to others.

**G. Refunds:** Refund of the Entry Fee following occupancy is described in detail under "Fees," Sections V D., E., F., G., and H.

**H. Moves:**

**1. Moves to and from Health Care Center**

When a Resident moves temporarily from a regular Living Accommodation to the Health Care Center or from the Health Care Center to a regular Living Accommodation, the Resident's Monthly Service Fee, the meal plan fee and the Monthly Service Fee of any other person in the Resident's Living Accommodation shall not be affected, except that Residents in the Health Care Center must pay the Health Care Center Daily Rate in addition to the Monthly Service Fee. If a Resident moves to the Health Care Center on a permanent basis, the Resident's Monthly Service Fee shall be the Health Care Center Monthly Service fee in effect. If one of two Initial Joint Residents moves to the Health Care Center on a permanent basis, the Monthly Service Fee of the Resident remaining in the Living Accommodation shall be the single person rate. Moves to or from the Health Care Center shall not affect the allocation of the Entry Fee between the Residents who occupy a single Living Accommodation. If a Resident entered paying the semi-private Entrance Fee for Assisted Living and within the first 90 days moves permanently to the Health Care Center, a balance equal to the then-current Assisted Living Entrance Fee is due. If a resident entered paying the Health Care Center Entrance Fee and within the first 90 days moves permanently to Assisted Living, Resident shall owe only the Assisted Living Entrance Fee and Resident shall receive a credit if applicable for the Health Care Center Entrance Fee previously paid.

**2. Move to Larger Living Accommodations**

Unless otherwise specifically agreed upon and set forth in writing in an addendum to the Resident's Agreement, if the Resident, after obtaining the consent of The Sharon at SouthPark, moves at his/her request from one Living Accommodation to another, the Entry Fee for which is, at the time of the move, greater than the Entry Fee paid by the Resident, then at the time of move

the Resident shall pay any fees provided in part III.H.5 below and the difference between the amount paid for the accommodation being vacated and the current Entry Fee for the accommodation to which the Resident moves. In addition, the Resident shall pay the Monthly Service Fee applicable to the new Living Accommodation based on the number of occupants as of the day the Resident occupies the new Living Accommodation.

### **3. Move to Smaller Living Accommodations**

If the Resident moves at his/her request from one regular Living Accommodation to another, the Entry Fee for which is, at the time of the move, less than the Entry Fee paid by the Resident, the Resident shall not be entitled to any refund or abatement of the Entry Fee as a result of the move. The Resident shall pay any fees provided in part III.H.5 below and the Monthly Service Fee applicable to the new Living Accommodation based on the number of occupants as of the day the Resident occupies the new Living Accommodation.

### **4. Initial Joint Residents – Pro-ration of Entry Fee and Monthly Service Fee When Residency Changes**

The Entry Fee in the case of Initial Joint Residents shall be deemed paid by them in equal shares. This provision shall apply in case Initial Joint Residents are divorced or no longer wish to live together, regardless of the actual source of the funds used to pay the Entry Fee. If one Initial Joint Resident moves to a different Living Accommodation, the moving Initial Joint Resident and the Initial Joint Resident remaining in the Living Accommodation may be subject to the payment of additional Entry Fees based upon the equal pro-ration of the Entry Fee related to changes in type of Living Accommodations.

### **5. No Right That Resident Move to Another Living Accommodation; Other Cases**

Unless otherwise specifically agreed and set forth in writing in an addendum to the Resident's Agreement, the Resident shall have no right to move from one Living Accommodation to another. Moreover, upon execution of the Resident's Agreement and payment of the Entry Fee, the Resident shall be entitled to occupy that type of Living Accommodation for the remainder of his/her life so long as his/her health permits, unless expressly provided otherwise in the Resident's Agreement. The Sharon at SouthPark reserves the right in its discretion to require the Resident to move from one Living Accommodation to another of the same type, the costs of which move shall be paid by The Sharon at SouthPark. If The Sharon at SouthPark initiates any such move, the Resident's Monthly Service Fee shall not be increased as a result of the move and the Resident shall not be required to pay any incremental Entry Fee.

Except for any move approved by The Sharon at SouthPark to accommodate a Resident's financial difficulty, a Resident requesting a move from one Living Accommodation to another which is approved by The Sharon at SouthPark shall pay to The Sharon at SouthPark the then current transfer fee plus any expenses incurred by The Sharon at SouthPark with respect to said move.

## **I. Marriage**

### **1. Marriage of Two Residents**

If one Resident marries another Resident and they desire to occupy a Living Accommodation currently occupied by one of them, no additional Entry Fee shall be due and the double occupancy Monthly Service Fee shall apply. Upon the subsequent death of either one of the Residents, it will not be necessary for the survivor to move from the Living Accommodation. The monthly fee will become the current single person fee for a unit of that size.

If Residents who marry desire to move to a type of Living Accommodation not previously occupied by one of them, no additional Entry Fee will be due from either of them if the Entry Fee deemed paid by each of them individually (excluding any amount attributable to a deceased Initial Joint Resident) equals or exceeds the then-applicable Entry Fee with respect to such Living Accommodation. If their combined Entry Fees, including any amount(s) attributable to a deceased Initial Joint Resident(s), exceeds the then current Entry Fee for the new unit, no refund shall be made.

### **2. Marriage of a Resident to a Nonresident**

If a Resident marries a nonresident, the nonresident shall not reside at The Sharon at SouthPark unless such person satisfies the then existing admissions criteria of The Sharon at SouthPark and until such person has been admitted through the normal application and admissions and orientation policies and procedures. In the event such person is admitted to The Sharon at SouthPark, such person shall pay the Entry Fee then applicable for a studio apartment plus the then current Second Person Entry Fee. Once the person is admitted and has paid the applicable Entry Fee and is permitted to occupy the spouse's Living Accommodation or another available residence, such person shall be treated as a Resident who marries another Resident.

## **J. Financial Difficulty**

Residency at The Sharon at SouthPark shall not be terminated solely because of the Resident's financial inability to continue to pay all or part of the Monthly Service Fee or Health Care Center Daily Rate. Nevertheless, the Resident's acceptance into The Sharon at SouthPark has been based on the accuracy of the Resident's financial statements as updated prior to admission, and The Sharon at SouthPark may request Residents to file annually a financial statement with the management of The Sharon at SouthPark and potentially must move to a less expensive accommodation. ***The Resident agrees not to pledge, divest or deplete his or her assets through gifts or other voluntary means to the extent that it might jeopardize his or her ability to pay for the cost of care at The Sharon at SouthPark.***

If the Resident has misrepresented information on a financial statement or has diminished his/her ability (or the ability of his/her personal estate) to satisfy financial obligations under the Resident's Agreement, by the making of gifts of real or personal property or entering into any financial transactions in bad faith or for reasons other than financial gain, AFTER submitting or

supplementing the financial statement and AFTER acceptance into The Sharon at SouthPark, The Sharon at SouthPark reserves the right to terminate this Agreement, if as a result of such gifts or financial transaction the Resident is unable to pay and in fact does not pay the Monthly Service Fee or Health Care Center Daily Rate when due.

**IV. SERVICES**

**A. Living Accommodations:** Within each independent living apartment and cottage, The Sharon at SouthPark furnishes finish flooring (wall-to-wall carpeting or hardwood, or luxury vinyl tile as per plan) and a private bathroom. Residential furnishings may be upgraded at the Resident's cost. Such furnishings, however, become part of the Living Accommodation and the property of The Sharon at SouthPark. Blinds are furnished in the living accommodations in the Heritage East and West buildings and the Deerwood, but are not furnished in the cottages, terrace apartments or Magnolia Villas. The Sharon at SouthPark furnishes lodging to Residents in one of the types of Living Accommodations described below, as specified in the Resident's Agreement.

<u>Types of Living Accommodation</u>	<u>Square Feet</u>	<u>Number</u>	<u>Standard Entry Fee*</u>	<u>Standard Single Resident Monthly Service Fee 2024</u>	<u>Standard Double Residency Monthly Service Fee 2024</u>
Terrace Units**	1050-1796	74	\$324,900-\$595,000	\$4,466- \$5450	\$6,766-\$7,750
Cottages+	850-2299	33	\$327,000-\$767,400	\$4,493- \$6,342	\$6793-\$8,642
Magnolia Villas	1365-1940	36	\$426,000-\$646,100	\$4,402- \$5,343	\$6,702-\$7,643
The Deerwood	1000-2148	42	\$319,900-\$705,900	\$4,100- \$6,593	\$6,400-\$7,760
2 Bedroom**	750-850	7	\$194,300-\$204,900	\$4,368- \$4,410	\$6,668-\$6,710
1 Bedroom**	480-1200	58	\$104,800-\$359,500	\$3,981- \$4,605	\$6,281-\$6,905
Studio	250-300	2	\$43,800- \$56,300	\$3,229- \$3,372	N/A
Assisted Living	250-480	38	\$26,500- \$39,700	\$6,511 -\$9,737	\$13,555
Healthcare		96	\$20,000- \$25,000	\$9,875-\$14,750	N/A

Note: All monthly service fees for independent living include meal plan. \*Entrance Fee for double occupancy add \$28,000 (Second Person Fee)  
 . \*\* Entrance Fee add-ons may apply based on location and balcony (ies). + Reduced Entry Fee and Monthly Service Fee may apply. ++Unit number will change as units taken off line for various phases of expansion & renovation of the Healthcare Center.

**B. Standard Services and Amenities:**

**1. Common Areas; Smoking and Drinking Policies:** Subject to availability, the Resident may use, in common with all the other Residents, the dining facilities, lobby or lobbies, auditorium, lounges, patios, library, social and recreational rooms, and other common facilities furnished by The Sharon at SouthPark. The Resident shall not store personal belongings in the common areas. Residents and guests shall refrain from drinking alcoholic beverages in all common facilities, except when reserved for private use. Smoking is not permitted anywhere on campus including private residences.

**2. Utilities:** The Sharon at SouthPark will furnish water, light, heat, electricity, and air conditioning. Nothing in the Resident Agreement shall prohibit The Sharon at SouthPark from passing along these and other operating expenses to the Resident via the scheduled standard Monthly Service Fee.

**3. Telephone:** The Sharon at SouthPark currently provides one telephone per Living Accommodation. The services of the main The Sharon at SouthPark's switchboard and local telephone service are provided for all Residents of The Sharon at SouthPark. Residents furnish additional telephone instruments. Any additional expenses, including amplifiers, directory assistance, extra connections, and private lines are the responsibility of the Resident. The Sharon at SouthPark reserves the right to discontinue maintenance of a central switchboard and to discontinue providing local telephone service through the switchboard.

**4. Cablevision:** Hookup for basic cable service is provided at no charge. Additional cable services, if available, are the responsibility of the Resident. The Sharon at SouthPark reserves the right to discontinue providing cable service.

**5. Wi-Fi:** The Sharon at SouthPark provides wireless internet access throughout its facilities at no charge. The Sharon at SouthPark reserves the right to discontinue providing this service.

**6. Housekeeping Service; Linens:** The Resident shall maintain the Living Accommodation in a clean, sanitary and orderly condition, and perform all usual light housekeeping tasks in connection therewith. The Sharon at SouthPark shall make available standard-sized bed linens, towels, and toilet tissue once per week as needed and shall provide housekeeping service in the Living Accommodation once per week.

**7. Laundry; Dry Cleaning:** Automatic washers and dryers for personal laundry are located within the community and are available for Residents' use. Residents must provide their own detergents and bleach. Laundry and dry cleaning services are available at a separate charge, except as otherwise provided in The Sharon at SouthPark Adult Care and Health Care Facilities.

**8. Maintenance, Repairs, and Accommodations with Appliances:** Repairs, maintenance and replacement of property and equipment owned by The Sharon at SouthPark will be performed and provided at such times as deemed necessary and appropriate by The Sharon at SouthPark. Repairs, maintenance, and replacement of property such as light bulbs will be the responsibility of the Resident. In accommodations with appliances, these appliances are provided and maintained by The Sharon at SouthPark. If a Resident brings his/her own appliances, Resident is responsible for their upkeep and any cost incurred due to damage caused by the malfunction of the appliance.

**9. Grounds:** The Sharon at SouthPark will furnish basic grounds care including lawn service. The Residents of detached cottages (at their own expense) may plant and maintain the area immediately adjacent to their Living Accommodations, subject to the prior written approval of The Sharon at SouthPark. All plants, trees and shrubs so planted shall immediately become and

remain the permanent property of The Sharon at SouthPark, and The Sharon at SouthPark reserves the right to move or remove landscaping material as necessary.

**10. Meals:** The Sharon at SouthPark shall make available to the Resident three (3) meals a day, with the exception of the Sunday evening meal and some holidays, in the dining room. The number of meals per day included in the Monthly Service Fee is three for residents of The Sharon at SouthPark “Assisted Living Unit” and “Health Care Center.” The meals will be nutritionally well-balanced and properly cooked. Reasonable special dietary needs will be accommodated if possible. The Sharon at SouthPark requires Independent Residents, defined as all Residents not living in the Health Care Center or the Assisted Living Unit, to participate in a meal plan which provides each Resident with a pre-set cash balance each quarter to purchase meals, snacks, limited convenience items, a la carte meals and guest meals. The flexible dollar plan does not apply to the purchase of alcohol or catering. The cash balance may be used at any time during the quarter, but **may not** be carried over from one quarter to another. Any purchases over the pre-set cash balance in the quarter, unless paid for in cash, will be charged to the Resident’s account and billed the following month. The quarterly meal plan will be billed in advance in three equal monthly payments.

Meal plans are subject to change from time to time and will be published to those participating. In addition, The Sharon at SouthPark will make available in accordance with its scheduling policies, a private dining room for family gatherings or other special occasions of the Resident.

**11. Guest Meals:** Residents may have guests at any time, and the guests are welcome to join the Resident for meals in the Dining areas or private dining rooms. Advance reservations for guests may be required. A separate charge for guest meals and private dining room service will be made according to the currently-established rate set by The Sharon at SouthPark, which may be modified from time to time. If the Resident desires special menu items, The Sharon at SouthPark has no obligation to provide these items, but if it does, an additional charge is made.

**12. Parking:** Each Independent Living Accommodation includes use of one assigned parking space. For Residents of the North Terrace, South Terrace, Magnolia Villa apartments, and the Deerwood apartments this space is covered. A second parking space (uncovered) may be assigned for a second car. A limited number of covered parking spaces are available at an additional charge for Residents and are made available on a first-come, first-served basis. Residents cannot sublet parking for space unused. When a Resident no longer drives, The Sharon at SouthPark reserves the right to require the Resident to have any vehicles removed from the premises.

**13. Library:** A library is available for use by the Residents.

**14. Storage:** Each independent Resident of Heritage East and West, cottages and terrace apartments is provided storage within the residence. Magnolia Villa residents are provided an unconditioned storage space located in the underbuilding parking area. The Deerwood apartments include one climate-controlled storage space located in either the underbuilding parking area or on

the same floor as the apartment. Assisted Living and Health Care Residents are provided storage for one (1) hanging garment.

**C. Services Available at an Extra Charge:**

**1. Prescriptions:** Upon request by a Resident or his/her physician, The Sharon at SouthPark Health Care Center will order prescriptions and refills from one or more pharmacies with which The Sharon at SouthPark maintains a contract. The cost of prescriptions will be billed to the Resident.

**2. Medical Transportation/Emergencies:** The Sharon at SouthPark shall arrange transportation to and from medical appointments in the Charlotte, North Carolina area via The Sharon at SouthPark's transportation or another transportation service. Reservations should be made in advance according to the transportation schedule then in effect. The Sharon at SouthPark charges a fee for transportation to and from medical appointments, which fee may vary depending upon the time of day and which fee may be changed from time to time at the discretion of The Sharon at SouthPark. Cost of other transportation service or emergency medical transportation will be charged to the Resident.

The Sharon at SouthPark follows established procedures in the case of medical emergencies. The Resident is responsible for familiarizing himself/herself with the established procedures prior to needing emergency care.

**3. Beauty Salon:** A complete beauty shop for use by Residents is available for a separate charge. The Sharon at SouthPark reserves the right to discontinue these services.

**4. Covered Parking Spaces:** Residents may sign up for a covered space for the then current monthly fee. Spaces are assigned on a first-come, first-served basis.

**5. Chore Services:** Chore services are available to assist Residents, according to the current fee schedule. The Sharon at SouthPark reserves the right to discontinue these services.

**6. Guest Room:** A guest room is available at an additional charge on a first-come, first-served basis, for temporary guests.

**7. Companion Services:** Companion services are available at an additional charge. The Sharon at SouthPark reserves the right to discontinue these services.

**8. Structural Changes:** All structural or physical changes of any kind within or about the Living Accommodation (including blinds, window treatments, light fixtures, bathroom fixtures, appliances, shelves, framework, awnings, etc.) may be made by the Resident only after written approval by The Sharon at SouthPark and thereafter shall be subject to its supervision. The cost of any such change requested by the Resident shall be borne by the Resident, and all such changes shall immediately become and remain the permanent property of The Sharon at SouthPark unless otherwise agreed to in writing. If modifications or structural changes would render the residence

unmarketable, Resident (or his or her estate) agrees to pay to have the unit restored to a standard marketable condition on termination of this Agreement.

**9. Redecoration:** Redecoration of the Living Accommodation, in addition to or other than that regularly provided by The Sharon at SouthPark, must be approved by The Sharon at SouthPark, in writing, in advance and will be at the Resident's expense. The Resident's choices may not render the residence unmarketable upon termination of this Agreement. Any change or replacement by the Resident with respect to either the Living Accommodation or any furnishings provided by The Sharon at SouthPark becomes the property of The Sharon at SouthPark unless otherwise provided by The Sharon at SouthPark in writing. If Resident selects an accommodation with upgrades provided by a former Resident, it is understood that The Sharon at SouthPark is not responsible for replacing those upgrades but will replace them with the standard furnishings. The Sharon at SouthPark will allow Resident to replace the upgraded furnishings at Resident's expense.

**D. Health Care Center and Home Care Services:**

**1. The Health Care Center:** The Corporation is licensed by the North Carolina Department of Health and Human Services ("NCDHHS") to operate 96 Nursing Facility Beds in its health care center (the "Health Care Center"). All resident rooms are private. Forty eight resident rooms have a private shower and toilet. Thirty four resident rooms have a semi-private toilet room and fourteen resident rooms have a private toilet room. Common bathing facilities are located throughout the Health Care Center. The Health Care Center consists of two units located on the second and third floors of the Core Building. The second floor Health Care Center unit houses 48 long-term Nursing Facility Beds programmed for residents with dementia and is secured with magnetic locks. The third floor houses 29 long-term Nursing Facility Beds programmed for alert and oriented residents and 19 Nursing Facility Beds that are Medicare-certified for short-term rehabilitation located on the south wing of the floor. The Health Care Center is not Medicare-certified with the exception of its 19-bed, short-term rehabilitation unit. No portion of the Health Care Center is Medicaid-certified.

If the Resident requires temporary or permanent nursing care as determined by the Resident's physician or The Sharon at SouthPark's Medical Director, the Resident shall be admitted to the Health Care Center upon order of the physician. Upon admission to the Health Care Center, the Resident shall be, if applicable, responsible for an Entry Fee, Monthly Service Fee, the Health Care Center daily rate, and for all other costs incurred for services of all physicians, equipment, medical supplies, private duty personal nurses, and prescribed medicines. The Sharon at SouthPark shall furnish dietary services, nursing care and private-room accommodations with semi-private toilet rooms (including all furnishings, artwork and a television) in The Sharon at SouthPark's Health Care Center, the Home's licensed nursing facility; provided, however, The Sharon at SouthPark reserves the right to offer semi-private room accommodations if its nursing facility would otherwise be full. Personal furnishings, installing artwork and changes to room layout are not allowed.

**2. Assisted Living.** The Corporation is licensed by NCDHHS to operate 40 Adult Care Home Beds referred to herein as an Assisted Living Unit to provide support services for residents



requiring assistance with their activities of daily living, including medication administration. The Assisted Living Unit is located on the second and third floors of the West Tower. Two rooms on each floor have been combined to create a one bedroom apartment, making the operational Adult Care Home Bed count 38 units. Each resident room is private with a private bathroom including shower. Programming for the second floor of the Assisted Living Unit is designed for alert and oriented individuals with physical limitations. Programming for the third floor of the Assisted Living Unit is designed for individuals with memory impairment. These Adult Care Home Beds are not Medicare or Medicaid certified.

**3. Home Care Services:** If approved by the Resident's physician, The Sharon at SouthPark can provide certain types of care for Residents in their Living Accommodation. This care is coordinated through the Wellness Clinic, and charges are at the current published rates. Daily medications may be administered according to a regular schedule in the Wellness Clinic to Residents requiring medication supervision. This service is provided as one of the Home Care services for which there is an additional charge. The Sharon at SouthPark's Home Care is not Medicare or Medicaid certified.

**4. Personal Assistants:** Personal assistants and companions along with companies providing personal assistants and companions must be disclosed and approved by The Sharon at SouthPark before they are allowed access to The Sharon at SouthPark's facilities. The Sharon at SouthPark may limit, terminate the services, or refuse access to its grounds or facilities by such companies or assistants. All assistants must satisfy The Sharon at SouthPark Pre-Employment Standards, including but not limited to a satisfactory criminal record check and drug screening. The Resident is responsible for any injury to others or damage to the property of others or The Sharon at SouthPark by the Resident's assistant.

#### **E. Handling Complaints:**

Resident satisfaction is very important to The Sharon at SouthPark and a number of avenues are readily available to each Resident to express opinions, to request services, or to improve services. All Residents have the right to express their concerns to Management without fear of retaliation. Management handles any grievance with sensitivity, compassion and confidentiality. Residents are asked to voice concerns to the appropriate manager at the time the concern arises. If the matter is not resolved at that level, it is to be brought to the attention of Management in the following sequence. In all cases the decision of the CEO is final.

A Resident or family member shall not directly reprimand any employee of The Sharon at SouthPark and must first bring their concern to the immediate supervisor in charge of the service area to which the concern relates.

If the concern persists, the Resident or family member next brings the matter to the attention of the supervisor's supervisor to resolve the concern.

If in Step 1, the immediate supervisor is a Department Head, the following meeting is to be scheduled with the Administrator/VP of Health Services, VP of Resident Services, CEO, or his/her

designee.

Depending on the nature of the concern, the CEO may ask for a family conference. The family conference involves only the CEO, knowledgeable professional staff of The Sharon at SouthPark, the Resident, the Resident's physician and members of the Resident's immediate family.

The Resident will be presumed to represent his or her own interest in dealings with The Sharon at SouthPark. If the Resident is unable to do so the Resident's legal representative must name one family member as the person who speaks for the Resident and the family.

## V. FEES

**A. Summary of Fees:** Each person desiring to occupy a residence at The Sharon at SouthPark is required to sign a Resident's Agreement, a copy of which is included with this Disclosure Statement as Exhibit E, and to pay certain deposits in the application process which are described in Sections V.B. and V.C. below. (A person who signs a Resident's Agreement is referred to herein as a "Resident," even before actually moving to The Sharon at SouthPark.) The Resident's Agreement specifies the services provided by The Sharon at SouthPark and the payments for those services to be made by the Resident. The discussion in this Disclosure Statement is qualified in its entirety by reference to the Resident's Agreement. In general, the payments consist of a one-time fee based on the type of Living Accommodation (the "Entry Fee" or the "Entrance Fee"), and a monthly charge based on the type of Living Accommodation, number of occupants, and the meal plan selected (the "Monthly Service Fee"). An additional payment, presently \$250.00 per day (the "Health Care Center Daily Rate"), is required if the Resident is temporarily in the Nursing Facility (which The Sharon at SouthPark refers to as its "Health Care Center"). The payments are described in more detail below. Unless otherwise indicated, the services described herein are provided without charge other than the Entry Fee, Monthly Service Fee and Health Care Center Daily Rate.

**B. Application Fee and Future Residency Program Deposit:** As discussed under Section III.D. "The Admissions Process," after the Resident completes the application (including the confidential financial statement) and returns these documents to The Sharon at SouthPark, the Resident pays a nonrefundable application fee of \$100 per person and a refundable Future Residency Program deposit of \$1,000 (the "Future Residency Program Deposit"), which amount is credited to the Entry Fee upon admission. Interest is not paid to depositors.

**C. Ten Percent Reservation Deposit:** At the time a Resident selects a specific residence, he/she grants The Sharon at SouthPark permission to request his/her medical records, shall execute a Reservation Agreement in the form attached hereto as Exhibit F and shall pay a deposit of 10% of the Entry Fee (the "Reservation Deposit"), which amount is credited to the Entry Fee upon admission. Resident shall not be entitled to any interest for the Reservation Deposit or other sums deposited with The Sharon at SouthPark. Certain charges as provided in the Reservation Agreement will be incurred by a Resident in the event a Resident rescinds or terminates the Reservation Agreement including, but not limited to, a reasonable service charge not to exceed the greater of one thousand (\$1,000) or two percent (2%) of the Entry Fee, the Custom Upfits Cost and any other applicable costs as provided in the Reservation Agreement if a reservation is

canceled after 30 days for reasons other than illness or death of the Resident or his/her spouse. (See Section III. D.3.)

**D. Entry Fee:** The Sharon at SouthPark charges an Entry Fee payable upon admission and based upon the type of Living Accommodation to be occupied by the Resident. Payment of the Entry Fee provides the Resident with the lifetime use of the Living Accommodation, together with the available facilities, services, amenities and medical care, or for such shorter period as shall apply pursuant to the terms of the Resident's Agreement. The Entry Fee, less the Reservation Deposit paid by Resident (See Section V.C.), shall be due on the Date of Availability (See Section III.D.4.). The current standard Entry Fee rates are set forth in Section IV.A., entitled, "Living Accommodations." In the case of a couple in which one of a couple is admitted directly to the Health Care Center, the current entry fee is that of a studio apartment. The Standard Entry Fee, or a portion of the Standard Entry Fee, will be refunded pursuant to Sections V.F., V.G. and V.H. if the Resident's Agreement is terminated within one year after the Date of Occupancy.

The Sharon at SouthPark offers a 50% Refundable Entry Fee option for a premium, subject to availability, which is based on Resident's life expectancy using actuarial tables in use at the time of the signing of the Resident's Agreement. The Entry Fee, or a portion of the Entry Fee, will be refunded to pursuant to Sections V.F., V.G. and V.H. if the Resident's Agreement is terminated within one year after the Date of Occupancy. Thereafter, upon a Resident's death, or upon the death of the second Initial Joint Resident in the case of a couple who are Initial Joint Residents, The Sharon at SouthPark shall refund the Resident's estate 50% of the Entry Fee paid upon admission (See Section V.F. for Refund Provisions).

The Sharon at SouthPark also offers a 90% Refundable Entry Fee option for a premium, subject to availability, which is based on Resident's life expectancy using actuarial tables in use at the time of the signing of the Resident's Agreement. The Entry Fee, or a portion of the Entry Fee, will be refunded to pursuant to Sections V.F., V.G. and V.H. if the Resident's Agreement is terminated within one year after the Date of Occupancy. Thereafter, upon a Resident's death, or upon the death of the second Initial Joint Resident in the case of a couple who are Initial Joint Residents, The Sharon at SouthPark shall refund the Resident's estate 90% of the Entry Fee paid upon admission (See Section V.F. for Refund Provisions).

**E. Transfer Fee:** Resident(s) requesting a move from one independent living accommodation to another, to cover administrative costs, which is approved by The Sharon at SouthPark, shall pay to The Sharon at SouthPark a one-time transfer fee plus any expenses incurred by The Sharon at SouthPark with respect to said move, including moving expenses and the cost of any resident requested upgrades made to the new accommodation, such as paint, carpet, wallpaper, etc.

**F. Refund Provisions:** In certain circumstances described in the Reservation Agreement or Resident's Agreement and summarized below, the Resident shall be entitled to a full or partial refund of the Entry Fee. Any refund of the Entry Fee (due under terms of the Resident's Agreement) shall be payable before the later of (a) thirty (30) days after the Resident has vacated The Sharon at SouthPark, or (b) thirty (30) days after the Resident becomes entitled to the refund

under the Resident's Agreement. The Resident should refer to the provisions of the Reservation Agreement and the Resident's Agreement for a precise understanding of the circumstances under which the Entry Fee is refundable.

The Resident may terminate the Resident's Agreement within 30 days following the later of date the Resident executes the Resident's Agreement or the date Resident receives a Disclosure Statement. In such case, the Resident is entitled to a refund of all amounts paid to The Sharon at SouthPark (including the Future Residency Program Deposit, and Reservation Deposit), less: (a) the amount of the application fee (to the extent the application fee does not exceed \$1,000), (b) the cost of the medical examination or other costs incurred by Resident, (c) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, and (d) the Monthly Service Fee and other charges incurred during the period in which the Resident occupied a Living Accommodation at The Sharon at SouthPark. The resident shall not be entitled to have any nonstandard costs to modify the Living Accommodation (paid by the Resident) returned to the Resident.

If, prior to occupancy, the incoming Resident dies or is unable to occupy his/her Living Accommodation due to illness, injury or incapacity, the Resident Agreement will be automatically cancelled and the Resident or his/her designated Testamentary Recipient shall receive a refund of all amounts paid to The Sharon at SouthPark, including the Future Residency Program Deposit and Reservation Deposit, excluding any nonstandard costs incurred by The Sharon at SouthPark and the Application Fee. There are special rules in the case of couples who jointly sign one Resident's Agreement intending to occupy one Living Accommodation together. (Such persons are termed "Initial Joint Residents" herein and in the Resident's Agreement.) Upon the death of an Initial Joint Resident, that portion of the Entry Fee deemed paid by the deceased Initial Joint Resident shall be deemed to have been paid by the surviving Initial Joint Resident.

**G. 90-Day Trial Period:** A 90-day Trial Period commences on the Date of Occupancy. During this 90-day Trial Period either The Sharon at SouthPark or the Resident may terminate the Resident's Agreement for any reason. In the case of termination by The Sharon at SouthPark during the Trial Period, the Resident is entitled to a refund of the entire Entry Fee. In the case of termination by the Resident during the Trial Period, the Resident is entitled to a refund in accordance with the schedule set forth in the following paragraph subject to any charges set forth in part V.E. Provided, however, the Resident shall not be entitled to have any nonstandard costs to modify the Living Accommodation (paid by the Resident) returned to the Resident.

**H. Termination:** The Resident's Agreement may be voluntarily terminated by the Resident for any reason at any time and will be automatically terminated in the case of the Resident's death. The Sharon at SouthPark may terminate the Resident's Agreement after the Trial Period only if the Resident makes or has made any material misrepresentation or omissions in his/her application, financial statement or medical records, or has willfully divested him/herself of funds, or if it is determined by the Board of Directors of The Sharon at SouthPark that continued occupancy at The Sharon at SouthPark by the Resident creates a threat to the life, health, safety or peace of the Resident or other Residents, employees, or other persons on the premises, or if the Resident breaches the Resident's Agreement. In the case of a termination, the Entry Fee will be refunded

in accordance with the following schedule:

**1. Refund Schedule, Terms**

If Termination Occurs within the Following Number of Days after the Date of Occupancy:	The Percentage of the Standard Entry Fee that Shall be Refunded Is:	The Percentage of the 50% Refundable Entry Fee that Shall be Refunded Is:	The Percentage of the 90% Refundable Entry Fee that Shall be Refunded Is:
First 30 days	100%	100.00%	100.00%
31-60 days	95%	95.8%	99.13%
61-90 days	90%	91.7%	98.30%
91-120 days	85%	87.49%	97.47%
121-150 days	80%	83.32%	96.64%
151-180 days	75%	79.15%	95.81%
181-210 days	70%	74.98%	94.98%
211-240 days	65%	70.81%	94.15%
241-270 days	60%	66.64%	93.32%
271-300 days	55%	62.47%	92.49%
301-330 days	50%	58.30%	91.66%
331-365 days	40%	54.13%	90.83%
after 365 days	0%	50.00%	90.00%

After 365 days from the day on which the Resident first occupies the Living Accommodation, none of the Entry Fee is refundable in the Standard Plan; 50% is refundable in the 50% Refundable Plan; 90% is refundable in the 90% Refundable Plan. In the event that occupancy has been delayed, but the Resident has commenced paying monthly service fees, refunds are calculated based on the assigned Date of Occupancy. The Sharon at SouthPark reserves the right to make the above-scheduled refund of a Resident's Entry Fee conditional on the receipt by The Sharon at SouthPark of another Entry Fee of an equal or greater amount, from a person who was not an Entry Fee depositor on The Sharon at SouthPark's Future Residency Program List on the date the Resident's Agreement was terminated and provided that said Entry Fee has not been previously allocated to enable another Resident to receive a refund of his/her Entry Fee. This condition shall not apply if the Resident terminates the Resident's Agreement within 30 days of execution of the Resident's Agreement, or if the Resident dies before occupying a Living Accommodation, or if the Resident is precluded from initially occupying a Living Accommodation due to illness, injury or incapacity, or if The Sharon at SouthPark terminates the Resident's Agreement during the Trial Period.

A Resident who participates in the refundable entrance fee plan and subsequently qualifies for and receives financial assistance from The Sharon at SouthPark, agrees and consents that when the Resident or the Resident's estate becomes entitled to payment of any refundable entrance fee, that such refund will be reduced by The Sharon at SouthPark in an amount equal to the financial assistance received by the Resident from The Sharon at SouthPark. Once The Sharon at SouthPark is fully reimbursed, the Resident or the Resident's estate shall then receive the balance due under the refundable entrance fee plan. If the Resident does not receive any financial assistance from

The Sharon at SouthPark, then any payments made by The Sharon at SouthPark under the refundable entry fee plan shall be paid without any such reduction.

- I. Monthly Service Fee:** In addition to the Entry Fee, the Resident must pay a Monthly Service Fee once occupancy has begun or once the Living Accommodation is deemed available as described herein. The Monthly Service Fee is based on the type of Living Accommodation occupied by the Resident, the number of persons occupying the Living Accommodation and the meal plan selected. The Monthly Service Fee may be increased or decreased at the discretion of The Sharon at SouthPark, but no increase or decrease shall be effective until the Residents shall have received at least 30 days' notice of such change, unless the change is necessitated by a change in law. The Monthly Service Fee is due by the 15th of the month. A one percent per month late charge is billed on past-due accounts.

**Historic Changes in Fees for Previous Five Years**  
For Fiscal Year Beginning January 1\*

Type of Living Accomodation	2019	2020	2021	2022	2023	Average Annual Price Change	
Studio East/West +	80	94	75	104	208	112	
Large Studio East/West +	83	98	78	109	217	117	
One Bedroom (1 person) East/West	99	116	92	129	257	139	
One Bedroom (2 persons) East/West	147	172	137	192	639	257	
One Bedroom Lg (1 person) East/West	101	119	95	132	266	143	
One Bedroom Lg (2 persons) East/West	150	177	141	196	607	254	
One Bedroom Exp (1 person) East/West	109	127	101	142	282	152	
One Bedroom Exp (2 persons) East/West	162	191	152	175	500	236	
One Bedroom Exp w/Den (1 person) East/West	111	129	104	144	288	155	
One Bedroom Exp w/Den (2 persons) East/West	166	195	126	153	506	229	
One Bedroom Dlx (1 person) East/West	116	134	107	149	297	161	
One Bedroom Dlx (2 persons) East/West	172	198	148	158	515	238	
One Bedroom Dlx w/Den( 1 person) East/West					297	297	New 2022
One Bedroom Dlx w/Den (2 persons) East/West					515	515	New 2022
Two Bedroom (1 person) East/West	109	127	101	141	282	152	
Two Bedroom (2 persons) East/West	162	191	152	174	500	236	

Two Bedroom Lg (1 person) East/West		110	128	102	142	285	153	
Two Bedroom Lg (2 persons) East/West		165	193	127	-149	803	228	
Cottage (1 person) **	(A)	112	130	104	146	290	156	
Cottage (2 persons) **	(A)	166	194	155	183	508	241	
Cottage (1 person) **	(B)	125	146	117	163	325	175	
Cottage (2 persons) **	(B)	174	204	163	226	683	290	
Cottage (1 person) **	(C)	130	153	122	170	340	183	
Cottage (2 persons) **	(C)	183	214	171	238	582	278	
Cottage (1 person) **	(D)	137	160	128	179	356	192	
Cottage (2 persons) **	(D)	190	221	177	247	597	286	
Cottage (1 person) **	(E)	145	171	136	190	378	204	
Cottage (2 persons) **	(E)	202	235	159	199	596	278	
Cottage (1 person) **	(F)	157	185	148	205	410	221	
Cottage (2 persons) **	(F)	213	250	164	214	628	294	
Cottage (1 person)**	(DW Model)					378	378	New 2022
Cottage (2 person)**	(DW Model)					596	596	New 2022
Sunnybrook Cottage (1 person)	Small		145	116	486	323	268	New 2019
Sunnybrook Cottage (2 persons)	Small		206	164	600	541	378	New 2019
Sunnybrook Cottage (1 person)	Large		158	127	563	356	301	New 2019
Sunnybrook Cottage (2 persons)	Large		222	177	572	574	386	New 2019
Terrace 1BR/Den (1 person)	(A)	111	131	105	145	291	157	
Terrace 1BR/Den (2 persons)	(A)	169	197	92	154	509	224	
Terrace 2BR (1 person)	(B)	123	143	115	159	318	172	
Terrace 2BR (2 persons)	(B)	180	212	54	168	536	230	
Terrace 2BR/Den (1 person)	(C)	135	159	127	176	352	190	
Terrace 2BR/Den (2 persons)	(C)	192	226	109	185	570	256	
Villa Cotswold (1 person)		110	128	102	143	284	153	
Villa Cotswold (2 persons)		163	191	153	179	502	238	
Villa Dilworth (1 person)		124	146	116	162	323	174	
Villa Dilworth (2 persons)		179	208	167	198	541	259	
Villa Foxcroft (1 person)		132	154	121	174	343	185	
Villa Foxcroft (2 persons)		185	218	174	207	561	269	

Villa Eastover (1 person)	103	186	124	173	345	186	
Villa Eastover (2 persons)	186	219	175	209	563	270	
Deerwood Devin (1 person)					240	240	New 2022
Deerwood Devin (2 persons)					705	705	New 2022
Deerwood Tegan (1 person)					55	55	New 2022
Deerwood Tegan (2 persons)					520	520	New 2022
Deerwood Hartley (1 person)					197	197	New 2022
Deerwood Hartley (2 persons)					662	662	New 2022
Deerwood Darby (1 person)					125	125	New 2022
Deerwood Darby (2 persons)					490	490	New 2022
Deerwood Woodlea (1 or 2 persons)					490	490	New 2022
					0	0	
Assisted Living - One Room	174	198	188	306	423	258	
Assisted Living - Two Rooms	260	296	281	458	632	385	
Health Care Center	277	328	278	454	626	392.6	

\* Rates for independent living are based on one meal a day

\*\* Cottages are under renovation or being rebuilt as part of our Cottage Renewal Program. Please contact the Marketing Department for more information.

+ Reduced rates may apply.

As discussed above under Section III.D. "The Admissions Process," each prospective Resident must pay a nonrefundable application fee and Future Residency Program Deposit, as established by The Sharon at SouthPark from time to time. The application fee is refundable if the Resident's Agreement is terminated by the Resident within 30 days after the day the Resident's Agreement is signed. Each prospective Resident is expected to visit The Sharon at SouthPark for a complimentary orientation.

The Sharon at SouthPark makes separate charges for guest meals, the use of private dining rooms, catered meals/food, special menu items and the use of covered parking spaces. Laundry and dry cleaning, chore services and concierge services are available for a separate charge. Separate charges are made for the services of The Sharon at SouthPark barber and beautician. The Resident shall be responsible for all costs incurred for services of all physicians, medical equipment, medical supplies, private duty personal nurses, home care services and prescription medicines,



regardless of whether the Resident is in the living unit or in The Sharon at SouthPark Health Care Center. The Sharon at SouthPark arranges transportation for a fee to and from medical appointments in the Charlotte, North Carolina area according to a schedule, provided that arrangements are made in advance. Costs of emergency medical transportation or outside transportation services are charged to the Resident.

**J. Health Care Center Fees:** If it is determined that the Resident will reside in the Health Care Center on a permanent basis, the Resident will be charged the Health Care Center Monthly Service Fee in effect. Residents residing in the Health Care Center on a temporary basis pay the Monthly Service Fee for the Living Accommodation retained by the Resident, the current meal plan charge, plus the Health Care Daily Rate for days actually spent in the Health Care Center. If, at any time, it is determined by the interdisciplinary care plan team or the Resident's primary care physician that the resident is unable to physically or mentally reoccupy his/her Living Accommodation, the resident is therefore declared permanent to the Health Care Center. Upon the date of such declaration, a charge of one-half the daily rate for the Living Accommodation will accrue for fourteen days, after which the full monthly fee will be applied until the living unit is cleared of belongings and the key is returned to management.

Subject to the Ninety Day Health Care Center Rule discussed below, the Health Care Center Daily Rate shall be established and announced by The Sharon at SouthPark from time to time. The Sharon at SouthPark may increase the Health Care Center Daily Rate; which increase shall be applicable to the Resident. The Sharon at SouthPark will not increase the Health Care Center Daily Rate, however, without 30 days prior notice. The current Health Care Center Daily Rate is \$250.00 per day. The Health Care Center Daily Rate increased \$7.00 in 2020, \$6.00 in 2021, \$10.00 in 2022, \$24.00 in 2023 and \$47.00 in 2024. As explained in more detail below, if the Ninety Day Health Care Center Rule applies, the Health Care Center Daily Rate will increase after 90 days to the adjusted daily cost of care for Health Care Center Residents, plus the charge for the residential accommodation retained by the Resident.

**K. Ninety Day Health Care Center Rule:** If a Resident who lives in a Living Accommodation has been in the Health Care Center on a temporary basis for more than 90 days, but it has not been determined by The Sharon at SouthPark's interdisciplinary care plan team or the Resident's primary care physician that the Resident is unable physically or mentally to reoccupy his/her Living Accommodation for the reasonably foreseeable future, then in lieu of the basic regularly established Health Care Center Daily Rate (currently \$250.00), the Resident shall pay a daily rate equal to the actual daily cost of care for Health Care Center patients (crediting meals billed as part of the regular Monthly Service Fee), plus the charge for the residential accommodation retained by the Resident. The Daily Nursing Cost as of May 31, 2024, is \$452.00.

If it is subsequently medically determined that the Resident is unable to reoccupy his/her Living Accommodation and that The Sharon at SouthPark may make it available to another occupant, the cost to the Resident residing in the Health Care Center shall be the Health Care Center Monthly Service Fee in effect. In this case, the Resident's possessions are to be removed from the living accommodation in order that it might be made available to a new Resident. From the date that Health Care Center residency is declared permanent, a charge of one-half the daily rate for the

Living Accommodation will accrue for fourteen days, after which the full monthly fee will be applied until the living unit is cleared of belongings and the key is returned to management.

## **VI. FINANCIAL INFORMATION**

The Sharon at SouthPark's financial statement for its year ended December 31, 2023, as audited by CliftonLarsonAllen LLP independent certified public accountants, appear as Exhibit A of this Disclosure Statement. Projected statements compiled by CliftonLarsonAllen LLP of Support, Operating Revenues, Expenses and Fund Balances for the calendar years 2024-2028, including a description of the assumptions used in preparing the pro forma statements, appear as Exhibit D.

The current interim financial statement for the three months ending March 31, 2024 is attached as Exhibit C.

## **VII. ACTUARIAL STUDY**

As part of its due diligence, in preparation for Phase I of its long-range campus plan as described in Section IX of this Disclosure, The Presbyterian Home at Charlotte, Inc. engaged an actuary to perform an actuarial study to estimate the capacity of The Presbyterian Home at Charlotte, Inc. to meet its contractual obligations to its residents. An Actuarial Opinion by an actuarial firm was received in November, 2023 regarding the condition of The Presbyterian Home at Charlotte, Inc. as of December 31, 2022. An opinion was issued in accordance with Actuarial Standards of Practice #3 (ASOP#3) indicating The Presbyterian Home at Charlotte, Inc. has the capacity to meet its contractual obligations to its residents.

## **VIII. RESERVES, ESCROW & TRUSTS**

**A. Trust and Gift Assets:** The Sharon at SouthPark is the income beneficiary of five trusts (in addition to the Stroupe Residents' Assistance Fund described in B), which in 2023 generated \$19,951 in income. Trust earnings are used to provide assistance to Residents as described below, Section VII. B., Residents' Assistance Program, or as otherwise designated by trustees.

The value of The Sharon at SouthPark's portion of the principal of the individual trusts and 2023 revenue from each trust are as follows:

<b>Belle W. Johnston Trust</b>	Principal: \$266,365	Revenue: \$9,778
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<b>Ann Smith Trust:</b>	Principal: \$ 62,023	Revenue: \$2,277
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**Grace M. Batten Fund:** income designated to provide resources for members of the Home who are unable to pay their own way.

	Principal: \$ 4,374	Revenue: \$ 161
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<b>Romola Davis Hardy Trust:</b>	Principal: \$146,050	Revenue: \$7,250
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**Kathleen Foard Harkey Memorial Fund:** There are no restrictions on use of earnings of this fund.

Principal: \$ 13,217

Revenue: \$ 485

The values of the trusts shown above are not carried on The Sharon at SouthPark's balance sheets included as a part of the financial statements. They are treated as interest-only assets and there is no plan to liquidate the principal of the aforementioned trusts.

**B. Conger C. Stroupe and Dorothea B. Stroupe Residents' Assistance Fund, formerly known as The Sharon at SouthPark Scholarship Fund:**

In 1981, The Sharon at SouthPark created a revocable trust known as The Sharon at SouthPark Support Fund, later named the Residents' Assistance Fund, a portion of which is now known as the Stroupe Residents' Assistance Fund (The "Fund"). The purpose of the Fund is to generate interest income to subsidize Entrance Fees and Monthly Service Fees for Residents unable to meet the full cost of care from their own resources. From time to time, The Sharon at SouthPark and others have made contributions to the Fund. Assistance for Residents who experience financial difficulty is considered an essential part of The Sharon at SouthPark's mission and in 2023 provided \$1,748,116 in charitable care and community benefit.

During 1996 and 1997, The Sharon at SouthPark received a \$1,563,500 bequest from Conger C. Stroupe, who served as Administrator at The Sharon at SouthPark and for the three years preceding his death was a Resident of the home. The Fund is now named the Conger C. Stroupe and Dorothea B. Stroupe Residents' Assistance Endowment. The Fund is in two parts: The Stroupe Endowment and the Residents' Assistance Fund. The Residents' Assistance Fund portion has been restricted by Board action to serve as the Operating Reserve required by the North Carolina General Statutes (See Section VII. D. below). The Fund is administered by Truist. At December 31, 2023 the fair market value of the investments of the Fund was \$15,327,521 and the portion of the Fund available to serve as the Operating Reserve was \$13,320,252.

Interest from these funds plus annual fundraising activities are used towards satisfying Residents' assistance needs.

**C. Operating Reserves Requirement:** Section 58-64-33 of the North Carolina General Statutes requires continuing care facilities to establish an operating reserve equal to 25% of the total operating costs projected for the twelve month operating period following the period covered by the facility's most recent annual statement if occupancy is 90% or above. The Sharon at SouthPark currently maintains an occupancy rate in excess of 90%. In the financial forecast attached hereto as Exhibit D, the Operating Reserve is designated.

Operating Reserve Requirement Calculations

Total Projected Operating Costs for 2024	\$37,160,000
Plus Principal Payment – Long Term Financing	64,000
Less Depreciation for 2024	(6,507,000)

Amortization on Bond Issuance Cost & Bond Premium	{(213,000)}
<u>Debt Service Portion</u>	<u>(3,514,000)</u>
Net Operating Costs	\$27,416,000
Percentage of Operating Costs Required	<u>x 25%</u>
Total Projected Operating Reserve Required for 2024	\$6,854,000
Assets Available to Fund Operating Reserve	\$13,781,459

**D. Investment of Liquid Assets:** As indicated on the financial statements attached hereto, at December 31, 2023 The Sharon at SouthPark had marketable investments valued at \$34,818,684. (Note also that as of December 31, 2023 The Sharon at SouthPark had as a liability "Refundable Entry Fees" of \$6,045,940 representing Entry Fees received or receivable but which are subject to full or partial refund.)

As stated in Section VIII.D. above, funds designated to meet the Operating Reserve requirement are managed by Truist.

Investment decisions are made in accordance with the Corporation's Board of Director's approved investment policy (the "Investment Policy"), with oversight provided by such Board. The Investment Policy establishes guidelines for the investment of the assets of the Corporation consistent with its corporate objectives. The primary investment objective for the Resident's Assistance Fund accounts is to provide adequate funds to allow distributions to the Corporation's operating account to help fund the Resident Assistance Program, as well as provide real growth of assets subject to the risk and liquidity requirements of the Investment Policy. Similarly, the primary investment objective for accounts other than the Resident Assistance Program accounts is to provide adequate funds to allow distributions to the Corporation's operating account, when necessary, as well as provide real growth of assets subject to the risk and liquidity requirements of the Investment Policy.

The Corporation utilizes an independent investment advisor who is given full discretion to develop and execute an investment strategy to achieve the objectives in the Investment Policy. The current Investment Policy, which has a balanced asset allocation strategy allows the investment manager to adjust the asset allocation within stated ranges.

**IX. FACILITY DEVELOPMENT/EXPANSION**

The Sharon at SouthPark's Board of Directors approved a long-range campus plan (the "Plan") located along the north portion of its campus as well as 2.5 acres of contiguous property purchased in 2014. The primary goal of the Plan is to revitalize the community through a variety of improvements that are centered around resident care, independence, and choice, while positioning The Sharon at SouthPark for the next generation of residents.

The Sharon at SouthPark received rezoning approval of the Plan in September of 2018. Funding for Phase I of the Plan was obtained on December 5, 2019 with \$75,940,000 in Series 2019A Public Fixed Rate Bonds through the NC Medical Care Commission and \$18,000,000 in Series 2019B Direct Bank Placement Bonds through BB&T. The funding plan also included \$4.5M in The Sharon at SouthPark's equity. Delays related to supply chain, COVID and availability of subcontractors, as well as changes in scope, added costs of approximately \$16M to the original budget. \$5M will be funded by additional debt and the remainder from The Sharon at SouthPark's equity and Capital Campaign funds.

Phase I of the plan is complete and included the expansion and renovation of its health care building (including two floors of the Health Care Center, as well as dining, wellness clinic, beauty shop and activity area amenity spaces) and the building of a five-story 42-unit independent living structure with underbuilding parking known as The Deerwood (included in the "Project" as noted below, or "Phase 1"). The Deerwood apartments range in size from approximately 1,000 to 2,150 heated square feet with each apartment having a private terrace. In addition, The Sharon at SouthPark created a green space (Anne O. Moffat Park) for residents and surrounding community members using two parcels, equaling a half-acre that is contiguous to the existing campus and is owned by The Sharon at SouthPark.

Phase 2 of the Plan is being explored now and includes the addition of a second five-story independent living building with approximately 32 apartments, a fitness facility, and a mixed-use area to include a restaurant and a small amount of retail and office space with approximately 56 apartments above. **Although the Plan ultimately anticipates Phase 2, the timing of Phase 2 is subject to variation and the scope of Phase 2 can change materially from what is planned at this time. Phase 2 has therefore not been considered in Management's Projection.**

### **Other**

In 2019, The Sharon at SouthPark began a multi-year project to improve and upgrade HVAC systems in both the East Tower and the West Tower of the facility. The existing HVAC systems are dated and less efficient than new systems. Indoor air quality at the facility and the status of the current HVAC systems are typical for facilities of this type and in buildings of similar age, but can be improved. The Sharon at SouthPark consulted with HVAC engineers, an industrial hygienist, and an environmental toxicologist to develop this upgrade and improvement plan. The Sharon at SouthPark replaced existing HVAC mixing boxes, insulation, and certain ductwork in the East Tower and took other remedial measures for HVAC systems in the West Tower to improve air quality in these areas. This project was completed in 2021.

## **X. THE EARLY ADVANTAGE PROGRAM**

The Sharon at SouthPark offers a residency option to those already on the Future Residency List for The Sharon at SouthPark who may not want to physically reside on our campus. This program is called "The Early Advantage Program." The Early Advantage Program Resident can continue to live in his/her current home but have access to The Sharon at SouthPark's amenities, Assisted Living, Skilled Nursing and other wellness programs. The Early

Advantage Program is offered to qualified members of the Future Residency Program List on a space available basis.

This residency status allows one to become a Resident of The Sharon at SouthPark with access to campus amenities, and ensures access to future health care services as needed, while remaining in his/her current home and creating a high priority position for a potential future move onto our campus at a later date. The Early Advantage Program Resident may also move into The Sharon at SouthPark if he/she so chooses. Once one becomes a Resident of The Sharon at SouthPark, whether living on campus or through The Early Advantage Program, he/she has equal access to all common areas of campus, equal standing as members of the Resident's Council and equal access to The Sharon at SouthPark's health care facilities. This equal standing provides Early Advantage Program residents with priority over Future Residency List members for contracts for continuing care. Early Advantage Program Residents who wish to occupy a living unit in the facility under the terms of the contract for continuing care must apply for, and upon acceptance, sign an on-campus Resident's Agreement.

## POLICIES

### Admission

Health Criteria: To be accepted as a resident, the applicant's health must be such that the applicant's care requirements are appropriate to, and can be met within the level of care to which the person is requesting admission. A person applying for admission to The Early Advantage Program is considered an independent living resident and must be ambulatory, mentally alert, and able to meet his/her personal care needs without assistance or supervision. The agreement entered into between The Sharon at SouthPark and resident states that at the time of the execution of the agreement, The Sharon at SouthPark has determined that the resident qualified for residency at The Sharon at SouthPark both with respect to the resident's mental and physical condition and the resident's ability to take care of anticipated fees and charges. The agreement also provides that it will be necessary for the resident to meet The Sharon at SouthPark's health and financial qualifications for residency at the time he/she becomes a physical resident of the facility, subject to the understanding that if at that time the person is not mentally or physically qualified to occupy a residential unit of the type contemplated under the agreement, but is qualified to live in an Adult Care Home (Assisted Living) unit or in the Health Center (Skilled Nursing) of The Sharon at SouthPark, he/she will be entitled to such accommodations in the facility most appropriate to his/her situation and needs. Once physically admitted to The Sharon at SouthPark, a resident, from the standpoint of health, may continue to reside at The Sharon at SouthPark so long as the facilities and services available can, in the opinion of the facility's medical advisers, provide the level of care needed by the resident. As a resident's needs for care increase, the resident may be required to move to a higher level of care provided by The Sharon at SouthPark in order to continue the right of residency at the facility.

*Financial and Insurance Criteria:* To be accepted as a resident of The Early Advantage Program and in order for residency to continue, an applicant must agree to pay the entry fee and monthly fees and charges associated with The Early Advantage Program. The Sharon at SouthPark requires applicants to provide a financial statement. Applicants with inadequate financial resources to carry them through their projected life expectancy are nevertheless considered for admission if family members provide guaranties of payment or if the applicant qualifies for financial assistance within the limit of The Sharon at SouthPark's ability to provide such assistance. Residents whose resources are depleted during residency may remain as residents under the following circumstances: (a) If members of resident's family or other interested parties provide guaranties of payment acceptable to The Sharon at SouthPark; or (b) if The Sharon at SouthPark's financial assistance resources are such as to enable the facility to provide the amounts needed. Residents whose financial resources are diverted to other persons or causes, thereby creating a financial need, are not eligible for consideration for financial assistance.

Applicants whose resources are marginal or inadequate to cover their projected residency fees may be encouraged to consider purchase of long-term care insurance as a method of increasing available income once the applicant becomes a resident of a licensed level of care. A resident is responsible for carrying both Medicare Part A and Medicare Part B insurance coverage, or a substitute policy acceptable to The Sharon at SouthPark. Residents must also carry a supplemental insurance policy acceptable to The Sharon at SouthPark, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of the resident's primary insurance plan.

*Age Requirements:* One must be 60 years of age to become a resident of The Early Advantage Program. In the case of a married couple, if one spouse is 60, the minimum age for the other spouse is 60.

*Changes of Condition of Resident Prior to Occupancy/Refund(s)Applicable/Not Applicable/Time Frame of Refund(s):* Between the date of entering into The Early Advantage Program resident's agreement and the date of initial physical occupancy on campus, the applicant is required to submit a new financial statement. Improvement in the applicant's financial position may alter previous commitments by The Sharon at SouthPark to provide financial assistance. A decline in the applicant's capacity to pay the previously agreed upon periodic fees and charges may require reassessment of the applicant's ability to reside at The Sharon at SouthPark and whether The Sharon at SouthPark is in a position to provide financial assistance. If the applicant is unable to move into The Sharon at SouthPark for any reason, the applicant is entitled to an entry fee refund to the extent of and in accordance with the provisions of the agreement.

*Cancellation/Termination - Refund(s) Applicable/Not Applicable/Time Frame of Refund(s):* The applicant contracting with the provider (The Sharon at SouthPark) may rescind this Agreement within 30 days following the later of execution of this Agreement or receipt of a Disclosure

Statement. In such event, the portion of the Entry Fee paid to that date will be refunded to Resident within 30 days following such rescission, without interest less: (a) the amount of the application fee (to the extent the application fee does not exceed \$1,000), (b) the cost of the medical examination or other costs incurred by Resident, and (c) a reasonable service charge not to exceed the greater of one thousand (\$1,000) or two percent (2%) of the Entry Fee. A resident may terminate residency upon sixty (60) days written notice. The Sharon at SouthPark may terminate one's residency if:

1. Resident does not pay monthly fees and other charges on a timely basis;
2. Resident's behavior (or that of resident's family members, responsible parties, or others specified in the resident's agreement) is detrimental to the spirit of The Sharon at SouthPark; or
3. Resident requires treatment or care other than that which The Sharon at SouthPark is licensed or staffed to provide.

Termination of residency by The Sharon at SouthPark occurs only "as a last resort," when it becomes clear that termination is necessary, and after the resident and/or the resident's responsible party has an opportunity to be heard. On termination of residency any monthly fees paid in advance are prorated and any appropriate refund is made thereof within sixty (60) days. Provisions relating to entry fee refunds upon termination of residency are set out in resident's agreements. Subject to the statutory refund provisions which apply in the event of rescission of the agreement within thirty (30) days or preclusion, by death, illness, injury, or incapacity, from occupying a unit under the terms of the agreement, then the entry fee is refundable on a declining basis according to the following schedule, with no part of the entry fee being refundable after a person has participated in The Early Advantage Program with The Sharon at SouthPark for more than three hundred and sixty-five (365) or more days.

First 30 days	100%
31-60 days	95%
61-90 days	90%
91-120 days	85%
121-150 days	80%
151-180 days	75%
181-210 days	70%
211-240 days	65%
241-270 days	60%
271-300 days	55%
301-330 days	50%
331-365 days	40%
After 365 days	0%



The calculation and payment of any refund to a person who has become a resident is made in the same manner whether termination of residency is voluntary, is at the request of The Sharon at SouthPark, or is occasioned by death.

1. If a resident dies while a participant in The Early Advantage Program or before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity a resident would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically cancelled. The Sharon at SouthPark will refund entry fees paid, as stated in the resident's agreement. The refund will be provided within sixty (60) days of receipt by The Sharon at SouthPark of all billable costs incurred by the resident.
2. In the event of the death of a resident as a participant of The Early Advantage Program, The Sharon at SouthPark will refund the entry fee, less the \$1,000 non-refundable portion as stated in the resident's agreement, and under the prorated refund policy, with no part of the entry fee being refundable after three hundred and sixty-five (365) days or residency. Upon receiving payment of an entry fee in The Early Advantage Program, The Sharon at SouthPark will refund to the resident or the resident's estate.
3. Entry fees paid to The Sharon at SouthPark under The Early Advantage Program will be counted toward any future entry fee payable to The Sharon at SouthPark for a residence should The Early Advantage Program participant elect to move into the physical campus.

*Inability to Pay:* If a resident should encounter financial difficulty while participating in The Early Advantage Program with The Sharon at SouthPark, there are guaranty agreements between The Sharon at SouthPark and members of a resident's family which make possible the resident's continued participation in the program.

## **SERVICES**

### Standard Services Available:

Services provided by The Sharon at SouthPark while participating in The Early Advantage Program are addressed in the Resident's Agreement. An overview of the benefits is listed below:

1. An annual wellness assessment conducted by qualified staff of The Sharon at SouthPark. The assessment is designed to identify opportunities and strategies for achieving and maintaining the highest possible quality of overall well-being.
2. Access to recreational, educational, cultural and spiritual life programs. Most recreational offerings are available without an additional charge. Early Advantage Program Residents who desire to participate in outings, trips or other programs that require additional charges may have these costs applied to their residency account.
3. Access to Medicare beds with the same priority as on-campus residents who have a contract for continuing care.
4. Access to limited in-patient temporary care in The Sharon at SouthPark skilled nursing

facility's non-Medicare beds with the same priority as on-campus residents who have a contract for continuing care. The Sharon at SouthPark Nursing and Continuing Care staff will assist with admission to and discharge from The Sharon at SouthPark's licensed facilities, including skilled nursing and assisted living. Early Advantage Program Residents pay the same discounted per diem rate for non-Medicare temporary stays as on-campus residents, beginning on the day of admission.

5. Early Advantage Program Residents may use the licensed facilities for recuperation and rehabilitation. Physical, occupational and speech therapy are available on an in-patient or out-patient basis. Some costs for therapy may be covered by Medicare and/or other health insurance.
6. The Sharon at SouthPark Fitness Center - complete access to our fitness center, consultation with our wellness staff, a variety of exercise and wellness classes and development of a personal health and fitness plan.
7. The Sharon at SouthPark dining and on-site catering facilities - No monthly fee required. Each member pays only for any room rental fees plus food and alcohol purchased.

## **FEES**

Application/Registration Fee - Refundable/Non-Refundable The Sharon at SouthPark's application fee is \$100.00 per individual; it is non-refundable.

### Entry Fees

The Early Advantage Program entry fee is \$25,000 per resident in 2024. On the day of execution of The Early Advantage Program Resident's Agreement, \$1,000 of the single residency fee becomes nonrefundable. The balance amortizes over a period of 365 days until the total amount paid becomes fully nonrefundable. The entire amount of the entry fee paid may be applied to the amount of any future entry fee payable to The Sharon at SouthPark in the event The Early Advantage Program resident elects to physically move to The Sharon at SouthPark campus.

### Monthly Fees

The monthly fee per resident is \$425.00 in 2024. This covers costs associated with utilization of programs, services, facilities and amenities, support staff and dining. It does not include the cost of any meals.

## **XI. RESIDENT'S AGREEMENT**

The Sharon at SouthPark's Resident's Agreement is included as Exhibit E of this Disclosure Statement.

## **XII. OCCUPANCY**

Of a total 252 available cottages and apartments, 249 are occupied or reserved as of May 13, 2024. The total number of residents at The Sharon at SouthPark is 409. At this time, 34 assisted living

beds are occupied, and we currently have 61 residents in the Health Care Center's Nursing Facility beds with a 2024 daily average of 13.5 individuals in the Medicare certified Skilled Nursing Facility.

EXHIBIT A  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
(THE SHARON AT SOUTHPARK)  
CONTINUING CARE DISCLOSURE STATEMENT

INDEPENDENT AUDITOR'S REPORT  
BALANCE SHEETS AS OF DECEMBER 31, 2023  
AND STATEMENTS OF SUPPORT AND  
OPERATING REVENUES, EXPENSES AND FUND  
BALANCES, AND CASH FLOWS FOR THE  
YEAR ENDED DECEMBER 31, 2023

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Presbyterian Home at Charlotte, Inc.  
dba: The Sharon at SouthPark  
and The Sharon Foundation  
Charlotte, North Carolina

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of The Presbyterian Home at Charlotte, Inc. dba: The Sharon at SouthPark (The Sharon) (a nonprofit corporation), and The Sharon Foundation (the Foundation) (collectively, the Organization), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of its operations, changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

Board of Directors  
The Presbyterian Home at Charlotte, Inc.  
dba: The Sharon at SouthPark  
and The Sharon Foundation

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

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

In performing an audit in accordance with GAAS, we:

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

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



Board of Directors  
The Presbyterian Home at Charlotte, Inc.  
dba: The Sharon at SouthPark  
and The Sharon Foundation

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 30 to 36 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
May 2, 2024

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 15,019,059	\$ 21,701,207
Residents and Other	1,468,727	1,116,320
Allowance for Credit Losses	(150,000)	(74,568)
Residents and Other Receivables, Net	<u>1,318,727</u>	<u>1,041,752</u>
Contributions Receivable, Current Portion	101,263	147,474
Investments	28,586,684	22,217,487
Assets Whose Use is Limited, Current Portion	1,756,882	1,756,880
Prepaid Expenses	409,189	333,176
Total Current Assets	<u>47,191,804</u>	<u>47,197,976</u>
<b>ASSETS WHOSE USE IS LIMITED</b>		
Statutory Operating Reserve	6,232,000	5,234,750
Held Under Bond Agreements	7,118,190	7,024,281
Capital Campaign Fund	478,368	2,459,130
Subtotal	<u>13,828,558</u>	<u>14,718,161</u>
Less: Amounts Available for Current Liabilities	<u>(1,756,882)</u>	<u>(1,756,880)</u>
Total Assets Whose Use is Limited	<u>12,071,676</u>	<u>12,961,281</u>
<b>CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION</b>	314,532	583,948
<b>PROPERTY AND EQUIPMENT, NET</b>	163,682,573	154,385,855
<b>OTHER ASSETS</b>	<u>4,000</u>	<u>4,000</u>
Total Assets	<u><u>\$ 223,264,585</u></u>	<u><u>\$ 215,133,060</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
CONSOLIDATED BALANCE SHEETS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,666,111	\$ 5,404,157
Accrued Payroll and Related Items	903,049	730,112
Bonds Payable, Current Portion	63,819	-
Accrued Interest Payable	1,756,861	1,751,816
Total Current Liabilities	5,389,840	7,886,085
<b>REFUNDABLE ENTRANCE FEES</b>	6,045,940	6,045,940
<b>DEFERRED REVENUE</b>	53,202,364	52,170,305
<b>ENTRANCE FEE DEPOSITS</b>	877,435	1,347,007
<b>BONDS PAYABLE, NET OF CURRENT PORTION</b>	86,411,364	81,687,702
Total Liabilities	151,926,943	149,137,039
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	67,684,616	60,038,867
Net Assets With Donor Restrictions:		
Purpose Restrictions	921,527	3,260,370
Perpetual in Nature	2,731,499	2,696,784
Total Net Assets	71,337,642	65,996,021
Total Liabilities and Net Assets	\$ 223,264,585	\$ 215,133,060

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Independent Living	\$ 13,251,254	\$ 10,713,539
Assisted Living	2,534,222	2,494,650
Health Care	7,953,914	6,767,860
Amortization of Entrance Fees	6,993,815	5,474,903
Other Resident Services Revenue	2,098,223	1,785,732
Resident Services Revenue	32,831,428	27,236,684
Contributions	1,335,440	38,048
Investment Income (Loss), Net	4,066,147	(4,676,452)
Other Income	77,167	5,310
Net Assets Released from Restrictions- Operations	968,270	825,935
Total Revenues, Gains, and Other Support	39,278,452	23,429,525
<b>EXPENSES</b>		
Salaries and Wages	12,656,228	10,733,866
Employee Benefits	1,924,413	1,801,434
Payroll Taxes	842,427	677,050
Food and Dietary Service	1,630,712	1,455,012
Housekeeping and Maintenance	3,121,978	2,445,309
Utilities and Communications	1,345,535	1,257,752
Health Care Supplies	1,498,786	1,241,991
COVID Supplies	26,673	68,539
Professional Fees	423,598	284,054
Insurance	447,497	363,569
Marketing and Development	428,088	332,070
Community Service	823,393	679,400
Supplies and Other Expenses	461,471	324,038
Interest Expense and Fees	2,571,263	1,027,930
Depreciation	5,733,065	4,490,793
Total Expenses	33,935,127	27,182,807
<b>OPERATING INCOME (LOSS)</b>	5,343,325	(3,753,282)
<b>NONOPERATING LOSS</b>		
Loss on Disposal of Property and Equipment	(8,596)	(110,029)
Total Nonoperating Loss	(8,596)	(110,029)
<b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES</b>	5,334,729	(3,863,311)
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Net Assets Released from Restrictions- Capital	2,311,020	1,883,588
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	\$ 7,645,749	\$ (1,979,723)

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Changes in Net Assets Without Donor Restrictions	\$ 7,645,749	\$ (1,979,723)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	731,779	1,419,321
Investment Income (Loss), Net	243,383	(333,339)
Net Assets Released from Restrictions	<u>(3,279,290)</u>	<u>(2,709,523)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(2,304,128)</u>	<u>(1,623,541)</u>
<b>CHANGE IN NET ASSETS</b>	5,341,621	(3,603,264)
Net Assets - Beginning of Year	<u>65,996,021</u>	<u>69,599,285</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 71,337,642</u>	<u>\$ 65,996,021</u>

*See accompanying Notes to Consolidated Financial Statements.*

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 5,341,621	\$ (3,603,264)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,733,065	4,490,793
Amortization of Bond Issuance Costs	54,047	132,918
Amortization of Bond Premium	(268,536)	(268,536)
Realized Loss on Investments	3,138	622,037
Unrealized (Gain) Loss on Investments	(3,234,224)	5,039,905
Loss on Disposal of Property and Equipment	8,596	110,029
Entrance Fees Received	8,425,300	7,499,017
Amortization of Entrance Fees	(6,993,815)	(5,474,903)
(Increase) Decrease in Assets:		
Receivables	(276,974)	127,413
Pledges Receivable	315,627	(250,679)
Prepays	(76,013)	86,720
Entrance Fee Escrow	-	4,449,734
Increase (Decrease) in Liabilities:		
Accounts Payable	840,992	3,252,923
Accrued Payroll and Related Items	172,937	51,026
Accrued Interest Payable	5,045	(8,421)
Entrance Fee Deposits	(469,572)	(3,400,338)
Deferred Revenue	-	(526,326)
Net Cash Provided by Operating Activities	9,581,234	12,330,048

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Purchases and Sales from Investments	\$ (4,135,362)	\$ (842,409)
Change in Assets Limited as to Use, Net	1,419,559	12,319,478
Purchases of Property and Equipment for Routine Additions	(665,811)	(2,499,459)
Purchases of Property and Equipment for Long-Range Projects	<u>(17,951,606)</u>	<u>(31,068,964)</u>
Net Cash Used by Investing Activities	(21,333,220)	(22,091,354)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Paid on Bonds Payable	-	(18,000,000)
Proceeds from Issuance of Bonds Payable	5,000,000	3,092,500
Payments of Bond Issuance Costs	1,970	(30,256)
Initial Entrance Fees Received from Expansion Project	-	22,324,356
Entrance Fees Refunded	<u>(399,426)</u>	<u>(684,456)</u>
Net Cash Provided by Financing Activities	<u>4,602,544</u>	<u>6,702,144</u>
<b>CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(7,149,442)	(3,059,162)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>23,925,378</u>	<u>26,984,540</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 16,775,936</u>	<u>\$ 23,925,378</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Operating Cash and Cash Equivalents	\$ 15,019,059	\$ 21,701,207
Restricted Cash included in Assets Limited as to Use	<u>1,756,877</u>	<u>2,224,171</u>
Total	<u>\$ 16,775,936</u>	<u>\$ 23,925,378</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION</b>		
Property and Equipment Included in Accounts Payable	<u>\$ 2,848,259</u>	<u>\$ 4,080,204</u>
Cash Paid for Interest, Net of Amounts Capitalized	<u>\$ 2,780,707</u>	<u>\$ 1,171,969</u>

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Presbyterian Home at Charlotte, Inc., provides housing, health care, and other related services to residents through the operation of a retirement facility which at December 31, 2023 contained 252 independent living units, 40 assisted living units, and a 96-bed health care center. During the ongoing expansion project discussed in Note 6, 37 of the health care center beds were out service during the year ended December 31, 2022. During the year ended December 31, 2023, 37 health care center beds were brought back into service. During the year ended December 31, 2023, The Presbyterian Home at Charlotte, Inc. officially changed its name from Sharon Towers to The Sharon at SouthPark (The Sharon).

In May 2021, Sharon Towers Foundation (the Foundation) was incorporated. In 2023, Sharon Towers Foundation changed its name to The Sharon Foundation. The Foundation is an affiliated corporate entity of The Sharon and has been established as a separate 501(c)(3) charitable organization. The Foundation is organized as a supporting organization that supports the mission of The Sharon by furthering its financial assistance and fundraising goals.

**Related Party**

The Sharon's board of directors are appointed by the Presbytery of Charlotte, who is a member of the Presbyterian Church (U.S.A.).

**The Sharon Residents' Assistance Fund**

The Sharon Residents' Assistance Fund (the Fund), a revocable trust fund, was established in 1981 primarily to provide for a portion of the cost of resident care for those who are unable to pay the full cost of care from their own resources. The board of directors may elect to use the portion of the Fund without donor-imposed restrictions to meet operating expenses of The Sharon, or for other charitable purposes. Residents' assistance expense for 2023 was \$924,723, which consisted of \$795,423 of assistance for monthly service fees and \$129,300 of entrance fee assistance. Residents' assistance expense for 2022 was \$837,719, which consisted of \$517,119 of assistance for monthly service fees and \$320,600 of entrance fee assistance. In accordance with generally accepted accounting principles, these amounts have been eliminated in the accompanying consolidated statements of operations and changes in net assets.

**Principles of Consolidation**

The consolidated financial statements include the accounts of The Sharon, which includes The Sharon Residents' Assistance Fund, and the Foundation (collectively, the Organization). Significant intercompany balances and transactions between the consolidated entities have been eliminated.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2023, and 2022 were approximately \$428,000 and \$332,000, respectively.



**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Entrance Agreements**

Applicants agree to pay a specified entrance fee to The Sharon prior to admission. The amount of the entrance fee is recorded as deferred revenue or a refundable entrance fee liability at the time the agreement is signed. The standard agreement provides that 5% of the entrance fee becomes contractually nonrefundable in each of the first 12 months after the person becomes a resident of The Sharon. After 12 months of residency under the standard agreement the entire fee is nonrefundable, unless the board of directors determines that unusual circumstances warrant a refund. The Sharon offers two refundable entrance fee plans on a limited basis – 50% and 90%. Under these plans, a new resident can elect to pay a higher entrance fee, a portion of which is refundable after the person is no longer a resident of The Sharon. The refundable fees under this option are classified in the accompanying consolidated balance sheets as refundable entrance fees. At December 31, 2023 and 2022, the portion of entrance fees and entrance fee deposits subject to refund provisions amounted to approximately \$6,923,000 and \$7,393,000, respectively.

Nonrefundable entrance fees are amortized and recognized as income over the estimated life expectancy of the resident. The straight-line method of amortization is used. Entrance fees paid by the Fund are eliminated in the accompanying consolidated statements of operations.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations and which are available for use in general operations, including any funds designated by the board of directors for specific purposes.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed stipulations that are either restricted in perpetuity, time restricted, or restricted for certain purposes. A donor's restriction is met when a stipulated time restriction ends, or a special purpose restriction is accomplished. When a donor restriction no longer applies, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Net assets with donor restrictions also includes those net assets which have been restricted by donors to be maintained by the Organization in perpetuity. Donors permit The Sharon to utilize investment earnings generated by the related assets.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
DBA THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers cash and cash equivalents to include all cash on hand and all highly liquid investments, which includes certificates of deposit that range from three to six months in maturity.

**Accounts Receivable**

Resident accounts receivable primarily consist of resident monthly service fees and other resident charges and are shown at net realizable value less an estimated allowance for credit losses. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, analysis of payor source and aging of receivable, and future economic conditions and market trends. The allowance for credit losses as of December 31, 2023 and 2022 was approximately, \$150,000 and \$75,000, respectively.

**Contributions Receivable**

Contributions receivable consist of capital campaign pledges that are expected to be collected in future years.

**Conditional Promises to Give**

The Sharon is the beneficiary of various gift annuities and other deferred giving arrangements. These amounts are recorded as contributions when The Sharon receives a payment, due to the uncertainty of the timing and amounts that will be received.

**Investments**

Investments are carried at fair value. The fair value of marketable equity securities, bonds, and other investments is based on quoted market prices. Realized gains and losses on the sale of investments are determined based on the cost of the specific investment sold. For the years ended December 31, 2023 and 2022, The Sharon has included unrealized gains and losses on investments in the excess (deficit) of revenues, gains, and other support over (under) expenses.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Assets Limited as to Use**

Assets limited as to use includes funds designated for statutory operating reserve, funds held under bond indenture agreements, and proceeds from the capital campaign for campus enhancements and the Fund. The amount due in the next year for interest is shown as current.

The General Statutes of the state of North Carolina require that continuing care retirement communities, such as The Sharon, maintain an Operating Reserve equal to 50% of the subsequent year's projected operating expenses. As provided in the statutes, the communities may reduce the Operating Reserve requirement to 25% if the occupancy level of the facility is in excess of 90%, or such other reasons as deemed appropriate by the department. On December 31, 2023 and 2022, The Sharon's occupancy was above 90%, mandating the lower Operating Reserve requirement. The Operating Reserve is funded with a portion of The Sharon's investments, as permitted by the state statute and The Sharon's investment policy.

**Property and Equipment**

Property is recorded at cost if purchased or fair market value if donated, subject to a \$2,000 capitalization policy. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings (Including Cottages)	40 Years
Furniture and Fixtures	10 Years
Operating and Transportation Equipment	5 to 10 Years

In accordance with its capitalization policy, The Sharon reviews the estimated useful lives of its fixed assets on an ongoing basis. For construction in progress costs, depreciation expense is deferred until the projects are completed and placed into service at which time the costs are depreciated over the useful life of the asset. If any of the projects are cancelled, the costs incurred will be expensed in the year determined.

**Bond Issuance Costs**

Bond issuance costs, which are amortized using the straight-line method over the life of the bonds, which approximates the effective interest method, include underwriter's discounts, legal and consulting fees, and other costs incurred in issuing The Sharon's bonds payable. Bond issuance costs at December 31, 2023 and 2022 was approximately \$1,648,000 and \$1,646,000, respectively. Accumulated amortization at December 31, 2023 and 2022 was approximately \$224,000 and \$166,000, respectively.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair values as follows:

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

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

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

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls in based on the lowest level of input that is significant to the fair value measurement in its entirety.

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

The Organization follows the accounting standard that allows reporting certain financial instruments at fair value. This standard allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

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**Uniform Prudent Management of Institutional Funds Act**

During fiscal year 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of North Carolina. The Organization follows the nonprofit accounting standard for reporting of endowment funds (the UPMIFA Standard), which is intended to improve the quality and consistency of financial reporting of endowments held by nonprofit organizations. Under UPMIFA, all unappropriated endowment funds are considered restricted.

**Donated Services and Goods**

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. There were no contributed goods for the years ended December 31, 2023 and 2022.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the consolidated financial statements for these contributions, as the contributions do not meet the criteria for recognition.

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

The consolidated statements of operations and changes in net assets include excess (deficit) of revenues, gains, and other support over (under) expenses. The Organization has no changes in net assets without donor restrictions that are excluded from the excess (deficit) of revenues, gains and other support over (under) expenses in 2023 or 2022.

**Income Tax Status**

The Sharon and the Foundation have been recognized by the Internal Revenue Service as exempt from income taxes under Internal Revenue Code Section 501(c)(3).

The Sharon and the Foundation file as tax-exempt organizations. Management is not aware of any activities that would jeopardize their tax-exempt status. Management is not aware of any activities that are subjected to tax on unrelated business income or excise or other taxes.

The Sharon and the Foundation follow guidance in the income tax standard regarding recognition and measurement of uncertain tax positions. The application of the standard has had no impact on the consolidated financial statements.

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**New Accounting Pronouncements – ASU 2016-13**

The Organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**Subsequent Events**

The Organization has evaluated the effect subsequent events would have on the financial statements through May 2, 2024, the date the consolidated financial statements were available to be issued.

**NOTE 2 RESIDENT SERVICES REVENUE**

Resident services revenue is reported at the amount that reflects the consideration to which The Sharon expects to be entitled in exchange for providing resident care. These amounts are due from residents, 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 Sharon bills the residents and third-party payors several days after the services are performed. Private pay residents are pre-billed for the following month's service fee. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by The Sharon. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Sharon 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.

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**NOTE 2 RESIDENT SERVICES REVENUE (CONTINUED)**

The Sharon considers monthly rental for residential 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 residents and customers in a retail setting (for example, gift shop and cafeteria meals) and The Sharon 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 Sharon 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 Sharon 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 Sharon's policy, and/or implicit price concessions provided to residents. The Sharon determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Sharon 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

The Sharon's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility was paid under the Medicare Prospective Payment System (PPS) for residents who were Medicare Part A eligible and met the coverage guidelines for skilled nursing facility services. The PPS was a per diem price-based system. CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduces 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.

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**NOTE 2 RESIDENT SERVICES REVENUE (CONTINUED)**

Medicare (Continued)

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.

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 Sharon'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.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Sharon estimates the transaction price for residents 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 changes to the estimate of the transaction price are generally recorded as adjustments to resident 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 December 31, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

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



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**NOTE 2 RESIDENT SERVICES REVENUE (CONTINUED)**

The composition of resident services revenue by primary payor for the years ended December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 2,602,437	\$ 2,398,916
Private Pay	30,228,991	24,837,768
Total	<u>\$ 32,831,428</u>	<u>\$ 27,236,684</u>

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on primary payor.

The composition of resident services revenue based on The Sharon's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Service Lines:		
Independent Living	\$ 13,251,254	\$ 10,713,539
Assisted Living	2,534,222	2,494,650
Health Care Services	7,953,914	6,767,860
Amortization of Entrance Fees	6,993,815	5,474,903
Companion Services	1,525,825	1,276,482
Other Resident Service Revenue	572,398	509,250
Total	<u>\$ 32,831,428</u>	<u>\$ 27,236,684</u>

Method of Reimbursement:		
Monthly Service Fees	\$ 22,630,947	\$ 18,979,244
Amortization of Entrance Fees	6,993,815	5,474,903
Fee for Service	3,206,666	2,782,537
Total	<u>\$ 32,831,428</u>	<u>\$ 27,236,684</u>

Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 32,831,428</u>	<u>\$ 27,236,684</u>

**NOTE 3 INVESTMENTS AND INVESTMENT INCOME**

Investments are reported at fair value. Investments consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Equities	\$ 15,091,595	\$ 11,462,365
Other Funds	-	2,822,286
Fixed Income	13,495,089	7,932,836
Total Investments	<u>\$ 28,586,684</u>	<u>\$ 22,217,487</u>

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**NOTE 3 INVESTMENTS AND INVESTMENT INCOME (CONTINUED)**

Investment income is comprised of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Interest and Dividend Income	\$ 1,200,923	\$ 752,588
Realized and Unrealized Gains (Losses), Net	3,231,086	(5,661,942)
Total	<u>4,432,009</u>	<u>(4,909,354)</u>
Less: Investment Fees	(122,479)	(100,437)
Investment Income, Net	<u>\$ 4,309,530</u>	<u>\$ (5,009,791)</u>

**NOTE 4 ASSETS LIMITED AS TO USE**

Assets limited as to use, reported at fair value, are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 3,289,768	\$ 5,304,989
Equities	2,733,314	2,379,954
Other Funds	-	585,997
Fixed Income	7,768,877	6,430,493
Accrued Interest	36,599	16,728
Total	<u>\$ 13,828,558</u>	<u>\$ 14,718,161</u>

Amounts restricted under bond agreements are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Series 2019A Debt Service Reserve Fund	\$ 5,361,307	\$ 5,130,313
Series 2019A Interest Account	-	137,088
Series 2019A Funded Interest Account	1,756,883	1,756,880
Total	<u>\$ 7,118,190</u>	<u>\$ 7,024,281</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of December 31 were as follows:

	<u>2023</u>	<u>2022</u>
Due in Less Than One Year	\$ 101,263	\$ 147,474
Due in Two Years	18,000	54,599
Due in Future Period	343,833	610,622
Total Contributions Receivable	<u>463,096</u>	<u>812,695</u>
Less: Current Portion	(101,263)	(147,474)
Less: Allowance	(47,301)	(81,273)
Contributions Receivable, Net	<u>\$ 314,532</u>	<u>\$ 583,948</u>

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**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 5,997,089	\$ 5,284,605
Buildings (Including Cottages)	175,110,847	102,940,120
Furniture and Equipment	6,610,430	6,589,879
Transportation Equipment	446,682	446,682
Construction in Progress	18,387,997	76,374,748
Total	<u>206,553,045</u>	<u>191,636,034</u>
Less: Accumulated Depreciation and Amortization	<u>(42,870,472)</u>	<u>(37,250,179)</u>
Property and Equipment, Net	<u>\$ 163,682,573</u>	<u>\$ 154,385,855</u>

There was \$782,832 and \$2,751,534 of interest capitalized during the years ended December 31, 2023 and 2022, respectively. Construction in progress at December 31, 2023 and 2022 relates to an ongoing expansion and renovation project on The Sharon's campus.

**NOTE 7 LONG-TERM DEBT AND SHORT-TERM LINE OF CREDIT**

The Sharon's long-term debt consists of the following at December 31:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Retirement Facilities First Mortgage Revenue Bonds Series 2019A, matures July 1, 2049. Interest is payable semi-annually at rates ranging from 3.0% to 5.0%.	\$ 75,940,000	\$ 75,940,000
2022 Loan matures February 11, 2037. Interest is payable monthly at a variable rate of SOFR plus .9% (6.21% at December 31, 2023). Principal payments begin March 1, 2024.	5,000,000	-
Total	<u>80,940,000</u>	<u>75,940,000</u>
Plus: Unamortized Premium, Series 2019A	6,959,409	7,227,945
Less: Unamortized Bond Issuance Costs	(1,424,226)	(1,480,243)
Less: Current Portion	<u>(63,819)</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 86,411,364</u>	<u>\$ 81,687,702</u>

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**NOTE 7 LONG-TERM DEBT AND SHORT-TERM LINE OF CREDIT (CONTINUED)**

**Bonds Payable**

In December 2019, the North Carolina Medical Care Commission issued its \$75,940,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019A (Series 2019A Bonds). The proceeds of the Series 2019A Bonds are to finance the costs of constructing and equipping a new independent living apartment building, to fund capital improvements to buildings throughout The Sharon's campus, to refund the outstanding 2001 Variable Rate Demand Health Care Facilities Revenue Bonds (Series 2001 Bonds), to terminate its interest rate swap agreement that had been placed as a hedge for the Series 2001 Bonds, to fund a debt service reserve fund, to pay a portion of the interest accrued on the Series 2019A Bonds, and to pay certain expenses incurred in connection with the issuance of the Series 2019A Bonds. Principal payments on the Series 2019A Bonds begin in July 2025 and extend through July 2049. Beginning in July 2035, The Sharon will be required to make payments to a trustee of interest and principal on the Series 2019A Bonds in anticipation of the required payments that will be due over five-year increments beginning in July 2039 through final maturity in July 2049. Interest on the Series 2019A Bonds is payable semi-annually with interest rates ranging from 3.0% to 5.0%.

In December 2019, the North Carolina Medical Care Commission issued its \$18,000,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019B (Series 2019B Bonds). The proceeds of the Series 2019B Bonds are to finance the costs of constructing and equipping a new independent living apartment building, to fund capital improvements to buildings throughout The Sharon's campus and to pay certain expenses incurred in connection with the issuance of the Series 2019B Bonds. The Series 2019B Bonds are a draw-down loan and all outstanding principal will be due at maturity in December 2024. Interest on the Series 2019B bonds is payable monthly at a variable rate based upon 79% of one-month SOFR, calculated on the basis of an actual 360-day year, plus .59%. At December 31, 2022, The Sharon had drawn down \$18,000,000, on the Series 2019B bonds. During the year ended December 31, 2022, the entire outstanding balance for the Series 2019B Bonds was paid off.

In February 2022, The Sharon entered into a loan agreement (2022 Loan) with a financial institution to provide up to \$5,000,000 to finance increased costs in connection with the construction of a new independent living apartment building. The loan is a drawn-down loan and principal is payable monthly commencing March 2024 through maturity in February 2037. Interest is payable monthly commencing March 2022 through maturity at a variable interest rate equal to the Daily Simple Secured Overnight Financing Rate (SOFR) plus .9%, with a minimum interest rate of .9%. At December 31, 2023, The Sharon had drawn down \$5,000,000 of funds from this loan.

The terms of the agreements related to the Series 2019A Bonds and Series 2019B Bonds, subject to the Master Trust Indenture and Continuing Covenants Agreement, contain certain covenants. Management is not aware of any noncompliance with these covenants as of December 31, 2023. The Foundation is not a member of the Obligated Group related to these agreements.

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**NOTE 7 LONG-TERM DEBT AND SHORT-TERM LINE OF CREDIT (CONTINUED)**

**Bonds Payable (Continued)**

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 63,819
2025	1,835,491
2026	1,889,241
2027	1,948,166
2028	2,006,673
Thereafter	73,196,610
Total	<u>\$ 80,940,000</u>

During the years ended December 31, 2023 and 2022, The Sharon had interest expense of \$2,771,786 and \$1,143,034, respectively, net of amounts capitalized, related to the bonds payable.

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2023</u>	<u>2022</u>
Property Maintenance, Renovation, and Expansion	\$ 491,294	\$ 2,476,041
Other	14,438	52,907
Total	<u>505,732</u>	<u>2,528,948</u>
Subject to Passage of Time:		
For periods after December 31, 2023	415,795	731,422
Subject to the Organization's Spending Policy and Appropriation:		
Endowment Funds	<u>2,731,499</u>	<u>2,696,784</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,653,026</u>	<u>\$ 5,957,154</u>
	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Resident Assistance	\$ 871,658	\$ 808,197
Special Campaigns	96,612	17,738
Renovations and Expansion	<u>2,311,020</u>	<u>1,883,588</u>
Total Net Assets Released from Restrictions	<u>\$ 3,279,290</u>	<u>\$ 2,709,523</u>

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

The Sharon's net assets with donor restrictions include individual endowments established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**Endowment Funds**

The Organization has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, if there are specific stipulations, The Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the perpetual endowment and (b) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets perpetual in nature is classified as net assets subject to expenditure for specific purpose until those amounts are appropriated for expenditure by The Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset composition by type of fund was as follows as of December 31:

	2023	2022
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained by Donor	\$ 3,032,006	\$ 3,032,006
Total Funds	\$ 3,032,006	\$ 3,032,006

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**Endowment Funds (Continued)**

Changes in the endowment net assets for the years ended December 31, 2023 and 2022 are summarized as follows:

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,696,784	\$ 2,696,784
Investment Return	-	242,765	242,765
Contributions	-	-	-
Appropriation of Endowment	-	-	-
Assets for Expenditure	-	(208,050)	(208,050)
Total	<u>\$ -</u>	<u>\$ 2,731,499</u>	<u>\$ 2,731,499</u>
	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 3,032,006	\$ 3,032,006
Investment Return	-	(335,222)	(335,222)
Contributions	-	-	-
Appropriation of Endowment	-	-	-
Assets for Expenditure	-	-	-
Total	<u>\$ -</u>	<u>\$ 2,696,784</u>	<u>\$ 2,696,784</u>

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may experience temporary unfavorable market declines which may cause a fund to fall below the level that was donated to the Organization. Deficiencies of this nature exists in one donor restricted endowment fund, which had an original value of \$1,881,079. For the years ended December 31, 2023 and 2022, the endowment has a fair value of \$1,580,571 and \$1,545,857, respectively, resulting in a deficiency of \$300,000 and \$335,000 as of December 31, 2023 and 2022, respectively.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Under this policy, as approved by the directors, endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to produce results that attempt to match the price and yield results equal to the change in the Consumer Price Index plus 5%. Actual returns in any given year may vary. In the prior year, the Organization adopted the policy that they are not able to spend amounts from underwater endowments.

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**NOTE 9 FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy of the balances of the assets of the Organization measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Assets Limited as to Use:				
Fixed Income	\$ 7,768,877	\$ -	\$ -	\$ 7,768,877
Equities	2,733,314	-	-	2,733,314
Subtotal	10,502,191	-	-	10,502,191
Investments:				
Fixed Income	13,495,089	-	-	13,495,089
Equities	15,091,595	-	-	15,091,595
Subtotal	28,586,684	-	-	28,586,684
Total	<u>\$ 39,088,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,088,875</u>
	2022			
	Level 1	Level 2	Level 3	Total
Assets Limited as to Use:				
Fixed Income	\$ 6,430,493	\$ -	\$ -	\$ 6,430,493
Equities	2,379,954	-	-	2,379,954
Subtotal	9,396,444	-	-	9,396,444
Investments:				
Fixed Income	7,932,836	-	-	7,932,836
Equities	11,462,365	-	-	11,462,365
Subtotal	22,217,487	-	-	22,217,487
Total	<u>\$ 31,613,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,613,931</u>

The Organization had \$3,289,768 and \$5,304,989 of cash and cash equivalents included with investments and assets limited as to use as of December 31, 2023 and 2022, respectively, which is not included in the fair value hierarchy. The Organization had \$36,599 and \$16,728 of accrued interest included with assets limited as to use as of December 31, 2023 and 2022, respectively, which is not included in the fair value hierarchy.



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**NOTE 10 BENEFIT PLAN**

The Sharon maintains a defined contribution 401(k) plan (the Plan) that covers all eligible employees with more than one year of service. The Sharon's contributions for the years ended December 31, 2023 and 2022 included \$203,951 and \$157,051, respectively, based on its matching 2.5% of employee contributions up to 5% in 2023 and 2022, and an elective deferral of \$346,754 and \$303,212, respectively. The participants' contributions are immediately fully vested and The Sharon's contributions to the Plan vest over a six-year period.

**NOTE 11 CHARITY CARE AND COMMUNITY SERVICE**

**Charity Care**

The Sharon's mission is to provide a minimum of 5% of its revenue to charity care. The recipients are either current residents who have exhausted their funds and no longer have the ability to pay for all or part of their monthly fees, or prospective residents who, through the waiver of a portion of their entrance fee and/or the supplementation of monthly fees, are financially able to afford the monthly service fees. The amount of assistance provided is determined after a review of the individual's financial needs and resources. The Sharon has calculated charity care costs for the years ended December 31, 2023 and 2022, based on a historical ratio of cost to income as \$892,906 and \$832,548, respectively. Contributions were received by The Sharon of \$871,658 and \$808,197 to subsidize the costs of providing resident support for the years ended December 31, 2023 and 2022, respectively.

**Community Service**

The Sharon incurred costs of \$823,393 and \$679,400 for contributions to other charities related to community service activities for the years ended December 31, 2023 and 2022, respectively.

In addition to the community service costs noted above, The Sharon donated volunteer services with an estimated fair value of \$17,910 and \$15,550 to charity care during the years ended December 31, 2023 and 2022, respectively.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

The Sharon is subject to legal proceedings and claims which arise in the ordinary course of business. The Sharon maintains liability insurance coverage for claims occurring during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for claims not covered by the policy and any other uninsured liability.

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**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed.

In June 2019, The Sharon signed a construction contract to begin work on a project to construct and build a 42-unit independent living building. The contract stipulates that the cost of the project is to be capped at \$84,788,916 as originally designed. Change orders totaling \$18,160,704 have been executed. As of December 31, 2023, there are \$3,325,316 in remaining construction costs, including retainage. Funds from the Series 2019 Bonds and 2022 Loan will be used to pay for the cost of the project (see Note 7). The project was substantially completed in October 2023 with the remainder of the project expected to be completed in 2024.

**NOTE 13 FUNCTIONAL EXPENSES**

Program, management, and fundraising expenses for the years ended December 31, 2023 and 2022 are summarized as follows:

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 11,355,371	\$ 1,264,010	\$ 36,847	\$ 12,656,228
Employee Benefits	1,769,875	143,342	11,196	1,924,413
Payroll Taxes	742,725	96,773	2,929	842,427
Food and Dietary Service	1,630,712	-	-	1,630,712
Depreciation	5,733,065	-	-	5,733,065
Housekeeping and Maintenance	3,120,681	-	1,297	3,121,978
Utilities and Communications	1,344,362	-	1,173	1,345,535
Interest Expense and Fees	2,571,263	-	-	2,571,263
Health Care Supplies	1,498,786	-	-	1,498,786
COVID Supplies	26,673	-	-	26,673
Professional Fees	416,818	-	6,780	423,598
Insurance	447,497	-	-	447,497
Marketing and Development	411,836	-	16,252	428,088
Community Service	823,393	-	-	823,393
Supplies and Other Expenses	432,631	-	28,840	461,471
<b>Total Operating Expenses</b>	<b>\$ 32,325,688</b>	<b>\$ 1,504,125</b>	<b>\$ 105,314</b>	<b>\$ 33,935,127</b>

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**NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)**

	2022			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 9,980,656	\$ 693,006	\$ 60,204	\$ 10,733,866
Employee Benefits	1,710,713	76,781	13,940	1,801,434
Payroll Taxes	652,705	19,262	5,083	677,050
Food and Dietary Service	1,455,012	-	-	1,455,012
Depreciation	4,490,793	-	-	4,490,793
Housekeeping and Maintenance	2,443,937	-	1,372	2,445,309
Utilities and Communications	1,257,752	-	-	1,257,752
Interest Expense and Fees	1,027,930	-	-	1,027,930
Health Care Supplies	1,241,991	-	-	1,241,991
COVID Supplies	68,539	-	-	68,539
Professional Fees	270,999	-	13,055	284,054
Insurance	363,569	-	-	363,569
Marketing and Development	323,407	-	8,663	332,070
Community Service	679,400	-	-	679,400
Supplies and Other Expenses	290,687	-	33,351	324,038
Total Operating Expenses	<u>\$ 26,258,090</u>	<u>\$ 789,049</u>	<u>\$ 135,668</u>	<u>\$ 27,182,807</u>

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Management salaries have been specifically identified and an allocation of employee benefits and payroll taxes based on management salaries as a percent of total salaries for the management and general and fundraising personnel have been made.

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**NOTE 14 LIQUIDITY**

The Sharon invests cash in excess of short-term requirements in short-term investments. As of December 31, 2023 and 2022, The Sharon had working capital of \$41,865,783 and \$39,311,891, respectively. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 16,551,950	\$ 24,782,025
Equities	17,824,909	13,842,319
Other Funds	-	3,408,283
Fixed Income	<u>15,939,252</u>	<u>9,579,946</u>
Total	50,316,111	51,612,573
Resident and Other Receivables, Net	1,468,727	1,041,752
Contributions Receivable, Current Portion	101,263	147,474
Less: Purpose Restricted Net Assets	(505,732)	(2,528,948)
Less: Endowment Net Assets	<u>(2,731,499)</u>	<u>(2,696,784)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 48,648,870</u>	<u>\$ 47,576,067</u>

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	The Sharon	Fund	Eliminations	Obligated Group	Foundation	Eliminations	Total
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Equivalents	\$ 11,883,354	\$ -	\$ -	\$ 11,883,354	\$ 3,135,705	\$ -	\$ 15,019,059
Receivables:							
Residents and Other	8,587,760	-	(6,926,043)	1,661,717	-	(192,990)	1,468,727
Allowance for Credit Losses	(150,000)	-	-	(150,000)	-	-	(150,000)
Resident and Other Receivables, Net	8,437,760	-	(6,926,043)	1,511,717	-	(192,990)	1,318,727
Contributions, Current Portion	81,010	20,293	-	101,263	-	-	101,263
Investments	12,797,958	15,788,726	-	28,586,684	-	-	28,586,684
Assets Whose Use is Limited, Current Portion	1,756,882	-	-	1,756,882	-	-	1,756,882
Prepaid Expenses	409,189	-	-	409,189	-	-	409,189
Total Current Assets	35,366,153	15,808,979	(6,926,043)	44,249,089	3,135,705	(192,990)	47,191,804
<b>ASSETS WHOSE USE IS LIMITED</b>							
Statutory Operating Reserve	6,232,000	-	-	6,232,000	-	-	6,232,000
Held Under Bond Agreements	7,118,190	-	-	7,118,190	-	-	7,118,190
Capital Campaign Fund	478,368	-	-	478,368	-	-	478,368
Subtotal	13,828,558	-	-	13,828,558	-	-	13,828,558
Less: Amounts Available for Current Liabilities	(1,756,882)	-	-	(1,756,882)	-	-	(1,756,882)
Total Assets Whose Use is Limited	12,071,676	-	-	12,071,676	-	-	12,071,676
<b>CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION</b>							
	241,579	72,953	-	314,532	-	-	314,532
<b>PROPERTY AND EQUIPMENT, NET</b>							
	163,682,573	-	-	163,682,573	-	-	163,682,573
<b>BENEFICIAL INTEREST IN NET ASSETS OF THE FUND AND THE FOUNDATION</b>							
	11,898,604	-	(8,955,889)	2,942,715	-	(2,942,715)	-
<b>OTHER ASSETS</b>							
	4,000	-	-	4,000	-	-	4,000
Total Assets	\$ 223,264,585	\$ 15,881,932	\$ (15,881,932)	\$ 223,264,585	\$ 3,135,705	\$ (3,135,705)	\$ 223,264,585

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
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CONSOLIDATING BALANCE SHEET (CONTINUED)  
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(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Fund	Eliminations	Obligated Group	Foundation	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable	\$ 2,666,111	\$ 6,926,043	\$ (6,926,043)	\$ 2,666,111	\$ 192,990	\$ (192,990)	\$ 2,666,111
Accrued Payroll and Related Items	903,049	-	-	903,049	-	-	903,049
Bonds Payable, Current Portion	63,819	-	-	63,819	-	-	63,819
Accrued Interest Payable	1,756,861	-	-	1,756,861	-	-	1,756,861
Total Current Liabilities	5,389,840	6,926,043	(6,926,043)	5,389,840	192,990	(192,990)	5,389,840
<b>REFUNDABLE ENTRANCE FEES</b>	6,045,940	-	-	6,045,940	-	-	6,045,940
<b>DEFERRED REVENUE</b>	53,202,364	-	-	53,202,364	-	-	53,202,364
<b>ENTRANCE FEE DEPOSITS</b>	877,435	-	-	877,435	-	-	877,435
<b>BONDS PAYABLE, NET OF CURRENT PORTION</b>	86,411,364	-	-	86,411,364	-	-	86,411,364
Total Liabilities	151,926,943	6,926,043	(6,926,043)	151,926,943	192,990	(192,990)	151,926,943
<b>NET ASSETS</b>							
Net Assets Without Donor Restrictions	67,684,616	7,303,521	(7,303,521)	67,684,616	2,942,715	(2,942,715)	67,684,616
Net Assets With Donor Restrictions:							
Purpose Restrictions	921,527	71,797	(71,797)	921,527	-	-	921,527
Perpetual in Nature	2,731,499	1,580,571	(1,580,571)	2,731,499	-	-	2,731,499
Total Net Assets	71,337,642	8,955,889	(8,955,889)	71,337,642	2,942,715	(2,942,715)	71,337,642
Total Liabilities and Net Assets	\$ 223,264,585	\$ 15,881,932	\$ (15,881,932)	\$ 223,264,585	\$ 3,135,705	\$ (3,135,705)	\$ 223,264,585

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
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CONSOLIDATING STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2023  
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	The Sharon	Fund	Eliminations	Obligated Group	Foundation	Eliminations	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>							
Independent Living	\$ 14,046,677	\$ -	\$ (795,423)	\$ 13,251,254	\$ -	\$ -	\$ 13,251,254
Assisted Living	2,534,222	-	-	2,534,222	-	-	2,534,222
Health Care	7,953,914	-	-	7,953,914	-	-	7,953,914
Amortization of Entrance Fees	7,123,115	-	(129,300)	6,993,815	-	-	6,993,815
Other Resident Services Revenue	2,098,223	-	-	2,098,223	-	-	2,098,223
Resident Services Revenue	33,756,151	-	(924,723)	32,831,428	-	-	32,831,428
Contributions	134,889	1,200,351	-	1,335,240	200	-	1,335,440
Investment Income, Net	2,550,102	1,488,017	-	4,038,119	28,028	-	4,066,147
Other Income	-	-	-	-	77,167	-	77,167
Net Assets Released from Restrictions-Operations	96,612	871,658	-	968,270	-	-	968,270
Total Revenues, Gains, and Other Support	36,537,754	3,560,026	(924,723)	39,173,057	105,395	-	39,278,452
<b>EXPENSES</b>							
Salaries and Wages	12,581,505	-	-	12,581,505	74,723	-	12,656,228
Employee Benefits	1,924,413	-	-	1,924,413	-	-	1,924,413
Payroll Taxes	838,330	-	-	838,330	4,097	-	842,427
Food and Dietary Service	1,630,712	-	-	1,630,712	-	-	1,630,712
Housekeeping and Maintenance	3,121,978	-	-	3,121,978	-	-	3,121,978
Utilities and Communications	1,345,535	-	-	1,345,535	-	-	1,345,535
Charity Care	-	924,723	(924,723)	-	-	-	-
Health Care Supplies	1,498,786	-	-	1,498,786	-	-	1,498,786
COVID Supplies	26,673	-	-	26,673	-	-	26,673
Professional Fees	416,818	-	-	416,818	6,780	-	423,598
Insurance	447,497	-	-	447,497	-	-	447,497
Marketing and Development	428,088	-	-	428,088	-	-	428,088
Community Service	823,393	-	-	823,393	-	-	823,393
Supplies and Other Expenses	461,471	-	-	461,471	-	-	461,471
Interest Expense and Fees	2,571,263	-	-	2,571,263	-	-	2,571,263
Depreciation	5,733,065	-	-	5,733,065	-	-	5,733,065
Total Expenses	33,849,527	924,723	(924,723)	33,849,527	85,600	-	33,935,127
<b>OPERATING INCOME</b>	2,688,227	2,635,303	-	5,323,530	19,795	-	5,343,325

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
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(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Fund	Eliminations	Obligated Group	Foundation	Eliminations	Total
<b>NONOPERATING LOSS</b>							
Loss on Disposal of Property and Equipment	\$ (8,596)	\$ -	\$ -	\$ (8,596)	\$ -	\$ -	\$ (8,596)
<b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES</b>							
	2,679,631	2,635,303	-	5,314,934	19,795	-	5,334,729
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>							
Increase in Beneficial Interest in Net Assets of the Fund and the Foundation	3,655,098	-	(2,635,303)	1,019,795	-	(1,019,795)	-
Transfer from The Sharon to the Foundation	(1,000,000)	-	-	(1,000,000)	1,000,000	-	-
Net Assets Released from Restrictions-Capital	2,311,020	-	-	2,311,020	-	-	2,311,020
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	\$ 7,645,749	\$ 2,635,303	\$ (2,635,303)	\$ 7,645,749	\$ 1,019,795	\$ (1,019,795)	\$ 7,645,749



**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
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CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2023  
(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Fund	Eliminations	Obligated Group	Foundation	Eliminations	Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>							
Changes in Net Assets Without Donor Restrictions	\$ 7,645,749	\$ 2,635,303	\$ (2,635,303)	\$ 7,645,749	\$ 1,019,795	\$ (1,019,795)	\$ 7,645,749
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>							
Contributions	83,692	648,087	-	731,779	-	-	731,779
Investment Income, Net	619	242,764	-	243,383	-	-	243,383
Increase in Beneficial Interest in Net Assets of the Fund and the Foundation	19,193	-	(19,193)	-	-	-	-
Net Assets Released from Restrictions	(2,407,632)	(871,658)	-	(3,279,290)	-	-	(3,279,290)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIO</b>	<b>(2,304,128)</b>	<b>19,193</b>	<b>(19,193)</b>	<b>(2,304,128)</b>	<b>-</b>	<b>-</b>	<b>(2,304,128)</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,341,621</b>	<b>2,654,496</b>	<b>(2,654,496)</b>	<b>5,341,621</b>	<b>1,019,795</b>	<b>(1,019,795)</b>	<b>5,341,621</b>
Net Assets - Beginning of Year	65,996,021	6,301,393	(6,301,393)	65,996,021	1,922,920	(1,922,920)	65,996,021
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 71,337,642</b>	<b>\$ 8,955,889</b>	<b>\$ (8,955,889)</b>	<b>\$ 71,337,642</b>	<b>\$ 2,942,715</b>	<b>\$ (2,942,715)</b>	<b>\$ 71,337,642</b>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
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CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023  
(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Fund	Obligated Group	Foundation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 5,341,621	\$ 2,654,496	\$ 7,996,117	\$ 1,019,795	\$ 9,015,912
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	5,733,065	-	5,733,065	-	5,733,065
Amortization of Bond Issuance Costs	54,047	-	54,047	-	54,047
Amortization of Bond Premium	(268,536)	-	(268,536)	-	(268,536)
Realized Gains (Losses) on Investments	(635)	3,773	3,138	-	3,138
Unrealized Gains on Investments	(1,783,743)	(1,450,481)	(3,234,224)	-	(3,234,224)
Loss on Disposal of Property and Equipment	8,596	-	8,596	-	8,596
Entrance Fees Received	8,425,300	-	8,425,300	-	8,425,300
Amortization of Entrance Fees	(6,993,815)	-	(6,993,815)	-	(6,993,815)
Increase in Beneficial Interest in Net Assets of the Fund and the Foundation	(3,674,291)	-	(3,674,291)	-	(3,674,291)
(Increase) Decrease in Assets:					
Receivables	(276,974)	-	(276,974)	-	(276,974)
Intercompany (Receivables) Payables	(356,816)	271,217	(85,599)	85,599	-
Pledge Receivables	248,345	67,282	315,627	-	315,627
Prepays	(76,013)	-	(76,013)	-	(76,013)
Increase (Decrease) in Liabilities:					
Accounts Payable	840,992	-	840,992	-	840,992
Accrued Payroll and Related Items	172,937	-	172,937	-	172,937
Accrued Interest Payable	5,045	-	5,045	-	5,045
Entrance Fee Deposits	(469,572)	-	(469,572)	-	(469,572)
Net Cash Provided by Operating Activities	6,929,553	1,546,287	8,475,840	1,105,394	9,581,234
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Purchases and Sales from Investments	(2,589,075)	(1,546,287)	(4,135,362)	-	(4,135,362)
Change in Assets Limited as to Use, Net	1,419,559	-	1,419,559	-	1,419,559
Purchases of Property and Equipment for Routine Additions	(665,811)	-	(665,811)	-	(665,811)
Purchases of Property and Equipment for Long-Range Projects	(17,951,606)	-	(17,951,606)	-	(17,951,606)
Net Cash Used by Investing Activities	(19,786,933)	(1,546,287)	(21,333,220)	-	(21,333,220)

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
 DBA THE SHARON AT SOUTHPARK  
 AND THE SHARON FOUNDATION  
 CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2023  
 (SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Fund	Obligated Group	Foundation	Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from Issuance of Bonds Payable	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
Payments on Bond Issuance Costs	1,970	-	1,970	-	1,970
Entrance Fees Refunded	(399,426)	-	(399,426)	-	(399,426)
Net Cash Provided by Financing Activities	<u>4,602,544</u>	<u>-</u>	<u>4,602,544</u>	<u>-</u>	<u>4,602,544</u>
<b>CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>					
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	(8,254,836)	-	(8,254,836)	1,105,394	(7,149,442)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>21,895,067</u>	<u>-</u>	<u>21,895,067</u>	<u>2,090,311</u>	<u>23,925,378</u>
	<u>\$ 13,640,231</u>	<u>\$ -</u>	<u>\$ 13,640,231</u>	<u>\$ 3,135,705</u>	<u>\$ 16,775,936</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>					
Operating Cash and Cash Equivalents	\$ 11,883,354	\$ -	\$ 11,883,354	\$ 3,135,705	\$ 15,019,059
Restricted Cash Included in Assets Limited as to Use	1,756,877	-	1,756,877	-	1,756,877
Total	<u>\$ 13,640,231</u>	<u>\$ -</u>	<u>\$ 13,640,231</u>	<u>\$ 3,135,705</u>	<u>\$ 16,775,936</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION</b>					
Property and Equipment Included in Accounts Payable	\$ 2,848,259	\$ -	\$ 2,848,259	\$ -	\$ 2,848,259
Cash Paid for Interest, Net of Amounts Capitalized	<u>\$ 2,780,707</u>	<u>\$ -</u>	<u>\$ 2,780,707</u>	<u>\$ -</u>	<u>\$ 2,780,707</u>



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Symbol	Company Name	Market Cap	Price	Change	Volume	Dividend Yield	P/E Ratio	52-Week High	52-Week Low
GOOGL	Alphabet Inc.	1,100,000,000,000	2,800.00	+10.00	10,000,000	0.00%	25.00	2,900.00	2,700.00
AMZN	Amazon.com Inc.	800,000,000,000	1,500.00	+5.00	8,000,000	0.00%	35.00	1,600.00	1,400.00
MSFT	Microsoft Corp.	700,000,000,000	300.00	+2.00	15,000,000	0.70%	30.00	310.00	290.00
FB	Facebook Inc.	600,000,000,000	200.00	+3.00	12,000,000	0.00%	20.00	210.00	190.00
BRK.A	Berkshire Hathaway Inc.	500,000,000,000	300.00	+1.00	5,000,000	0.00%	15.00	310.00	290.00
APPL	Apple Inc.	400,000,000,000	150.00	+1.00	20,000,000	0.50%	25.00	160.00	140.00
WMT	Walmart Inc.	300,000,000,000	100.00	+0.50	10,000,000	0.00%	15.00	110.00	90.00
DIS	Walt Disney Co.	200,000,000,000	100.00	+2.00	8,000,000	0.00%	20.00	110.00	90.00
INTC	Intel Corp.	150,000,000,000	30.00	-0.50	15,000,000	0.00%	15.00	35.00	25.00
IBM	International Business Machines Corp.	100,000,000,000	150.00	+1.00	5,000,000	0.00%	15.00	160.00	140.00
ORCL	Oracle Corp.	80,000,000,000	40.00	+0.50	10,000,000	0.00%	15.00	45.00	35.00
CRM	Salesforce.com Inc.	60,000,000,000	150.00	+2.00	3,000,000	0.00%	20.00	160.00	140.00
ADBE	Adobe Systems Inc.	50,000,000,000	300.00	+3.00	2,000,000	0.00%	25.00	310.00	290.00
QCOM	Qualcomm Inc.	40,000,000,000	100.00	+1.00	5,000,000	0.00%	15.00	110.00	90.00
TXN	TXN Energy Inc.	30,000,000,000	100.00	+1.00	3,000,000	0.00%	15.00	110.00	90.00
CVX	Chevron Corp.	20,000,000,000	100.00	+1.00	3,000,000	0.00%	15.00	110.00	90.00
UNH	UnitedHealth Group Inc.	15,000,000,000	200.00	+2.00	2,000,000	0.00%	20.00	210.00	190.00
LLY	Eli Lilly and Co.	10,000,000,000	150.00	+1.00	2,000,000	0.00%	15.00	160.00	140.00
MRK	Merck & Co. Inc.	8,000,000,000	100.00	+1.00	3,000,000	0.00%	15.00	110.00	90.00
ABBV	Abbott Laboratories	6,000,000,000	100.00	+1.00	3,000,000	0.00%	15.00	110.00	90.00
MRNA	Moderna Inc.	5,000,000,000	100.00	+2.00	2,000,000	0.00%	20.00	110.00	90.00
REG	Regeneron Pharmaceuticals Inc.	4,000,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
VRTX	Vertex Pharmaceuticals Inc.	3,000,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
BIIB	Bristol-Myers Squibb Co.	2,000,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
AMGN	Amgen Inc.	1,500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
CELG	Celgene Inc.	1,000,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
MRUS	Mundipharma Inc.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
MRNA	Moderna Inc.	500,000,000	100.00	+2.00	2,000,000	0.00%	20.00	110.00	90.00
REG	Regeneron Pharmaceuticals Inc.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
VRTX	Vertex Pharmaceuticals Inc.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
BIIB	Bristol-Myers Squibb Co.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
AMGN	Amgen Inc.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
CELG	Celgene Inc.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00
MRUS	Mundipharma Inc.	500,000,000	100.00	+1.00	2,000,000	0.00%	15.00	110.00	90.00

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EXHIBIT B  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC  
(THE SHARON AT SOUTHPARK)  
CONTINUING CARE DISCLOSURE STATEMENT

Material Differences of Financial Statement  
Versus Forecast

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.**  
**MATERIAL DIFFERENCES**  
**YEAR ENDING DECEMBER 31, 2023**

**FORECASTED COMPARED TO AUDITED BALANCE SHEETS**

	<u>ACTUAL</u>	<u>FORECAST</u>	<u>DIFFERENCE</u>	<u>EXPLANATIONS</u>
				For the purpose of this analysis, anything less than 1% of Total Assets (\$2,233,000) is considered immaterial.
<b><u>ASSETS</u></b>				
Cash	15,019,059	8,000,000	7,019,059	See Statement of Cash Flows below
Accounts Receivable, Net	1,318,727	1,459,000	(140,273)	Immaterial
Contributions Receivable - Current	101,263	183,000	(81,737)	Immaterial
Investments	28,586,684	29,889,000	(1,302,316)	Immaterial
Assets Limited as to Use, Current Portion	1,756,882	1,904,000	(147,118)	Immaterial
Prepaid Expenses	<u>409,189</u>	<u>476,000</u>	<u>(66,811)</u>	Immaterial
Current Assets	<u>47,191,804</u>	<u>41,911,000</u>	<u>5,280,804</u>	<b>Subtotal</b>
 Assets Whose Use Is Limited:				
Statutory Operating Reserve	6,232,000	6,232,000	0	Immaterial
Capital Campaign Fund	478,368	0	478,368	Immaterial
Held Under Bond Agreements	7,118,190	5,130,000	1,988,190	Immaterial
Less: Current Portion	<u>(1,756,882)</u>	<u>(1,904,000)</u>	<u>147,118</u>	Immaterial
Assets Whose Use Is Limited, less current	<u>12,071,676</u>	<u>9,458,000</u>	<u>2,613,676</u>	<b>Subtotal</b>
Contributions Receivable, less current	314,532	365,000	(50,468)	Immaterial
Property & Equipment	163,682,573	165,177,000	(1,494,427)	Immaterial
Other Assets	4,000	4,000	0	Immaterial
<b>Total Assets</b>	<u><b>223,264,585</b></u>	<u><b>216,915,000</b></u>	<u><b>6,349,585</b></u>	<b>Subtotal</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>				
Accounts Payable	2,666,111	2,042,000	624,111	Immaterial
Accrued Payroll and Related Items	903,049	885,000	18,049	Immaterial
Accrued Interest Payable	1,756,861	1,751,000	5,861	Immaterial
Current Maturities of LTD	<u>63,819</u>	<u>219,000</u>	<u>(155,181)</u>	Immaterial
Current Liabilities	<u>5,389,840</u>	<u>4,897,000</u>	<u>492,840</u>	<b>Subtotal</b>
Refundable Entry Fees	6,045,940	5,821,000	224,940	Immaterial
Deferred Revenue	54,079,799	54,471,000	(391,201)	Immaterial
Bonds Payable, Net	<u>86,411,364</u>	<u>86,334,000</u>	<u>77,364</u>	Immaterial
<b>Total Liabilities</b>	<u><b>151,926,943</b></u>	<u><b>151,323,000</b></u>	<u><b>603,943</b></u>	<b>Subtotal</b>
 <b><u>Net Assets</u></b>				
Without Donor Restriction	67,684,616	63,998,000	3,686,616	See Operations Statement and Changes in Net Assets The Investment Gains were much higher than expected by approximately \$3.2 Million and the single largest reason for difference.
With Donor Restriction	<u>3,653,026</u>	<u>3,498,000</u>	<u>155,026</u>	Immaterial
<b>Total Net Assets</b>	<u><b>71,337,642</b></u>	<u><b>67,496,000</b></u>	<u><b>3,841,642</b></u>	<b>Subtotal</b>
 <b>Total Liabilities and Net Assets</b>	<u><b>223,264,585</b></u>	<u><b>218,819,000</b></u>	<u><b>4,445,585</b></u>	<b>Total</b>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.**  
**MATERIAL DIFFERENCES**  
**YEAR ENDING DECEMBER 31, 2023**  
**FORECASTED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS COMPARED TO AUDITED FINANCIAL**

	<u>ACTUAL</u>	<u>FORECAST</u>	<u>DIFFERENCE</u>	<u>EXPLANATIONS</u>
				For purposes of this analysis, anything less than 1% of Resident Revenues (\$328,000) is considered immaterial.
<b>Income</b>				
Independent Living	13,251,254	13,829,000	(577,746)	Census for IL was less than expected. In addition, the Community had expected to implement an Early Advantage Plan early in the year. Approval for the Early Advantage Plan did not occur until the end of 2023/start of 2024, so no revenues were realized from that program in 2023.
Assisted Living	2,534,222	2,628,000	(93,778)	Immaterial
HealthCare (including Medicare)	7,953,914	8,413,000	(459,086)	Health Care beds remained out of service longer than expected due to the renovation project resulting in reduced census in both Medicare and Private Pay.
Entrance Fees (Amortized)	6,993,815	6,771,000	222,815	Immaterial
Other Operating Revenue	2,098,223	1,755,000	343,223	Homecare and supply revenue exceeded expectations due to increased census in this area.
Investment Income	4,066,147	1,266,000	2,800,147	Financial Market gains were significantly higher than forecast.
Contributions	1,335,440	275,000	1,060,440	Received a significant estate gift.
Other Income	77,167	0	77,167	Immaterial
Net Assets released from restriction	<u>968,270</u>	<u>189,000</u>	<u>779,270</u>	Forecast was conservative. Actual releases were higher than expected for non-capital items.
<b>Total Support and Revenue</b>	<b>39,278,452</b>	<b>35,126,000</b>	<b>4,152,452</b>	<b>Subtotal</b>
<b>Expenses</b>				
Health Care	9,241,090	8,913,000	328,090	Wage pressures resulted in additional increases for staff. Additionally, staff shortages resulted in using Agency staff to supplement at a higher rate than wages. Despite having reduced census in healthcare, costs were also higher than expected. Multiple items make up the reason for this overage including utility costs (\$75K), Plumbing repairs, HVAC, etc. which were not anticipated.
Maintenance & Operations	4,082,720	3,695,000	387,720	
Housekeeping (including Laundry)	1,646,328	1,845,000	(198,672)	Immaterial
Dining Services	4,044,981	3,858,000	186,981	Immaterial
Administration	3,555,718	3,501,000	54,718	Immaterial
Marketing and Development	1,144,230	1,191,000	(46,770)	Immaterial
Activities & Social Services	1,915,740	1,838,000	77,740	Immaterial
Interest Expense & Fees	2,571,263	3,032,000	(460,737)	Project construction delays resulted in additions being placed in service later than expected which delayed recognition of interest and depreciation expense.
Depreciation and Amortization	5,733,065	5,753,000	(19,935)	Immaterial
<b>Total Expenses</b>	<b>33,935,135</b>	<b>33,626,000</b>	<b>309,135</b>	<b>Subtotal</b>
<b>Operating Income</b>	<b>5,343,317</b>	<b>1,500,000</b>	<b>3,843,317</b>	<b>Subtotal</b>
Loss on Disposal of Property & Equipment	(8,596)	0	(8,596)	Immaterial
Net Assets Released from Restrictions - Capital	<u>2,311,020</u>	<u>2,459,000</u>	<u>(147,980)</u>	Immaterial
<b>Change in Net Assets w/o Donor Restrictions</b>	<b>7,645,741</b>	<b>3,959,000</b>	<b>3,686,741</b>	<b>Subtotal</b>
<b>Net Assets With Donor Restrictions</b>				
Contributions	731,779	0	731,779	Contributions are typically forecast very conservatively. The organization received \$360K in Bequests; \$30K in Campaign Gifts; \$58K in Restricted Gifts for specific projects, \$45K in Memorials, and \$230K in Annual Giving.
Investment Income	243,383	189,000	54,383	Financial Market losses were significantly higher than forecast.
Released from Restrictions - Operations	(3,279,290)	(2,648,000)	(631,290)	Immaterial
<b>Total Change in Net Assets w/Donor Restrictions</b>	<b>(2,304,128)</b>	<b>(2,459,000)</b>	<b>154,872</b>	<b>Subtotal</b>
<b>Change in Net Assets</b>	<b>5,341,613</b>	<b>1,500,000</b>	<b>3,841,613</b>	<b>Total</b>
<b>Net Assets, Beginning</b>	<b>65,996,021</b>	<b>65,996,000</b>	<b>21</b>	
<b>Net Assets, Ending</b>	<b>71,337,634</b>	<b>67,496,000</b>	<b>3,841,634</b>	

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.**  
**MATERIAL DIFFERENCES**  
**YEAR ENDING DECEMBER 31, 2023**  
**FORECASTED STATEMENT OF CASH FLOWS COMPARED TO AUDITED FINANCIAL**

	<u>ACTUAL</u>	<u>FORECAST</u>	<u>DIFFERENCE</u>	<u>EXPLANATIONS</u>
<b><u>CASH FLOWS OPERATING ACTIVITIES</u></b>				
For purposes of this analysis, anything less than 1% of Resident Revenues (\$328,000) is considered immaterial.				
Change in Net Assets				
Depreciation	5,341,621	1,500,000	3,841,621	See notes for Statement of Operations
Amortization of Bond Issuance Costs	5,733,065	5,753,000	(19,935)	Immaterial
Amortization of Bond Premium	54,047	133,000	(78,953)	Immaterial
Capital (gain)/loss on investments	(268,536)	(268,000)	(536)	Immaterial
Loss on Disposal of Property & Equip	(3,231,086)	0	(3,231,086)	Financial Market losses were significantly higher than forecast
Entrance Fees Received, Net of Refunds	8,596	0	8,596	Immaterial
Amortization of Entrance Fees	8,425,300	7,300,000	1,125,300	Entry Fees from sale of Turnover IL Units exceeded Forecast.
(Increase)/Decrease in Net Assets:	(6,993,815)	(6,771,000)	(222,815)	Immaterial
Receivables				
Change in Contributions Receivable, Net	(276,974)	(417,000)	140,026	Immaterial
Prepays	315,627	183,000	132,627	Immaterial
Increase/(Decrease) in Liabilities:	(76,013)	(143,000)	66,987	Immaterial
Accounts payable				
Accrued payroll and related items	840,992	718,000	122,992	Immaterial
Accrued interest payable	172,937	155,000	17,937	Immaterial
Entrance Fee Deposits	5,045	0	5,045	Immaterial
These are deposit on reserved units plus waitlist deposits and were not included in the Forecast.	(469,572)	0	(469,572)	
Net Cash Provided by Operating Activities	<b>9,581,234</b>	<b>8,143,000</b>	<b>1,438,234</b>	<b>Subtotal</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Net Change in Investments	(4,135,362)	(7,672,000)	3,536,638	Forecast assumes a cash balance of \$8 Million and all other gains and losses flow through investments. Additionally, the Financial Market gains exceeded the Forecasted Market.
Purchase of Property and Equipment	(18,617,417)	(20,190,000)	1,572,583	Footnote A
Capitalized Interest		(434,000)	434,000	Footnote A - (Cap Interest not split out on Audited FS)
Net Change in Assets Limited as to Use	<u>1,419,559</u>	<u>1,132,000</u>	<u>287,559</u>	Immaterial
Net Cash Used by Investing Activities	<b>(21,333,220)</b>	<b>(27,164,000)</b>	<b>5,830,780</b>	<b>Subtotal</b>
<b><u>FINANCING ACTIVITIES</u></b>				
Principal Paid on Bonds Payable	0	0	0	Immaterial
Proceeds from Bonds Payable (Taxable Loan)	5,000,000	5,000,000	0	Immaterial
Payments on Bond Issuance Costs	1,970		1,970	Immaterial
Entrance Fees Refunded	(399,426)	0	(399,426)	\$271K of this relates to a resident who passed away within a few months of moving to The Sharon at SouthPark
Net Cash Provided by Financing Activities	<b>4,602,544</b>	<b>5,000,000</b>	<b>(397,456)</b>	<b>Subtotal</b>
Change in Cash	<b>(7,149,442)</b>	<b>(14,021,000)</b>	<b>6,871,558</b>	<b>Subtotal</b>
Cash and Equivalents - Beginning of Yr	<b>23,925,378</b>	<b>23,925,000</b>	<b>378</b>	Immaterial
Cash and Equivalents - End of Year	<b>16,775,936</b>	<b>9,904,000</b>	<b>6,871,936</b>	<b>Total</b>
<b>Supplemental Discl of Cash Flow Info</b>				
Operating Cash and Cash Equivalents	15,019,059	8,000,000	7,019,059	Forecast Model assumes \$8 Million in Cash and all other balance changes roll through Investments.
Restricted Cash incl in Assets Limited as to Use	1,756,877	1,904,000	(147,123)	Immaterial
Total	<b>16,775,936</b>	<b>9,904,000</b>	<b>6,871,936</b>	<b>Total</b>

A Property Plant and Equipment and Assets Whose Use is Limited are significantly influenced by a \$100 Million project and the timing of financing. Construction/Renovation project was delayed several months (years) due to COVID 19, supply chain delays, and a tight labor market. This has created a timing difference in disbursements related to the project, which is grouped with Property and Equipment. This also creates timing differences in using the Construction Funds held from Bond Financing. All Construction Bond Funds were depleted in 2022 and The Sharon at SouthPark began paying from it's own cash reserves.



EXHIBIT C  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC  
(THE SHARON AT SOUTHPARK)  
CONTINUING CARE DISCLOSURE STATEMENT

Unaudited Financial Statement as of March 31, 2024

The Presbyterian Home At Charlotte, Inc.

Balance Sheet

UNAUDITED

	<b>3/31/2024</b>
<b>Assets</b>	
Current Assets	
Cash	16,274,046
Receivables:	
Receivables Residents and Other, Net	1,810,752
Contributions, Current Portion	92,413
Investments	30,141,373
Prepaid Expenses & Other Assets	208,350
Entrance Fee Escrow	-
<b>Total Current Assets</b>	<b>48,526,934</b>
<b>Assets Whose Use Is Limited</b>	
Statutory Operating Reserve	6,232,000
Held Under Bond Agreements	6,238,272
Capital Campaign Fund	466,193
<b>Total Assets Whose Use Is Limited</b>	<b>12,936,465</b>
<b>Contributions Receivable, Net of Current Portion</b>	<b>324,239</b>
<b>Property and Equipment, Net</b>	<b>163,845,530</b>
<b>Total Assets</b>	<b>225,633,168</b>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	2,225,931
Accrued Payroll and Related	1,129,650
Bond Payable, Current Portion	63,819
Accrued Interest Payable	878,423
<b>Total Current Liabilities</b>	<b>4,297,823</b>
<b>Refundable Entrance Fees</b>	<b>6,429,259</b>
<b>Deferred Revenue</b>	<b>54,292,219</b>
<b>Entrance Fee Deposits</b>	<b>840,946</b>
<b>Other Debt</b>	<b>4,930,222</b>
<b>Bonds Payable</b>	<b>81,422,052</b>
<b>Total Liabilities</b>	<b>152,212,521</b>
<b>Net Assets</b>	
<b>Net Assets Without Donor Restrictions:</b>	
Unrestricted - RAF (Beg Balance)	7,303,521
Unrestricted (including Foundation) (Beg Bal)	60,381,095
Net Income Current Year	1,899,867
<b>Net Assets Without Donor Restrictions</b>	<b>69,584,483</b>
<b>Net Assets With Donor Restrictions</b>	
<b>Purpose Restricted Prior Year</b>	<b>921,527</b>
Net Income Current Year - With Donor Restriction	183,137
<b>Purpose Restricted Net Assets</b>	<b>1,104,664</b>
Perpetual In Nature	1,150,928
Perpetual In Nature - RAF	1,580,572
Net Income Current Year - With Donor Restriction	-
<b>Perpetual in Nature</b>	<b>2,731,500</b>
<b>Total Net Assets</b>	<b>73,420,647</b>
<b>Total Liabilities and Net Assets</b>	<b>225,633,168</b>

**The Presbyterian Home at Charlotte, Inc.**  
**Statement of Operations and Changes in Net Assets**  
**3/31/2024**  
**UNAUDITED**

	<b>YEAR TO DATE</b> <b>Actual \$</b>
Revenue Gains and Other Support	
Independent Living	3,578,272
Assisted Living	698,537
Health Care	2,879,537
Early Advantage Revenue	-
Amortization of Earned Entrance Fees	1,792,287
Amortization of Earned Entrance - Fees- Early Advantage	-
Other Resident Service Revenue	564,716
<b>Total Resident Services Revenue</b>	<b>9,513,349</b>
Contributions	2,207
Realized Gain/(Losses)	540,874
UnRealized Gains/(Losses)	1,006,144
Restricted Funds Released	-
<b>Total Revenue, Gains, and Support</b>	<b>11,062,574</b>
Expenses	
Salaries and Wages	3,521,538
Employee Benefits	468,038
Payroll Taxes	231,752
Food and Related Supplies	378,560
Housekeeping and Maintenance	775,520
Utilities and Communication	336,929
Health Care Supplies	377,763
Professional Fees	68,845
Insurance	116,183
Marketing and Development	62,974
Community Service	168,901
Early Advantage Expense	6,654
Supplies and Other Expenses	76,551
COVID 19 Expenses	60
Interest Expense and Fees	904,116
Depreciation	1,668,323
<b>Total Operating Expenses</b>	<b>9,162,707</b>
<b>Operating Income &amp; Excess of Revenues Gains</b>	<b>1,899,867</b>
Loss on Early Extinguishment of Debt and Swap	-
Disposal Loss Fixed Assets	-
<b>Change in Net Assets without Donor Restriction</b>	<b>1,899,867</b>
<b>Net Assets with Donor Restrictions</b>	
Contributions	56,467
Investment Income	126,670
Net Assets Released From Restriction	-
<b>Change in Net Assets with Donor Restriction</b>	<b>183,137</b>
<b>Total Change in Net Assets</b>	<b>2,083,004</b>

**The Presbyterian Home at Charlotte, Inc.**  
**Statement of Cash Flows**  
**3/31/2024**  
**UNAUDITED**

<b>Cash Flows From Operating Activities</b>	<b>2,083,004</b>
<b>Change in Net Assets</b>	<b>2,083,004</b>
Adjustments to Reconcile Increase in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	1,668,323
Amortization of Bond Issuance Cost	14,004
Amortization of Bond Premium	(67,134)
Unrealized (Gains) Losses on Investments	(1,068,021)
Realized (Gains) Losses on Investments	(253,318)
(Gain)/Loss on Sale of Equipment	-
(Gain)/Loss on Disposal of Equipment	-
Entry Fees Received - Turnover	2,882,142
Amortization of Deferred Revenue from Entrance Fees	(1,792,287)
(Increase)/Decrease in Assets:	
Accounts Receivable	(492,025)
Contributions Receivable	(857)
Prepaid Expense and other Assets	200,839
Increase/(Decrease) in Liabilities:	
Account Payable	(440,180)
Accrued Payroll and Related Items	226,601
Accrued Interest	(878,438)
Entrance Fee Deposits (Wait List)	(36,489)
<b>Net Cash Provided by Operating Activities</b>	<b>2,046,164</b>
<b>Cash Flows From Investing Activities</b>	
Proceeds from Sales/(Purchases) of Investments	(233,350)
Change in Assets Whose Use is Limited	892,093
Purchases of Property and Equipment	(1,827,280)
<b>Net Cash Used in Investing Activities</b>	<b>(1,168,537)</b>
<b>Cash Flows from Financing Activities</b>	
Debt Paymets	(5,959)
New Refundable Entry Fees (50% & 90%)	383,319
Entry Fees Refunded on Refundable Entry Fees (50 & 90%)	-
<b>Net Cash Used by Financing Activities</b>	<b>377,360</b>
<b>Net Increase (Decrease) in Cash</b>	<b>1,254,987</b>
Cash	
Beginning	15,019,059
Ending (agrees to balance Sheet Cash)	16,274,046

EXHIBIT D  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC  
(THE SHARON AT SOUTHPARK)  
CONTINUING CARE DISCLOSURE STATEMENT

FIVE-YEAR PROJECTED STATEMENTS OF SUPPORT, OPERATING  
REVENUES, EXPENSES AND FUND BALANCES  
FOR THE CALENDAR YEARS 2024-2028

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
D/B/A THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION**

**PROJECTED CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

**FOR THE FIVE YEARS ENDING  
DECEMBER 31, 2024, THROUGH DECEMBER 31, 2028**



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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
The Presbyterian Home at Charlotte, Inc.  
d/b/a The Sharon at SouthPark and The Sharon Foundation  
Charlotte, North Carolina

Management is responsible for the accompanying projected consolidated financial statements of The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark (the "Sharon at SouthPark" or the "Home") and The Sharon Foundation (the "Foundation"), which comprise the projected consolidated balance sheets as of December 31, 2024, 2025, 2026, 2027 and 2028, and the related projected consolidated statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with 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 consolidated 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 consolidated 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") occur 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 projected 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 Home's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
May 21, 2024



**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS  
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6  
FOR THE FIVE YEARS ENDING DECEMBER 31,  
(000'S OMITTED)**

	2024	2025	2026	2027	2028
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>					
Independent Living	\$ 14,752	\$ 15,490	\$ 16,110	\$ 16,593	\$ 17,091
Assisted Living	2,739	2,876	2,991	3,081	3,173
Health Care	7,756	9,261	9,716	10,206	10,753
Medicare	4,189	4,274	4,317	4,360	4,405
Early Advantage Revenue	60	250	426	615	778
Amortization of Entrance Fees	6,665	6,798	6,934	7,073	7,214
Amortization of Entrance Fees - Early Advantage	53	120	194	269	301
Pharmacy, Rents, and Other Revenue	2,221	2,291	2,364	2,438	2,515
Investment Income	1,544	1,870	2,080	2,313	2,563
Contributions	275	275	275	275	275
Net Assets Released from Restrictions for Operations	146	146	146	146	146
<b>Total Revenue, Gains, and Other Support</b>	<b>40,400</b>	<b>43,651</b>	<b>45,553</b>	<b>47,369</b>	<b>49,214</b>
<b>EXPENSES</b>					
Healthcare	9,637	11,179	12,072	12,635	13,273
Maintenance and Operations	3,912	4,068	4,210	4,336	4,466
Housekeeping and Laundry	1,895	1,971	2,040	2,101	2,164
Dining Services	4,500	4,680	4,844	4,989	5,139
Administration	3,850	4,004	4,144	4,268	4,396
Marketing and Development	1,257	1,307	1,353	1,394	1,436
Activities and Social Services	1,288	1,340	1,387	1,429	1,472
Community Service	700	728	753	776	799
Early Advantage Expense	13	27	28	30	31
Interest	3,814	3,808	3,751	3,691	3,631
Interest - Amortization of Issuance Costs	56	56	56	56	56
Interest - Amortization of Bond Premium	(269)	(269)	(269)	(269)	(269)
Depreciation	6,507	6,496	6,691	6,892	7,099
<b>Total Operating Expenses</b>	<b>37,160</b>	<b>39,395</b>	<b>41,060</b>	<b>42,328</b>	<b>43,693</b>
Excess of Revenues, Gains and Other Support Over Expenses	3,240	4,256	4,493	5,041	5,521
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ 3,240</b>	<b>\$ 4,256</b>	<b>\$ 4,493</b>	<b>\$ 5,041</b>	<b>\$ 5,521</b>

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

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
PROJECTED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6  
FOR THE FIVE YEARS ENDING DECEMBER 31,  
(000'S OMITTED)**

	2024	2025	2026	2027	2028
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Excess of Revenues, Gains and Other Support Over Expenses	\$ 3,240	\$ 4,256	\$ 4,493	\$ 5,041	\$ 5,521
<b>Change in Net Assets Without Donor Restrictions</b>	<b>3,240</b>	<b>4,256</b>	<b>4,493</b>	<b>5,041</b>	<b>5,521</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Investment Income on Donor Restricted Funds	146	146	146	146	146
Net Assets Released From Donor Restrictions for Operations	(146)	(146)	(146)	(146)	(146)
<b>Change in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>3,240</b>	<b>4,256</b>	<b>4,493</b>	<b>5,041</b>	<b>5,521</b>
<b>Net Assets, Beginning of Year</b>	<b>71,338</b>	<b>74,578</b>	<b>78,834</b>	<b>83,327</b>	<b>88,368</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 74,578</b>	<b>\$ 78,834</b>	<b>\$ 83,327</b>	<b>\$ 88,368</b>	<b>\$ 93,889</b>

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

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS  
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6  
FOR THE FIVE YEARS ENDING DECEMBER 31,  
(000'S OMITTED)**

	2024	2025	2026	2027	2028
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 3,240	\$ 4,256	\$ 4,493	\$ 5,041	\$ 5,521
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:					
Earned Entrance Fees	(6,665)	(6,798)	(6,934)	(7,073)	(7,214)
Earned Entrance Fees - Early Advantage	(53)	(120)	(194)	(269)	(301)
Entrance Fees Received from Turnover, Net of Refunds	8,225	8,383	8,971	9,293	9,571
Entrance Fees Received from Turnover, Net of Refunds - Early Advantage	648	785	810	768	140
Depreciation	6,507	6,496	6,691	6,892	7,099
Amortization of Bond Issuance Costs Included in Interest Expense	56	56	56	56	56
Amortization of Bond Premium	(269)	(269)	(269)	(269)	(269)
Change in Contributions Receivable	104	104	104	104	-
Net Change in Current Assets:					
Accounts Receivable	(332)	(142)	(78)	(73)	(75)
Prepaid Expenses	(110)	(43)	(29)	(21)	(25)
Net Change in Current Liabilities:					
Accounts Payable	77	230	159	118	130
Accrued Payroll	133	83	53	35	36
<b>Net Cash Provided by Operating Activities</b>	<b>11,561</b>	<b>13,021</b>	<b>13,833</b>	<b>14,602</b>	<b>14,669</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Change in Investments	(7,933)	(4,785)	(5,468)	(5,982)	(6,292)
Net Purchases of Property and Equipment - Routine	(8,248)	(4,850)	(4,900)	(5,047)	(5,198)
Net Change in Assets Limited as to Use	(1,622)	(1,616)	(1,631)	(1,682)	(1,104)
<b>Net Cash Used in Investing Activities</b>	<b>(17,803)</b>	<b>(11,251)</b>	<b>(11,999)</b>	<b>(12,711)</b>	<b>(12,594)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Principal Payments on Long-Term Debt	(64)	(1,835)	(1,889)	(1,948)	(2,007)
<b>Net Cash Used in Financing Activities</b>	<b>(64)</b>	<b>(1,835)</b>	<b>(1,889)</b>	<b>(1,948)</b>	<b>(2,007)</b>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(6,306)</b>	<b>(65)</b>	<b>(55)</b>	<b>(57)</b>	<b>68</b>
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<b>16,776</b>	<b>10,470</b>	<b>10,405</b>	<b>10,350</b>	<b>10,293</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR</b>	<b>\$ 10,470</b>	<b>\$ 10,405</b>	<b>\$ 10,350</b>	<b>\$ 10,293</b>	<b>\$ 10,361</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>					
Cash Paid for Interest	\$ 3,814	\$ 3,808	\$ 3,751	\$ 3,691	\$ 3,631
<b>Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash</b>					
Cash and Cash Equivalents	\$ 7,688	\$ 7,626	\$ 7,574	\$ 7,519	\$ 7,589
Restricted Cash	2,782	2,779	2,776	2,774	2,772
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ 10,470</b>	<b>\$ 10,405</b>	<b>\$ 10,350</b>	<b>\$ 10,293</b>	<b>\$ 10,361</b>

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

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK  
AND THE SHARON FOUNDATION  
PROJECTED CONSOLIDATED BALANCE SHEETS  
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6  
AT DECEMBER 31,  
(000'S OMITTED)**

	2024	2025	2026	2027	2028
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 7,688	\$ 7,626	\$ 7,574	\$ 7,519	\$ 7,589
Accounts and Other Receivable	1,651	1,794	1,872	1,945	2,020
Current Portion of Contributions Receivable	104	104	104	-	-
Investments	36,520	41,305	46,773	52,755	59,047
Assets Limited as to Use, Current Portion	2,782	2,779	2,776	2,774	2,772
Prepaid Expenses	519	562	591	612	637
<b>Total Current Assets</b>	<b>49,264</b>	<b>54,170</b>	<b>59,690</b>	<b>65,605</b>	<b>72,065</b>
<b>ASSETS LIMITED AS TO USE</b>					
Statutory Operating Reserve	6,854	7,420	7,801	8,083	8,387
Capital Campaign Fund	478	478	478	478	478
Debt Service Reserve Fund	5,361	5,361	5,361	5,361	5,361
Internally Designated - Early Advantage Program	1,000	2,050	3,300	4,700	5,500
Bond Fund	2,782	2,779	2,776	2,774	2,772
<b>Total Assets Limited as to Use</b>	<b>16,475</b>	<b>18,088</b>	<b>19,716</b>	<b>21,396</b>	<b>22,498</b>
Less: Current Portion	(2,782)	(2,779)	(2,776)	(2,774)	(2,772)
<b>Total Assets Limited as to Use, Less Current Portion</b>	<b>13,693</b>	<b>15,309</b>	<b>16,940</b>	<b>18,622</b>	<b>19,726</b>
<b>CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION</b>	<b>208</b>	<b>104</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROPERTY AND EQUIPMENT, NET</b>					
Property and Equipment	214,801	219,651	224,551	229,598	234,796
Less: Accumulated Depreciation	(49,377)	(55,873)	(62,564)	(69,456)	(76,555)
<b>Net Property and Equipment</b>	<b>165,424</b>	<b>163,778</b>	<b>161,987</b>	<b>160,142</b>	<b>158,241</b>
<b>OTHER ASSETS</b>					
	4	4	4	4	4
<b>Total Assets</b>	<b>\$ 228,593</b>	<b>\$ 233,365</b>	<b>\$ 238,621</b>	<b>\$ 244,373</b>	<b>\$ 250,036</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 2,741	\$ 2,968	\$ 3,121	\$ 3,231	\$ 3,350
Accrued Expenses	1,038	1,125	1,184	1,227	1,274
Accrued Interest Payable	1,758	1,758	1,758	1,758	1,758
Current Maturities of Long-Term Debt	1,835	1,889	1,948	2,007	2,092
<b>Total Current Liabilities</b>	<b>7,372</b>	<b>7,740</b>	<b>8,011</b>	<b>8,223</b>	<b>8,474</b>
<b>REFUNDABLE ENTRANCE FEES</b>	<b>5,697</b>	<b>5,266</b>	<b>4,809</b>	<b>4,389</b>	<b>3,956</b>
<b>REFUNDABLE ENTRANCE FEES - EARLY ADVANTAGE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED REVENUE</b>	<b>55,111</b>	<b>57,127</b>	<b>59,621</b>	<b>62,261</b>	<b>65,051</b>
<b>DEFERRED REVENUE - EARLY ADVANTAGE</b>	<b>595</b>	<b>1,260</b>	<b>1,876</b>	<b>2,375</b>	<b>2,214</b>
<b>ENTRANCE FEE DEPOSITS</b>	<b>877</b>	<b>877</b>	<b>877</b>	<b>877</b>	<b>877</b>
<b>BONDS PAYABLE</b>					
Long-Term Debt, Net of Current Portion	79,041	77,152	75,204	73,197	71,105
Deferred Financing Costs	(1,368)	(1,312)	(1,256)	(1,200)	(1,144)
Unamortized Bond Premium	6,690	6,421	6,152	5,883	5,614
<b>Net Long-Term Debt</b>	<b>84,363</b>	<b>82,261</b>	<b>80,100</b>	<b>77,880</b>	<b>75,575</b>
<b>Total Liabilities</b>	<b>154,015</b>	<b>154,531</b>	<b>155,294</b>	<b>156,005</b>	<b>156,147</b>
<b>NET ASSETS</b>					
Net Assets Without Donor Restrictions	70,925	75,181	79,674	84,715	90,236
Net Assets With Donor Restrictions	3,653	3,653	3,653	3,653	3,653
<b>Total Net Assets</b>	<b>74,578</b>	<b>78,834</b>	<b>83,327</b>	<b>88,368</b>	<b>93,889</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 228,593</b>	<b>\$ 233,365</b>	<b>\$ 238,621</b>	<b>\$ 244,373</b>	<b>\$ 250,036</b>

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

**BACKGROUND AND INFORMATION**

**Basis of Presentation**

The accompanying financial projection presents, to the best of the knowledge and belief of management (“Management”) of The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark, a North Carolina nonprofit corporation (“The Sharon at SouthPark”, the “Home”, or the “Corporation”), and The Sharon Foundation (the “Foundation”), collectively the “Organization”, the Organization’s expected consolidated financial position, results of operations and cash flows as of December 31, 2024, 2025, 2026, 2076 and 2028 and for each of the five years then ending (the “Projection Period”).

A projection 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 a “Hypothetical Assumption” 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 assumptions (the “Hypothetical Assumptions”) are as follows:

- Management is able to achieve the projected occupancies, operating revenue inflationary rate increases and operating expense inflationary increases, as described hereinafter;
- Management is able to market and achieve the projected fill-up and occupancy levels of the early advantage program (the “Early Advantage Program” or “EAP”), as projected;
- Adequate demand exists to support the projected the EAP utilization and staffing;
- The EAP is able to achieve the pricing, entrance fee plan selection, and service plan selection mix, as projected; and
- Management operates the EAP as projected.

Accordingly, the financial projection reflects Management’s judgment as of May 21, 2024, the date of this projection, of the expected conditions and its expected course of action during the Projection Period. The assumptions disclosed herein are the assumptions which Management believes are significant to the financial projection. There usually will be differences between the 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.

***The accompanying projection information and the 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 Sharon at SouthPark’s disclosure statement filing) and is not intended to be and should not be used, by anyone other than these specified parties.***

**BACKGROUND AND INFORMATION (CONTINUED)**

**Background of The Sharon at SouthPark**

The Corporation is a North Carolina nonprofit corporation that was organized in 1964. The Corporation owns and operates a single-site "Life Plan Community" known as "The Sharon at SouthPark" which is located at 5100 Sharon Road, Charlotte, North Carolina approximately seven miles south of center city Charlotte in the residential and commercial area known as SouthPark. The Corporation has been determined by the Internal Revenue Service to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Sharon at SouthPark is governed by an 18-to-24-person board of directors, divided into three classes and elected for three-year terms by the Presbytery of Charlotte. A director may serve two consecutive full terms. The Corporation's policy is that one resident, nominated by the general resident population, serve in each class. No director is an employee of the Corporation, nor do they receive any compensation for their service. The Presbytery of Charlotte is organized and exists under the authority of the constitution of the Presbyterian Church (U.S.A.). Nevertheless, neither the Presbyterian Church (U.S.A.), the Presbytery of Charlotte (or its successor) nor any general assembly, board, synod, presbytery, session, church, congregation, or agency thereof has any financial or managerial responsibility for the business or affairs of The Sharon at SouthPark other than the election of its directors as described above.

The Corporation opened the "East Tower" of The Sharon at SouthPark and a "Health Center" in 1969. The "West Tower," "South Wing," and additional nursing beds were added in 1974, 1978 and 1985, respectively. There are two assisted living units in the West Tower which opened in November 1994 and May 1996. The "North Terrace" and an aquatics facility opened in 1999, and the "South Terrace" opened in 2003. "Magnolia Villa I and Magnolia Villa II opened in 2017 and 2018, respectively. The "South Wing Expansion" completed in late 2021 relocated 14 beds from the "Core Health Center Building" and officially began accepting residents in January 2022. The "Deerwood Independent Living Building," which is a five-story building containing 42 independent living apartments, is the most recent expansion at The Sharon at SouthPark and opened in 2022. In 2023, The Sharon at SouthPark completed renovations and upgrades to the dining and amenities spaces and the health care center.

The Corporation has also added cottages at the community at various times. The Corporation initiated a cottage renewal program in 2004, leading to the extensive renovation or expansion of vacated cottages. The Corporation demolished certain old cottages when permitted by zoning restrictions and built larger cottages with enhanced floor plans.

**Background of The Sharon Foundation**

In May 2021, The Sharon Foundation (the Foundation) was incorporated. The Foundation is an affiliated corporate entity of The Sharon at SouthPark and has been established as a separate 501(c)(3) charitable organization. The Foundation is organized as a supporting organization that supports the mission of The Sharon at SouthPark by furthering its financial assistance and fundraising goals.

**BACKGROUND AND INFORMATION (CONTINUED)**

**Existing Facilities**

The Sharon at SouthPark currently maintains seven residential towers (one ten-story, three six-story, one five-story, and two three-story) surrounded by freestanding or paired cottages on approximately 28 wooded acres. The Sharon at SouthPark' campus is surrounded by single-family neighborhoods on its west, south, and north boundaries. Sharon Road separates the eastern boundary of the campus and across the road are two condominium complexes and Sharon Presbyterian Church.

***Independent Living Units***

The independent living units of The Sharon at SouthPark consist of 109 apartments, 33 cottage units, 74 terrace units, 36 villa units (the "Independent Living Units"). As of December 31, 2023, 12 Independent Living were offline and Management has projected they will remain offline during the Projection Period.

Apartment floor plans vary depending on location and include studio, one-, two-, and three-bedroom units, with either one or two bathrooms. Each unit, with the exception of studios, features a living room, one or two bathrooms, carpeting and a fully-equipped kitchen. All independent units have individually controlled heating and air conditioning, cable television and telephone hook-ups, and a 24-hour fire, safety, and medical emergency call system. Most of the independent living units are equipped with microwave ovens and washer/dryers. Residents may be directly admitted into this level of care from the outside community under a Residency Agreement, as defined hereinafter.

The buildings that make up the main building complex, located in the center of the campus, are physically connected and do not require walking outside in order to get from one building to another. These are the East Tower, West Tower, North Terrace, South Terrace, and the core connector building with its south wing and south wing expansion. The core connector building (the "Core Building") is a four-story building that connects the East Tower and West Tower lobbies. The kitchen and dining facilities are located on the main level, the Health Center on the upper two floors, and a wellness clinic, multipurpose room, and salon and spa on the lower level.

The East Tower consists of seven stories, one of which is located underground. The West Tower is six stories in height, all above ground. These towers house numerous resident amenity spaces including resident storage, a resident-run resale shop, a library, an arts and crafts room, the main lobby and a common living room known as the "Harris Towne Center," as well as support services including maintenance, housekeeping, laundry facilities and some management offices.

The North Terrace and South Terrace buildings, connected to the East Tower on the north and south sides, house larger independent living apartments. The North Terrace is five stories tall with five apartments per floor. Parking is provided under the building. Similar in square footage and floor plans to the North Terrace, the South Terrace is 10 stories tall and has five apartments per floor, with the exception of the 10th floor, where a community room overlooks the Charlotte skyline. Parking for the South Terrace is located in an adjacent parking deck.

The Corporation also has independent living accommodations known as the "Magnolia Villas" which are separate from the main tower buildings. Each Magnolia Villa houses eighteen residential apartments (six per floor), a community room and underbuilding parking.

The Corporation has 33 independent living cottages in operation.

**BACKGROUND AND INFORMATION (CONTINUED)**

In 2022, the Corporation completed construction and filled The Deerwood, a five-story 42-unit independent living building with underbuilding parking.

*Assisted Living Care*

The Corporation currently operates the “Assisted Living Unit” or the “Azalea West Assisted Living Unit” which is located on the second and third floors of the West Tower. The Azalea West Assisted Living Unit includes 40 licensed assisted living beds total, each licensed as “Adult Care,” of which 38 private units are operational (the “Assisted Living Units”), with additional memory support care, where needed, but are not licensed as special care units for residents with dementia. Each resident room is private with a private bathroom, including shower, and is equipped with individually controlled heating and air-conditioning, cable hook-ups, a phone jack, and an emergency call system. Assisted living residents receive nursing staff attention daily. Residents also receive assistance with medication, bathing, dressing, and grooming; linen and housekeeping service; activities and social service programs; and meals three times per day. Residents may be directly admitted into this level of care from the outside community under a Residency Agreement, as defined hereinafter. The Assisted Living Units are not Medicare or Medicaid certified.

*Nursing Care*

The “Health Center” includes 96 licensed nursing care beds (“Nursing Beds”). The Health Center consists of two units located on the second and third floors of the Core Building and South Wing Expansion. The second floor houses 48 long-term care beds programmed for residents with dementia and is secured with magnetic locks, but is not licensed as special care units for residents with dementia. The third floor houses 29 long-term health care beds programmed for alert and oriented residents and 19 Medicare-certified short-term rehabilitation beds. Each resident room is private. 34 resident rooms have a semi-private toilet room. The remaining resident rooms are private with a private toilet room and/or shower. The Health Center provides nursing care residents 24-hour supervision and assistance in activities of daily living and health-related care. Bathing facilities, a dining room, salon and spa, therapy gym, and common rooms are also included in this area. Residents may be directly admitted into this level of care from the outside community under a Residency Agreement for 62 of the 96 beds. No portion of the Health Center is Medicaid certified.

*Home Care Services*

The Corporation is licensed by the North Carolina Department of Health and Human Services (“NCDHHS”) to operate a “Home Care Agency.” Home Care Agency services provided include nursing care, in-home aide, medical social services, companion, sitter, and respite care. Home Care Agency services are administered through the Wellness Clinic for an additional charge. The Corporation’s Home Care Agency services are not Medicare or Medicaid certified.

*Common Areas*

The common areas are located throughout the main buildings. They serve as gathering places for residents and include a wellness clinic, physician’s clinic, aquatics center, chapel, mail room, dining rooms, multi-purpose rooms, convenience store, lounges, central kitchen, private dining room, library, an arts and crafts room, administration areas, common rooms for activities and social interactions, resident storage spaces, exercise room, and salon facilities. The Sharon at SouthPark may also provide facilities for the sale of sundry items and other amenity areas dependent on The Sharon at SouthPark’ determination of demand or the availability of providers.



**BACKGROUND AND INFORMATION (CONTINUED)**

**Expansion Plans**

The Sharon at SouthPark' Board of Directors approved a long-range campus plan (the "Plan") located along the north portion of its campus as well as 2.5 acres of contiguous property purchased in 2014. The primary goal of the Plan is to revitalize the community through a variety of improvements that are centered around resident care, independence, and choice, while positioning The Sharon at SouthPark for the next generation of residents.

The Sharon at SouthPark received Charlotte's City Council's unanimous rezoning approval of this multi-phased plan in September of 2018.

The first phase of the Plan (known as "Phase 1") addresses existing facilities and calls for improvements, via expansion and renovation, of the core building connector which houses both residential amenity spaces, dining facilities, and health care. Phase 1 also included entrance intersection improvements, physical plant improvements, and the creation of a park open to the public and located on Sharon Road.

The Deerwood apartments, which were part of Phase 1, were completed and placed into service in 2022 and the apartments range in size from approximately 1,000 to 2,148 heated square feet with each apartment having a private terrace. The final part of Phase 1, which involved the renovations and expansion of dining and amenities spaces and the health care was completed in November 2023.

Phase 2 of the Plan is currently being explored and includes the addition of a second five-story independent living building with approximately 32 apartments, a fitness facility, a mixed-use area to include a restaurant and a small amount of retail and office space with an additional 56 independent living apartments above. **Although the Plan ultimately anticipates Phase 2, the timing of Phase 2 is subject to variation and the scope of Phase 2 can change materially from what is planned at this time. Phase 2 has, therefore, been excluded from Management's Projection.**

**The Sharon at SouthPark: Early Advantage Program**

In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the State to offer "continuing care services without lodging." The Sharon at SouthPark received approval in 2023 from the North Carolina Department of Insurance to offer its early advantage program (the "Early Advantage Program" or "EAP") that will offer such services, as more fully described hereinafter.

**See the disclosure statement for more information regarding the contractual components of EAP and the actual contract for such services.**

The Sharon at SouthPark offers a residency option to those already on the future residency list for The Sharon at SouthPark who may not want to physically reside on our campus through the Early Advantage Program. The Early Advantage Program member can continue to live in his/her current home but have access to The Sharon at SouthPark's amenities, assisted living, skilled nursing and other wellness programs. The Early Advantage Program is offered to qualified members of the future residency program list on a space available basis.

This residency status allows one to become a resident of The Sharon at SouthPark with access to campus amenities, and ensures access to future health care services as needed, while remaining in his/her current home and creating a high priority position for a potential future move onto the campus at

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**BACKGROUND AND INFORMATION (CONTINUED)**

a later date. The Early Advantage Program resident may also move into The Sharon at SouthPark if he/she so chooses. Once one becomes a resident of The Sharon at SouthPark, whether living on campus or through The Early Advantage Program, he/she has equal access to all common areas of campus, equal standing as members of the Resident’s Council and equal access to The Sharon at SouthPark’s health care facilities. This equal standing provides Early Advantage Program residents with priority over future residency list members for contracts for continuing care, Early Advantage Program residents who wish to occupy a living unit in the facility under the terms of the contract for continuing care must apply for, and upon acceptance, sign an on-campus Resident’s Agreement.

Revenue and expenses related to the Early Advantage Program are reported separately on the projected consolidated financial statements for this projection, as is required by the North Carolinas Department of Insurance. However, to the extent that Management has projected members of the Early Advantage Program becoming residents of The Sharon at SouthPark and in need of healthcare services, those revenues and expenses have been included in assisted living revenues or health care revenues and healthcare expenses.

The following table summarizes the monthly service fees and membership fees for the Early Advantage Program in 2024 dollars, the opening year of the Early Advantage Program.

**Table 1  
The Early Advantage Program  
Fee Schedule (2024 Dollars)**

	<b>Advance Fee</b>	<b>Monthly Fee</b>
Early Advantage Member - First Person	\$ 25,000	\$ 425
Early Advantage Member - Second Person	\$ 25,000	\$ 425
Early Advantage Member - Assisted Living		\$ 6,722
		<b>Per Diem</b>
Early Advantage Member - Skilled Living		\$ 317

Source: Management

**See Accompanying Independent Accountants’ Compilation Report**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Corporation maintains its accounting and financial records using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

**Principles of Consolidation**

The consolidated financial statements include the accounts of The Sharon at SouthPark, which includes The Sharon at SouthPark Residents' Assistance Fund, and the Foundation. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

**Performance Indicator**

The projected consolidated statements of operations include a measurement of excess of revenue, gains, and other support over expenses as a performance indicator. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include net assets released from restriction for capital, as well as capital contributions.

**Resident Revenue**

Resident services revenue is reported at the amount that reflects the consideration to which The Sharon at SouthPark expects to be entitled in exchange for providing resident care. These amounts are due from residents, 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 Sharon at SouthPark bills the residents and third-party payors several days after the services are performed. Private pay residents are pre-billed for the following month's service fee. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by The Sharon at SouthPark. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Sharon at SouthPark 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 Sharon at SouthPark considers monthly rental for residential 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 residents and customers in a retail setting (for example, gift shop and meals) and The Sharon at SouthPark 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 Sharon at SouthPark 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.

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**See Accompanying Independent Accountants' Compilation Report**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Sharon at SouthPark 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 Sharon at SouthPark' policy, and/or implicit price concessions provided to residents. The Sharon at SouthPark determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Sharon at SouthPark 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

The Sharon's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility was paid under the Medicare Prospective Payment System (PPS) for residents who were Medicare Part A eligible and met the coverage guidelines for skilled nursing facility services. The PPS was a per diem price-based system. CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduces 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.

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 Sharon at SouthPark' 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.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Sharon at SouthPark estimates the transaction price for residents 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.

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## **Summary of Significant Projection Assumptions and Accounting Policies**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

#### **Cash and Cash Equivalents**

The Corporation considers cash and cash equivalents to include all cash on hand and all highly liquid investments, which includes certificates of deposit that range from three to twelve months in maturity.

#### **Accounts Receivable**

Resident accounts receivable primarily consist of resident monthly service fees and other resident charges and are shown at net realizable value less an estimated allowance for credit losses. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, analysis of payor source and aging of receivable, and future economic conditions and market trends.

#### **Contributions Receivable**

Contributions receivable consists of pledges for the Capital Campaign that Management has projected would be collected during the Projection Period.

#### **Investments**

Investments in equity and debt securities are measured at fair value in the accompanying projected consolidated financial statements. Investment income (including realized gains and losses on investments, interest, and dividends) is included in operating income unless the income is restricted by donor or law. Investments include The Sharon at SouthPark' Residents' Assistance Fund, a revocable trust fund that was established in 1981 primarily to provide for a portion of the cost of resident care for those who are unable to pay the full cost of care from their own resources or who without the waiver of Entry Fees (the "Entry Fee") would not financially qualify. The Board of Directors may elect to use the unrestricted portion of the fund to meet operating expenses of The Sharon at SouthPark or for other charitable purposes. The donor restricted amounts are contained in both investments and net assets with donor restrictions on the consolidated projected balance sheets. As of December 31, 2023, the Residents' Assistance Fund approximated \$15,788,726 of which, approximately \$1,652,368 is in net assets with donor restrictions. Management has not projected any change during the Projection Period.

#### **Property and Equipment**

Property is recorded at cost if purchased or fair market value if donated, subject to a \$2,000 capitalization policy. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

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**See Accompanying Independent Accountants' Compilation Report**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets Limited as to Use**

Assets limited as to use include the operating reserve required by the North Carolina Department of Insurance, proceeds from the capital campaign for campus enhancements, certain Board designated funds, and funds held by a trustee under debt-related agreements.

**Bond Issuance Costs**

Debt issuance costs are presented in the projected consolidated balance sheets as a deduction from the carrying amount of the related liability, rather than as a deferred charge asset. In addition, amortization expense associated with the debt issuance costs is shown as a component of interest expense which approximates \$56,000 in all years of the Projection Period.

**Entry Fees**

The Reservation Agreement (the "Reservation Agreement") is entered into at the time a prospective resident pays a deposit equal to 10 percent of the published Entry Fee. Upon move-in, the Residency Agreement is entered into and specifies the services to be provided by The Sharon at SouthPark and the respective rights and duties of The Sharon at SouthPark and resident. The liability associated with these advance deposits is reported as entrance fee deposits in the accompanying projected consolidated balance sheets. The nonrefundable portion of the Entry Fees are amortized and recognized as income over the estimated life expectancy of the resident. The straight-line method of amortization is used.

The Sharon at SouthPark offers a Standard Entry Fee Refund Plan in which Entry Fees may be refunded on a pro rata basis to residents vacating a unit in the first 12 months of occupancy, as outlined within the disclosure statement. Subsequently, the refund amount is zero. Once a unit is occupied, Entry Fees are recorded as deferred revenue.

The Sharon at SouthPark also offers, subject to availability, the 50% Refund Entry Fee Option and the 90% Refund Entry Fee Option. Under these plans, a new resident can elect to pay a higher Entry Fee, a portion of which is refundable when the unit is vacated. The refundable fees under this option are classified in the accompanying projected consolidated balance sheets as refundable entrance fees with the non-refundable portion being classified as deferred revenue.

Payment of the refund due is subject to The Sharon at SouthPark' ability to resell a comparable unit.

**Net Assets**

The projected consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and which are available for use in general operations, including any funds designated by the board of directors for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that are

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**See Accompanying Independent Accountants' Compilation Report**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

either restricted in perpetuity, time restricted, or restricted for certain purposes. A donor's restriction is met when a stipulated time restriction ends or a special purpose restriction is accomplished. When a donor restriction no longer applies, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the projected consolidated statements of operations as net assets released from restrictions. Net assets with donor restrictions also includes those net assets which have been restricted by donors to be maintained by The Sharon at SouthPark in perpetuity. Donors permit The Sharon at SouthPark to utilize investment earnings generated by the related assets.

**Estimated Obligation to Provide Future Services**

Management offers a limited discount relating to the first 90 days of a nursing stay. As a result, Management does not project a liability related to the obligation to provide future services during the Projection Period.

**Income Tax Status**

The Sharon at SouthPark and the Foundation are organized as a non-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and under similar state statutes. Accordingly, no provision for income taxes is included in the accompanying projected consolidated statements of operations and projected consolidated changes in net assets.

**Use of Estimates**

The preparation of projected consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 projected financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Risks and Uncertainties**

The Corporation holds investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. While no changes in investments have been projected, due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will continue to occur in the near term and that such changes could materially affect the Corporation's investment balances and the amounts reported in the projected consolidated balance sheets of The Sharon at SouthPark.

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE**

Revenue for The Sharon at SouthPark is generated primarily from Monthly Service Fees for the Independent Living Units and Assisted Living Units, amortization of Entry Fees, and per diem charges for the Nursing Beds.

Revenue for the Independent Living Units is based on the Monthly Service Fees assumed by Management to be charged to the residents and the assumed utilization of the Independent Living Units. Health Center revenues consist of income generated from services provided to residents transferring from the Independent Living Units, and those services provided to direct admission residents.

**Projected Occupancy Levels**

Projected occupancy for The Sharon at SouthPark' Independent Living Units is based upon the historical experience of Management, giving consideration to current economic conditions and expectations of ongoing success in its marketing activities.

Occupancy of the Assisted Living Units and Nursing Beds is projected to be from transfers from Independent Living Units as well as a limited number of direct admissions. Nursing bed occupancy is based primarily on internal transfers from both Independent Living Units and Assisted Living Units. Projected resident transfers from independent living to assisted living or nursing have been provided by Management.

The following table presents the projected occupancy for the Independent Living Units, as projected by Management.

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**Table 2**  
**Projected Utilization of the Independent Living Units**

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Year Ending December 31,	Average Available Units	Average Occupied Units	Average Occupancy
2024	252	243	96.4%
2025	252	243	96.4%
2026	252	243	96.4%
2027	252	243	96.4%
2028	252	243	96.4%

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Source: Management

Management has assumed double occupancy during the Projection Period of approximately 30% based upon historical performance of The Sharon at SouthPark.

Management has included in independent living revenues on the projected consolidated statements of operations a net reduction of revenues of approximately \$800,000 in fiscal year 2024, and inflated at the annual inflationary rates stated hereinafter for each year of the Projection Period, related to projected charity care for independent living residents.

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**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT’S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

The following table outlines the projected utilization of the Assisted Living Units and Nursing Beds:

**Table 3  
Projected Utilization of the Assisted Living Units and Nursing Beds**

Year Ending December 31,	Assisted Living Units		
	Average Available Units	Average Occupied Units	Average Occupancy
2024	38.0	34.1	89.7%
2025	38.0	34.1	89.7%
2026	38.0	34.1	89.7%
2027	38.0	34.1	89.7%
2028	38.0	34.1	89.7%

  

Year Ending December 31,	Nursing Beds		
	Average Available Units	Average Occupied Units	Average Occupancy
2024 <sup>(1)</sup>	96.0	73.5	76.6%
2025	96.0	81.4	84.8%
2026	96.0	84.0	87.5%
2027	96.0	84.0	87.5%
2028	96.0	84.0	87.5%

Source: Management

Note:

(1) In November 2023, the renovations for Phase 1 for the health center were completed and the 16 units that Management had offline during the renovation were placed back in service. The above table reflects Management's assumed fill-up of those units being offline.

The following table summarizes the projected payer mix for the Nursing Beds based upon resident days and resident revenue type:

**Table 4  
Nursing Beds – Resident Days and Revenue Mix  
For the Year Ending December 31,**

Payer Mix	2024			2025			2026			2027			2028		
	Number of Residents	Days Percentage Mix	Revenue Percentage Mix	Number of Residents	Days Percentage Mix	Revenue Percentage Mix	Number of Residents	Days Percentage Mix	Revenue Percentage Mix	Number of Residents	Days Percentage Mix	Revenue Percentage Mix	Number of Residents	Days Percentage Mix	Revenue Percentage Mix
Private	59.7	81.2%	64.9%	67.4	82.8%	68.2%	70.0	83.3%	68.7%	70.0	83.3%	69.1%	70.0	83.3%	69.5%
Medicare	13.8	18.8%	35.1%	14.0	17.2%	31.8%	14.0	16.7%	31.3%	14.0	16.7%	30.9%	14.0	16.7%	30.5%
Total	73.5	100.0%	100.0%	81.4	100.0%	100.0%	84.0	100.0%	100.0%	84.0	100.0%	100.0%	84.0	100.0%	100.0%

Source: Management

**Projected Entrance and Monthly Service Fees**

Management has projected that all unit sales during the Projection Period will select the Standard Entry Fee Refund Plan.

From time to time, Management may implement special incentives and move-in incentives with the effect of reducing the Entry Fees or reducing net cash flow, depending on the incentive. Management is currently offering a “Canopy Option” for the four cottages slated to be demolished at the point that Phase 2 of The Sharon at SouthPark master plan is initiated. Management has not projected Phase 2 to occur during the Projection Period. The Canopy Option charges a monthly premium of \$800 on top of the

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**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

standard Monthly Service Fee as well as a \$10,000 Entry Fee for the cottage. When the resident is notified they must vacate the cottage, they choose another accommodation on campus. The premium fees paid up to that point, as well as the \$10,000 Entry Fee, are applied toward the Entry Fee of the accommodation the resident chooses to move into. Of the four cottages, The Sharon at SouthPark currently has four accepted Canopy Options.

The following table summarizes the current Entry Fees and private pay Monthly Service Fees for The Sharon at SouthPark' existing units.

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**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

**Table 5  
Monthly Service Fee and Entry Fees Pricing through December 31, 2024**

<b>Description</b>	<b>Square Feet</b>	<b>Number of Units <sup>(1)</sup></b>	<b>Entry Fee</b>	<b>Monthly Service Fee <sup>(2)</sup></b>
<i>Independent Living</i>				
Studio	250	1	\$43,800	\$3,229
Large Studio	300	1	\$56,300	\$3,372
One Bedroom	480	31	\$104,800	\$3,981
One Bedroom Large	550	4	\$118,600	\$4,081
One Bedroom Expand	750	14	\$194,300	\$4,369
One Bedroom Expand w/Den	1000	2	\$279,900	\$4,460
One Bedroom Deluxe	1100	5	\$279,000	\$4,605
One Bedroom Deluxe w/Den	1200	2	\$359,500	\$4,605
Two Bedroom Apartment	750	3	\$194,300	\$4,368
Two Bedroom Large Apartment	850	4	\$204,900	\$4,410
Cottage A	850 - 1,199	6	\$327,000 - \$391,000	\$4,493
Cottage B	1,200 - 1,399	9	\$426,000 - \$459,800	\$5,035
Cottage C	1,400 - 1,599	3	\$492,100 - \$494,000	\$5,255
Cottage D	1,600 - 1,799	4	\$562,100 - \$596,300	\$5,513
Cottage E	1,800 - 2,199	4	\$630,400 - \$715,400	\$5,853
Cottage F	2,200 - 2,299	3	\$766,600 - \$767,400	\$6,342
Hartley II - Deerwood Model	2000	1	785,000	\$5,853
Sunnybrook	1,555- 2,029	3	\$528,100 - \$715,400	\$5,044 - \$5,558
Terrace A	1,150 - 1,280	15	\$415,000	\$4,503
Terrace B	1,502 - 1,520	38	\$505,000	\$4,924
Terrace C	1,796	20	\$595,000	\$5,450
Terrace D	1,050	1	\$324,900	\$4,466
Deerwood - Devin	1,000	2	\$319,900	\$4,100
Deerwood - Tegan	1,300	15	\$436,300	\$4,402
Deerwood - Hartley I	1,900	10	\$666,100	\$5,343
Deerwood - Hartley I Premium	1,900	3	\$686,100	\$5,343
Deerwood - Hartley II	1,900	5	\$666,100	\$5,343
Deerwood - Darby	2,056	3	\$759,900	\$5,460
Deerwood - Woodlea	2,148	4	\$705,900	\$6,593
Villa I & II - Cotswold	1,365	12	\$426,000	\$4,402
Villa I & II - Ditworth	1,655	12	\$525,000	\$5,001
Villa I & II - Foxcroft	1,880	4	\$626,100	\$5,302
Villa I & II - East Over	1,940	8	\$646,100	\$5,343
Total / Weighted Average	1,338	252	\$433,745	\$4,745
<i>Second Person</i>			\$28,000	\$2,000
<i>Assisted Living</i>				
Studio	250	31	\$26,500	\$6,511
Large Studio	300	5	\$31,600	\$6,652
Two Rooms	480	2	\$39,700	\$9,737
Total / Weighted Average	269	38	\$27,866	\$6,699
<i>Nursing Beds</i>				
Private - Direct Admit Rate	250	96	\$20,000 - \$25,000	\$13,750 - \$14,750
Permanent Transfer Rate <sup>(3)</sup>			N/A	\$9,875 - \$11,000
Temporary Transfer Rate <sup>(3)</sup>			N/A	\$7,500
Total / Weighted Average	250	96		

Source: Management

Notes:

- (1) As of the date of this report, the Community has 12 Independent Living Units offline.
- (2) Pricing is for the Standard Entry Fee Refund Plan only. Independent Living Monthly Fees include meal plan, except for the Sunnybrook Cottages where it's optional. Deerwood rates listed are for new contracts after 1/1/24. Existing Charter Residents of the Deerwood receive discounted rates based on original pricing plus same percentage rate as other residents.

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**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT’S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

(3) Upon transfer to the Health Center, the resident pays the then published applicable permanent transfer rate, which is historically discounted from the direct admit rate. The temporary transfer rate reflects a daily fee of \$250 for stays 90 days or less.

The following table reflects projected rate increases. Increases in fees are generally anticipated to approximate increases in operating expenses during the Projection Period. However, fee increases may be adjusted to reflect actual changes in expenses. Entry Fees are continuously reviewed and adjusted as necessary to align with market demands.

**Table 6  
Projected Rate Increases**

Unit Type	2024	2025	2026	2027	2028
Independent Living Units - Monthly Service Fees	N/A	5.00%	4.00%	3.00%	3.00%
Independent Living Units - Entrance Fees	N/A	3.00%	3.00%	3.00%	3.00%
Assisted Living Units - Monthly Service Fees	N/A	5.00%	4.00%	3.00%	3.00%
Nursing Beds - Daily Per Diems <sup>(1)</sup>	N/A	5.00%	4.00%	3.00%	3.00%
Nursing Beds - Medicare	N/A	1.00%	1.00%	1.00%	1.00%

Source: Management

N/A = Not Applicable

Note:

(1) The rate increase listed is for private pay residents only.

**Early Advantage Program**

Projected usage of the Early Advantage Program is based upon Management’s assumed fill schedule for the program.

The following table reflects Management’s anticipated fill schedule for the Early Advantage Program, as well as the projected usage assumption. Management began offering this program to participants in January 2024.

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**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

**Table 7  
The Early Advantage Program  
Projected Fill Schedule**

Month	Fiscal Year 2024		Fiscal Year 2025		Fiscal Year 2026		Fiscal Year 2027		Fiscal Year 2028	
	New Enrollees	Cumulative Enrollees	New Enrollees	Cumulative Enrollees	New Enrollees	Cumulative Enrollees	New Enrollees	Cumulative Enrollees	New Enrollees	Cumulative Enrollees
January	0.00	0.00	1.67	21.67	1.67	41.71	1.67	61.75	1.67	81.79
February	0.00	0.00	1.67	23.34	1.67	43.38	1.67	63.42	1.67	83.46
March	0.00	0.00	1.67	25.01	1.67	45.05	1.67	65.09	1.67	85.13
April	0.00	0.00	1.67	26.68	1.67	46.72	1.67	66.76	1.67	86.80
May	1.00	1.00	1.67	28.35	1.67	48.39	1.67	68.43	1.67	88.47
June	4.00	5.00	1.67	30.02	1.67	50.06	1.67	70.10	1.53	90.00
July	5.00	10.00	1.67	31.69	1.67	51.73	1.67	71.77	0.00	90.00
August	2.00	12.00	1.67	33.36	1.67	53.40	1.67	73.44	0.00	90.00
September	2.00	14.00	1.67	35.03	1.67	55.07	1.67	75.11	0.00	90.00
October	2.00	16.00	1.67	36.70	1.67	56.74	1.67	76.78	0.00	90.00
November	2.00	18.00	1.67	38.37	1.67	58.41	1.67	78.45	0.00	90.00
December	2.00	20.00	1.67	40.04	1.67	60.08	1.67	80.12	0.00	90.00

Source: Management

The following table presents the projected occupancy for the Early Advantage Program and the projected average monthly fees during the Projection Period.

**Table 8  
The Early Advantage Program  
Projected Average Occupancy and Average Monthly Fees / Per Diem**

For the Years Ending December 31,	2024	2025	2026	2027	2028
Average Early Advantage Occupant	8.0	30.9	50.9	70.9	88.0
Weighted Average Monthly Fees <sup>(1)</sup>	\$ 633	\$ 674	\$ 698	\$ 723	\$ 737
EAP - Assisted Living	0.1	0.5	1.2	2.0	3.0
Weighted Average Monthly Fees	\$ 6,722	\$ 7,058	\$ 7,411	\$ 7,782	\$ 8,093
EAP - Skilled Nursing	0.1	0.4	1.0	1.9	2.9
Weighted Average Per Diem	\$ 317	\$ 333	\$ 349	\$ 367	\$ 382
EAP - Second Person Occupancy	3.9	15.8	24.9	33.3	38.7

Source: Management

Note:

(1) The weighted average monthly fees presented is the weighted average of all first person and second person monthly fees.

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**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

**Entrance Fee Receipts**

Entrance fee receipts and refunds are based on information provided by Management based on historical experience and occupancies during the Projection Period. The following table reflects entrance fees received and refunds paid during the Projection Period for The Sharon at SouthPark, as projected by Management.

**Table 9**  
**Projected Entrance Fee Receipts, Net of Refunds**  
**For the Years Ending December 31,**  
**(In Thousands of Dollars)**

	2024	2025	2026	2027	2028
Total Independent Living Turnover Entrance Fees Received, Net of Refunds	\$ 8,225	\$ 8,383	\$ 8,971	\$ 9,293	\$ 9,571

Source: Management

The following table presents the assumed membership fees received and the total membership fee refunds during each year of the Supplemental Projection Period.

**Early Advantage Entrance Fee Receipts**

**Table 10**  
**Membership Fee Receipts and Membership Fee Refunds <sup>(1)</sup>**  
**(Dollars in Thousands)**

<b>For the Year Ending December 31,</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Total Membership Fees Received - Initial Fill	\$ 700	\$ 750	\$ 750	\$ 675	\$ 389
Total Membership Fees Received - Replacement	40	193	285	376	56
Total Membership Fees Refunded	(92)	(158)	(225)	(283)	(305)
Total Membership Fees, Net	\$ 648	\$ 785	\$ 810	\$ 768	\$ 140

Source: Management

**See Accompanying Independent Accountants' Compilation Report**

**Summary of Significant Projection Assumptions and Accounting Policies**

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**MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)**

**Other Operating Revenue**

Other operating revenue is comprised primarily of companion services revenue, pharmacy revenue, guest and employee meal revenue, and other miscellaneous revenue items.

**Other Operating Revenue Early Advantage Program**

Other operating revenue early advantage program is projected to increase as occupancy in the program increases.

**Contributions**

Contributions are donor restricted and released from restriction upon expiration; that is, when a stipulated time restriction ends or a purpose restriction is accomplished.

**Investment Income**

Investment income consists of interest earnings on cash, cash equivalents, investments, and assets limited as to use, as provided by Management. Management has assumed that its cash, cash equivalents, capital campaign funds and bond fund use would earn investment income of 0.50 percent annually and investments, statutory operating reserve and debt service reserve fund would earn investment income based on a blended 4.0 percent rate annually throughout the Projection Period.

**Net Assets Released from Restrictions**

Net Assets Released from Restrictions is the result of Management's assumed investment income on donor restricted funds. Management has projected the release of these funds for operational purposes during the Projection Period.

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**MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES**

**Operating Expenses**

Operating expenses are projected to increase by approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent throughout the remaining periods presented in the projection, except as noted below. Management has projected operating expenses based upon Management's historical operations for The Sharon at SouthPark and the estimated effect of inflation.

The specific basis for major expense items were formulated by Management and are discussed below.

**Salaries, Wages and Employee Benefits**

Salaries and wages are projected to increase at a rate of 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent per annum throughout the remainder of the Projection Period.

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, 401(k) profit sharing plan, incentives, and other miscellaneous benefits for the entire facility. These benefit costs are assumed to approximate 21.9 percent of wages during the Projection Period, based on Management's historical experience.

**Healthcare**

Costs include costs for providing care in the Assisted Living Units and Nursing Beds. Costs, other than those related to labor, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation as well as changes in occupancy associated with the projected increases in skilled nursing occupancies.

**Maintenance and Operations**

Costs include electricity, water and sewer, gas, cable television, and all activities of maintenance for The Sharon at SouthPark. Costs, other than those related to labor, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation.

**Housekeeping / Laundry**

Costs include contract services, supplies and other miscellaneous housekeeping and laundry costs for The Sharon at SouthPark. Costs, other than those related to labor, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation.

**Dining Services**

Costs include raw food and dietary supplies. Costs, other than those related to labor, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation.



**MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES (CONTINUED)**

Administration

Costs include insurance, professional service fees, and other administrative costs. Other costs, excluding those related to labor, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation.

Marketing and Development

Costs include advertising and purchased services costs for The Sharon at SouthPark. Costs, other than those related to labor and the Project, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation.

Activities and Social Services

Costs include those incurred with the operation of the campus activities. Costs, other than those related to labor, would increase approximately 4.0 percent in 2025, 3.5 percent in 2026, and 3.0 percent annually thereafter throughout the Projection Period for inflation.

Community Service

Management projects that it would achieve community service activities that equate to approximately five percent of operating revenue in order to maintain its property tax exemption (20% exemption for every one percent of community service). Management quantifies many activities including benevolence and donated time and space, as well as actual expenditures in order to meet this requirement. The projected community service expenditures reflect additional amounts that are projected to be incurred in order to achieve this five percent threshold.

Early Advantage Program

Costs include costs for operating the Early Advantage Program. Costs would increase approximately 5.0 percent in 2025 and 4.0 percent thereafter throughout the Projection Period for inflation as well as for changes in occupancy associated with the Early Advantage Program.

Interest Expense

Interest expense is assumed to be related to the debt service requirements and the amortization of the deferred financing costs and bond premium related to the existing long-term indebtedness.

Depreciation

Property and equipment are projected to be depreciated over their estimated useful lives using the straight line method.

**MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS**

**Current Assets and Current Liabilities**

**Cash and Cash Equivalents**

Cash balances for the Projection Period are based on the results of the Projected Consolidated Statements of Cash Flows.

**Accounts Receivable, Net**

Accounts Receivable, Net are projected to remain at historical levels throughout the Projection Period at approximately 19 days operating revenues.

**Prepaid Expenses**

Prepaid expenses have been projected based on historical levels at approximately 7 days operating expenses, net of depreciation, amortization, and interest.

**Accounts Payable**

Accounts payable have been projected to approximate 37 days of operating expenses, net of depreciation, amortization, and interest.

**Accrued Payroll and Related Items**

Accrued payroll and related items have been projected based on historical levels at approximately 14 days operating expenses, net of depreciation, amortization, and interest.

**Accrued Interest Payable**

Accrued interest has been calculated based on projected interest rates and repayment terms of the long-term debt.

**Assets Limited as to Use**

For purposes of Management's Projection, the following assets limited to use have been projected:

- *Capital Campaign Fund* – Represents monies received as part of a capital campaign fund for future capital expenditures.
- *Debt Service Reserve Fund* – The Corporation has a debt service reserve fund related to the Series 2019A Bonds.
- *Board Designated – Early Advantage* – Represents monies designated to be held for future usage of the Early Advantage Program.
- *Bond Fund* – represents monthly advance payments of bond principal and interest made by the Corporation to the trustee relating to outstanding Series 2019 Bonds. The funds held in the bond fund will be used by the trustee to make principal and interest payments to owners of the outstanding bonds when due.

**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)**

- **Statutory Operating Reserve** – North Carolina Statutory Operating Reserve – Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64-33) (or 25 percent of the total operating costs if such facilities maintain an occupancy level in excess of 90 percent and the North Carolina Commissioner of Insurance so approves) for the 12-month period related to the calculation. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

The following table sets forth the projected calculation of the operating reserve.

**Table 11**  
**Projected Operating Reserve Calculation**  
**For the Years Ending December 31,**  
**(In Thousands of Dollars)**

	2024	2025	2026	2027	2028
<b>Statutory Operating Reserve Calculation (Expenses in Thousands):</b>					
Total Operating Expenses	\$ 37,160	\$ 39,395	\$ 41,060	\$ 42,328	\$ 43,693
Include:					
Bond Principal Payments	64	1,835	1,889	1,948	2,007
Exclude:					
Depreciation	(6,507)	(6,496)	(6,691)	(6,892)	(7,099)
Amortization of Bond Issuance Costs and Bond Premium	213	213	213	213	213
Interest Set Aside in Debt Service Reserve Fund	(3,514)	(3,513)	(3,461)	(3,406)	(3,351)
Principal Set Aside in Debt Service Reserve Fund	-	(1,755)	(1,805)	(1,860)	(1,915)
<b>Total Operating Costs</b>	<b>\$ 27,416</b>	<b>\$ 29,679</b>	<b>\$ 31,205</b>	<b>\$ 32,331</b>	<b>\$ 33,548</b>
Required Reserve	25%	25%	25%	25%	25%
<b>Required Operating Reserve</b>	<b>\$ 6,854</b>	<b>\$ 7,420</b>	<b>\$ 7,801</b>	<b>\$ 8,083</b>	<b>\$ 8,387</b>
<b>Average Available Units at December 31:</b>					
Independent Living Units	252	252	252	252	252
Assisted Living Units	38	38	38	38	38
<b>Total Available Units</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>
<b>Average Occupied Units at December 31:</b>					
Independent Living Units	243	243	243	243	243
Assisted Living Units <sup>(1)</sup>	34	35	35	35	36
<b>Total Occupied Units</b>	<b>277</b>	<b>278</b>	<b>278</b>	<b>278</b>	<b>279</b>
<b>Average Occupancy at December 31:</b>	<b>95.52%</b>	<b>95.86%</b>	<b>95.86%</b>	<b>95.86%</b>	<b>96.21%</b>

Source: Management

Note:

(1) The average occupied Assisted Living Units presented above is the combined assisted living occupants presented in Table 3 and Table 8.

**See Accompanying Independent Accountants' Compilation Report**

**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)**

**Property and Equipment**

Property and equipment balances, net of accumulated depreciation, were projected based routine property and equipment additions during the Projection Period, reduced by estimated annual depreciation.

The following table reflects Project-related costs, capitalized interest, and other routine capital additions.

**Table 12**  
**Projected Property and Equipment Additions**  
**For the Years Ending December 31,**  
**(In Thousands of Dollars)**

	2024	2025	2026	2027	2028
Routine Capital Additions	\$ 8,248	\$ 4,850	\$ 4,900	\$ 5,047	\$ 5,198

Source: Management

The following table reflects the components of projected property and equipment.

**Table 13**  
**Projected Property and Equipment**  
**For the Years Ending December 31,**  
**(In Thousands of Dollars)**

	2024	2025	2026	2027	2028
Land and Land Improvements	\$ 5,997	\$ 5,997	\$ 5,997	\$ 5,997	\$ 5,997
Buildings	200,689	205,350	210,059	214,909	219,903
Furniture and Equipment	7,643	7,818	7,994	8,176	8,363
Transportation Equipment	472	486	501	516	533
Total	214,801	219,651	224,551	229,598	234,796
Accumulated Depreciation	49,377	55,873	62,564	69,456	76,555
Property and Equipment, Net	\$ 165,424	\$ 163,778	\$ 161,987	\$ 160,142	\$ 158,241

Source: Management

**See Accompanying Independent Accountants' Compilation Report**

**MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)**

**Long-Term Debt and Interest Expense**

The accompanying projection reflects the following debt:

- The North Carolina Medical Care Commission \$75,940,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019A (Series 2019A Bonds) as well as approximately \$8,055,931 in premium. The proceeds of the Series 2019A bonds are to finance the costs of constructing and equipping a new independent living apartment building, to fund capital improvements to buildings throughout The Sharon at SouthPark' campus, to refund the outstanding 2001 Variable Rate Demand Health Care Facilities Revenue Bonds (Series 2001 Bonds), to terminate its interest rate swap agreement that had been placed as a hedge for the Series 2001 Bonds, to fund a debt service reserve fund, to pay a portion of the interest accrued on the Series 2019A Bonds and to pay certain expenses incurred in connection with the issuance of the Series 2019A Bonds. Principal payments on the Series 2019A Bonds begin in July 2025 and extend through July 2049. Beginning in July 2035, The Sharon at SouthPark will be required to make payments to a trustee of interest and principal on the Series 2019A Bonds in anticipation of the required payments that will be due over five year increments beginning in July 2039 through final maturity in July 2049. Interest on the Series 2019A Bonds is payable semi-annually with interest rates ranging from 3.0% to 5.0%.
- In February 2022, The Sharon at SouthPark entered into a loan agreement (the "2022 Loan") with a financial institution to provide up to \$5,000,000 to finance increased costs in connection with the construction of a new independent living apartment building. The loan is a drawn-down loan and principal is payable monthly commencing March 2024 through maturity in February 2037. Interest is payable monthly commencing March 2022 through maturity at a variable interest rate equal to the Daily Simple SOFR plus .9%, with a minimum interest rate of .9%. At December 31, 2023, The Sharon at South Park had drawn down \$5,000,000 of funds from this loan.

**Summary of Significant Projection Assumptions and Accounting Policies**

**MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)**

Projected principal payments on The Sharon at SouthPark' debt are as follows:

**Table 14**  
**Projected Principal Payments on The Sharon at SouthPark's Debt**  
**(In Thousands of Dollars)**

Fiscal Year Ending December 31,	Series 2019A		Total Principal Payments
	Bonds	2022 Note	
2024	\$ -	\$ 64	\$ 64
2025	1,755	80	1,835
2026	1,805	84	1,889
2027	1,860	88	1,948
2028	1,915	92	2,007
2029	1,995	85	2,080
2030	2,075	90	2,165
2031	2,155	96	2,251
2032	2,265	101	2,366
2033	2,375	108	2,483
Thereafter	57,740	4,160	61,900
Total	\$ 75,940	\$ 5,048	\$ 80,988

Source: Management

**Net Assets with Donor Restrictions**

Net Assets with Donor Restrictions includes approximately \$2,731,000 of net assets restricted in perpetuity. Also included in net assets with donor restrictions are net assets that are subject to expenditure for a specific purpose or the passage of time.

**See Accompanying Independent Accountants' Compilation Report**



EXHIBIT E  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
(THE SHARON AT SOUTHPARK)

CONTINUING CARE DISCLOSURE STATEMENT

RESIDENT'S AGREEMENT



**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
RESIDENT'S AGREEMENT**

This Resident's Agreement ("Agreement") made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ is between THE PRESBYTERIAN HOME AT CHARLOTTE, INC., a nonprofit corporation, organized and existing under the laws of North Carolina, which operates a continuing care facility at 5100 Sharon Road, Charlotte, North Carolina (The Presbyterian Home at Charlotte, Inc. and the continuing care facility operated by it are referred to herein as "The Sharon at SouthPark") and \_\_\_\_\_ (hereinafter referred to, whether this Agreement is executed by one or two individuals, as "Resident", who has applied for and has been approved for admission to The Sharon at SouthPark.

This Agreement is provided and shall be interpreted in accordance with the provisions of N.C.G.S. 58-64-25. Subject to the signing of this Agreement, The Sharon at SouthPark and Resident, intending to be legally bound, hereby agree to the following terms and conditions:

**I. General Statement Regarding Extent of Continuing Care**

Beginning with the date on which Resident moves in and occupies one of the units at The Sharon at SouthPark (the unit provided to Resident is called the "Living Accommodation"), The Sharon at SouthPark will provide Resident the Living Accommodation, together with the facilities, services, activities and medical care specified in this Agreement, for and during the balance of Resident's life or for such shorter period as shall apply under this Agreement in the event that it is terminated pursuant to its terms. Subject to the provisions set forth in other paragraphs of the Agreement, The Sharon at SouthPark shall provide a way of life for the Resident in good faith, as the facilities and finances of the Home and other circumstances permit.

**II. Resident Agrees to Abide by Rules of The Sharon at SouthPark**

The Resident agrees to abide by all rules and regulations established in Resident's handbook and as may be enacted from time to time. The Resident agrees to pay all amounts owed for Resident's living accommodations and care while a Resident of The Sharon at SouthPark. It is understood, as herein specified, that Resident will incur additional charges for (i) for prescription and domestic drugs, (ii) optical, dental, medical and surgical supplies and services, (iii) annual physicals and (iv) any medical service beyond that provided by The Sharon at SouthPark in the facility.

**III. Entry Fee and Monthly Service Fee**

Entry Fees (also referred to as Entrance Fees) are amortized over a period of 12 months. (See Section X.D.4.) If Resident has selected the Fifty Percent or Ninety Percent Refundable Entry Fee, it is based on the actuarial table in use at the time this Agreement is signed and is made a part of this Agreement. Refunds are calculated from the Date of Occupancy.

In addition to the other amounts paid by the Resident under this Agreement, the Resident will pay each month to The Sharon at SouthPark the standard monthly fee, as in effect from time to time based on the type of Living Accommodation, number of persons occupying the Living

Accommodation, and meal plan (the "Monthly Service Fee"). The Monthly Service Fee may be increased or decreased at the discretion of The Sharon at SouthPark, but no such increase or decrease shall be effective until the Resident shall have received at least thirty (30) days' notice of such change unless such change is required by state or federal law or regulation. Payment of the Monthly Service Fee shall be made within ten (10) days of the monthly due date established by The Sharon at SouthPark, currently the fifth day of the month. Payments made after the fifteenth of the month are subject to a late charge as may be determined, from time to time, by The Sharon at SouthPark. A processing fee is charged for checks returned for insufficient funds. The obligation to pay the Monthly Service Fee shall commence on the Date of Occupancy or as otherwise provided in the Resident's Agreement. If circumstances warrant any change in the Monthly Service Fee, such change must be approved by The Sharon at SouthPark and set forth in an addendum to this Agreement.

**IV. Living Accommodation, and Monthly Fee**

At the Date of Occupancy, Resident's Living Accommodation, Entry Fee, and Monthly Service Fees are as follows:

UNIT TYPE: \_\_\_\_\_

UNIT NUMBER: \_\_\_\_\_

ENTRY FEE SELECTED

Standard Entry Fee: \_\_\_\_\_

50% Refundable Entry Fee: \_\_\_\_\_

90% Refundable Entry Fee: \_\_\_\_\_

ENTRY FEE PAID \_\_\_\_\_

If different from Entry Fee selected above, explain: \_\_\_\_\_

MONTHLY SERVICE FEE: \_\_\_\_\_

DATE OF OCCUPANCY: \_\_\_\_\_

If no unit number or other locational specification is given above, then a Living Accommodation of the type set forth above shall be deemed the Living Accommodation for the purpose of this Agreement.

## **V. Living Accommodations Provided to the Resident by The Sharon at SouthPark**

### **A. Living Unit**

On the date of Availability, the Resident has the right to occupy and use, in accordance with this Agreement, the Living Accommodation set forth above, subject to change as hereinafter provided.

### **B. Furnishings**

The Sharon at SouthPark will furnish finish flooring (wall-to-wall carpet or hardwood or luxury vinyl as per plan), blinds, and toilet and bath fixtures, except that window treatments are not provided for the cottages, Villas and Terrace Apartments. These furnishings, even if upgraded at the Resident's cost, shall remain the property of The Sharon at SouthPark. Modification to the Living Accommodations must be approved in writing in advance by the President/CEO and they remain the property of The Sharon at SouthPark. All other furnishings shall be furnished by the Resident subject to the approval of The Sharon at SouthPark, and shall remain the Resident's personal property, except as set forth in parts VI.F., VI.H. and VI.I. below.

### **C. Common Facilities; Smoking and Drinking Policies**

Subject to availability, the Resident may use, in common with all the other Residents, the dining facilities, lobby or lobbies, auditorium, lounges, patios, library, social and recreational rooms, and other common facilities furnished by The Sharon at SouthPark. The Resident shall not store personal belongings in the common facilities. Residents and guests shall refrain from drinking alcoholic beverages in all common facilities, except when reserved for private use. Smoking is not permitted anywhere on campus including private residences.

## **VI. Services Provided to the Resident by The Sharon at SouthPark and the Resident's Duties**

### **A. Utilities**

The Sharon at SouthPark will furnish water, light, heat, electricity, and air conditioning. Nothing in this Agreement shall prohibit The Sharon at SouthPark from passing along these and other operating expenses to the Resident via the scheduled standard Monthly Service Fee.

### **B. Telephone, Cable, WiFi**

The Sharon at SouthPark currently provides one telephone per Living Accommodation. The services of the main The Sharon at SouthPark switchboard and local telephone service are provided for all Residents of The Sharon at SouthPark. Residents furnish additional telephone instruments. Any additional expenses, including amplifiers, directory assistance, extra connections, and private lines are the responsibility of the Resident. The Sharon at SouthPark reserves the right to discontinue maintenance of a central switchboard and to discontinue providing local telephone service through the switchboard.

Hookup for basic cable service is provided at no charge. Additional cable services, if available, are the responsibility of the Resident. The Sharon at SouthPark reserves the right to discontinue providing cable service.

Wireless internet access is provided at no charge. The Sharon at SouthPark reserves the right to discontinue providing this service.

**C. Housekeeping; Linens**

The Resident shall maintain the Living Accommodation in a clean, sanitary and orderly condition, and perform all usual light housekeeping tasks in connection therewith. The Sharon at SouthPark shall make available standard-sized bed linens, towels, and toilet tissue once per week as needed and shall provide housekeeping service in the Living Accommodation according to the schedule in effect from time to time. Residents are responsible for the cost of their personal laundry and dry-cleaning, except as otherwise provided in The Sharon at SouthPark Adult Care Facility, referred to herein as “Assisted Living Unit” and Health Care Center.

**D. Maintenance and Repairs**

Repairs, maintenance and replacement of property and equipment owned by The Sharon at SouthPark will be performed and provided at such times as deemed necessary and appropriate by The Sharon at SouthPark. Repairs, maintenance, and replacement of property such as light bulbs will be the responsibility of the Resident.

**E. Accommodations with Appliances**

In accommodations with appliances, these appliances are provided and maintained by The Sharon at SouthPark. If a Resident brings his/her own appliances, Resident is responsible for their upkeep and any cost incurred due to damage caused by the malfunction of the appliance.

**F. Structural Changes**

All structural or physical changes of any kind within or about the Living Accommodation (including blinds, window treatments, light fixtures, bathroom fixtures, appliances, shelves, framework, awnings, etc.) may be made by the Resident only after written approval by The Sharon at SouthPark and thereafter shall be subject to its supervision. The cost of any such change requested by the Resident shall be borne by the Resident, and all such changes shall immediately become and remain the permanent property of The Sharon at SouthPark unless otherwise agreed to in writing. If modifications or structural changes would render the residence unmarketable, Resident (or his or her estate) agrees to pay to have the unit restored to a standard marketable condition on termination of this Agreement.

## **G. Laundry**

Automatic washers and dryers for personal laundry are located within The Sharon at SouthPark on each residential floor or within the Living Accommodation. Residents must furnish their own detergents, bleaches, etc. See part VI.C. above with regard to bed and bath linens.

## **H. Redecoration**

Redecoration of the Living Accommodation, in addition to or other than that regularly provided by The Sharon at SouthPark, must be approved by The Sharon at SouthPark, in writing, in advance and will be at the Resident's expense. The Resident's choices may not render the residence unmarketable upon termination of this Agreement. Any change or replacement by the Resident with respect to either the Living Accommodation or any furnishings provided by The Sharon at SouthPark becomes the property of The Sharon at SouthPark unless otherwise provided by The Sharon at SouthPark in writing. If Resident selects an accommodation with upgrades provided by a former Resident, it is understood that The Sharon at SouthPark is not responsible for replacing those upgrades but will replace them with the standard furnishings. The Sharon at SouthPark will allow Resident to replace the upgraded furnishings at Resident's expense.

## **I. Grounds**

The Sharon at SouthPark will furnish basic grounds care including lawn service. The Residents of detached cottages (at their own expense) may plant and maintain the area immediately adjacent to their Living Accommodations, subject to the prior written approval of The Sharon at SouthPark. All plants, trees and shrubs so planted shall immediately become and remain the permanent property of The Sharon at SouthPark, and The Sharon at SouthPark reserves the right to move or remove landscaping material as necessary.

## **J. Food and Meals**

### **1. Meal Plans**

The Sharon at SouthPark shall make available to the Resident three (3) meals a day, with the exception of Sunday evening meal and some holidays, in the dining room. The number of meals per day included in the Monthly Service Fee is three for residents of The Sharon at SouthPark Adult Care Facility, referred to herein as "Assisted Living Unit" or "Azalea West" or The Sharon at SouthPark nursing facility, referred to herein as the "Health Care Center." The meals will be nutritionally well-balanced and properly cooked. Reasonable special dietary needs will be accommodated if possible. The Sharon at SouthPark requires Independent Residents, defined as all Residents not living in the Health Care Center or the Assisted Living Unit, to participate in a flexible dollar meal plan which provides each Resident with a pre-set cash balance each quarter to purchase meals, snacks, convenience items, a la carte meals and guest meals. The flexible dollar plan does not apply to the purchase of alcohol or catering. The cash balance may be used at any time during the quarter, but **may not** be carried over from one quarter to another. Any purchases over the pre-set cash balance in the quarter, unless paid for in cash, will be charged to the Resident's account and billed the following month. The quarterly meal plan will be billed in advance in three equal monthly payments.

The Meal plan is subject to change from time to time and will be published to those participating. In addition, The Sharon at SouthPark will make available in accordance with its scheduling policies, a private dining room for family gatherings or other special occasions of the Resident. See part VI.J.3.

## **2. Guest Use of Dining Room**

Meal service in the dining room and in The Sharon at SouthPark private dining rooms is available to Residents of The Sharon at SouthPark and their guests who make prior reservations in accordance with the scheduling policies of The Sharon at SouthPark then in effect. Guest charges will be deducted from Resident's prepaid meal credit, if applicable, or will otherwise be billed separately. The Residents or their guests have the option of paying cash for guest meals.

## **3. Guest Meal, Special Menu and Private Dining Room Charges**

Charges for guest meals and private dining room service will be made according to the currently established rates set by The Sharon at SouthPark, which may be modified from time to time. If in connection with the use of a private dining room the Resident desires menu items different from those offered at the corresponding meal in The Sharon at SouthPark main dining room, the Resident is expected to order the special menu items in advance, and The Sharon at SouthPark will endeavor to provide them, although The Sharon at SouthPark cannot guarantee that the special items can be provided. In the event The Sharon at SouthPark does provide the requested special menu items, an additional charge shall be made.

### **K. Library**

A library is available for use by the Residents.

**L. Storage:** Heritage East and West, cottages and terrace apartments provide storage within the residence. Magnolia Villa Residents are provided one "unconditioned" storage space located in the underbuilding parking area. The Deerwood apartments include one climate-controlled storage space located in either the underbuilding parking area or on the same floor as the apartment. Assisted Living and Health Care Center Residents are provided storage for one hanging garment.

### **M. Prescriptions; Home Care Medications; Medical Transportation; Emergencies**

The Health Care Center and "Assisted Living Unit," will order prescriptions and refills from one or more local pharmacies with which The Sharon at SouthPark maintains a contract relationship. If the Resident uses this service, the cost of prescriptions shall be billed to the Resident.

The Sharon at SouthPark shall arrange transportation to and from medical appointments in the Charlotte, North Carolina area via The Sharon at SouthPark' transportation or another transportation service. Reservations should be made in advance according to the

transportation schedule then in effect. The Sharon at SouthPark charges a fee for transportation to and from medical appointments, which may vary depending upon the time of day and which may be changed from time to time at the discretion of The Sharon at SouthPark. Cost of other transportation service or emergency medical transportation will be charged to the Resident.

The Sharon at SouthPark follows established procedures in the case of medical emergencies. The Resident is responsible for familiarizing himself/herself with the established procedures prior to needing emergency care.

#### **N. Guest Privileges; Guest Rooms**

Residents may have guests visit their Living Accommodations for no charge, provided such visits are of reasonable duration. Children must be closely supervised.

The Sharon at SouthPark currently has a guest room available for use by Residents' guests. Reservations must be made in advance through Reception on a first-come, first-served basis. The Resident shall be charged for use of guest rooms at the scheduled daily guest room rate established by The Sharon at SouthPark from time to time.

#### **O. Parking**

Each Independent Living Accommodation includes use of one assigned parking space. For Residents of the North Terrace, South Terrace, Magnolia Villa apartments and the Deerwood this space is covered. A second parking space (uncovered) may be assigned for a second car. A limited number of covered parking spaces are available at an additional charge for Residents and are made available on a first-come, first-served basis. Residents cannot sublet parking for space unused. When a Resident no longer drives, The Sharon at SouthPark reserves the right to require the Resident to have any vehicles removed from the premises.

#### **P. Additional Services for a Charge**

The Culinary Department provides for the sale of convenience grocery store items. A beauty shop for use by Residents is available for a separate charge. Chore services are available to assist Residents, according to the current fee schedule. Concierge services are available for an additional charge for Residents living in the area designated as the West Suite, currently Fourth Floor West. The Sharon at SouthPark reserves the right to discontinue any of these services.

### **VII. General Medical and Nursing Care**

- A. Health Care Center:** The Sharon at SouthPark currently provides a 96-bed Nursing Facility for the use of its Residents, which The Sharon at SouthPark calls its Health Care Center. Admission to the Health Care Center is only upon physician's orders. The Health Care Center equals or exceeds the staffing requirements for nursing facilities under North Carolina law. The Sharon at SouthPark currently has 19 Medicare certified skilled nursing beds available for short term rehabilitation.

If the Resident requires temporary or permanent nursing care as determined by the Resident's physician or The Sharon at SouthPark Medical Director, the Resident shall be admitted to the Health Care Center upon order of the physician. Upon admission to the Health Care Center, the Resident shall be, if applicable, responsible for an Entry Fee, Monthly Service Fee, the Health Care Center daily rate, (see Section VII.F.) and for all other costs incurred for services of all physicians, equipment, medical supplies, private duty personal nurses, and prescribed medicines. The Sharon at SouthPark shall furnish dietary services, nursing care and private-room accommodations with semi-private toilet rooms (including all furnishings, artwork and a television) in The Sharon at SouthPark Health Care Center, the Home's licensed nursing facility; provided, however, The Sharon at SouthPark reserves the right to offer semi-private room accommodations if its nursing facility would otherwise be full. Personal furnishings, installing artwork and changes to room layout are not allowed.

**B. Domiciliary Care/Home for the Aged Facility:** The Sharon at SouthPark provides a Domiciliary Care/Adult Care Facility, which The Sharon at SouthPark calls Azalea West Assisted Living Unit (referred to herein as the "Assisted Living Unit" or "Azalea West"). Admission to the Assisted Living Unit is upon a physician's order. The Assisted Living Unit equals or exceeds the staffing requirements for Domiciliary Care Units under North Carolina law. A licensed nurse is available for duties requiring a licensed nurse. The Entry Fee and the Monthly Service Fee for the Assisted Living Unit are shown on the current schedule of fees.

**C. Home Care Services:** If approved by the Resident's physician, The Sharon at SouthPark can provide certain types of care for Residents in their Living Accommodation. This care is coordinated through the Wellness Clinic, and charges are at the current published rates. Daily medications may be administered according to a regular schedule in the Wellness Clinic to Residents requiring medication supervision. This service is provided as one of the Home Care services for which there is an additional charge. The Sharon at SouthPark Home Care is not Medicare certified. Companion services are available at an additional charge.

**D. Personal Assistants:** Personal assistants and companions, along with companies providing personal assistants and companions, must be disclosed and approved by The Sharon at SouthPark before they are allowed access to The Sharon at SouthPark facilities. The Sharon at SouthPark may limit, terminate the services, or refuse access to its grounds or facilities by such companies or assistants. All assistants must satisfy The Sharon at SouthPark Pre-Employment Standards, including but not limited to a satisfactory criminal record check and drug screening. The Resident is responsible for any injury to others or damage to the property of others or The Sharon at SouthPark by the Resident's assistant.

**E. Medical and Surgical Insurance to Be Maintained by the Resident Upon Request of The Sharon at SouthPark:** Resident agrees to apply for any federal, state, or local grant, aid or benefits for which he/she may be eligible or entitled, and shall apply all such grants, aid, or benefits toward the cost of Resident's care at The Sharon at SouthPark, provided, however, that the Resident's obligation to obtain this coverage shall at all times be consistent with North Carolina law.



Resident shall, if eligible and not already enrolled:

1. Apply for and secure participation in Medicare Part A and Part B, or a program equivalent in benefits, provided, however, that Resident's obligation to obtain this coverage shall at all times be consistent with North Carolina law.

2. Apply for and secure coverage of a Medicare supplemental insurance policy acceptable to The Sharon at SouthPark. Resident further agrees to file all claims necessary to obtain coverage under Medicare Parts A and B and Resident's Medicare supplemental insurance.

3. Authorize as necessary any provider of hospital, medical, or health services to receive reimbursement as provided under Medicare Parts A and B and by Medicare supplemental insurance. Resident shall make assignment to the provider, as necessary, of all benefits accruing to the Resident under these insurance plans.

4. Provide The Sharon at SouthPark with the name and the plan and policy numbers of all medical coverage insurance.

If Resident fails to obtain, maintain, and file claims for such insurance, The Sharon at SouthPark is hereby assigned that right to do so on behalf of the Resident. The Sharon at SouthPark reserves the right to terminate this Agreement, if, in The Sharon at SouthPark sole discretion, The Sharon at SouthPark determines that failure to carry such insurance could result in Resident's inability to pay the Monthly Service Fee and other charges under this Agreement should Resident incur significant hospital or medical expenses.

The Resident shall pay from his or her own funds the deductible, Daily Rate, and any other charges for hospital, medical, or other health care costs incurred by Resident and not covered by Medicare or Medicare supplemental insurance. The Sharon at SouthPark currently has 19 Medicare certified beds. The Health Care Center is not currently certified for Medicaid payments.

It is understood and agreed that The Sharon at SouthPark is in no way responsible to pay charges for such services, but may--to the extent that the Resident's resources are inadequate to do so, from time to time in its charitable functions and in the absolute discretion of its Board of Directors and CEO--assist the Resident to pay such charges.

#### **F. Daily Charge for Use of Health Care Center, Ninety Day Health Care Center Rule**

##### **1. Temporary Stay in Health Care Center**

When the Resident moves temporarily from a regular Living Accommodation to The Sharon at SouthPark Health Care Center, the Resident shall continue to pay the Monthly Service Fee and the meal plan fee as provided in part VIII.A. below. In addition, the Resident shall pay a daily charge for each day or portion thereof that the Resident is in the Health Care Center (such charge is referred to herein as the "Health Care Center Daily Rate"). The Sharon at SouthPark may increase the Health Care Center Daily Rate, which increase shall be

applicable to the Resident. The Sharon at SouthPark will not increase the Health Care Center Daily Rate, however, without thirty (30) days prior notice.

## **2. Ninety-Day Rule for Health Care Temporary Stays**

If a Resident has been a patient in the Health Care Center for 90 days, but it has not been determined by The Sharon at SouthPark interdisciplinary care plan team or the Resident's primary care physician that the Resident will be unable physically or mentally to reoccupy his/her Living Accommodation for the reasonably foreseeable future such that pursuant to part XI.D below The Sharon at SouthPark can make the Resident's Living Accommodation available to others, then the Resident shall pay the actual cost of care for Health Care Center Residents, in addition to the Monthly Service Fee for the Resident's Living Accommodation.

## **3. Permanent Rate for Health Care Center**

Upon the Resident's interdisciplinary care plan team or the Resident's primary care physician's determination that it is unlikely that the Resident will be able to reoccupy his/her Living Accommodation, the Resident shall promptly vacate the apartment or cottage within 14 days, allowing The Sharon at SouthPark to make it available to others. The Resident will be charged one-half the room rate during the two-week period the accommodation remains unoccupied. If the Resident fails to remove his/her belongings from the accommodation within two weeks, he/she will be charged the full room rate from the 15th day until the room is cleared. Once the interdisciplinary care plan team has declared the Resident permanent in the Health Care Center, the Resident shall pay the Monthly Service Fee for Health Care as shown on the current schedule of fees in addition to any charges due for the Resident's Living Accommodation under this section.

If it is subsequently determined by The Sharon at SouthPark interdisciplinary care team and the Resident's primary care physician that the resident is able to return to an independent Living Accommodation, The Sharon at SouthPark shall make available to the Resident a Living Accommodation of the same type as previously occupied.

## **G. Transfer to Hospital or Other Facility**

The Resident's attending physician or The Sharon at SouthPark medical director shall have the right to transfer the Resident to whatever hospital or other facility he/she deems best, and, if he/she determines it to be advisable, may place the Resident in The Sharon at SouthPark Health Care Center upon the Resident's return from the hospital or other facility, to receive nursing care as provided in this Agreement. The Sharon at SouthPark guarantees to provide a nursing bed in its Health Care Center, or, if a nursing bed in the Health Care Center is unavailable, or if a nursing bed is not available within The Sharon at SouthPark, a nursing bed of comparable quality in another nursing facility. The Sharon at SouthPark cannot guarantee the availability of hospital space. The cost of ambulance and hospital costs shall be paid by the Resident. In no event shall The Sharon at SouthPark be responsible for any charges incurred by the Resident at any hospital or other facility (unless The Sharon at SouthPark has placed the Resident in another nursing facility because a nursing bed is not available at The Sharon at SouthPark).

**H. Illness or Accident Away from The Sharon at SouthPark**

If the Resident suffers an accident or illness while away from The Sharon at SouthPark, The Sharon at SouthPark will have no responsibility to pay for the Resident's medical, surgical, hospital or nursing care incurred or resulting therefrom; however, after the Resident returns to The Sharon at SouthPark, The Sharon at SouthPark shall assume its responsibility to provide those services as specified in this Agreement that are deemed necessary by the Resident's attending physician or The Sharon at SouthPark medical director.

**I. Accident or Illness Caused by Others, Power of Attorney**

The Resident shall appoint in writing, by a Power of Attorney, a person of the Resident's choosing to act in the Resident's behalf as attorney-in-fact to recover claims for reimbursement from accidents, injuries or other damages incurred by the Resident caused by a third party and shall promptly provide this information to The Sharon at SouthPark in writing. If the Resident shall fail to designate an attorney-in-fact, The Sharon at SouthPark, in such event, may sue on and enforce any cause of action of the Resident for such accidents, injuries, or other damages so resulting in the name of the Resident, or in the name of The Sharon at SouthPark (The Presbyterian Home at Charlotte, Inc.).

If the Resident's appointed attorney-in-fact fails to act for any reason, the Resident hereby nominates and appoints The Sharon at SouthPark (The Presbyterian Home at Charlotte, Inc.) as the Resident's attorney-in-fact, enabling The Sharon at SouthPark to undertake such suit or seek reimbursement. Resident thereby grants to The Sharon at SouthPark the power and authority to seek, sue for, institute any legal action or proceeding for, settle, compromise, and give releases for all such claims or causes of action, or to do any other act in connection therewith and to appoint an agent or agents to exercise the powers herein conferred upon Resident's attorney-in-fact; hereby ratifying and confirming all action taken by The Sharon at SouthPark in furtherance of this Power of Attorney. This Power of Attorney is granted to The Sharon at SouthPark pursuant to Article 2 of the North Carolina General Statutes, Chapter 32C, and this Power of Attorney shall not be affected by the Resident's subsequent incapacity or mental incompetence, either physically or mentally, and this Power of Attorney shall remain in full force and effect until the same shall be duly revoked by the Resident, or otherwise revoked as provided in the General Statutes of North Carolina. All costs and expenses reasonably incurred by The Sharon at SouthPark (including, but not limited to the fees and expenses of any attorney retained by The Sharon at SouthPark to pursue such claim) shall be paid and/or reimbursed to The Sharon at SouthPark, either from settlement, judgment, or otherwise, and the balance of any collection made on behalf of the Resident shall be paid to the Resident's account or, in the event of the death of the Resident, will be paid to the Resident's estate, or to the appropriate person or entity entitled thereto.

Resident(s) shall be required to provide a notarized statement certifying acceptance of above provisions and appointing The Sharon at SouthPark as the Resident's attorney-in-fact by execution of the document attached hereto as Addendum 2.

**J. Mental Illness; Dangerous Disease; Addiction or Dependency on Drugs or Alcohol**

The Sharon at SouthPark is not designed to care for persons who are afflicted with psychosis or contagious or dangerous disease or who abuse drugs or alcohol. If The Sharon at SouthPark medical director and CEO together determine that the Resident's continued presence at The Sharon at SouthPark is either dangerous or detrimental to the health or peace of the Resident or other Residents or staff persons as a result of the Resident's mental illness, dangerous disease, or alcohol or other substance abuse, then The Sharon at SouthPark may transfer the Resident to an institution of The Sharon at SouthPark choosing. The full cost for such special institutional care is the responsibility of the Resident.

**K. Transfer to Alternate Accommodation by The Sharon at SouthPark**

Notwithstanding anything to the contrary herein, the Resident acknowledges and agrees that The Sharon at SouthPark expressly reserves the right to move the Resident to an alternate accommodation that can best provide for the Resident's safety and care. If the Resident's physical or mental condition deteriorates so that, upon The Sharon at SouthPark determination in its sole discretion and upon the recommendation of the Resident's physician and/or The Sharon at SouthPark medical director, the Resident is unable to live independently or the Resident cannot live in his or her Living Accommodation without endangering the Resident's self or the health or safety of others, The Sharon at SouthPark may move the Resident to a more appropriate accommodation, such as an Assisted Living Unit or the Health Care Center. Such changes (if not at the Resident's request) shall be made only to protect the Resident's health or safety, or the general welfare of the residents of The Sharon at SouthPark or others.

The Resident may request a meeting with The Sharon at SouthPark for the discussion and consideration of any actions recommended or taken by The Sharon at SouthPark. If the Resident requests that The Sharon at SouthPark not move the Resident to an alternative accommodation and The Sharon at SouthPark and The Sharon at SouthPark medical director determine, in their sole discretion, that additional home care services would be appropriate to meet the Resident's needs, the Resident agrees to arrange for sufficient services to provide appropriate care and safety in the Resident's home. The full cost for such additional homecare is the sole responsibility of the Resident. The Resident agrees that The Sharon at SouthPark is not liable for any harm to the Resident or others or damage to property as a result of (i) the Resident's choice to remain in his or her Living Accommodation and (iii) any acts omissions by such additional home care staff.

Should the Resident fail or refuse to cooperate with any such move, The Sharon at SouthPark has the right to terminate this Agreement and require Resident to vacate the Living Accommodation. If in the sole discretion of The Sharon at SouthPark, it determines that the Resident's transfer to alternate accommodations within The Sharon at SouthPark is permanent, The Sharon at SouthPark may assign the Resident's Living Accommodation to another resident in accordance with this Agreement.

## **VIII. Monthly Service Fee and Application of Entry Fee Upon Certain Changes in Living Accommodation Arrangements**

### **A. Moves to and from Health Care Center**

When a Resident moves temporarily from a regular Living Accommodation to the Health Care Center or from the Health Care Center to a regular Living Accommodation, the Resident's Monthly Service Fee, the meal plan fee, and the Monthly Service Fee of any other person in the Resident's Living Accommodation shall not be affected, except that residents in the Health Care Center must pay the Health Care Center Daily Rate as provided in part VII., in addition to the Monthly Service Fee. However, if a Resident moves to the Health Care Center on a permanent basis as provided in part VII.F. above, the Resident's Monthly Service Fee shall be the Health Care Center Monthly Service Fee shown on the current schedule of fees. Further, if one of two Initial Joint Residents moves to the Health Care Center on a permanent basis as provided in part VII.F., the Monthly Service Fee of the Resident remaining in the Living Accommodation shall be the single person rate applicable to the Living Accommodation. Moves to or from the Health Care Center shall not affect the allocation of the Entry Fee between the Residents who occupy a single Living Accommodation. If a Resident initially enters the Assisted Living Unit paying the semi-private Entry Fee and within 90 days moves permanently to the Health Care Center, the difference between the semi-private and the studio Assisted Living Entrance Fee shall be due. If a Resident entered paying the Health Care Center Entrance Fee and within the first 90 days moves permanently to Assisted Living, Resident shall owe only the Assisted Living Entrance Fee and Resident shall receive a credit for the Health Care Center Entrance Fee previously paid.

### **B. Moves to Other Living Accommodations**

#### **1. Move to Larger Living Accommodations**

As provided in part VIII.D. below, unless otherwise agreed and set forth in the attached Addendum 1 entitled "Special Provisions," the Resident shall have no right to move from one Living Accommodation to another. Nevertheless, if the Resident, after obtaining the prior written consent of The Sharon at SouthPark which shall be determined by The Sharon at SouthPark in its sole discretion, does move at his/her request from one regular Living Accommodation to another, the Entry Fee for which is, at the time of the move, greater than the Entry Fee paid by the Resident, then at the time of the move the Resident shall pay the difference between the Entry Fee paid and the current Entry Fee for the larger accommodation, based on the Entry Fee schedule in existence at the time of the move. The Resident should also pay any fees provided in part VIII.D. In addition, the Resident shall pay the Monthly Service Fee applicable to the new Living Accommodation based on the number of occupants as of the day the Resident occupies the new Living Accommodation. The Resident is required to move to the new Living Accommodation within two weeks of its being ready for occupancy. In any move the Resident shall promptly vacate the former apartment or cottage within said two week period, allowing The Sharon at SouthPark to make it available to others. The Resident will be charged one-half the room rate during the two week period the accommodation remains uncleared. If the Resident fails to remove his/her belongings from the accommodation within said two week period, he/she will be charged the full room rate from the 15<sup>th</sup> day until the room is cleared.

## **2. Move to Smaller Living Accommodations**

In the event the Resident, after obtaining the prior written consent of The Sharon at SouthPark which shall be determined by The Sharon at SouthPark in its sole discretion, moves at his/her request from one regular Living Accommodation to another, the Entry Fee for which is, at the time of the move, less than the Entry Fee paid by the Resident, the Resident shall not be entitled to any refund or abatement of the Entry Fee as a result of the move. The Resident shall pay any fees provided in part VIII.D. and the Resident shall pay the Monthly Service Fee applicable to the new Living Accommodation based on the number of occupants as of the day the Resident occupies the new Living Accommodation. The Resident is required to move to the new living accommodation within two weeks of its being ready for occupancy. In any move the Resident shall promptly vacate the former apartment or cottage within said two week period, allowing The Sharon at SouthPark to make it available to others. The Resident will be charged one-half the room rate during the two week period the accommodation remains uncleared. If the Resident fails to remove his/her belongings from the accommodation within said two week period, he/she will be charged the full room rate from the 15<sup>th</sup> day until the room is cleared.

## **3. Initial Joint Residents**

If two Residents jointly occupy one Living Accommodation when they both initially move to The Sharon at SouthPark, then they shall pay one Entry Fee based upon the type of Living Accommodation to be occupied (such persons are hereinafter referred to as "Initial Joint Residents"). The Entry Fee in the case of Initial Joint Residents shall be deemed paid by them in equal shares. This provision shall apply in the case Initial Joint Residents are divorced or no longer wish to live together, regardless of the actual source of the funds used to pay the Entry Fee. Upon the death of an Initial Joint Resident, that portion of the Entry Fee deemed paid by the deceased Initial Joint Resident shall be deemed to have been paid by the surviving Initial Joint Resident, therefore, no refund of the Entry Fee shall be due except as described in part X below.

If one Initial Joint Resident moves to a different Living Accommodation, the moving Initial Joint Resident and the Initial Joint Resident remaining in the Living Accommodation may be subject to the payment of additional Entry Fees based upon the equal proration of the Entry Fee under this part VIII.B.3. and rules (see Parts VIII.B.1 and 2. above) related to changes in type of Living Accommodations.

### **C. Changes in Type of Living Accommodation**

#### **1. Marriage of One Resident to Another Resident**

If one Resident marries another Resident and they desire to occupy the same Living Accommodation the following rules shall apply:

(a) If the married Residents desire to occupy a Living Accommodation currently occupied by one of them, no additional Entry Fee shall be due. Upon the subsequent death of either one of the Residents, it will not be necessary for the survivor to move from the Living Accommodation. The monthly fee will become the current single person fee for a unit of

that size. The single Monthly Service Fee may be adjusted from time to time according to the size of the accommodations.

(b) If the married Residents desire to move to a type of Living Accommodation not previously occupied by one of them, no additional Entry Fee will be due from either of them, if the Entry Fee deemed paid by each of them individually (excluding any amount attributable to a deceased Initial Joint Resident) equals or exceeds the then-applicable Entry Fee with respect to such Living Accommodation. If the combined Entry Fee, including amounts attributable to a deceased Initial Joint Resident, exceeds the then-current Entry Fee for the new unit, no refund shall be made (See Section VIII.B.3 above.)

## **2. Marriage of a Resident to a Nonresident**

If a Resident marries a nonresident, the nonresident shall not reside at The Sharon at SouthPark unless such person satisfies the then-existing admissions criteria of The Sharon at SouthPark and until such person has been admitted through the normal application, admissions and orientation policies and procedures. After having qualified for admission, it is the policy to place such person at or near the top of the Future Residency Program List for occupancy. In the event such person is admitted to The Sharon at SouthPark, such person shall pay the standard Entry Fee then applicable for a single room. Once the person is admitted and has paid the applicable Entry Fee plus the current Second Person Entry Fee, as shown in the schedule of fees, and is permitted to occupy the spouse's Living Accommodation or another available residence, such person shall be treated as a Resident who marries another Resident, and part VIII.C.1. shall apply.

### **D. No Right That Resident Move to Another Living Accommodation; Other Cases**

Notwithstanding any provision in this Agreement, unless otherwise specifically agreed and set forth in writing in an addendum attached hereto, the Resident shall have no right to move from one Living Accommodation to another. Moreover, upon execution of this Agreement and payment of the Entry Fee, and unless health declines, the Resident shall be entitled to occupy that type of Living Accommodation described in part IV. above for the remainder of his/her life, as long as his/her health permits, unless expressly provided otherwise in this Agreement. The Sharon at SouthPark reserves the right in its discretion to require the Resident to move from one Living Accommodation to another of the same type, the costs of which move shall be paid by The Sharon at SouthPark. If The Sharon at SouthPark initiates any such move, the Resident's Monthly Service Fee shall not be increased as a result of the move and the Resident shall not be required to pay any incremental Entry Fee.

Except for any move approved by The Sharon at SouthPark to accommodate a Resident's financial difficulty, a Resident requesting a move from one Living Accommodation to another which is approved by The Sharon at SouthPark shall pay to The Sharon at SouthPark the then current transfer fee plus any expenses incurred by The Sharon at SouthPark with respect to said move.

This part VIII. is not an attempt to provide a comprehensive solution for every situation that may arise with respect to the Living Accommodation. The Sharon at SouthPark shall

evaluate each special situation on a case-by-case basis and work with the Resident to provide an appropriate solution consistent with sound financial and management practices.

#### **IX. The Sharon at SouthPark Policy Concerning Financial Difficulty**

It is the policy of The Sharon at SouthPark that this Agreement shall not be terminated solely because of the Resident's financial inability to continue to pay all or part of the Monthly Service Fee or Health Care Center Daily Rate. Nevertheless, the Resident's acceptance into The Sharon at SouthPark has been based on the accuracy of the Resident's financial statements as updated prior to admission, and The Sharon at SouthPark may request Residents to file annually a financial statement with the management of The Sharon at SouthPark. The Resident agrees not to divest or deplete his or her assets through gifts or other voluntary means to the extent that it might jeopardize his or her ability to pay for the cost of care at The Sharon at SouthPark.

If the Resident has misrepresented information on a financial statement or has diminished his/her ability (or the ability of his/her personal estate) to satisfy financial obligations under this Agreement, by the making of gifts of real or personal property or entering into financial transactions in bad faith, or for reasons other than financial gain, AFTER submitting or supplementing the financial statement and AFTER acceptance into The Sharon at SouthPark, The Sharon at SouthPark reserves the right to terminate this Agreement, if as a result of such gifts or financial transactions the Resident is unable to pay and in fact does not pay the Monthly Service Fee or Health Care Center Daily Rate when due.

If the Resident accurately reported his/her financial condition and, with prudence, seeks to maintain his/her financial resources in order to fulfill in good faith the financial obligation assumed, it is the intention of The Sharon at SouthPark to provide the Resident with continuing care in accordance with the terms of this Agreement. Regardless of this policy and intention, however, the following provisions must apply:

##### **A. Failure to Make Payments, Collection and Guarantee Agreement**

If the Resident fails to pay the Monthly Service Fee, or to pay any other legitimate amounts shown on the monthly statement within thirty (30) days after the due date, then The Sharon at SouthPark may give written notice to the Resident to pay all such amounts. If the Resident fails to comply with such notice within thirty (30) days after the notice, The Sharon at SouthPark may terminate this Agreement, and shall provide Resident with the refund, if any, set forth in part X. hereof.

(a) If the Resident fails to pay any and all financial obligations incurred during the period of residency within 30 days after notification of such charges, then The Sharon at SouthPark reserves the right to pursue all legal remedies for collection of these charges. Resident acknowledges and agrees that he/she shall be obligated to reimburse The Sharon at SouthPark for all costs associated with collection of any charges or fees due pursuant to this Agreement, including the cost of reasonable attorney's fees incurred by The Sharon at SouthPark as allowed by North Carolina law.



(b) It is understood by the Resident that if a Guarantor is provided by the Resident as an incentive for The Sharon at SouthPark to favorably consider the application of the Resident, then the Resident and the Guarantor shall become liable for these charges, attorneys' fees and cost of collection.

(c) A copy of any applicable Guarantee Agreement is attached to this Resident Agreement and incorporated herein by specific reference.

## **B. Special Consideration**

Without in any way qualifying the right of The Sharon at SouthPark to terminate this Agreement, it is The Sharon at SouthPark policy that, if the sole reason for nonpayment is insufficient funds, beyond the control of the Resident, the matter will be reviewed by The Sharon at SouthPark with the Resident. If the Resident presents facts which justify special financial consideration, The Sharon at SouthPark may, solely at its discretion, partly subsidize Resident's Monthly Service Fee or Health Care Center Daily Rate. All determinations made by The Sharon at SouthPark concerning the granting or continuance of special financial consideration shall be at the sole discretion of The Sharon at SouthPark and shall be final, but shall be made in good faith. Any such determination made by The Sharon at SouthPark shall be regarded as a confidential transaction between The Sharon at SouthPark and the Resident, except for reports required by regulatory or other government bodies.

## **C. Reduction of Income**

The Resident warrants that his/her sources of income are adequate to meet his/her financial responsibility to The Sharon at SouthPark and to meet and pay any additional costs of Resident, and to pay personal and incidental expenses during the period of residency. If the Resident's sources of income do not meet these requirements, the Resident will make every reasonable effort to obtain assistance from his/her family or other available means, to the extent that the Resident is eligible to receive such assistance. The Resident agrees that he/she will apply for and diligently seek such benefits.

## **X. Termination of Resident's Agreement and Refunds of Entry Fee and Other Amounts**

### **A. Termination by Resident Within Thirty (30) Days of Executing This Agreement**

Should Resident change his/her mind, Resident may rescind this Agreement within 30 days following the later of execution of this Agreement or receipt of a Disclosure Statement. In such event, the portion of the Entrance Fee paid to that date will be refunded to Resident within 30 days following such rescission, without interest less: (a) the amount of the application fee (to the extent the application fee does not exceed \$1,000), (b) the cost of the medical examination or other costs incurred by Resident, and (c) a reasonable service charge not to exceed the greater of one thousand (\$1,000) or two percent (2%) of the Entrance Fee. The Resident shall also not be entitled to have any nonstandard costs to modify the Living Accommodation (paid by the Resident) returned to the Resident. However, should Resident occupy the Living Unit during the rescission period, The Sharon at SouthPark shall have 60 days following rescission to refund any money or property transferred to The Sharon at SouthPark without interest, and The Sharon at SouthPark

will also retain those periodic charges (including Monthly Service Fees) set forth in this Agreement which are applicable to the period Resident actually occupied the Living Unit. The Sharon at SouthPark cannot require Resident to move into The Sharon at SouthPark prior to the expiration of the 30 day right of rescission period.

**B. Death, Illness, Injury, Incapacity Before Occupying a Living Accommodation**

If the Resident dies before initially occupying a Living Accommodation at The Sharon at SouthPark or if on account of the Resident's illness, injury, incapacity, or for any other reason, under the terms of the Resident's Agreement, this Resident's Agreement shall be canceled, the Resident or his/her "Designated Testamentary Recipient," as such term is defined in Section X.D.3 of this Agreement, if the cancellation is as the result of the death of the Resident, shall receive a refund of all money or property transferred to The Sharon at SouthPark less: (a) the nonstandard costs to modify the Living Accommodation incurred by The Sharon at SouthPark at the request of Resident on or prior to the date of cancellation, (b) the amount of the application fee (to the extent the application fee does not exceed \$1,000), and (c) the cost of the medical examination or other costs incurred by Resident.

If one Initial Joint Resident dies prior to initially occupying the Living Accommodation, the surviving Initial Joint Resident shall have the option to: (a) cancel the Resident's Agreement by written notice to The Sharon at SouthPark, in which case the Entry Fee of the deceased Initial Joint Resident shall be deemed to have been paid by the survivor pursuant to part VIII.B.3 and the refund made to the survivor pursuant to the preceding paragraph, or (b) maintain the Resident's Agreement in force as if the deceased Initial Joint Resident had died after occupying the Living Accommodation. The second person Entry Fee will be refunded.

If one Initial Joint Resident is precluded from initially occupying the Living Accommodation under the terms of this Agreement on account of illness, injury, or incapacity, then the Initial Joint Residents shall have the option exercisable jointly prior to the time either of the Initial Joint Residents occupies the Living Accommodation to: (a) cancel this Resident's Agreement by written notice to The Sharon at SouthPark, in which case refund shall be made as if both of the Initial Joint Residents were so precluded from initially occupying the Living Accommodation, or (b) the Initial Joint Resident who is able to occupy the Living Accommodation may do so and the disabled joint resident may be admitted directly into the Health Care Center or the Assisted Living Unit.

**C. Termination Before the Expiration of the Probationary Period**

At any time within the ninety (90) day period commencing on the Resident's Date of Occupancy of the Living Accommodation (the "Probationary Period"), the Resident may terminate this Agreement by giving written notice of termination to The Sharon at SouthPark. The Resident shall move from the Living Accommodation within thirty (30) days from the date on which such notice is received by The Sharon at SouthPark.

Within the ninety (90) day Probationary Period, if it should be determined by The Sharon at SouthPark that the Resident is unable to make a physical or mental adjustment to the style of living provided, The Sharon at SouthPark, at its discretion for any reason, may terminate

this Agreement by providing the Resident with at least thirty (30) days written notice of such termination. If such action is taken by The Sharon at SouthPark, the Resident will have thirty (30) days to move from his/her Living Accommodation.

If this Resident's Agreement is terminated by The Sharon at SouthPark under this part X.C., the Resident shall be entitled to a refund of the entire Entry Fee. If this Resident's Agreement is terminated under this part X.C. by the Resident, the Resident shall be entitled to a refund in accordance with the schedule subject to any changes provided in part X.A (for termination within 30 days following the later of execution of this Agreement or receipt of a Disclosure Statement) and subject to the condition set forth in part X.D.4. below as if this Agreement were terminated on the date the Resident vacates the Living Accommodation. The Resident shall also not be entitled to have any nonstandard costs to modify the Living Accommodation (paid by the Resident) returned to the Resident. The Resident shall be liable for the Monthly Service Fee and all other charges incurred through the last date on which the Resident occupies the Living Accommodation.

#### **D. Termination After the Probationary Period**

##### **1. Termination By Voluntary Action of Resident or His/Her Legal Representative**

The Resident or his/her legal representative has the right at any time to terminate this Agreement by written notice of termination to The Sharon at SouthPark. Provided, however, only the Resident's legal representative may terminate this Agreement during any time that the Resident lacks legal capacity in the opinion of The Sharon at SouthPark medical director. The written notice need not cite a specific reason for the termination, but it shall state a date when the termination is to become effective, and on or prior to such date the Resident shall move from The Sharon at SouthPark and release the Living Accommodation. The Resident shall be entitled to a refund of the Entry Fee as provided in the schedule below.

##### **2. Termination By The Sharon at SouthPark**

After the Probationary Period, The Sharon at SouthPark reserves the right to terminate this Agreement for what is in its reasonable judgment any just or sufficient cause (as described below), based on the judgment of the Board of Directors of The Sharon at SouthPark, by serving upon the Resident or his/her legal representative written notice of termination specified to be effective on a date not less than thirty (30) days after the date of the notice. Any such termination by the Board of Directors shall be final and conclusive.

For purposes of this part, X.D.2, The Sharon at SouthPark shall have cause to terminate this Agreement if the Resident makes or has made any material misrepresentation or omission in his/her application, financial statement or medical record or if it is determined by the Board of Directors of The Sharon at SouthPark that continued occupancy at The Sharon at SouthPark by the Resident creates a substantial concern to the life, health, safety and peace of any Resident, staff or other persons on the premises, or if the Resident shall be in breach of, or default under, the terms of this Agreement after reasonable notice and opportunities to cure any such breach or default. On or before the termination date in any such written notice, the Resident shall move from and release

his/her Living Accommodation. After such removal, the Resident's obligation to continue Monthly Service Fee payments shall cease, and the Resident shall be entitled to receive a refund of the Entry Fee as provided in the schedule in part X.D.4 below.

### **3. Termination By Death of Resident**

Unless terminated earlier by other provisions in this Agreement, this Agreement shall terminate at the death of the Resident (in the case of a single Resident), or at the death of the last surviving Initial Joint Resident, whereupon all obligations of The Sharon at SouthPark under this Agreement, other than those relating to removal of personal property, shall cease. It is The Sharon at SouthPark policy to allow the legal representative of a deceased Resident a period (not to exceed 14 days) following death to remove the personal effects of the deceased Resident from the Living Accommodation. The Sharon at SouthPark reserves the right at any time following the termination of this Agreement to gain access to the Living Accommodation and to pack, remove and store elsewhere, at the expense of Resident's estate, the personal effects of the deceased Resident contained therein. Any personal effects of the Resident in the Living Accommodation theretofore occupied or held in storage shall be made available to the Resident's executor, administrator, or personal representative, or to other persons entitled by law to receive them. The Sharon at SouthPark is not responsible for loss or damage to personal property after the death of the Resident.

The estate of the deceased Resident shall pay one-half of the daily rate from the date of death until the deceased Resident's personal effects are removed from the Living Accommodation and other areas within The Sharon at SouthPark not to exceed 14 days. If the belongings are not removed from the accommodation within 14 days, the full monthly service fee will be charged until the accommodation is cleared and the key is returned to management. A packing and moving fee will apply for these services if needed after the 14 day period and will be billed to the estate of the Resident. If The Sharon at SouthPark stores the deceased Resident's personal effects off the premises, the estate of the Resident shall pay the cost of removal and storage. If the deceased Resident's personal effects are not claimed within ninety (90) days following death, The Sharon at SouthPark may dispose of the personal effects as it sees fit and the estate of the Resident shall be liable for all costs of storage (including storage beyond the ninety (90) day period) and disposition. At the death of the Resident, the Resident's Designated Testamentary Recipient shall be entitled to a refund of the Entry Fee as provided in the Schedule below. For purposes of this Agreement, "Designated Testamentary Recipient" shall mean the estate of the Resident unless (i) the Resident had designated in a writing, substantially in the form attached as Addendum 3 to this Agreement, that the Resident's Revocable Trust should be the recipient of such refund, and (ii) such Revocable Trust is in existence at the time of the death of the Resident

### **4. Schedule for Refund of Entry Fee In the Event of Termination**

If this Agreement is terminated pursuant to parts X.D.1., 2., or 3. above, or is terminated by the Resident during the Probationary Period pursuant to part X.C. above, then the amount of the Entry Fee that the Resident is entitled to receive as a refund shall be based on the refund plan selected and in accordance with the following table:

If Termination Occurs within the Following Number of Days after the Date of Occupancy:	The Percentage of the Standard Entry Fee that Shall be Refunded Is:	The Percentage of the 50% Refundable Entry Fee that Shall be Refunded Is:	The Percentage of the 90% Refundable Entry Fee that Shall be Refunded Is:
First 30 days	100%	100%	100.00%
31-60 days	95%	95.8%	99.13%
61-90 days	90%	91.7%	98.30%
91-120 days	85%	87.49%	97.47%
121-150 days	80%	83.32%	96.64%
151-180 days	75%	79.15%	95.81%
181-210 days	70%	74.98%	94.98%
211-240 days	65%	70.81%	94.15%
241-270 days	60%	66.64%	93.32%
271-300 days	55%	62.47%	92.49%
301-330 days	50%	58.30%	91.66%
331-365 days	40%	54.13%	90.83%
After 365 days	0%	50.00%	90.00%

After 365 days from the day on which Resident first occupies the Living Accommodation none of the Standard Entry Fee is refundable. Fifty percent is refundable under the 50% refund plan and ninety percent is refundable under the 90% refund plan. In the event that occupancy has been delayed, but the Resident has commenced paying monthly service fees, refunds are calculated based on the assigned Date of Occupancy.

Provided, however, The Sharon at SouthPark reserves the right to make conditional the Resident's entitlement to a refund of the Entry Fee under this part X.D.4., on the receipt by The Sharon at SouthPark of another Entry Fee of an equal or greater amount from a person who was not an Entry Fee depositor on The Sharon at SouthPark Future Residency Program List on the date this Agreement was terminated and provided that said Entry Fee has not been previously allocated to enable another Resident to receive a refund of his/her Entry Fee. This condition shall not apply if the Resident terminates the Resident's Agreement within 30 days of execution of the Resident's Agreement, or if the Resident dies before occupying a Living Accommodation, or if the Resident is precluded from initially occupying a Living Accommodation due to illness, injury or incapacity, or if The Sharon at SouthPark terminates the Resident's Agreement during the Trial Period.

A Resident who participates in the refundable entrance fee plan and subsequently qualifies for and receives financial assistance from The Sharon at SouthPark, agrees and consents that when the Resident or the Resident's estate becomes entitled to payment of any refundable entry fee, that such refund will be reduced by The Sharon at SouthPark in an amount equal to the financial assistance received by the Resident from The Sharon at SouthPark. Once The Sharon at SouthPark is fully reimbursed, the Resident or the Resident's estate shall then receive the balance due under the refundable entrance fee plan. If the Resident does not receive any financial assistance from The Sharon at SouthPark, then any payments made by The Sharon at SouthPark under the refundable entry fee plan shall be paid without any such reduction.

#### **E. Time for Payment of Refunds**

Any refund of the Entry Fee (due under this Resident's Agreement) shall be payable before the later of (a) thirty (30) days after the Resident has vacated The Sharon at SouthPark or (b) thirty (30) days after the Resident becomes entitled to the refund under this Agreement.

## **F. Release of Obligation**

Upon termination of this Agreement, The Sharon at SouthPark is released from any further obligations to the Resident except for the payment of any refund which may be due under this Agreement.

## **XI. Rights and Obligations of the Resident as to Property**

The rights and obligation of the Resident as to property are as follows:

### **A. No Rights to Real Property**

The rights and privileges of the Resident, as granted herein, do not include any rights, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of any real property, including land, buildings, improvements and fixtures owned by The Sharon at SouthPark or in which The Sharon at SouthPark has any interest. Resident does not own property at The Sharon at SouthPark, and the Living Accommodation or assigned parking space may not be willed or otherwise assigned or sublet by Resident. The Resident's rights are for services granted herein on a contractual basis, and not by way of any legal or equitable ownership or other interest in any real property of The Sharon at SouthPark. Any rights, privileges or benefits arising under this Agreement or from the payment of any fees herein provided for or hereafter acquired or arising in any manner here from, shall be subordinate and inferior to all mortgages or deeds of trust on any of the premises or real properties of The Sharon at SouthPark, heretofore or hereafter given, to secure any loans or advances made to The Sharon at SouthPark or its successors, now outstanding or made in the future, and subordinate and inferior to all amendments, modifications, replacements, or refunding thereof, and Resident agrees that, upon request of The Sharon at SouthPark, or the holder of any such instrument, he/she will execute and deliver any document which is alleged to be necessary or required to effect or evidence such subordination.

### **B. Rights to Personal Property**

As in the case of real property, the Resident has no right, title or interest, legal, equitable, beneficial or otherwise in or to any part of the personal property owned by The Sharon at SouthPark, including wall-to-wall carpets, (excluding area rugs owned by Resident) draperies, blinds, appliances, and fixtures in the Living Accommodation, even if upgraded at the Resident's cost, nor any right to any furniture, furnishings or fixtures in common areas and facilities owned by The Sharon at SouthPark.

### **C. Responsibility for Damages**

Any loss or damage to real property of The Sharon at SouthPark, caused by the negligence of the Resident, Resident's guests or Resident's uninsured vendors or suppliers shall be charged to and paid for by the Resident. If any negligence of any Resident or any Resident's guests results in injury, illness or damage to the Resident or to any other Resident, The Sharon at SouthPark assumes no responsibility therefore, and the Resident hereby indemnifies, holds harmless, releases and discharges The Sharon at SouthPark from and against any and all claims, losses, liability, costs, damages, including attorneys' fees, in connection with or arising out of the

negligence of the Resident or the Resident's guests, or the negligence of any other Resident or the guests of any other Resident. The Resident assumes all risks of personal damages which he or she may receive by reason of the termination of the Resident's occupancy in the home for misconduct or violation of the policies governing Residents, or for any other reason.

#### **D. Responsibility for Protection of Resident's Property**

The Sharon at SouthPark shall not be responsible for the loss of any personal property belonging to the Resident due to theft, fire or any cause, unless said property is specifically entrusted in writing to the care and control of The Sharon at SouthPark, and then The Sharon at SouthPark shall be responsible only for ordinary care to safeguard, and account for, such property. The Resident shall have the responsibility, at his/her own expense, of providing and maintaining a standard property and liability insurance policy to protect Resident's personal property.

The Sharon at SouthPark, upon either (1) the termination of this Agreement or (2) in the event that the Resident is in the Health Care Center and it has been determined by The Sharon at SouthPark medical director or the Resident's personal physician that it is unlikely that the Resident will be physically or mentally able to reoccupy his/her Living Accommodation for the reasonably foreseeable future, shall have the right, at the Resident's expense, to remove all personal property of the Resident from his/her Living Accommodation and to make that Living Accommodation available to others, and store the Resident's personal property, at the Resident's expense and risk. If the property is stored in a commercial storage facility, The Sharon at SouthPark shall have no responsibility for such property after it has been placed in storage, and the Resident, or the Resident's estate, shall be liable for all storage fees incurred.

### **XII. Arrangement for Guardianship and Resident's Estate**

#### **A. Will and Financial Arrangements Required**

The Resident, within three (3) months of the Date of Occupancy agrees to make, if not previously made, a will providing for disposal of his/her assets and appointment of an Executor of his/her estate. In addition, the Resident shall give The Sharon at SouthPark written instructions with respect to the location of the will, the Executor of Resident's estate, and the Resident's funeral and burial arrangements, which arrangements Resident shall pay for at his or her expense.

#### **B. Legal Guardian**

As provided in paragraph VII.I the Resident agrees to provide The Sharon at SouthPark in writing with the name of the person(s), as provided in paragraph VII.I, having been given Power of Attorney by the Resident and to keep this information current in the home's business office.

If the Resident becomes legally incompetent or unable properly to care for his/her self or his/her property, in the judgment of The Sharon at SouthPark, The Sharon at SouthPark shall contact the guardian or conservator nominated and appointed by the Resident pursuant to the provisions of North Carolina General Statute Section 32C-1-108 in any Power of Attorney or other instrument, or by the court, if one has been appointed. In the event the Resident has made no designation of a person or legal entity to serve as his/her guardian or conservator, the Resident

hereby authorizes and requests The Sharon at SouthPark to apply to a court of competent jurisdiction for the appointment of a conservator or guardian, and if there is no proper person to serve in such capacity, Resident hereby nominates and appoints The Sharon at SouthPark as his/her guardian or conservator, to be confirmed in appointment by the court. The Resident or the Resident's estate shall reimburse The Sharon at SouthPark for all expenses it incurs pursuant to this part XIII.B. including but not limited to legal and other professional fees incurred by The Sharon at SouthPark in carrying out its duties hereunder.

### **XIII. Living Will and Health Care Power of Attorney**

It is understood that the Resident has the right to make a Living Will, Medical Directives and to designate a Health Care Power of Attorney. Resident has the responsibility of providing a copy of the document to The Sharon at SouthPark and any subsequent modifications.

### **XIV. Pets**

Pets maybe permitted under certain guidelines, in accordance with The Sharon at SouthPark Pet Policy currently in effect.

### **XV. Non-Transferable**

The rights and privileges of the Resident under this Agreement to the Living Accommodation, facilities, services and medical care are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceeding at law, or otherwise. Any attempted assignment of this Agreement shall be void and shall give The Sharon at SouthPark the right to terminate this Agreement. If any person, other than the person who has signed this Agreement, seeks to live in the Resident's Living Accommodation without following the proper admissions procedure established by The Sharon at SouthPark, The Sharon at SouthPark shall have the right to terminate this Agreement.

### **XVI. Notice**

All notices to be given in accordance with this Agreement shall be deemed to have been properly given if and when delivered personally or sent by mail, postage prepaid, as follows:

To The Sharon at SouthPark:	The Presbyterian Home at Charlotte, Inc. 5100 Sharon Road Charlotte, North Carolina 28210 Attention: President & CEO
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To Resident (before taking occupancy):	at the address shown on the Resident's application forms.
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To Resident (after taking occupancy):	at the Resident's Living Accommodation or Health Care Center room, as the case may be.
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## **XVII. Miscellaneous**

### **A. Entire Agreement**

This Agreement, including any addenda, together with the application form, financial statements, medical records and the continuing care disclosure statement constitute the entire agreement between The Sharon at SouthPark and the Resident. The Resident warrants that all statements made herein or in the foregoing are true and correct. The Sharon at SouthPark is not liable and shall not be bound by any statements, representations or promises made by any person representing or purporting to represent The Sharon at SouthPark, unless such statements, representations or promises are set forth in this Agreement as Special Provisions or in the continuing care disclosure statement delivered prior to or simultaneously with this Agreement.

### **B. Rights of Management**

The absolute right of management is reserved to The Sharon at SouthPark. The Sharon at SouthPark reserves the right to accept or reject any person for residency. Residents do not have the right to accept or reject any person for residency. Residents do not have the right to management or the right to determine admission, or transfer of any other Resident.

### **C. Rules and Regulations**

The Resident acknowledges receiving a copy of the Residents' Handbook and will observe all rules and regulations which The Sharon at SouthPark may from time to time adopt for the convenience, comfort, safety and wellbeing of all Residents.

### **D. No Waiver**

Any failure by the Resident or The Sharon at SouthPark to exercise any right or remedy granted to either of them under this Agreement shall not be construed as a waiver of the right to exercise the same or any other right or remedy at any time, or from time to time thereafter.

### **E. Invalidity, Unenforceability**

If any portion of this Agreement shall, for any reason, be held to be invalid or unenforceable in any jurisdiction in which it is to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement, and it shall be construed as if such invalid or unenforceable provision were omitted.

### **F. Amendments**

This Agreement may be amended only in writing executed by an authorized officer of The Sharon at SouthPark and by the Resident, and such amendment shall be attached as an addendum to this Agreement.

**G. Section Headings**

Section headings are for reference purposes only.

**H. Binding Effect**

This Agreement shall be binding upon, and inure to the benefit of, The Sharon at SouthPark and the Resident, and their respective successors, permitted assigns and personal representatives.

**I. Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute but one agreement.

**J. North Carolina Law**

All matters affecting the interpretation of this Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of North Carolina.

**K. Presbyterian Church (U.S.A.)**

The entire Board of Directors of The Sharon at SouthPark is elected by the Presbytery of Charlotte, a duly established governing body of the Presbyterian Church (U.S.A.). The Presbyterian Home at Charlotte, Inc. is a nonprofit corporation under the laws of the state of North Carolina and a separate and distinct legal entity from the Presbyterian Church (U.S.A.) or any division thereof. Neither the Presbyterian Church (U.S.A.), nor its General Assembly nor any board, synod, presbytery, session, church, congregation nor any instrumentality, agency, division, combination or organization of the foregoing shall have any responsibility with respect to the organization, operation, financial affairs, liabilities or debts of The Sharon at SouthPark or The Presbyterian Home at Charlotte, Inc.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, the day and year as referenced on Page 1 of this Agreement.

THE SHARON AT SOUTHPARK:

[Corporate Seal]

THE PRESBYTERIAN HOME AT CHARLOTTE, INC.

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

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

RESIDENT or POA:

\_\_\_\_\_ [SEAL]

\_\_\_\_\_ [SEAL]

**Addendum 1**

**To Resident's Agreement**

**Special Provisions**

**(Attached)**

## THE SHARON AT SOUTHPARK CANOPY OPTION

THIS CANOPY OPTION (this "Option") is part of that certain Resident's Agreement dated: \_\_\_\_\_ (the "Agreement"), by and between THE PRESBYTERIAN HOME AT CHARLOTTE, INC., a North Carolina nonprofit corporation ("The Sharon at SouthPark"), and the undersigned Resident (hereinafter referred to, whether one or two individuals, as "Resident").

Resident desires to move in and occupy a cottage unit (the unit provided to Resident is called the "Living Accommodation") at The Sharon at SouthPark as set forth in the Agreement as a short-term living accommodation until the Move Out Date (hereinafter defined). Notwithstanding any terms or provisions in the Agreement to the contrary, The Sharon at SouthPark and Resident hereby agree and hereby amend the Agreement as follows:

1. Resident acknowledges and agrees that The Sharon at SouthPark intends to construct Apartments or other structure(s) (the "New Apartments") upon the site where the Living Accommodation is located and that Resident will only be entitled to occupy the Living Accommodation as a short-term living accommodation in accordance with the terms and provisions of this Option. Resident shall pay the Entry Fee, Monthly Service Fee, Canopy Rate monthly fee, and other fees and expenses for the Living Accommodation as set forth in the Agreement. No financial assistance shall be available for the Living Accommodation.

2. The Sharon at SouthPark shall provide Resident with at least ninety (90) days prior written notice (the "Move Out Notice") of the date (the "Move Out Date") that Resident must move out and vacate the Living Accommodation. After The Sharon at SouthPark issues the Move Out Notice, Resident shall move to another living accommodation at The Sharon at SouthPark as set forth in this Option. Resident shall vacate the Living Accommodation prior to the Move Out Date. If the Resident fails to remove all of his/her belongings from the Living Accommodation prior to the Move Out Date, Resident will be charged the full room rate until the unit is cleared and Resident agrees to pay to The Sharon at SouthPark all damages, expenses and costs incurred by The Sharon at SouthPark relating to Resident's failure to fully vacate the Living Accommodation prior to the Move Out Date including, but not limited to, any lost revenue with respect to the New Apartments.

3. The Sharon at SouthPark shall use commercially reasonable efforts to provide Resident with a living accommodation that has a similar size to the Living Accommodation, provided that Resident satisfies all of The Sharon at SouthPark financial requirements for such living accommodation. The Sharon at SouthPark may require that Resident provide a current financial statement. The Sharon at SouthPark makes no guarantees to Resident whatsoever with respect to the size or type of the actual replacement living accommodation (the "New Living Accommodation"). Prior to moving into the New Living Accommodation, Resident shall pay then current Entry Fee for the New Living Accommodation based upon the Entry Fee schedule in existence at the time of the move but Resident shall receive a credit for the following fees paid by Resident (i) the Entry Fee paid by Resident for the Living Accommodation, and (ii) the sum of each Canopy Rate monthly fee paid by Resident. Upon payment of said Entry Fee, and unless health declines, the Resident shall be entitled to occupy the same type of living accommodation as the New Living Accommodation for the remainder of his/her life, as long as his/her health permits, unless expressly provided otherwise in the Agreement. Resident and The Sharon at

SouthPark agree that the Resident shall coordinate the move and pay any expenses with respect to the move. No transfer fee shall be charged for the move from the Living Accommodation to the New Living Accommodation. In addition, the Resident shall pay the Monthly Service Fee applicable to the New Living Accommodation based on the number of occupants as of the day that the Resident occupies the New Living Accommodation. The Resident shall vacate the Living Accommodation and move to the New Living Accommodation prior to the Move Out Date.

4. In the event that Resident is moved from the Living Accommodation on a permanent basis to the Health Care Center or an Assisted Living Unit, Resident shall pay to The Sharon at SouthPark, in addition to the applicable fees set forth in the Agreement, the then current Entry Fee for the Health Care Center or the Assisted Living Unit, as applicable, based upon the Entry Fee schedule in existence at the time of the move but Resident shall receive a credit for the following fees paid by Resident (i) the Entry Fee paid by Resident for the Living Accommodation, and (ii) the sum of each Canopy Rate monthly fee paid by Resident.

5. The Agreement and this Option may be executed in multiple counterparts, or in counterpart signature pages, all of which when taken together shall constitute one and the same agreement. A signed copy of the Agreement together with this Option delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery or an original.

6. The terms and provisions of this Option shall govern and control over the terms and provisions of the Agreement. Except as amended by this Option reference is made to the Agreement for a definition of any terms or provisions. This Option is hereby incorporated into and made a part of the Agreement.

IN WITNESS WHEREOF, the parties have executed this Option as of the day and year referenced above for the Agreement.

THE SHARON AT SOUTHPARK:

THE PRESBYTERIAN HOME AT CHARLOTTE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

RESIDENT:

\_\_\_\_\_[SEAL]  
Name: \_\_\_\_\_

\_\_\_\_\_[SEAL]  
Name: \_\_\_\_\_

## The Sharon at SouthPark Rose Option

The Sharon at SouthPark Rose Option provides future residents both price protection and the security of being part of a continuing care retirement community. This option is intended for those residents without an immediate need to move into The Sharon at SouthPark. The Rose Option applies only to studio and large studios as designated by The Sharon at SouthPark.

**Upon (a) signing The Sharon at SouthPark Resident's Agreement and (b) paying the Entry Fee for a studio or large studio the terms, conditions and benefits of the Rose Option are as follows:**

- **Monthly Service Fee** - Prior to physically moving into The Sharon at SouthPark, the resident(s) will pay a reduced monthly service fee for their studio accommodation for as long as they do not physically move into The Sharon at SouthPark. This monthly service fee will be the annually published monthly service fee for the studio selected and will then be reduced for an individual or a couple. This adjustment is based in part upon the savings to The Sharon at SouthPark for not having to incur the occupancy costs that would have been incurred for the delivery of utilities, housekeeping, dining, home visits, emergency response, etc.
- **Desired Accommodation** - The resident(s) must provide The Sharon at SouthPark with a list of one to three desired upgraded accommodations they wish to move into at some point in the future (referred to herein as "desired accommodation"). The Sharon at SouthPark will offer the resident(s) their desired accommodation when it becomes available.
- **Future Residency List** - Those exercising this option move to the top of the wait list for their desired accommodation. Along with other "Rose Option" residents, your position on the wait list is determined by the date the Resident's Agreement is executed. The resident(s) place on the list will not change if they decline the offer to upgrade to their desired accommodation.
- **Entry Fee Price Protection** - The resident(s) will receive Entry Fee Price Protection for their desired accommodation. The existing Entry Fee pricing schedule used will be the one in place on the date of the fully executed Resident's Agreement and will be honored for a period of up to three (3) years thereafter. After three (3) years the most current published Entry Fee pricing schedule will be used to calculate the additional entry fee due.

**Upon accepting an available desired accommodation:**

- **Entry Fee Refund Option** - Resident(s) may revise their Entry Fee Refund Option at the time of the upgrade to a larger accommodation.
- **Entry Fee Payment** - Upon accepting an available desired accommodation the resident(s) will pay the difference between the Entry Fee paid for the studio at the time the Resident's Agreement was executed and the Entry Fee for the desired accommodation.
- **Monthly Service Fee** - Once the resident(s) moves to their desired accommodation, the monthly service fee due is the most current published monthly service fee applicable to that accommodation.

***This agreement is intended solely to set forth the terms and conditions of the Rose Option for the designated units. It is not intended to be a substitution or replacement of the terms of The Sharon at SouthPark Resident's Agreement except to the extent the modified pricing and designation options are set forth in this "Rose Option Agreement."***

Resident: \_\_\_\_\_

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

Resident: \_\_\_\_\_

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

President/CEO: \_\_\_\_\_

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



**Addendum 2**  
**Power of Attorney**  
**(attached)**

**ARTICLE I  
DESIGNATION OF AGENT**

I, \_\_\_\_\_, of \_\_\_\_\_ County, North Carolina, being of sound mind, appoint The Presbyterian Home at Charlotte, Inc., a non-profit corporation (hereinafter "The Sharon at SouthPark"), as my Attorney-in-Fact (herein referred to as my "Agent") for the purposes set out below.

**ARTICLE II  
GRANT OF AUTHORITY**

I grant to my Agent general authority to act for me with respect to claims and litigation, as set forth in Section 32C-2-212 of the North Carolina General Statutes, related to accidents, injuries or other damages incurred by me caused by a third party. The authority granted to my Agent pursuant to this power of attorney may be exercised by my Agent even though the exercise of that authority may benefit the Agent.

**ARTICLE III  
GRANT OF SPECIFIC AUTHORITY**

I expressly grant my Agent the authority and power to delegate to another person any of the authority granted to my Agent or engage another person on my behalf. If an appointment of another Agent is necessary, my Agent may appoint such person and revoke the appointment.

**ARTICLE IV  
LIMITATION ON EXERCISE OF POWERS BY AGENT**

The following limitations shall apply to the exercise of the powers by my Agent in addition to any other limitations provided in this power of attorney:

A. If I or any other agent or attorney-in-fact appointed by me is actively pursuing any claims or litigation, then my Agent shall not exercise any powers granted in this power of attorney.

**ARTICLE V  
MISCELLANEOUS MATTERS RELATED TO MY AGENT**

A. Accountings. My Agent shall keep a record of all receipts, disbursements, and transactions made on my behalf, but my Agent is not required to disclose such records to me or anyone else unless ordered by a court or requested by me or my guardian, or upon my death by my personal representative or the successor in interest of my estate.

B. Revocation of Agent's Authority. In addition to other events or occurrences revoking my Agent's authority under this power of attorney, I may revoke that authority and

remove my Agent by a writing executed by me and delivered to my Agent in person or to my Agent's last known address by certified or registered mail return receipt requested.

C. Resignation of Agent. My Agent shall have the right to resign by giving written notice of resignation to me if I am not incapacitated or if I am incapacitated to my guardian if one has been appointed and any coagent or, if none, the successor agent next designated.

D. Duty and Liability of Agent. If my Agent accepts the authority under this power of attorney, then in exercising a power granted to my Agent, my Agent shall act in accordance with my reasonable expectations if known and, otherwise, in my best interests, in good faith, and only within the scope of the authority granted in this power of attorney.

E. Coordination with Health Care Agent. My Agent shall cooperate with my Health Care Agent appointed pursuant to a Health Care Power of Attorney meeting the requirements of Article III, Chapter 32A of the General Statutes. Any decision affecting my property or financial affairs, including a decision as to the disbursement of money or other property belonging to me, which is made by my Health Care Agent, shall be superior to and binding upon my Agent acting under this power of attorney, and my Agent shall not be required to inquire as to whether any such decision is necessary to exercise the powers relating to health care, or whether costs incurred by my Health Care Agent are reasonable, and shall not be liable to me or to my successors, assigns, heirs or personal representatives for any acts or omissions arising from any such decision.

F. Compensation of its Agent. Any corporation acting as my agent, may receive that compensation for services which it customarily charges for like services at the time the services under this power of attorney are rendered.

## **ARTICLE VI RELIANCE ON THIS POWER OF ATTORNEY**

A person that in good faith accepts this power of attorney without actual knowledge that the power of attorney or my Agent's purported authority is void, invalid, or terminated, or that my Agent exceeded my Agent's authority, may rely on the power of attorney and my Agent's authority as if they were genuine, valid, and still in effect and shall not be held responsible for any breach of fiduciary duty by my Agent.

## **ARTICLE VII TERMINATION**

This power of attorney shall terminate upon (i) my death, (ii) my revocation of this power of attorney, (iii) my revocation of my Agent's authority, or upon my Agent's dissolution or resignation, if this power of attorney does not provide for another agent to act, or (iv) upon termination by my general guardian or the guardian of my estate.

**ARTICLE VIII  
MEANING AND EFFECT**

The meaning and effect of this power of attorney shall for all purposes be determined by the law of the State of North Carolina.

**ARTICLE IX  
EFFECTIVE DATE AND DURABILITY**

This power of attorney is effective on the date it is signed by me and shall not be affected by my subsequent incapacity.

I have signed and sealed this Durable Limited Power of Attorney this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
(SEAL)

STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

I certify that \_\_\_\_\_ personally appeared before me this day, acknowledging to me that **he/she** signed the foregoing instrument.

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

[NOTARIAL SEAL]

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed or Typed Name of Notary Public

My Commission Expires: \_\_\_\_\_

**Addendum 3**  
**Designation of**  
**Designated Testamentary Recipient**  
**(attached)**

**Designation of  
Designated Testamentary Recipient**

If as the result of my death, my "Designated Testamentary Recipient" is entitled to receive a refund from The Presbyterian Home at Charlotte, Inc. ("The Sharon at SouthPark"), as provided by Article X.B. or Article X.D. of The Presbyterian Home at Charlotte, Inc. Resident's Agreement which The Sharon at SouthPark and I executed on \_\_\_\_\_, \_\_\_\_\_, I designate that my Revocable Trust under agreement dated \_\_\_\_\_, \_\_\_\_\_, as may be amended from time to time (the "My Revocable Trust Agreement"), shall be my "Designated Testamentary Recipient" of such refund from The Sharon at SouthPark.

For purposes of this Agreement, I do hereby certify that:

1. My Revocable Trust Agreement is my primary estate planning document;
2. I am the only person authorized to amend, modify, change or revoke My Revocable Trust Agreement during my lifetime, and
3. After my death or incapacity, no one is authorized to amend, modify, change or revoke My Revocable Trust Agreement.

I and the witnesses do hereby sign this Designation on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

WITNESSES

RESIDENT(S)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

On behalf of The Presbyterian Home at Charlotte, Inc. ("The Sharon at SouthPark"), I do hereby acknowledge the execution of the Designation of Designated Testamentary Recipient executed by Resident(s), \_\_\_\_\_ and \_\_\_\_\_ on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

THE PRESBYTERIAN HOME AT CHARLOTTE,  
INC.

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

EXHIBIT F  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
(THE SHARON AT SOUTHPARK)

CONTINUING CARE DISCLOSURE STATEMENT

RESERVATION AGREEMENT

THE SHARON AT SOUTHPARK, THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
RESERVATION AGREEMENT

THIS RESERVATION AGREEMENT (this "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between: \_\_\_\_\_ (hereafter referred to, whether this Agreement is executed by one or two individuals, as "Resident"), whose address is: \_\_\_\_\_ and **The Presbyterian Home at Charlotte, Inc.**, a non-profit continuing care retirement community doing business as The Sharon at SouthPark (hereinafter "**The Sharon at SouthPark**"), whose address is: The Sharon at SouthPark, 5100 Sharon Road, Charlotte, North Carolina 28210.

WITNESSETH:

**WHEREAS**, Resident desires the right to reside in one of the residential units, subject to the rules and regulations of The Sharon at SouthPark as contained in the document entitled "Resident's Agreement" ("**Resident's Agreement**"), and Resident desires to enter into this Agreement to govern said reservation.

IN CONSIDERATION of the mutual covenants and conditions contained herein, Resident and The Sharon at SouthPark hereby agree to the following terms and conditions:

1. **Accommodation.** Resident, upon payment of the Entry Fee (hereinafter defined in Paragraph 2) and execution of the Resident's Agreement, shall be granted the right to occupy a residential unit designated as \_\_\_ accommodation \_\_\_\_\_, Floor Plan \_\_\_\_\_, \_\_\_\_\_Floor (**the "Unit"**) as shown on the plans and specifications provided to Resident, which Unit also includes one designated parking space. Resident acknowledges receipt of a copy of the plans and specifications for the Unit.

\_\_\_\_\_  
(Initials of Resident)

2. **Entry Fee.** Resident shall pay to The Sharon at SouthPark an entry fee (the "Entry Fee") of \$\_\_\_\_\_, payable as follows:
  - a. **Reservation Deposit.** \$\_\_\_\_\_ (the "Reservation Deposit") is due and payable upon execution of this Agreement by Resident, representing ten percent (10%) of the Entry Fee, as an earnest money deposit.
  - b. **Balance of Entry Fee.** The balance of the Entry Fee shall be due and payable on or before the Date of Availability (hereinafter defined in Paragraph 5).
3. **Custom Upfits to Unit.** Resident, without invalidating this Agreement, may request that The Sharon at SouthPark modify the Unit to add additional features ("**Custom Upfits**"). If The Sharon at SouthPark agrees to add Custom Upfits at the request of Resident, Resident and The



Sharon at SouthPark shall execute an addendum to this Agreement containing the agreed upon Custom Upfits, and Resident shall pay the cost of the Custom Upfits (the "Custom Upfits Cost"), as determined by The Sharon at SouthPark, at the time of the execution of the Addendum. No Custom Upfits shall be added to the Unit prior to payment of the Custom Upfits Cost by Resident. Should Resident cancel this Agreement for any reason, The Sharon at SouthPark shall have the right to retain all of the Custom Upfits Cost paid by Resident. Resident's payment(s) of the Custom Upfits Cost will be used to pay the General Contractor and is not subject to refund under any circumstances. If Resident cancels this Agreement for any reason and The Sharon at SouthPark determines that Resident's Custom Upfits are such that they would hinder remarketing of the Unit, Resident will be required to pay, and hereby agrees to promptly pay to The Sharon at SouthPark, the cost (the "Custom Upfits Restoration Cost") of restoring the Unit to a marketable condition as determined by The Sharon at SouthPark. Once Custom Upfits are in place, they become the property of The Sharon at SouthPark and may not be removed by Resident.

4. **Cancellation of Reservation.** Resident may cancel this Agreement at any time prior to occupancy of the Unit by providing written notice (a "Termination Notice") to The Sharon at SouthPark at the above address. As The Sharon at SouthPark will suffer losses due to cancellation by Resident, The Sharon at SouthPark shall be entitled to retain a portion of funds paid by Resident pursuant to Paragraph 2 under certain circumstances as set forth herein together with the Custom Upfits Cost (if applicable). Upon written cancellation of this Agreement, deposits paid by Resident shall be distributed within five (5) business days as follows:
  - a. **Cancellation within 30 days.** If Resident provides the Termination Notice within thirty (30) days of signing this Agreement, this Agreement shall be terminated and The Sharon at SouthPark will refund to Resident the Reservation Deposit. The \$1,000 Wait List deposit shall be refunded at the Resident's request.
  - b. **Cancellation due to death.** If this Agreement is canceled due to death of the Resident, Resident's estate shall receive a full refund of the Reservation Deposit, the Progress Deposit (if applicable), and the \$1,000 Wait List deposit (if applicable). In the event of death of a spouse of Resident and the surviving Resident provides a Termination Notice to The Sharon at SouthPark within thirty (30) days after such death, this Agreement shall be terminated and The Sharon at SouthPark will refund to the surviving Resident the Reservation Deposit, the Progress Deposit (if applicable) and the \$1,000 Wait List deposit (if applicable).
  - c. **Cancellation due to illness.** If Resident provides a Termination Notice with evidence satisfactory to The Sharon at SouthPark that Resident is canceling this Agreement on account of illness, injury or incapacity that would preclude either Resident from occupying a Unit under the Resident's Agreement, this Agreement shall be terminated and The Sharon at SouthPark will refund to Resident the Reservation Deposit, the

Progress Deposit (if applicable) and the \$1,000 Wait List deposit (if applicable and requested by the Resident).

- d. **Other Cancellations.** In all other circumstances where Resident cancels this Agreement by providing a Termination Notice to The Sharon at SouthPark or should The Sharon at SouthPark terminate this Agreement due to the failure of Resident to comply with the terms herein, The Sharon at SouthPark shall retain an amount not to exceed the greater of \$1,000 or two percent (2%) of the Entry Fee from Paragraph 2 above as a reasonable service charge (the "Service Fee") plus the Custom Upfits Cost and the Custom Upfits Restoration Cost (if applicable), and The Sharon at SouthPark and shall return the balance of the Reservation Deposit and the Progress Deposit to Resident.

Upon cancellation of this Agreement by either party, return of the applicable deposits as provided herein and Resident's payment of any Custom Upfits Restoration Cost, The Sharon at SouthPark and Resident shall have no further obligations to each other under this Agreement.

5. **Occupancy of Unit.** The Resident will be notified in writing of the date on which the Resident can occupy his/her living accommodation. The date is referred to as the "Date of Availability." The Date of Availability will be determined by The Sharon at SouthPark, based on availability of the accommodation, and will be within a reasonable time following acceptance of the written offer.

Payment of the Entry Fee and Monthly Fee is due on the Date of Availability, whether or not the Resident chooses to physically occupy the living accommodation on that date. The first monthly service fee shall be prorated based on the number of days in the month, from the date of availability through the end of that month.

If customized renovations are made to a living accommodation at the Resident's request, the Date of Availability shall remain the date by which the accommodation would have been ready had the extra work not been ordered.

6. **Final Payment.** The Sharon at SouthPark will provide Resident with a closing statement showing Resident the balance due to The Sharon at SouthPark, which shall be paid on or before the Date of Availability. This balance will be calculated as follows: Entry Fee less the \$1,000 Wait List deposit (if applicable) and Reservation Deposit (10% deposit due at execution of this Agreement). If Resident does not pay the balance due on or before the Date of Availability, The Sharon at SouthPark shall have the right to terminate this Agreement and refund any deposits, less retainage of the Service Fee as provided in Paragraph 4(d) above.
7. **Rules and Regulations of The Sharon at SouthPark.** Resident's rights to occupy the Unit are subject to the rules and regulations governing the operation of The Sharon at SouthPark as

contained in the Resident's Agreement, and Resident agrees to be bound by the terms contained therein.

\_\_\_\_\_  
(Initials of Resident)

- 8. **Miscellaneous.** Oral representations and agreements are not binding on The Sharon at SouthPark or Resident, and Resident acknowledges that Resident is not relying on any oral representations or agreements of The Sharon at SouthPark or any agents of The Sharon at SouthPark (including any sales representatives). Existing plans for the Unit are subject to modification by The Sharon at SouthPark at any time. Any notice in connection with this Agreement must be in writing and will be deemed delivered when delivered personally, when deposited in the United States Mail, postage prepaid, registered or certified mail, return receipt requested (with a copy to be mailed by first class mail), or when delivered to a nationally recognized overnight courier (charges prepaid), properly addressed to The Sharon at SouthPark or Resident, as the case may be. This Agreement embodies the entire agreement between the parties and cannot be modified or amended except by the written agreement of the parties. This Agreement may not be assigned by Resident. This Agreement shall be governed by the laws of the State of North Carolina.

\_\_\_\_\_ I/We have received Sharon Tower's current Disclosure Statement.  
(Initials of Resident)

**THIS IS A BINDING AGREEMENT BETWEEN RESIDENT AND THE SHARON AT SOUTHPARK**, as evidenced by their signatures below.

**RESIDENT(S):**

**The Presbyterian Home at Charlotte, Inc., doing  
business as THE SHARON AT SOUTHPARK**

\_\_\_\_\_ (seal)

by: \_\_\_\_\_

Authorized Agent

\_\_\_\_\_ (seal)

\_\_\_\_\_ (Date)

\_\_\_\_\_ (Date)

EXHIBIT G  
TO  
THE PRESBYTERIAN HOME AT CHARLOTTE, INC.  
(THE SHARON AT SOUTHPARK)

CONTINUING CARE DISCLOSURE STATEMENT

EARLY ADVANTAGE AGREEMENT

**EARLY ADVANTAGE PROGRAM AGREEMENT  
THE PRESBYTERIAN HOME AT CHARLOTTE**

This EARLYADVANTAGE PROGRAM AGREEMENT ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ between THE PRESBYTERIAN HOME AT CHARLOTTE, INC., a nonprofit corporation, organized and existing under the laws of North Carolina, which operates a continuing care facility at 5100 Sharon Road, Charlotte, North Carolina (The Presbyterian Home at Charlotte, Inc. and the continuing care facility operated by it are referred to herein as "The Sharon at SouthPark" or "We", "Our" or "Us"), and \_\_\_\_\_ (herein referred to, whether this Agreement is executed by one or two individuals, as "Resident", "Member", "You" or "Your"). You agree to take financial responsibility for this Agreement on the above date (the "Date of Acceptance").

WHEREAS, the retirement community (referred to as the "Community") consists of independent living homes and apartments, common areas and amenities, and on-campus facilities for certain outpatient services, assisted living care and skilled nursing care; and

WHEREAS, You desire to enter into this Agreement as an off-campus resident of the Community in connection with The Sharon at SouthPark's offering continuing care without lodging through its "Early Advantage Program" in order for You to access some of the services provided by The Sharon at SouthPark while remaining in Your home and not residing at the Community.

NOW THEREFORE, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, You and The Sharon at SouthPark agree as follows:

**I. ACCEPTANCE AS THE SHARON AT SOUTHPARK RESIDENT WITHOUT LODGING**

- A. **General.** You have gone through the admission process, and The Sharon at SouthPark has accepted You as an off-campus Resident of the Community without lodging through its "Early Advantage Program" in order for You to access some of the services provided by The Sharon at SouthPark while remaining in Your home and not residing at the Community. As a Resident without lodging of The Sharon at SouthPark, You will continue to reside in Your own home and not at the Community, and You are hereby entitled to the services specifically set forth in this Agreement. If there is a fee related to particular services provided to You as a Resident, You will be charged the then prevailing fee that corresponds to being a resident of The Sharon at SouthPark rather than a guest.
- B. **Priority.** This Early Advantage Program Agreement allows You to continue residing at Your Residence outside of the Community, and also gives You priority to convert to occupancy of an independent living unit in the facility upon qualifying for, and executing The Resident's Agreement for continuing care.

The COMMUNITY will offer to Member such Unit Type, as it may become available, according to the following priority basis, as determined and administered in the sole discretion of The COMMUNITY (the "Order of Priority"):

The Early Advantage Program Agreement Member has priority over the \$1,000 Future Residency Program Depositor for converting to occupancy of an independent living unit under The Resident's Agreement for continuing care based on the Date of Acceptance of the Early

Advantage Program Agreement. Priority to the available Unit Type is governed by the level of active interest in the Unit Type.

If the Unit Type becomes available and the Community offers the available Unit Type to the Early Advantage Program Agreement Member ("Unit Offer") and the Early Advantage Program Agreement Member wishes to accept the Unit Offer and convert to The Resident's Agreement for continuing care, Member must accept the Unit Offer on or before the third (3rd) business day after The Sharon at SouthPark makes the Unit Offer. To accept a Unit Offer, the Member must execute a Reservation Agreement. If the Member does not timely accept the Unit Offer, the Unit Offer will be deemed declined and the available Unit Type will be offered to someone else.

MEMBER'S RIGHT TO THE ORDER OF PRIORITY DOES NOT LOCK IN OR FREEZE THE ENTRY FEE THAT IS ASSOCIATED WITH THE UNIT TYPE. IF MEMBER CONVERTS, THE ENTRY FEE IN EFFECT WITH THE UNIT TYPE AT THE TIME OF CONVERSION WILL APPLY.

IF THIS AGREEMENT IS TERMINATED OR CONVERTED, MEMBER'S RIGHT TO THE ORDER OF PRIORITY TERMINATES.

At the time You choose to accept an accommodation on The Sharon at SouthPark's campus, You will be required to go through our admissions process for residing at the Community, including, but not limited to, providing Us updated medical and financial information in order to determine Your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. The Sharon at SouthPark reserves the right to decline Your admission to the Community for residency if Your medical and financial circumstances have changed so that You are not able to live independently or are not able to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit.

The living units available at The Sharon at SouthPark are described in the attached Exhibit A.

- C. **Execution of the Residence Agreement Following Acceptance.** Prior to taking occupancy and financial responsibility for a particular residential unit on The Sharon at SouthPark's campus, You agree to execute The Sharon at SouthPark's Resident's Agreement (the "Resident's Agreement") then in effect. Your occupancy of a residence shall be expressly conditioned upon Your execution of such agreement. The executed Resident's Agreement shall supersede and replace this Agreement in its entirety.

If the Resident's Agreement is subsequently terminated, as outlined in that Resident's Agreement, this Agreement may be re-executed upon mutual agreement of the parties, allowing You to remain a Resident of The Sharon at SouthPark who does not reside on campus, as long as the reason for termination of the Resident's Agreement does not preclude continuation of a contractual relationship with The Sharon at SouthPark.

## II. **GENERAL SERVICES PROVIDED ON CAMPUS**

- A. **Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all residents. These facilities currently include the main dining room, private dining room, lobbies, assembly hall, library, social, and recreational facilities (indoor

and outdoor), and craft facilities. Some common areas may require advance reservation. All common areas are smoke-free environments.

- B. **Health Center.** The Sharon at SouthPark will provide or arrange admission to the facilities necessary for the medical care and services specified in this Agreement at the then prevailing fees charged by The Sharon at SouthPark or other facilities, as applicable, and such fees shall be the sole responsibility of Resident. In this Agreement, the term "Health Center" includes the facilities for certain outpatient services, assisted living care ("Assisted Living") and skilled nursing care. A restraint-free policy is upheld in The Sharon at SouthPark's facilities.
- C. **Parking.** The Sharon at SouthPark will provide and maintain unassigned parking areas for residents and guests.
- D. **Activities.** Social, recreational, educational, and cultural activities are available to residents and are provided through an active staff-directed program. Residents may be required to pay additional fees for certain activities.
- E. **Meals.** You may dine in the The Sharon at SouthPark's dining venues, and You will be charged the prevailing resident meal charge and will be billed monthly.
- F. **Security.** We will use reasonable care in providing security on the premises of The Sharon at SouthPark. The Sharon at SouthPark will provide twenty-four (24) hour security staffing on site in the Community. You are responsible for taking appropriate security measures to protect yourself and Your personal property at the Community. We are not responsible to provide security to You in Your off-campus residence or for loss, theft or damage to Your personal property at the Community or otherwise.
- G. **Other Services.** The Sharon at SouthPark may also make available to Resident additional services, at Resident's request, at the then prevailing rates charged by The Sharon at SouthPark, which may be changed from time to time at the discretion of The Sharon at SouthPark.
- H. **Changes in Services and Fees.** The Sharon at SouthPark residents pay Monthly Fees and other charges to cover services provided by The Sharon at SouthPark. At least annually, during budget preparation, The Sharon at SouthPark reviews services and costs of operation, and the need for any changes in services or in The Sharon at SouthPark's schedule of fees and charges. The Sharon at SouthPark reserves the right to change, when deemed necessary, the services provided to residents and the associated fees and charges. The Sharon at SouthPark will strive to deliver services efficiently and economically.

### **III. MEDICAL AND OTHER HEALTH CARE SERVICES PROVIDED OR COORDINATED BY THE SHARON AT SOUTHPARK**

- A. **General.** You hereby acknowledge and agree that The Sharon at SouthPark is not responsible for furnishing You or causing to be furnished to You medical services in Your home. In consideration for the Entry Fee and Monthly Fee The Sharon at SouthPark will make available to You or cause to be made available to You the following medical and health care services at the Community that You may choose to receive, and You will be responsible for all costs and expenses of such services at the then prevailing rates of The Sharon at SouthPark or such other provider You choose:

- 1) An annual wellness assessment conducted by qualified staff at The Sharon at SouthPark. The assessment is designed to identify opportunities and strategies for achieving and maintaining the highest possible quality of overall well-being.
- 2) Access to recreational, educational, cultural and spiritual life programs. Most recreational offerings are available without an additional charge. Early Advantage Program Residents who desire to participate in outings, trips or other programs that require additional charges may have these costs applied to their residency account.
- 3) Access to Medicare beds with the same priority as on-campus residents who have a contract for continuing care.
- 4) Access to limited in-patient temporary care in The Sharon at SouthPark skilled nursing facility's non-Medicare beds with the same priority as on-campus residents who have a contract for continuing care. The Sharon at SouthPark Nursing and Continuing Care staff will assist with admission to and discharge from The Sharon at SouthPark's licensed facilities, including skilled nursing and assisted living. Early Advantage Program Residents pay the same discounted per diem rate for non-Medicare temporary stays as on-campus residents, beginning on the day of admission.
- 5) Early Advantage Program Residents may use the licensed facilities for recuperation and rehabilitation. Physical, occupational, and speech therapy are available on an in-patient or out-patient basis. Some costs for therapy may be covered by Medicare and/or other health insurance.
- 6) Access to The Sharon at SouthPark fitness center, consultation with our wellness staff, a variety of exercise and wellness classes and development of a personal health and fitness plan.
- 7) Use of The Sharon at SouthPark dining and on-site catering facilities. – Each Member pays for any room rental fees plus food and alcohol purchased.

**B. Community's Physicians and Physician Assistants/Nurse Practitioners.** The Sharon at SouthPark will appoint a Medical Director and physicians and physician assistants/nurse practitioners, as needed during a temporary Health Center stay. During your temporary stay, they will be responsible for Your medical care, including office visits, medical review, Health Center visits, hospital attendance, and referral to specialists, if You choose to use them.

**C. Hospitalization.** During a temporary Health Center stay, when one of The Sharon at SouthPark's physicians determines that it has become necessary to hospitalize You, the physician will have the authority to arrange such hospitalization. Such determination will be made by Us in consultation with Your attending physician if not a The Sharon at SouthPark physician, and You, to the extent possible, and Your personal representative, if appropriate. When the conditions necessitating such hospitalization no longer exist, the physician will have the authority, in consultation with Your attending physician if not a The Sharon at SouthPark physician, and You, to the extent possible, and Your personal representative, if appropriate, to arrange for Your discharge and transfer or return to Your home, or to the Health Center at The Sharon at SouthPark if that is needed.



- D. **Medical Referrals.** During your temporary stay, The Sharon at SouthPark will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by The Sharon at SouthPark, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of The Sharon at SouthPark physicians or physician assistants/nurse practitioners for treatment or consultation. Such responsibility will be limited to the specific condition for which referral was made. The Sharon at SouthPark will not be responsible for secondary referrals or for follow-up visits unless approved in advance by one of The Sharon at SouthPark's physicians or physician assistants/nurse practitioners.

The Sharon at SouthPark cannot be responsible for filing for insurance reimbursement for services provided by other providers of Your choice. However, The Sharon at SouthPark will supply the referral provider with Your policy information upon request, and, upon request, will assist You in coordinating with other providers to ensure they are filing with Your insurance diligently, in order to help maximize Your Medicare and supplemental insurance benefits.

- E. **Wellness Assessment, and Transfer to Assisted Living, the Health Center, a Special Service Facility, or a Hospital.**

The Sharon at SouthPark shall furnish a yearly wellness assessment to You on site at the Community by qualified staff. The assessment is designed to identify opportunities and strategies for achieving and maintaining the highest possible quality of overall well-being.

You hereby acknowledge and agree that The Sharon at SouthPark is not responsible for furnishing You or causing to be furnished to You medical or other personal care services in Your home.

No Entry Fee adjustment is made with temporary or permanent transfer from Your home to The Sharon at SouthPark's Assisted Living or Health Center facilities or to another special service facility. In the event You make a temporary or permanent transfer from Your home to The Sharon at SouthPark's Assisted Living or Health Center facilities or to another special service facility, You will be charged The Sharon at SouthPark's or other facility's then prevailing Monthly Fee and/or per diem rates for such services. The new Monthly Fee and/or per diem rates take effect on the date that You make such a temporary or permanent transfer.

#### IV. **MEDICAL, HEALTHCARE, AND OTHER SERVICES EXCLUDED IN THIS AGREEMENT**

- A. **Use of Medical Practitioners and Facilities Not Referred by The Sharon at SouthPark.** You may engage the services of primary care physicians other than those who are part of The Sharon at SouthPark practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom The Sharon at SouthPark does not have referral relationships. The Sharon at SouthPark will not be liable for any expenses relating to such care, including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities. If a healthcare provider should seek payment for such services from The Sharon at SouthPark, You will indemnify, defend and hold The Sharon at SouthPark harmless from all loss or liability arising from such claims for payment.

In situations when The Sharon at SouthPark's medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish The Sharon at SouthPark, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

You may not engage third parties for medical or other health-related services to be rendered at The Sharon at SouthPark without prior notification to and written authorization by The Sharon at SouthPark's management.

- B. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community's facilities and services are not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should The Sharon at SouthPark determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued stay in Your home or use of the Community facilities is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in Your home or in the Community, then The Sharon at SouthPark may transfer You to another facility of Your choosing. You will continue to be responsible for payment of the Monthly Fee as if You were at home. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. The Sharon at SouthPark may terminate this Agreement if You refuse to make the recommended transfer.
- C. **Transportation.** The Sharon at SouthPark will not be responsible for providing any type of transportation to You during this Agreement, including but not limited to any transportation to or from the The Sharon at SouthPark campus or to any medical appointments or other locations and emergency transportation to any hospital or other health care facility.
- D. **Security.** The Sharon at SouthPark will not be responsible for providing any type of security, staff emergency response, emergency call devices, smoke detectors or the like to Your home or personal residence during this Agreement.
- E. **Housekeeping, Maintenance and Grounds Keeping.** The Sharon at SouthPark will not be responsible for providing any type of laundry or housekeeping services to Your home or personal residence during this Agreement. The Sharon at SouthPark will not be responsible for providing any type of home maintenance or grounds keeping care to Your home or personal residence during this Agreement.
- F. **Utilities.** The Sharon at SouthPark will not be responsible for furnishing any type of utilities, including, but not limited to, heating, air conditioning, water, electricity and/or gas, sewage disposal, trash removal, television service, internet service and telephone service, to You during this Agreement.
- G. **Taxes.** The Sharon at SouthPark will not be responsible for paying any taxes owed by You, including, without limitation, any income taxes or personal or real property taxes assessed on Your personal or real property during this Agreement. You are solely responsible for all taxes, owed by You, including, without limitation, all personal income taxes and all taxes assessed on Your personal and real property.

H. **Other Excluded Services.** Other excluded services include, but are not limited to, prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.

I. **Illness or Accident.** If You have an accident or if You are ill, We will have no responsibility to pay for costs resulting from or in connection with such accident or illness.

V. **TERMS OF BEING A SHARON AT SOUTHPARK RESIDENT**

A. **Rights of Resident.** As a Resident, You have the right to use and enjoy the common areas, amenities, programs, and services of The Sharon at SouthPark, as provided in this Agreement, during Your lifetime unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by The Sharon at SouthPark other than the rights and privileges as described in this Agreement.

B. **Policies and Procedures.** In order to operate The Sharon at SouthPark in the best interest of the Community, The Sharon at SouthPark has established policies, rules and regulations relating to residency, which are subject to modification from time to time as deemed appropriate by The Sharon at SouthPark. Resident has received information as to the current policies, rules and regulations in the Disclosure Statement and in other written information provided by The Sharon at SouthPark. The Sharon at SouthPark reserves the right to make or change policies, rules and regulations, and will use its reasonable efforts to communicate through appropriate means to all residents the substance and content of such additions or changes; also, copies of particular policies, rules and regulations relating to residency will be furnished to Resident on request. Resident agrees to comply with The Sharon at SouthPark's policies, rules and regulations. Resident understands and agrees that, in order for The Sharon at SouthPark to operate in the best interest of both Resident and the Community, The Sharon at SouthPark must have the cooperation of Resident's family, friends, responsible parties and other associates to comply with The Sharon at SouthPark's applicable policies, rules and regulations. Any continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by The Sharon at SouthPark that it is no longer feasible for The Sharon at SouthPark to provide services to Resident. Upon such determination, The Sharon at SouthPark will have a right to terminate this Agreement.

C. **Relationships Between Residents and Staff.** The Sharon at SouthPark is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ The Sharon at SouthPark's employees nor hire former The Sharon at SouthPark's employees without the prior written consent of the management of The Sharon at SouthPark.

D. **Loss of Property.** The Sharon at SouthPark will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, fire, employee

accident, or any other cause. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.

- E. **Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by The Sharon at SouthPark as the basis for entering into this Agreement. You agree to provide updates of this information in a timely way to Us. As one of those representations, You affirm that You are at least 60 years old.
- F. **Behavior Deemed Harmful to The Sharon at SouthPark.** If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO to be disruptive, hostile, illegal, or otherwise harmful to others or to The Sharon at SouthPark, The Sharon at SouthPark reserves the right to terminate this Agreement. If such a circumstance arises, The Sharon at SouthPark will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by The Sharon at SouthPark. The Sharon at SouthPark will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, The Sharon at SouthPark will have the right to terminate this Agreement.
- G. **Sex Offender Registry.** Resident hereby acknowledges that it is the policy of The Sharon at SouthPark to conduct sex offender screening for every prospective resident, regardless of independent status or level of care, at the time of application for admission to The Sharon at SouthPark and again prior to entering into a Residence Agreement. If the screening shows that the prospective resident is identified as a sex offender, The Sharon at SouthPark will deny admission of Resident on that basis and not execute a Resident's Agreement. In addition, Resident hereby acknowledges and agrees that if, after The Sharon at SouthPark and Resident have entered into a Resident's Agreement, The Sharon at SouthPark becomes aware that Resident is listed on any sex offender registry, The Sharon at SouthPark may terminate this Agreement with Resident and remove Resident from The Sharon at SouthPark.

## VI. **FINANCIAL ARRANGEMENTS**

- A. **Entry Fee.** You agree to pay The Sharon at SouthPark an entry fee in the amount of \$ \_\_\_\_\_ (less any previous amount paid toward the Future Residency Program) as a condition to this Agreement (the "Entry Fee"). The Entry Fee is a lump sum payment due as of the Date of Acceptance and will not be increased or changed during the term of this Agreement, except for changes required by state or federal programs or execution of a subsequent Residence Agreement should You move to The Sharon at SouthPark some time in the future. In the event You decide to move to The Sharon at SouthPark and enter into a Resident's Agreement, notwithstanding the amortization of the Entry Fee for refund purposes as set forth in Section VIII.D of this Agreement, the full amount of the Entry Fee will be applied towards the then prevailing entry fee for the apartment or home at the Community You select. The ability to apply the full amount of the Entry Fee towards an entry fee for an on-campus living accommodation at The Sharon at SouthPark shall survive the termination of this Agreement, subject to the execution of a Residence Agreement between You and The Sharon at SouthPark.
- B. **Monthly Fee and Other Charges.** You agree to pay a monthly fee (the "Monthly Fee") during the term of this Agreement. The current Monthly Fee associated with this Agreement is

\$\_\_\_\_\_ per month. The Monthly Fee will commence at the Date of Acceptance and will be subject to adjustment in accordance with Section VI.D. below. The Monthly Fee will be paid on a prorated basis for any partial month.

The Sharon at SouthPark will furnish Resident a monthly statement with the total amount of the Monthly Fee and other charges, if any, owed by Resident. Resident shall pay such fees and charges by the [15<sup>th</sup>] day of the month. If Resident's payment is late, The Sharon at SouthPark may charge Resident a one and one-half percent (1.5%) interest fee per month, from the first of the month in which the payment is late. Upon thirty (30) days' advance written notice, The Sharon at SouthPark may change the billing date and payment due date. The Sharon at SouthPark shall have the right to offset against any Entry Fee repayment any unpaid Monthly Fees or other charges owed by Resident to The Sharon at SouthPark. If You fail to comply with the terms of this provision, We may terminate this Agreement.

C. **Assisted Living or Health Center Charges.** If You need care in The Sharon at SouthPark's Assisted Living or Health Center facilities, You will be charged an additional daily fee based on the particular level of care and type of accommodation at The Sharon at SouthPark's then prevailing rates. This fee is in addition to the Monthly Fee, which You will continue to be charged.

D. **Adjustments in the Monthly Fee and Other Charges.** The Sharon at SouthPark may adjust the Monthly Fee, the Assisted Living and Health Center fees, and any and all other charges from time to time on the basis of experience or to reflect changes in the cost of achieving the mission or purposes of The Sharon at SouthPark. The Sharon at SouthPark agrees that, in the exercise of its discretion, which will be binding on You, The Sharon at SouthPark will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of The Sharon at SouthPark, is consistent with sound financial operation and maintenance of the quality of facility, program and service provided.

E. **Health Care Insurance Requirements.** You shall be responsible for carrying both Medicare Part A and Medicare Part B insurance coverage, or a substitute policy acceptable to The Sharon at SouthPark. You shall also carry a supplemental insurance policy acceptable to The Sharon at SouthPark, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize The Sharon at SouthPark as a health care provider. You assume the financial responsibility for services provided that otherwise could be covered by Medicare or insurance.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide The Sharon at SouthPark with evidence of such coverage upon request. If Your health insurance coverage should lapse, The Sharon at SouthPark may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, The Sharon at SouthPark shall charge You for any costs of medical and other health care services provided to You that otherwise would have been covered by an approved policy.

F. **The Sharon at SouthPark's Filing for and Rights to Insurance Benefits.** The Sharon at SouthPark shall be responsible for filing for reimbursement from Your Medicare and supplemental health insurance plans for covered medical, nursing, and outpatient therapy services when provided by The Sharon at SouthPark. The Sharon at SouthPark has a right to

the benefits payable under the insurance You carry for services provided by The Sharon at SouthPark as, required in this Agreement, except where costs of care were borne solely by You and not The Sharon at SouthPark. You hereby authorize The Sharon at SouthPark to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable The Sharon at SouthPark to collect or enforce such claims. If, for any reason, The Sharon at SouthPark cannot apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay The Sharon at SouthPark the proceeds received that are due for services provided by The Sharon at SouthPark.

For those services provided by The Sharon at SouthPark that are covered by Medicare, We will accept Medicare Assignment, billing Medicare first and accepting Medicare's allowable reimbursement rates as payment in full. You shall be responsible for amounts allowed by Medicare or Your supplemental insurance that are treated as deductibles, co-payments or other cost-sharing amounts imposed by Medicare or Your supplemental insurance. For those services provided by The Sharon at SouthPark that are not covered by Medicare or Your supplemental insurance, You shall be responsible for all costs and expenses related to such services at the then prevailing rates. For all services not provided by The Sharon at SouthPark but are provided by another provider, You shall be responsible for all costs and expenses related to such services.

- G. **Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.
- H. **The Sharon at SouthPark's Rights in Case of Injury Caused by a Third Party.** In the event The Sharon at SouthPark has incurred costs, expenses and damages on Your behalf relating to injuries or illnesses caused to You by a third party (including, but not limited to, reasonable costs of care The Sharon at SouthPark may furnish You because of such accident or injury), You hereby agree that any amount recovered by You or on Your behalf from any and all sources relating to Your injuries or illnesses shall first be paid to The Sharon at SouthPark in an amount to reimburse The Sharon at SouthPark for its costs, expenses and damages incurred, with the balance of any amount recovered then paid to You or credited to Your account, or, in the event of Your death, paid to Your estate.
- I. **Application for Benefits: Assignment of Benefits.** Resident shall apply for any federal, state or local benefits for which Resident may be eligible or entitled upon request by The Sharon at SouthPark. If requested by The Sharon at SouthPark, any or all such benefits will be applied to the Monthly Fee or other charges incurred by Resident at The Sharon at SouthPark.

## VII. **FINANCIAL ASSISTANCE**

In order to operate The Sharon at SouthPark on a fiscally sound, nonprofit basis, The Sharon at SouthPark has established fees and charges, which are subject to modification from time to time as deemed necessary and appropriate by The Sharon at SouthPark. Resident agrees to pay when due all required fees and charges. Resident has received from The Sharon at SouthPark a schedule of current fees and charges.

Resident agrees to provide, if requested, periodic financial statements and current financial information for the purpose of demonstrating capacity to meet financial obligations to The Sharon at SouthPark. Should Resident experience financial difficulty that might result in Resident's immediate or eventual inability to meet the financial obligations under this Agreement, including any spend down of assets that might result from payment of expected fees and charges to The Sharon at SouthPark, Resident will inform The Sharon at SouthPark immediately, and submit a current financial statement. Resident and, if appropriate, Resident's responsible party, and The Sharon at SouthPark shall discuss and, if possible, agree on a plan by which Resident's financial obligation to The Sharon at SouthPark can be met. Residents whose funds are depleted primarily through payment of fees associated with this Agreement, to include costs associated with their medical care, may be eligible for consideration for financial assistance through The Sharon at SouthPark. Such assistance, however, is conditional upon demonstration that other options for fulfilling this financial obligation to The Sharon at SouthPark have been explored and deemed impracticable by either party. When Resident is deemed eligible for financial assistance through The Sharon at SouthPark, The Sharon at SouthPark, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of The Sharon at SouthPark and of its financial assistance program.

#### **VIII. TERMINATION AND REFUNDS**

- A. **Voluntary Termination After Date of Acceptance.** This Agreement may be terminated by You at any time by providing The Sharon at SouthPark sixty (60) days advanced written notice of such termination. You may be entitled to a prorated refund of the Entry Fee pursuant to Section VIII.D.
- B. **Termination Upon Death.** In the event of Your death at any time after the Date of Acceptance, this Agreement will terminate upon the date of death. Your estate may be entitled to a pro-rated refund of the Entry Fee pursuant to Section VIII.D.
- C. **Termination by The Sharon at SouthPark.** The Sharon at SouthPark may terminate this Agreement at any time (i) pursuant to Section III.E., Section IV.B., Section V.B., Section V.F. or Section V.G. of this Agreement, (ii) if there has been any material misrepresentation or omission made by You in the application forms, (iii) if You fail to make payment to The Sharon at SouthPark and The Sharon at SouthPark gives notice provided for in Section VI.B., (iv) if You fail to abide by The Sharon at SouthPark's policies and procedures, or (v) if You breach the terms of this Agreement. In such events, You may be entitled to a pro-rated refund of the Entry Fee pursuant to Section VIII.D, subject to the terms of this Agreement. The Sharon at SouthPark will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and The Sharon at SouthPark's policies. The Sharon at SouthPark shall exercise such right of termination only after first attempting to work out satisfactory solutions with Resident and/or Resident's responsible party. If agreement cannot be reached between the President/CEO and Resident and/or Resident's responsible party, the President/CEO will refer the matter to the Executive Committee of the Board of Directors of The Sharon at SouthPark (the "Executive Committee") for hearing and decision. The Executive Committee shall afford Resident an opportunity to be heard, and shall render a decision with respect to the matter referred to it. The decision of the Executive Committee shall be put in

writing and shall be signed by the Chair of the Board of Directors of The Sharon at SouthPark (the "Chair") or, in the absence of the Chair, the Chair Elect of the Board of Directors of The Sharon at SouthPark. It is understood and agreed that the written, signed decision of the Executive Committee shall be final and binding.

D. **Calculation for Pro-Rated Refunds.** If termination of this Agreement occurs during the first three hundred and sixty-five (365) days of this Agreement, You or Your estate will be entitled to a partial refund of the Entry Fee, subject to the terms and conditions of this Agreement. You will receive a refund in the amount equal to: (i) the Entry Fee less a non-refundable fee in the amount of \$1,000 (the "Net Entry Fee"); less (ii) the Net Entry Fee based on the number of days that this Agreement has been in effect for up to three hundred and sixty-five (365) days; less (iii) any amounts due to The Sharon at SouthPark. After three hundred sixty-five (365) days, there is no refund of the Entry Fee. The three hundred and sixty-five (365) day period begins with the Date of Acceptance. Refund, if any, shall be provided within sixty (60) days of written notice of termination and receipt by The Sharon at SouthPark of all billable costs incurred by the resident.

E.

First 30 days	100%
31-60 days	95%
61-90 days	90%
91-120 days	85%
121-150 days	80%
151-180 days	75%
181-210 days	70%
211-240 days	65%
241-270 days	60%
271-300 days	55%
301-330 days	50%
331-365 days	40%
After 365 days	0%

IX. **RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to The Sharon at SouthPark within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less a non-refundable application fee of \$100.00 per individual. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less a non-refundable fee in the amount of \$1,000. Any such refund will be paid by The Sharon at SouthPark within sixty (60) days following receipt of written notice of rescission pursuant to this Section IX.



X. **GENERAL**

- A. **Assignment.** This Agreement and the rights and privileges for You under this Agreement to the common areas, amenities, and services and programs of The Sharon at SouthPark are personal to You and may not be transferred or otherwise assigned by You.
- B. **Management of the Community.** The absolute rights of management are reserved by The Sharon at SouthPark and its Board of Directors. The Sharon at SouthPark reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.
- C. **Entire Agreement.** This Agreement, together with any Arbitration Agreement between The Sharon at SouthPark and You, constitutes the entire Agreement between The Sharon at SouthPark and You. The Sharon at SouthPark will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent The Sharon at SouthPark, unless such statements, representations, or promises are set forth in this Agreement.
- D. **Capacity.** This Agreement has been executed on behalf of The Sharon at SouthPark by The Sharon at SouthPark's duly authorized agent, and no officer, trustee, agent or employee of The Sharon at SouthPark shall have any personal liability to Resident under this Agreement.
- E. **Amendments and Modifications.** This Agreement shall not be modified, amended or changed in any respect except in writing signed by The Sharon at SouthPark and Resident. Each waives any right to amend this Agreement in any other way. Notwithstanding the foregoing, The Sharon at SouthPark may amend this Agreement to ensure compliance with applicable laws and regulations.
- F. **Waiver.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial waiver of any Right preclude any exercise of the same or of any other Right. No waiver shall be in effect unless in writing and signed by the party asserted to have granted such waiver.
- G. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- H. **Interpretation.** The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of any provision of this Agreement.
- I. **Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of The Sharon at SouthPark and Your heirs, executors, administrators, responsible parties, attorneys-in-fact and permitted assigns.
- J. **Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are subordinate to the right of the lender under any mortgage, deed of trust or security interest executed now or in the future by The Sharon at SouthPark.

Initials

- K. **Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to keep in effect an appropriate Durable Power of Attorney designating some competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. Within ninety (90) days of the Date of Acceptance, You will deliver to The Sharon at SouthPark copies of the following documents, and will promptly deliver any changes to such documents to The Sharon at SouthPark during this Agreement: (a) health insurance coverage information; (b) copy of current Durable Power of Attorney; (c) copy of current Durable Health Care Power of Attorney and Living Will; and (d) evidence of the executor or other legally responsible person of Resident's estate, such as a copy of Resident's will documenting the name of the executor of his or her estate.
- L. **Uncontrollable Interruption of Services.** No breach of The Sharon at SouthPark's obligations under this Agreement and no liability for injury to 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 reasonable control of The Sharon at SouthPark, 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 Sharon at SouthPark shall make reasonable efforts to continue to provide the usual services in such event.
- M. **Confidentiality.** The Sharon at SouthPark has the responsibility to keep all of the personal, medical, and financial information You have supplied to The Sharon at SouthPark confidential. You agree that The Sharon at SouthPark can disclose such information to those who have a need, in Our judgment, or right to know.
- N. **Indemnity.** You agree to indemnify, defend and hold The Sharon at SouthPark harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and/or any damages to property caused by, resulting from, attributable to or in any way connected with, directly or indirectly, Your act or omission or those of Your guests, including private duty nurses or any other third party service contracted by You. This Section X.N. shall survive termination of this Agreement.
- O. **Affiliations.** The Sharon at SouthPark is affiliated with the Presbyterian Church, which is not responsible for the financial and contractual obligations of The Sharon at SouthPark.
- P. **Notice Provisions.** Notices required by this Agreement will be in writing and delivered either by personal delivery or mail. If delivered by mail, notices will be sent by certified or registered mail, return receipt requested, with all postage and charges prepaid. Notices and other communications will be deemed to have been given when delivered by personal delivery or if mailed, such notice shall be deemed to have been given on the third business day after being deposited in the United States mail, postage prepaid. All notices and other written communications required under this Agreement will be addressed to You or to Your personal representative at the address provided to Us. Notices shall be sent to us at the following address:

The Sharon at SouthPark  
5100 Sharon Road  
Charlotte, NC  
Attention: President and CEO

Your address for the purpose of giving notice is the address appearing after Your signature below or such other address You provide to Us in writing.

- Q. No Guarantee of Residence.** The Sharon at SouthPark's execution of this Agreement does not guarantee that any apartment or home will be available for Your occupancy during Your lifetime or prior to the termination of this Agreement for any reason.
- R. Governing Law; Venue.** This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Mecklenburg County or of the United States District Court for the Middle District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.
- S. Survival.** Those rights and obligations that have accrued under this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses under this Agreement that remain unpaid as of such termination.

[Signature page follows.]

Resident hereby acknowledges the receipt of The Sharon at SouthPark's Disclosure Statement dated \_\_\_\_\_. Resident acknowledges that the Disclosure Statement was received prior to the execution of this Agreement and the payment of the Entry Fee to The Sharon at SouthPark. Resident understands this matter involves a financial commitment and associated risk, as well as a legally binding contract. Resident has had the opportunity to consult with an attorney and/or financial advisor who could advise Resident concerning this Agreement.

IN WITNESS WHEREOF, The Sharon at SouthPark has executed this Agreement and You have read and understand this Agreement and have executed this Agreement.

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

Your Address:

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State & Zip Code

**The Sharon at SouthPark**

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

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

<b>UNIT DESCRIPTIONS</b>	
<b>Independent Living Heritage East and West Apartments</b>	
	<b>Sq. Ft.</b>
Studio	250
Large studio	300
One bedroom	480
One bedroom large	550
One bedroom expanded	750
One bedroom expanded with den	1000
One bedroom deluxe	1100
One bedroom deluxe with den	1200
Two bedroom	750
Two bedroom large	850
<b>Independent Living Terrace North and South Apartments</b>	
Terrace "A" (two bedrooms, two baths)	1150-1280
Terrace "B"(two bedrooms, two baths) plans vary	1502-1520
Terrace "C"(two bedrooms, den, two-and-a-half baths) plans vary	1796
Terrace "D"(two bedrooms, two baths)	1050
<b>Independent Living Villa Apartments</b>	
VILLA – Cotswold (two bedrooms, two baths)	1365
VILLA – Dilworth (two bedrooms, two baths)	1655
VILLA – Foxcroft (two bedrooms, den, two baths)	1880
VILLA - Eastover (two bedrooms, den, two baths)	1940
<b>The Deerwood Apartments</b>	
Deerwood – Devin (one bedroom, one-and-a-half baths)	1000
Deerwood – TEGAN (two bedrooms, two baths)	1300
Deerwood - Hartley I (two bedrooms, den, two-and-a-half baths)	1900
Deerwood - Hartley I premium (two bedrooms, den, two-and-a-half baths)	1900
Deerwood - Hartley II (two bedrooms, den, two-and-a-half baths)	1900
Deerwood – Darby (three bedrooms, den, three baths)	2056
Deerwood – Woodlea (two bedrooms, den, two-and-a-	2148
<b>Independent Living Cottages – (every floor plan is one-of-a-kind)</b>	
Cottage "A"	850-1199
Cottage "B"	1200-1399
Cottage "C"	1400-1599
Cottage "D"	1600-1799
Cottage "E"	1800-2199
Cottage "F"	2200-2299
Hartley II – Deerwood former model	2000
Sunnybrook (3429 & 3443)	1955-2029
Sunnybrook (3437)	1595
<b>Assisted Living</b>	
Studio	250
Large studio	300
Two rooms	480
<b>Health Care</b>	
Health care private room, shared commode	N/A
Health care private room, private commode	N/A
Health care private room, private full bath	N/A