

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

DISCLOSURE STATEMENT

May 29, 2024

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

- * **This Disclosure Statement may be delivered until revised, but not after October 28, 2025;**
- * **Delivery of this Disclosure Statement to a contracting party is required before execution of a continuing care contract;**
- * **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

1500 Sawmill Road
Raleigh, North Carolina 27615
(919) 848-7000
www.springmoor.org

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PART I

I. ORGANIZATION

A. General Information

1. Springmoor, Inc. is:
 - a. a non-profit North Carolina Corporation, chartered by the N.C. Secretary of State and under the provisions of Section 501 (c) (3) of the Internal Revenue Code. The Corporation operates in a manner that meets or exceeds the legislative and regulatory requirements of the N.C. Department of Health and Human Services.
 - b. a full-service life care retirement community. The main function of the Corporation is to provide high quality, responsive, financially sound life care services to its residents.
 - c. a member of LeadingAge North Carolina and LeadingAge National. Springmoor also maintains a highly cooperative working relationship with area hospitals and medical and health care providers, and other continuing care retirement communities.
 - d. a privately funded corporation which has no formal affiliation with and receives no financial support from churches, civic groups or any other organization. Lease payments may be deferred and written off by Ammons-Springmoor Associates, LLC and Ammons, Inc. Springmoor has an Endowment Fund which receives gifts, bequests and donations that are used to subsidize residents and for purposes from which all residents benefit.
2. The Springmoor, Inc. Board of Directors formulates and administers policy and oversees the operation and management of Springmoor Life Care Retirement Community.

The management staff at Springmoor has been carefully selected to ensure efficient operations and, yet a caring community with respect to residents' social, physical, and emotional needs.

B. PHYSICAL FACILITY OWNERS. The land and buildings occupied by Springmoor, Inc. are leased, with an option to purchase from the owners listed below.

Ammons, Inc.
4909 Western Boulevard, Suite 200
Raleigh, NC 27606

Estate of Justus M. Ammons

and

Ammons-Springmoor Assoc., LLC
4909 Western Boulevard, Suite 200
Raleigh, NC 27606

Estate of Justus M. Ammons
Marshall C. Evans
Mason L. Williams
ASA JE, LLC

The owners voluntarily defer, reduce and forgive lease payments to protect Springmoor's net worth when full lease payments cannot be made from current fund balance cash flow.

Mr. David W. Ammons own 90% of Ammons Springmoor Associates, Inc. Mr. Ammons serves as the Chief Executive Officer of Springmoor, Inc. and is reimbursed by Ammons Springmoor Associates, Inc., the management company for Springmoor, Inc. (See Note J in the Financial Statements). As a part of the management agreement, Ammons Springmoor Associates, Inc. hires and provides all of the employees at Springmoor for direct reimbursement of costs.

C. BOARD OF DIRECTORS AND OFFICERS

1. PRESIDENT

Mr. Charles B. Ballard; 309 Trotters Ridge Drive, Raleigh, North Carolina 27614.

Mr. Ballard is retired Regional Vice President, Lowe's Companies Inc. of Mooresville, NC. He is a member of N.C. Home Builders Association and has served as a Director for the Raleigh/Wake County Home Builders Association. In addition, Mr. Ballard has also served as a Director of N.C. Home Builders Association. He is also a former Director of Northwestern Bank and First Union, both in Raleigh. Mr. Ballard is a member of Millbrook Baptist Church having served in the following positions: Chairman Board of Trustees, Chairman of Deacons, Chairman of Finance Committee and Chairman of Building Committee. An active and successful businessman, he brings the strength of his business skills to the Board of Directors and has served since 1985.

2. VICE PRESIDENT

Mr. Ernest Carraway; 140 East Bayside, Chocowinity, NC 27817

Mr. Carraway received his undergraduate and law degrees from the University of North Carolina at Chapel Hill. Mr. Carraway has practiced real estate law for 28 years and was a partner in the law firm of Layton & Carraway, P.A. He is a Certified Public Accountant who for 22 years has lectured in the Department of Accounting at

North Carolina State University. He currently teaches accounting, tax and business law courses. Prior to moving to Raleigh in 1982 he practiced law in Greenville, NC and taught at East Carolina University for 5 years. He is an active member of Greystone Baptist Church.

3. SECRETARY AND TREASURER

Mrs. Judy Hill; 218 Hillcrest Road, Raleigh, NC 27605

Judy Hill is a Raleigh native and the founder and CEO of High Cotton, a national men's apparel brand headquartered in Raleigh, NC. Judy spent her younger years in Raleigh, graduating from UNC Chapel Hill before moving to Washington, DC with her husband, Frank, where they raised their three sons. Her family returned to Raleigh in 2012. Judy has been very active in starting new Young Life programs in Northern Virginia and NC and new Fellows Programs in Charlotte and Raleigh, NC and has served on the boards of both. She was the Director of the Infant Care Project in Washington DC, an outreach and fundraising effort benefitting the pregnant mothers who lost spouses in the 9/11 terrorist attacks.

Judy is an active member of Holy Trinity Anglican Church. Her father, Dick Volk, was a resident at Springmoor which is the main reason she is so passionate about preserving the wonderful quality of life offered there.

4. DIRECTORS

Mr. William ("Bill") Baxley; 10509 Charmford Way, Raleigh, North Carolina 27615

Bill Baxley began his career as a registered Pharmacist. He worked for 47 years with Kerr Drug and has recently retired as Senior Vice President of Merchandise and Marketing. He is member of the North Carolina Retail Merchants Service Corporation Board of Directors. Bill is a member of Greystone Baptist church and is currently serving as Deacon, Trustee, and Chairman of the Missions Committee. Bill enjoys golf, woodworking, kayaking, travel and attending the sporting events of seven grandchildren.

Mrs. Nina Cole; 122 Crestview Road, Raleigh, North Carolina 27609

Nina Cole, a member of the Springmoor Endowment Board, joined the Board of Directors in August 2014. She is a Registered Nurse and has divided her career between working in hospitals and physicians' offices. She was a staff nurse at Children's Hospital & Jewish Hospital in Louisville, KY, then Director of Nursing at Raleigh Internal Medicine for 12 years. Nina was a member of the group that founded Hospice of Wake County. She has been a volunteer with the Open Door Clinic, Red Cross Blood Drives, and the Parent Teacher Association. She recently retired from Carolina Allergy and Asthma. Nina is a founding member of Greystone Baptist Church.

Ms. Mary Ann Freeman; 7645 Trowbridge Court, Raleigh, NC 27615

Ms. Freeman was born and raised in Western North Carolina in small town called Canton. She is a graduate of Brenau College Gainesville Georgia, now Brenau University, where she received her BA in Secondary Education. Mary Ann was very active in many activities as well as a member of Delta Zeta Sorority during her college years. She moved to Raleigh in 1978 and began her banking career with First Federal Savings and Loan. During her 39-year banking career, she worked as Branch Manager/Vice President of several branches in North Raleigh. Today, she remains an active member of the Woman's Club of Raleigh for over 25 years and has served on the Springmoor Endowment Board since 2017. Mary Ann enjoys traveling, playing bridge and spending time with friends and family.

Ms. Susan Walton, 325 Springmoor Drive, Raleigh, NC

Susan Walton grew up in rural northeastern North Carolina. Susan, a retired RN, BSN, first earned an associate degree in nursing from Rockingham Community College, then earned a BSN from North Carolina A & T University and a Graduate Certificate in Bioethics at the University of Washington-Seattle. She worked at Alamance Regional Medical Center for 20 years progressing from staff nurse, to charge nurse, chemotherapy nurse, Nurse Manager, and finally as Oncology Coordinator. She served as Co-chair of the ARMC Ethics Committee and of the Institutional Review Board. As a second career she worked at the UNC-CH School of Medicine as Coordinator of the Institutional Review Board A (IRB-A), Co-Chair for Medical IRBs A, B, C, and D, and was also Co-Chair for the Social/Behavioral IRB. Susan was very active in her community and in her profession, volunteering with the American Cancer Society, local and state offices; member of the Board of Hospice of Alamance, and Chair of the Professional Advisory Board; member of the NC Tumor Registrars' Association, President for two years; member of Nursing Advisory Board-Alamance Community College; community member of Institutional Review Board-Elon University. Susan is a Quaker and attends the Raleigh Friends Meeting.

Springmoor is a non-profit corporation with a self-perpetuating Board of Directors. They do not have equity or beneficial interest in Springmoor individually or as a Board member. They serve on the Board to provide service to the community. Each Director is compensated less than \$500 annually and does not provide, nor is expected to provide in the future, goods, leases, or services to Springmoor or the residents of Springmoor.

D. SENIOR STAFF

1. CHIEF EXECUTIVE OFFICER

Mr. David W. Ammons; 9504 Swebstone Lane, Raleigh, North Carolina 27615.

Wake Forest University, B.S. Business and Accounting

Mr. Ammons joined the Springmoor staff in 1984 and has held a variety of administrative and marketing positions including Executive Director 1991 through 1996, which demonstrated his skills and ability to deal objectively with highly complex management and interpersonal problems. Mr. Ammons oversees the

operation of Springmoor and is on site on a part-time basis as a representative of Ammons Springmoor Associates, Inc.

2. EXECUTIVE DIRECTOR

Mr. Brandon Hair; 8204 Oak Leaf Court, Raleigh, North Carolina 27615.

College of Charleston, B.S. Business Administration
Medical University of South Carolina – Master of Health Administration

Mr. Hair served as an Executive Director in a continuing care retirement community in South Carolina prior to being named to this position at Springmoor Life Care Retirement Community. Mr. Hair also holds a Nursing Home Administrators license. He also holds a Bachelor of Science degree in Business Administration from the College of Charleston and a Master of Health Administration from the Medical University of South Carolina, Charleston, SC.

E. CONFLICT OF INTEREST DISCLAMIER

Except for the person or persons listed below, no member of the Board of Directors or the named management staff has a ten percent or greater interest in any professional service firm, association, trust, partnership, or corporation which is presently or expects to provide goods, leases or services to the community or to Residents of the community of an aggregate value of \$500 or more within any year. No entity that provides or will provide goods or services to the community of \$500 or more has a ten percent or greater interest in any members of the Board of Governors, Trustees, or management staff.

Mr. Ernest Carraway with Layton and Carraway P.A. Law Firm at 8524 Six Forks Rd # 201, Raleigh, NC 27615 may be requested from time to time to handle small legal matters. If that happens, he will be paid at his normal rate and could reach or exceed \$500.

F. CRIMINAL VIOLATION STATEMENT REQUIRED BY STATUTE

To comply with Article 64 of the General Statutes of North Carolina, this is to state that no director or senior staff member has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

II. FACILITY INFORMATION

1. Springmoor, Inc. operates Springmoor Life Care Retirement Community with offices at 1500 Sawmill Road, Raleigh, North Carolina 27615-5704. Telephone number (919) 848-7000.
Estimated number of residents – 565

- A. Springmoor is situated on forty beautifully wooded acres in a prestigious area of Northwest Raleigh. It is conveniently located within walking distance of Stonehenge shopping center, churches, community, and recreational facilities in Greystone Village, of which Springmoor is part.

Springmoor is designed to provide active, independent retirement living while providing for existing and future health and personal care needs. Springmoor's health care program gives each resident a strong sense of security, life with dignity, lifetime care, personal safety, and financial security, as well as interaction and companionship with many fine neighbors who have common interests.

The nearby availability of some of the nation's finest and most advanced medical care facilities; as well as business, recreational and cultural opportunities have made Raleigh one of the fastest growing retirement areas in the United States.

- B. The larger facility consists of a North Complex, which includes an Activity Center, Dining Center, and 204 apartments. Among these are several apartments designated as the Supportive Living Center. There are also 46 homes and villas. The other major component of Springmoor is South Village which consists of 139 apartments in two connecting buildings. South Village also consists of a grill, movie theater, multi-purpose room, a fitness area which includes a movement room, salon, sauna, massage therapy room, lap pool, locker rooms, exercise room equipped with state of the art equipment. Altogether there are 389 independent living units in all of Springmoor. The on-site Dan E. and Mary Louise Stewart Health Center provides out-patient care and short-term or continuing inpatient care. There is a comprehensive outpatient clinic. The 191 bed Stewart Health Center has a Special Care Unit for care of patients with Alzheimer's disease and related disorders and a wing designated for private rooms.

Through the Stewart Health Outpatient Department, residents may receive physician care, physical therapy and nursing services. Dental, optical and podiatry care are provided there at resident expense. The standard for patient care assures that patients receive nursing and personal care that is among the best available in the state of North Carolina.

III. PROGRAMS

The amenities and services of Springmoor are among the best and most progressive offered by any continuing care retirement community. Much emphasis is placed on quality of life and social enrichment programs.

Many scheduled activities, entertainment and opportunities for socializing and personal enjoyment add a pleasant dimension to life at Springmoor.

- A. There is a chapel for private meditation or small group services on the premises. There are regularly scheduled vespers, Bible study, song services, and other opportunities for worship and religious expression for independent residents and for patients in Stewart Health Center.

There is a 200 seat auditorium and closed circuit TV for in-house broadcast of activities, resident meetings, and daily menus.

- B. Other recreational facilities include year-round swimming pool, 9 hole putting green, shuffle board, croquet/bocce court, pool tables, exercise equipment and classes, games, resident vegetable and flower gardens.

Golf membership is available at Wildwood Green which is ten minutes from Springmoor. Springmoor offers special golf privileges at Heritage, Wake Forest.

- C. Springmoor has a large comprehensive library, Art Studio, convenience store, hairstyling shops, and many other services, including postal and packaging service.
- D. Springmoor provides scheduled transportation to shopping centers, grocery stores, activities, entertainment, and recreation in the area, and provides needed transportation for medical and health care in the Raleigh area.

IV. POLICIES

- A. Health Criteria. As a general rule, an applicant for residence must be in reasonably good health and of sound mind at the time of entrance. An exception is that one applicant may go directly to Stewart Health Center if the spouse or sibling is moving to an independent residence in Springmoor. Springmoor may take life care residents directly into Stewart Health Center for domiciliary care.
- B. Financial Criteria. Although age and health status may impact on the decision, as a general rule, an applicant should have a net worth of at least one- and one-half times the Residence and Care Fee and a monthly income of at least twice the Monthly Service Fee.

If the applicant does not have sufficient resources, a family member or friend may sign as guarantor provided the guarantor has income and net worth that meets Springmoor's requirements for guarantors.

- C. Insurance Requirement and Springmoor's Comprehensive Health Care Program. Each resident must have Medicare Hospital Insurance (Part A) and Medicare Medical Insurance (Part B) and must have Medicare supplemental insurance which covers, as a minimum, the Part A and Part B deductibles and twenty percent of the Medicare approved rate for each service. Residents who have the insurance coverage and are 65+ years of age are also covered by Springmoor's Comprehensive Health Care Plan (CHCP).

Springmoor's CHCP also covers residents who are 65+ years of age and have health insurance with major medical coverage that is acceptable to Springmoor in lieu of Medicare coverage. CHCP also covers residents under 65 years of age who have Medicare Part A and Part B by virtue of disability and who have the Medicare supplemental insurance described above.

1. **Physician Coverage.** Springmoor provides qualified physicians to give medical care to residents, including scheduled office hours for their patients, twenty-four hour a day emergency medical care coverage, medical care in Stewart Health Center and local hospitals and referral to other area medical specialists when needed for total care. Residents may elect to use any physician of their choice provided the physician will provide the above-described care coverage.

Springmoor CHCP pays the difference between the Medicare approved amount less Part B deductible, and the usual and customary cost for needed care by physicians that is covered by Medicare, the required Medicare supplement, or other third-party payors.

2. **Hospital Care.** Springmoor obtains hospital care on behalf of the Resident in area hospitals when requested by a physician. CHCP pays the usual and customary cost of hospital care in any Medicare-approved hospital for reasonable and customary services allowed under Medicare Hospital Insurance (Part A) when payment is not provided by Medicare, the required Medicare supplement, or any other third-party payors, except the benefit period deductible.

The Resident will be responsible for the additional cost of a private room in a hospital if a semi-private room is available and for telephone, television, and other incidental charges not allowed under Medicare Hospital Insurance (Part A), the required Medicare supplement or other third-party payors. The Resident will be responsible for the cost of private duty nurses, special drugs, medications and other charges not covered by Medicare including all deductibles.

3. **Surgeons and Other Specialists.** Springmoor CHCP pays the usual and customary cost of surgeons and other specialists for necessary medical care covered by Medicare but not reimbursed by Medicare, the required Medicare supplement, or other third-party payors, except the annual deductible. Springmoor may ask residents to obtain a second opinion in instances involving specialized medical care and surgery.
4. **Diagnostic Tests and Procedures.** Springmoor CHCP pays the usual and customary cost of necessary diagnostic tests and procedures requested by a physician when covered by Medicare but not reimbursed by Medicare, the required Medicare supplement, or other third-party payors.
5. **Travel Within the United States.** Emergency hospitalization in Medicare-approved hospitals and emergency medical care while away from the Raleigh area, but within the United States, is covered by CHCP for reasonable and necessary services allowed under Medicare Hospital Insurance (Part A), when payment is not provided by Medicare, or the required Medicare supplement, or any other third-party payors. The Resident will authorize release of all such medical records for Springmoor's medical record on the Resident. The same terms and conditions set forth in 2 above apply in the event of such emergency hospitalization.
6. **Travel Outside of the United States.** CHCP does not cover medical care or hospital care for residents while they are outside of the United States.

7. Other Health Costs. Springmoor does not cover the cost of medicines, vitamins, dental work, eyeglasses, hearing aids, orthopedic devices, or other charges not covered under Medicare Medical Insurance (Part B).

Medical related services which are usually of a personal preference nature will be paid for by the Resident. These include such items as podiatry care, psychological/psychiatric, or the choice of professional care in excess of that normally provided or recommended. The Resident will pay charges of any practitioner or service not included in the reimbursable services under Medicare regulations. The Resident will pay charges by any provider that are in excess of Medicare usual and customary costs.

The detailed list of exclusions is contained in the Medicare Handbook published by the Health Care Financing Administration.

Springmoor CHCP pays:

up to a lifetime limit of \$5,000 for care for mental illness that is not paid by Medicare, the required Medicare supplement, or third-party payors.

Springmoor does not cover the cost of prescription drugs. Springmoor also limits coverage (e.g. length of coverage; dollar limits) where Medicare places limits. The limits are not necessarily the same. Detailed information on Springmoor coverage and limitations is published and provided to residents upon request. Pre-existing conditions are excluded from CHCP coverage for the initial six months of CHCP coverage after which such pre-existing conditions are included for coverage.

8. Staff Assistance. Each resident must provide Springmoor with a limited power of attorney for the purpose of permitting and instructing Springmoor to act as the Resident's Agent or Attorney-in-Fact on insurance matters covered by the Springmoor CHCP. The staff files and follows up on Medicare claims and insurance claims. The staff will also pay providers for covered services and handles all other insurance details covered by the CHCP. The resident may receive a status report on charges, claims and reimbursements upon request. In addition, the staff will assist the resident in filing insurance claims for services not covered by the CHCP.

D. Change in Physical or Mental Condition Prior to Occupancy.

If the applicant is to be a single occupant of a residential unit and there is a significant change in health before final approval that precludes living independently, the applicant would not be accepted into residence and all deposits would be returned to the applicant within thirty days following that decision. However, if there is a change in health of a single applicant after the Residence & Care contract has been entered into, the applicant will be permitted to move directly into Stewart Health Center.

If the application is for a married couple and the condition of one spouse changes prior to occupancy, one spouse may go directly to the Stewart Health Center, if changes in condition so warrants, provided the other spouse moves to an independent residence at Springmoor.

E. Cancellation/Termination of Residence.

1. Cancellation

Adherence to Policies. The Resident agrees to abide by such administrative policies and procedures and amendments thereto as shall be formulated by Springmoor for the operation and management of Springmoor Life Care Retirement Community and for the comfort, safety, and security of all residents. The Resident will be furnished a copy of current administrative policies of Springmoor. Repeated failure to follow said policies, resulting in a loss of comfort, security, or safety for other residents; repeated resident non-cooperation that limits Springmoor's ability to provide care or damage to facility or furnishings may result in termination of this Agreement by Springmoor.

2. a. Termination – Prior to Occupancy

- (1) Resident(s) may rescind this contract within thirty (30) days following the later of the execution of a continuing care agreement or receipt of a disclosure statement meeting necessary requirements; and the resident is not required to move into the facility before the expiration of the thirty (30) day period.
- (2) If resident deceases prior to occupancy; or if due to illness, injury, incapacity, or financial impairment, the resident becomes precluded from occupying the unit (after the right of rescission period) this contract is automatically canceled and the resident or resident's legal representative will receive a refund of all the money paid, less periodic charges specified in this contract and applicable only to the period a living unit was actually occupied by the resident; those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in this contract or any contract amendment signed by the resident; nonrefundable fees, if set out in this contract; and a reasonable service charge, if set out in this contract, such service charge may not exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee.
- (3) Refunds for Residence and Care contracts terminated prior to occupancy will be made within thirty (30) days of receipt of written notice of resident's death and court issued Letters Testamentary, or written notice of other circumstances precluding occupancy.

b. Termination – After occupancy

Whether Resident is occupying a residence, Health Center unit, or a facility away from Springmoor, his residency under this Agreement will be terminated by any of the following:

- (1) The first ninety (90) days from the effective date of residence will be considered to be a trial basis. During this ninety-day period, Springmoor or the Resident may terminate the residency by giving the other fourteen (14) days written notice of intent to terminate.

- (2) The Resident may terminate residency at any time by giving Springmoor fourteen (14) days written notice of intent to terminate.
- (3) Residency will be terminated by the death of the Resident
- (4) If Resident:

- refuses to pay his monthly service fee or other proper charges
- refuses to maintain his insurance or pay personal reimbursement that is owed to Springmoor or Health Care Providers
- fails repeatedly to follow the administrative policies of Springmoor
- engages in willful misconduct resulting in loss or damage suffered by another Resident or Springmoor
- makes any material misrepresentation or omission in his application for residency, then Springmoor, within fourteen (14) days after written notice of the nature and extent of said deficiency is given the Resident may, at its option, pay for, correct or stop the deflection at its own expense, and the Resident must reimburse Springmoor for any expenses incurred

Springmoor may:

- require the Resident to furnish additional security or make satisfactory arrangements for fulfilling his obligations under this Agreement
- OR transfer the Resident to a different residential unit
- OR adjust the services to which the Resident is entitled under his Agreement
- OR terminate his residency immediately.

- 5) Refunds of Residence and Care Fees:

Life Occupancy Contracts

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or die after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced four (4) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

50% Life Equity Fee Contracts

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will

refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or die after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced two (2) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

100% Life Equity Fee Contracts

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of the 100% Life Equity fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or die after ninety (90) days from the effective date of residence, the entire Life Equity Fee will be returned the later of six (6) years following the effective date of residence or within thirty (30) days after the residence covered by this agreement is reoccupied and residence at Springmoor is terminated.

- c. The termination date for computing any refund or any outstanding payments due or accrued will be the date the residential unit is actually vacated and accepted by Springmoor.
- d. On the date of termination of residency under this Agreement, the Resident shall vacate the unit and shall leave it in good condition except for reasonable wear and tear. The Resident shall be liable to Springmoor for any costs incurred in restoring the residential unit to good condition except for reasonable wear and tear.
- e. No refund will be made by Springmoor until all charges incurred by the Resident have been paid. Springmoor is authorized to offset any refund against any proper charge to the Resident under the terms of this Agreement.
- f. Except as otherwise provided in this Agreement, Springmoor shall have the right to retain all sums paid by the Resident.
- g. Upon termination of residency and upon complying with the provisions of this Agreement, Springmoor shall have no further obligation to the Resident or his heirs, executors, administrators, or assigns.

F. Policy on Moves Within Springmoor Community.

1. Transfer. If Resident's physical or mental condition deteriorates so that it precludes his ability to live independently in his residence or if Resident cannot live in his residence without endangering himself or others, Springmoor may transfer the Resident, after consultation with family, to a more protective accommodation that can best provide for safety and care as required.
2. Transfer to another Residence at Springmoor
 - a. When a resident is relocating to Stewart Health Center, the resident continues to be responsible for the Monthly Service Fees of the residential unit being released until the residential unit is released and accepted by Springmoor.
 - b. When a resident is relocating to the Supportive Living Center during the overlap period the resident is responsible for the Monthly Service Fee of the residential unit with the higher Monthly Service Fee. If the overlap is more than ten (10) days, the resident is responsible for both dwelling units beginning with the eleventh (11th) day until the vacated unit is released and accepted by Springmoor.
 - c. When a resident is relocating to another residential unit as a personal preference, the resident is responsible for the Monthly Service Fee of the residential unit being occupied from the date the residential unit is accepted by the resident for occupancy. The resident is also responsible for the Monthly Service Fee of the residential unit being vacated until the residential unit is released and accepted by Springmoor.
 - d. If an applicant accepts an interim residential unit with the concurrence of Springmoor management and plans to relocate to another residential unit when it becomes available, the resident will pay the Monthly Service Fee for the interim residential unit until it is released and accepted by Springmoor. On that day, the resident will begin paying the Monthly Service Fee for the residential unit being moved into. The relocation process is expected to take place over a maximum of ten days. If relocation exceeds ten days, the resident shall be responsible for the Monthly Service Fees of both units beginning on the eleventh day.
 - e. Monthly Service Fee is always adjusted to the fee for the residential unit being moved into at the time the new residence is accepted.
 - f. If the Residence and Care Fee is the same or less for the residential unit being occupied, no adjustment is made. If the Residence and Care Fee is more for the residential unit being occupied, the resident must pay the difference between the then current Residence and Care Fee of the two residences.

G. Marriages and/or New Second Occupants.

1. Application. If two persons sign this Agreement as Residents, the accommodations and services will be for both of them, the sums stated under Financial Provisions cover both of them, and the word "Resident" as used herein shall apply to both of them unless the contract requires otherwise. If the two occupants are man and wife, each of them will be individually responsible for the full Monthly Service Fee. If the two occupants are not man and wife, each joint Resident will be liable for one-half (1/2) of the payments of the monthly service fees which become due hereunder unless otherwise agreed by them and approved by Springmoor. Termination of the residency of one joint Resident shall not affect this Agreement, and the residency of the other person who shall have the rights set forth in the paragraph entitled "Survivor's Options."
2. Sharing Occupancy. If a single occupant of a residence wishes to invite another resident to share such living accommodations, the combined occupancy must be approved by Springmoor. In such event there will be no adjustment in Residence and Care Fees. The Monthly Service Fee will be the double occupancy rate. If a single occupant of a residence wishes to invite a non-resident to share a living accommodation through marriage, the new occupant will be required to make application for residency and, if accepted, to pay a Residence and Care Fee equal to the then current difference between the single and double occupancy fee for the Residence and Care Plan covered by the initial occupant. If a single occupant of a residence wishes to share a living accommodation other than through marriage, the new occupant will be required to make application for residency, and if accepted the incoming joint resident must pay one-half of the then current Residence and Care Fee for joint residency under the Residence and Care Fee Plan covered by the initial occupant. The Monthly Service Fee will be the double occupancy rate. Except for short-term visitors and guests, no person other than the resident may occupy the residence covered by this Agreement without approval by Springmoor. If the non-resident whether through marriage or other does not receive acceptance to become a Life Care Resident they may still opt with Approval from Springmoor, to move in and share the living accommodation as a non-Life Care tenant. A non-Life Care tenant in a residence changes the monthly service fee to the Double Rate but the new tenant is not covered by Springmoor CHCP or medical insurance filing and is not eligible for residency to Assisted Living or Stewart Health Center. Further, the new tenant's right to reside at Springmoor is contingent upon living with the Life Care resident and at such time as the resident needs to move to a care setting or leaves their independent unit the non-Life Care resident will need to move away from Springmoor.

- H. Age Criteria. Springmoor's Residence and Care Fees are based on an applicant being at least 62 years of age. Springmoor does not require that an applicant be at least 62 years of age. If an applicant is under the age of 62 the Residence and Care Fee is adjusted on the following basis.

<u>Age Nearest Birthday</u>	<u>% Increase</u>	<u>Age Nearest Birthday</u>	<u>% Increase</u>
62	0	55	7.6
61	1.0	54	8.7
60	2.1	53	9.8
59	3.2	52	10.9
<u>Age Nearest Birthday</u>	<u>% Increase</u>	<u>Age Nearest Birthday</u>	<u>% Increase</u>
58	4.3	51	12.0
57	5.4	50	13.1
56	6.5		

- I. Inability to Pay. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs for subsistence and service. Without in any way qualifying the right of Springmoor to terminate this Agreement, it is a declared policy of Springmoor that a Resident shall not be dismissed nor his Residence and Care Agreement terminated solely because of the Resident's inability to pay the Monthly Service Fee due to circumstances beyond the control of the Resident that are not the result of the intentional conduct of the Resident.

In such event, the matter will be reviewed by Springmoor with the Resident. If the Resident presents to Springmoor facts which in Springmoor's opinion justify special financial consideration, Springmoor will partially or wholly subsidize Resident's Monthly Service Fee. All determinations made by Springmoor shall be a confidential transaction between Springmoor and the Resident except for data that may be required by regulatory bodies.

In consideration of this policy, the Resident agrees that he will not make any gift of real or personal property for the purpose of evading his obligations under this agreement. Should Springmoor subsidize partly or wholly the Resident's Monthly Service Fees, assets such as real estate are likely to be converted to available funds. Resident agrees that any Residence and Care Fee refund that is due or personal or real property owned by him is to be used to repay Springmoor an amount equal to the aggregate amount of subsidy furnished by Springmoor to the Resident during the period of residence.

- J. Renters Insurance Policy Prior to moving into the community, the resident is required to provide a Certificate of Insurance for liability and renters coverage. This coverage must include personal property, liability, auto (if applicable) and any other desired coverage, and must be at a minimum of \$500,000 of liability coverage. This should be in the form of renter's coverage to satisfy the requirement. The resident acknowledges they will maintain this coverage for their entire residency and that the facility, nor its owners, can insure the residents' personal property.

V. SERVICES

A. Standard Services to Residents. The Residence and Care fee deposited when a person moves to Springmoor together with a monthly fee covers nearly all expenses encountered by the resident. This includes the following:

1. Guaranteed residence for life as specified in the Residence and Care Agreement
2. Use of on-site Stewart Health Center for outpatient and inpatient care
3. Springmoor Comprehensive Health Care Program; Medicare and insurances cover nearly all medical expenses.
4. Use of all Springmoor facilities and services
5. Local telephone service
6. 60 + channel cable
7. Physical security through around-the-clock staffing
8. All maintenance and repairs except to resident's personal property
9. Care of lawn and grounds
10. Meals defined in resident's Residence and Care Agreement:
1 meal per day - Homes, Villas, Apartments
3 meals per day - Supportive Living Center and Health Center
11. Special diet requested by a physician
12. 24-hour emergency call service and health care
13. All utilities: Heat, Air Conditioning, Water, Electricity
14. Weekly housekeeping service
15. Washers and dryers for resident's personal laundry
16. Bed linens and their laundering
17. Scheduled transportation for shopping, activities, and medical care within Springmoor prescribed limits
18. Central smoke and fire system
19. Use of grounds for exercise, recreation, and relaxation
20. Many scheduled activities under a staff director, entertainment, and social enrichment programs
21. Chaplains on staff
22. Monthly Publications - "The Herald" (newsletter) and "Pathways" (Activity calendar)

B. Services Available at Extra Charge.

1. Food Service. Each resident who has one meal a day included in the monthly service fee may purchase additional meals. The resident has flexibility in the use of meals included in the monthly fees in that they may be taken any time that calendar month or the following month and may be used for family and friends (except on Sunday and special events when meals must be purchased). If the resident has no meals to his credit, or if he prefers, he may purchase extra meals at established rates.

2. Recreation and Entertainment. Special group trips are planned periodically by Springmoor. The cost is paid by participating residents. Springmoor provides transportation for many local area programs. The participating resident pays for entry tickets to such programs.
3. Personal Property. When staff is available, Springmoor may repair or provide services in handling personal property. There is a fee for this service.
4. Personal Expenses. Expenses normally incurred in daily living are paid by the resident such as dry cleaning, laundry services (except bed linens), food for preparation by residents, newspapers, long distance telephone calls.
5. Stewart Health Center. Springmoor provides thirty "eligible" days per year in Stewart Health Center at no fee for room and board (per diem). A maximum of ninety eligible days may be accumulated by a resident at any one time. "Eligible" days do not accumulate when a resident has become a "continuing care" patient in the Health Center.

A resident is classified as "short term" when the stay in Stewart Health Center is expected to be of limited duration, after which the resident will return to his independent residence. A patient is classified as "continuing care" when health conditions require that the resident reside on a continuing basis in Stewart Health Center.

If "eligible" days are exhausted, short-term patients pay thirty percent of the Stewart Health Center per diem rate. When "eligible" days are exhausted, continuing care patients pay sixty percent of the Stewart Health Center per diem rate but may discontinue paying regular monthly fees.

- C. Health and Personal Services Available. Springmoor places the highest priority on the availability to residents of medical, health and personal services. Our goal is to achieve the highest quality of life possible for each resident. When residents have physical or mental limitations, we make every effort to help the individual achieve his greatest potential.

Springmoor's Comprehensive Health Care Program is designed to meet all medical and health care needs of each resident and to defray nearly all of the costs of Medicare covered services not reimbursed by Medicare, the required Medicare supplement or other insurances.

Medical and health care costs covered by Springmoor are discussed in Paragraph III. C of this Disclosure Statement. Medical care costs paid by Springmoor's CHCP on behalf of the resident is a significant benefit that provides each resident financial security and peace of mind in the untoward effects of medical care costs. Residents may elect to use Springmoor's designated physicians and other health care providers or may elect to use any other Raleigh area physicians and health care providers of their choice. In either event, the Springmoor CHCP coverage is the same. When Springmoor's designated care

providers are used, most of their outpatient care is provided in Springmoor's Outpatient Clinic, which is a significant convenience to the resident.

Stewart Health Center is staffed in excess of the level required by the N. C. Department of Health and Human Services, Division of Health Service regulations, which licenses and monitors care. The additional staffing helps assure more comprehensive and personal care. Primary care physicians are required to visit and evaluate their patients in Stewart Health Center at least every sixty days and more often when health status requires. Physicians review and make needed changes in medication, treatment and care orders at least every thirty days. Nurses evaluate patients on a continuing basis and keep the patient's physician apprised of the patient's condition. When the physician believes that care needs to be provided in a hospital, the resident is transferred to a Triangle area hospital.

Stewart Health Center's Outpatient Clinic provides a wide range of nursing and personal care to Springmoor residents. The Clinic staff also monitors residents and their care needs through house calls when the clinic deems that such visits are needed.

Springmoor Home Care Services are provided through Stewart Health Center's Outpatient Services Clinic. Springmoor Home Care is a licensed home care agency under the direction of the North Carolina Department of Health Service Regulation under a state law that allows Continuing Care Retirement Communities to operate licensed home care agencies. Home Care Services are provided to our residents that request them as an extension of the community to maximize the potential for residents to maximize the quality of their life. Residents will continue to move through the continuum of care to the most appropriate setting based on their emotional and medical potential. Springmoor employees that provide home care are certified nursing assistants. Home Care Services can include intermittent medical care but are mostly non medical services such as companionship and support.

Springmoor has a Resident Care Committee that regularly reviews the care needs of each resident and plans a course of action to meet those needs. When necessary, the Outpatient Clinic staff and/or the primary care physician will evaluate a resident to provide in depth facts for the review. Through this program residents may be assured that the staff is aware of changing needs and acts on them in the best interest of the resident.

Springmoor's well-being check assures safety and peace of mind of each resident. If a resident does not go for at least one meal in the dining room each day, the staff will determine whether the resident has indicated that he will be away. If not, the staff will call the residence to establish that the resident is well. If there is no answer a security staff member will enter the residence to be sure the resident is not ill and will leave a home entry form indicating why he entered the residence. In this way, the staff will find a resident who may have become incapacitated and is unable to call for help. Residences are equipped with fire, smoke and emergency call equipment. A resident may call for help by pulling an emergency call cord in the bathroom, by removing the telephone from the receiver (which alerts the receptionist after thirty seconds), or by telephoning for

help. When an emergency, fire or smoke alarm is alerted a guard and nurse respond very quickly.

When needed emergency medical care is called for, the physician is notified, and the resident is transported to a local hospital emergency room.

VI. FEES

- A. Application/Registration Fee. The non-refundable applicants fee for each applicant is \$200.00. If Springmoor does not accept the applicant for the waiting list or for residence, the application fee is refunded.
- B. Entrance Fees. The applicant has the choice of any of three Residence and Care plans. The services and monthly fees are identical under all three plans. The only difference in the plans is the amount deposited and the refund that is returned to the resident or the estate after residence is terminated.

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

SCHEDULE OF FEES

<u>SINGLE OCCUPANCY</u>	<u>Life Occupancy Entry Fee</u>	<u>50% Refund Entry Fee</u>	<u>100% Refund Entry Fee</u>	<u>Monthly Service Fee</u>
APARTMENTS				
Alcove	\$120,200	\$159,600	\$215,700	\$3,276
One Bedroom	168,300	223,900	302,200	3,758
One Bedroom Deluxe	180,700	240,300	324,300	4,183
One Bedroom Deluxe Plus	202,000	268,500	362,300	4,631
Two Bedroom	212,400	282,500	381,200	4,952
Two Bedroom Deluxe	236,600	314,900	424,900	5,215
VILLAS				
One Bedroom with Den	194,600	259,000	349,600	4,171
Two Bedroom with Den	251,700	331,800	447,800	5,177
INDIVIDUAL HOMES				
Two Bedroom with Den	264,100	351,200	474,100	5,297
Two Bedroom Deluxe with Den	275,300	366,100	494,400	5,704
 <u>DOUBLE OCCUPANCY</u>				
APARTMENTS				
Alcove	\$138,200	\$179,600	\$237,700	\$4,286
One Bedroom	186,300	243,900	324,200	4,768
One Bedroom Deluxe	198,700	260,300	346,300	5,193
One Bedroom Deluxe Plus	220,000	288,500	384,300	5,641
Two Bedroom	230,400	302,500	403,200	5,962
Two Bedroom Deluxe	254,600	334,900	446,900	6,225
VILLAS				
One Bedroom with Den	212,600	279,000	371,600	5,181
Two Bedroom with Den	269,700	351,800	469,800	6,187
INDIVIDUAL HOMES				
Two Bedroom with Den	282,100	371,200	496,100	6,307
Two Bedroom Deluxe with Den	293,300	386,100	516,400	6,714

Life Occupancy Plan

4% of the **Residence Fee** accrues to Springmoor each month. The refund decreases to zero over 25 months.

50% Refundable Plan

2% of the **Residence Fee** accrues to Springmoor each month for 25 months after which the refund remains at 50%.

100% Refundable Plan is made the later of six years following the effective date of residence or within 30 days following re-occupancy of the residence.

*Fee Schedule is subject to change with 30-day notice
Effective October 1, 2023*

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

SUPPORTIVE LIVING SCHEDULE OF FEES

<u>SINGLE OCCUPANCY</u>	<u>Life Occupancy Entry Fee</u>	<u>50% Refund Entry Fee</u>	<u>100% Refund Entry Fee</u>	<u>Monthly Service Fee</u>
APARTMENTS				
Efficiency	\$ 131,000	\$174,300	\$235,400	\$4,211
Alcove	141,800	188,700	254,600	4,629
Efficiency Deluxe	147,000	195,400	263,800	4,629
One Bedroom	197,900	263,200	355,400	5,150
One Bedroom Plus	202,000	268,500	362,300	5,752
Two Bedroom	249,700	332,100	448,300	6,349

DOUBLE OCCUPANCY

APARTMENTS				
Efficiency	\$149,000	\$194,300	\$257,400	\$5,946
Alcove	159,800	208,700	276,600	6,364
Efficiency Deluxe	165,000	215,400	285,800	6,364
One Bedroom	215,900	283,200	377,400	6,885
One Bedroom Plus	220,000	288,500	384,300	7,487
Two Bedroom	267,700	352,100	470,300	8,084

Supportive Living includes intermittent personal care and three meals a day

Required: \$200 application fee per person non-refundable

*Fee Schedule is subject to change with 30-day notice
Effective October 1, 2023*

**Stewart Health Center
(Includes Memory Care)**

	Semi-Private Room	Private Room
Available with Eligible Days*	<i>(30% and 60% of published daily rate of \$441.000)</i>	
Short Term (Temporary Stay)	\$0.00	\$86.40
Continuing Care (Permanent Stay)	\$0.00	\$172.90
Available with No Eligible Days*		
Short Term (Temporary Stay)	\$132.30	\$218.70
Continuing Care (Permanent Stay)	\$264.50	\$437.40

Ivie L. Clayton Wing

(Large private rooms with showers)

	Semi-Private Room (per request only for couples) <i>(does not follow published daily rate)</i>	Private Room
Available with Eligible Days*		
Short Term (Temporary Stay)	\$8.40	\$105.70
Continuing Care (Permanent Stay)	\$20.80	\$213.10
Available with No Eligible Days*		
Short Term (Temporary Stay)	\$140.70	\$238.00
Continuing Care (Permanent Stay)	\$285.30	\$477.60

***WHEN AN INDIVIDUAL BECOMES A SPRINGMOOR INDEPENDENT LIVING RESIDENT THEY ARE GIVEN 30 ELIGIBLE DAYS TO USE IN THE HEALTH CENTER. A RESIDENT CAN ACCRUE UP TO 90 ELIGIBLE DAYS. THESE ELIGIBLE DAYS NO LONGER ACCRUE UPON BECOMING A PERMANENT RESIDENT OF THE HEALTH CENTER.**

****INCIDENTAL FEES AVAILABLE UPON REQUEST.**

*Fee Schedule is subject to change with 30-day notice
Effective October 1, 2023*

Attachment - E
Miscellaneous Fees

Meals

Purchased Full Meal Tickets for Dining Room (pre-tax)	\$ 18.00
Breakfast, lunch, and dinner at Garden Café	A la carte menu price
Daily meal adjustment rate when away from Springmoor thirty or more consecutive days	\$ 18.00

Guest Rooms (pre-tax)

146, 1509A	\$ 99.00
148	107.00
284A, 284B, 287A	99.00
1509B, 2432	117.00

Hair Styling Fees

Haircut - Women	32.00
Haircut - Men	28.00
Set	33.00
Blow Dry & Style - Women	35.00
Shampoo, Cut & Blow Dry - Men	33.00
Shampoo only	13.00
Comb Out	20.00
Special Medicated Shampoo	6.00
Conditioner	6.00
Color Rinse	7.00
Semi - Permanent Color	84.00
Permanent (Includes Shampoo, Set and Haircut)	88.00
Extra: additional color mix	6.00
Special Permanents (Includes Shampoo, Set and Haircut)	98.00
Women's Up - Do	35.00
Neck Trim	8.00
Scalp Treatment	10.00
Beard and Mustache Trim	13.00
Hair Piece	12.00
Wigs	35.00
Long Hair	13.00
Halo hi-lites	80.00
Full hi-lites	100.00
Hi-lites with color	150.00

D. Fee Change Policy. Monthly fees are established at the level needed to meet the operating expenses of Springmoor. Monthly fee changes are compared to changes in the Consumer Price Index to measure whether Springmoor costs are in line with changes in the general economy. The Consumer Price Index is not a controlling factor in fee increases. It is used only for comparison purposes. Monthly fees are periodically compared to fees of other life care communities. Springmoor gives at least a 30 day notice of changes in fees. Springmoor operates the community efficiently using sound management practices while maintaining a high quality of care.

Home Care Rates

Days

Monday through Friday	\$30.00/hr
Weekends	\$33.00/hr
Holidays	\$44.00/hr

ADJUSTMENTS IN MONTHLY SERVICE FEES

Date Of	Average Percent Change					
	This Change			Average Annual Change		
	Independent	Supportive	Stewart Health	Independent	Supportive	Stewart Health
1-Oct-01	5.37%	5.36%	6.60%	4.08%	5.19%	6.47%
1-Oct-02	4.21%	4.23%	6.52%	4.08%	4.87%	6.47%
1-Oct-03	4.63%	4.62%	7.48%	4.11%	4.88%	6.52%
1-Oct-04	3.77%	3.78%	5.75%	4.10%	4.83%	6.49%
1-Oct-05	3.77%	3.78%	3.92%	4.08%	4.78%	6.37%
1-Oct-06	3.82%	3.83%	5.23%	4.07%	4.74%	6.32%
1-Oct-07	3.68%	3.68%	4.77%	4.06%	4.70%	6.26%
1-Oct-08	3.68%	3.68%	5.27%	4.04%	4.66%	6.22%
1-Oct-09	2.78%	2.78%	4.33%	3.99%	4.59%	6.15%
1-Oct-10	2.58%	2.58%	2.59%	3.94%	4.51%	6.02%
1-Oct-11	2.60%	2.60%	2.60%	3.89%	4.45%	5.90%
1-Oct-12	3.23%	3.24%	3.82%	3.87%	4.40%	5.83%
1-Oct-13	3.57%	3.98%	3.95%	3.86%	4.39%	5.77%
1-Oct-14	3.48%	3.48%	3.54%	3.85%	4.36%	5.70%
1-Oct-15	3.78%	3.77%	3.97%	3.85%	4.34%	5.64%
1-Oct-16	3.48%	3.47%	3.49%	3.84%	4.32%	5.58%
1-Oct-17	2.89%	2.88%	2.88%	3.81%	4.28%	5.50%
1-Oct-18	2.99%	2.98%	3.45%	3.79%	5.44%	5.44%
1-Oct-19	3.19%	3.19%	3.17%	3.77%	4.21%	5.38%
1-Oct-20	3.45%	3.46%	3.69%	3.76%	4.19%	5.34%
1-Oct-21	5.29%	5.28%	5.50%	3.89%	4.22%	5.34%
1-Oct-22	5.20%	5.20%	5.54%	3.92%	4.24%	5.35%
1-Oct-23	6.80%	6.80%	6.81%	4.00%	4.31%	5.38%

Date Of Adjustment	Average Monthly Dollar Change					
	This Change			Average Annual Change		
1-Oct-01	\$ 100.20	\$ 95.83	\$ 142.96	\$ 55.06	\$ 61.58	\$ 85.44
1-Oct-02	\$ 82.82	\$ 79.67	\$ 150.56	\$ 56.48	\$ 57.59	\$ 88.78
1-Oct-03	\$ 94.86	\$ 90.75	\$ 184.02	\$ 58.58	\$ 59.79	\$ 93.50
1-Oct-04	\$ 80.88	\$ 77.67	\$ 152.08	\$ 59.62	\$ 60.62	\$ 96.23
1-Oct-05	\$ 83.83	\$ 80.67	\$ 109.50	\$ 60.70	\$ 61.51	\$ 96.82
1-Oct-06	\$ 88.99	\$ 84.67	\$ 152.08	\$ 61.90	\$ 62.50	\$ 99.17
1-Oct-07	\$ 89.61	\$ 84.67	\$ 146.00	\$ 63.04	\$ 63.41	\$ 101.09
1-Oct-08	\$ 93.10	\$ 87.75	\$ 168.81	\$ 64.22	\$ 64.36	\$ 103.75
1-Oct-09	\$ 72.92	\$ 68.58	\$ 146.00	\$ 64.54	\$ 64.52	\$ 105.34
1-Oct-10	\$ 69.74	\$ 65.50	\$ 91.25	\$ 64.73	\$ 64.56	\$ 104.83
1-Oct-11	\$ 71.41	\$ 67.50	\$ 94.29	\$ 64.97	\$ 64.66	\$ 104.46
1-Oct-12	\$ 91.83	\$ 86.67	\$ 141.44	\$ 65.88	\$ 65.41	\$ 105.71
1-Oct-13	\$ 104.83	\$ 109.92	\$ 152.08	\$ 67.16	\$ 66.87	\$ 107.24
1-Oct-14	\$ 105.77	\$ 99.83	\$ 141.44	\$ 68.39	\$ 67.92	\$ 108.32
1-Oct-15	\$ 118.68	\$ 111.92	\$ 164.25	\$ 69.93	\$ 69.27	\$ 110.05
1-Oct-16	\$ 113.57	\$ 106.92	\$ 144.48	\$ 71.24	\$ 70.40	\$ 111.08
1-Oct-17	\$ 97.54	\$ 91.75	\$ 123.19	\$ 72.00	\$ 71.02	\$ 111.43
1-Oct-18	\$ 103.72	\$ 97.83	\$ 152.08	\$ 72.90	\$ 71.77	\$ 112.57
1-Oct-19	\$ 114.24	\$ 107.83	\$ 144.48	\$ 74.03	\$ 72.76	\$ 113.45
1-Oct-20	\$ 127.35	\$ 120.00	\$ 180.98	\$ 74.03	\$ 74.02	\$ 115.25
1-Oct-21	\$ 202.19	\$ 189.67	\$ 279.83	\$ 82.06	\$ 77.03	\$ 119.53
1-Oct-22	\$ 214.25	\$ 196.25	\$ 296.56	\$ 85.41	\$ 80.06	\$ 124.02
1-Oct-23	\$ 294.42	\$ 270.38	\$ 384.77	\$ 90.57	\$ 84.77	\$ 130.46

VII. FINANCIAL INFORMATION

- A. Financial Overview Statement and Current Operating Funds. Residence and Care Fees deposited by residents have been invested by the Board of Directors primarily in loans to the developer of Springmoor for development of the community. Interest is paid monthly, and the developer makes optional repayments of principal. An operating cash reserve, specific reserves and current operating funds of approximately \$2.5 million are maintained by Springmoor. These funds are invested at the discretion of the Executive Director, in coordination with the Board of Directors, to assure reasonable returns and liquidity.

These funds are used to cover current operating expenses, fluctuations in cash flow, and are available in the event of unanticipated expense. For terminated life occupancy and 50% equity contracts, Springmoor policy is to refund residence and care fees within 30 days after the residential unit is reoccupied. For 100% equity contracts the refund is the later of six years after residence commences or within 30 days after the residential unit is reoccupied. This policy assures that refunds do not impact on cash reserves. The fund balance (net assets) of Springmoor, Inc., the non-profit corporation, is given in Attachment A, Financial Statements.

- B. Current Certified Financial Statements. Attachment A provides these statements.
- C. Five-Year Forecasted Financial Statements. These projections are shown in Attachment B.
- D. General Statute 58-64-33 - Operating Reserves. Springmoor Life Care Retirement Community projects total operating costs as reported on page 71, in 2024 of \$43,022,000. As defined by N. C. General Statute 58-64-33, operating costs include total operating expenses as well as debt service (principal and interest) and lease expense for the facility but excludes depreciation.
- E. Narrative of Material Variances: Forecast vs. Actual. Attachment F provides this statement.

General Statute 58-64-33 requires that a facility maintaining at least 90% occupancy maintain a 25% operating reserve. Springmoor projects operating costs in 2024 of \$43,022,000. Twenty-five percent of \$43,022,00 is \$10,756,000. Springmoor currently has reserves within the definition of this statute in the amount of \$35,320,296. The reserves will be maintained in such a way that they will continue to meet or exceed the required reserve of G.S. 58-64-33.

The reserves are at this point reflected in several line items and as notes receivables as invested cash. The reserves have been growing in recent years and may continue to do so if sufficient funds are generated from operations.

These funds are held in cash deposits, money markets and other interest bearing accounts. Maturities range from 30 days to 180 days.

It is likely that as the size of the reserve fund increases Springmoor will invest in longer term maturities and broader range of investment vehicles. Overall investment policies are under the direction of the Board of Directors.

VIII. ESCROW ACCOUNT

Residence and care fee deposits for an assigned residential unit are placed in an escrow account if the unit is not able to be occupied due to conditions other than minor refurbishment. When the residential unit is available for occupancy the funds are released from the escrow account. If the unit is available when the residence and care fee deposit is made, it will not be placed in the escrow fund. The escrow agent is James A. Lucas and Company, L.L.P., Certified Public Accountants, 4909 Western Boulevard, Suite 200, Raleigh, NC 27606.

IX. FACILITY DEVELOPMENT AND EXPANSION

Springmoor is currently in the process of refurbishing and remodeling the Stewart Health Center. These new changes will update the healthcare model from a hospital-type model to a new neighborhood design. The new design will accommodate more person-centered care in each neighborhood.

X. LITIGATION, BANKRUPTCY, RECEIVERSHIP, LIQUIDATION, IMPENDING ACTIONS OR PERILS

Springmoor is financially sound and has a comprehensive plan under which the developer writes off leases that cannot be paid from current cash flow to protect the fund balance of Springmoor. Springmoor has never been involved in any form of litigation, bankruptcy, receivership, liquidation or other adverse impropriety action or peril.

XI. RESIDENCE AND CARE AGREEMENT

The agreement/contract that Springmoor and residents enter into complies with all contract specifications set forth in North Carolina General Statutes 58-64-25. A copy of Springmoor's Residence and Care Agreement is provided as Attachment D.

PART II

Part I of the Disclosure Statement provides information about Springmoor in a standardized format required by the North Carolina Department of Insurance. Part II provides additional information that we believe is important for the applicant to know.

I. WAITING LIST FOR RESIDENCE

An applicant may have his name placed on the waiting list for future residence at an unspecified time by making application, making a deposit of five percent (5%) of the life occupancy fee for the type of residence selected, and receiving preliminary approval for residence. Residential units are first made available to residents who wish to relocate within the community before being offered to persons on the waiting list. Names are placed on the waiting list by date of application by type of residential unit. Residence will be offered in the order that the names appear on the waiting list as residential units become available. If an applicant declines occupancy, he remains on the list and the residential unit is offered to the next applicant.

II. DEDUCTION OF FEES AS MEDICAL EXPENSES ON YOUR INCOME TAX

The Internal Revenue Service has ruled in its Publication 502 and in a number of rulings on individual cases that a part of Residence and Care Fees and Monthly Service Fees of life care community residents may be treated as an expense incurred for obtaining medical care. In the various rulings, the deductions allowed taxpayers were the fees attributable to providing medical care for all of its residents prorated among the residents rather than the amount expended by the retirement center for the medical care of each individual resident.

Life Occupancy and 50% Equity Residence and Care Fees include a lump sum for prepaid medical care. This amount meets the Internal Revenue Service requirement for being an advance payment as a condition for the community's promise to provide lifetime care that includes medical care. The prepaid medical care portion of the Residence and Care Fee is calculated annually and is currently averaging \$11,100 per person. This one-time deduction becomes available to all new residents in the year the resident makes final payment on the full Resident and Care Fee and takes occupancy of the unit. Persons selecting the 100% Equity Residence and Care Fee may not claim this deduction since this fee is fully refundable.

A part of the Monthly Service Fee is also deductible as a medical care cost. In January of each year, Springmoor prorates the unreimbursed operating cost of the Health Center and other unreimbursed medical care costs (staff, transportation, food, utilities, medical supplies, etcetera) among all residents and provides each resident with a statement for use in preparing tax returns.

This information gives our opinion and practice based on our research in the practices of other life care communities and our interpretation of Internal Revenue Service regulations and rulings. However, you will understand that Springmoor cannot guarantee that the Internal Revenue Service will allow deductions. The matter of your tax responsibility is between you and the Internal Revenue Service. We recommend that you consult your tax advisor and follow his guidance. Springmoor assumes no responsibility for your tax liability. We will, of course, provide statements and records, if needed, to support fees and expenses for medical care.

III. FINANCIAL SECURITY OF SPRINGMOOR

The developer of Springmoor conducted extensive research and investigation into alternative approaches for assuring the financial security of Springmoor residents both during the development and construction phases of Springmoor and during the perpetual life of the community.

The purpose of the material in this paragraph is to describe this security to the reader from the several perspectives that were incorporated in the financial and care programs of Springmoor.

- A. Organization and Management. Springmoor is established as a non-profit organization and is recognized as such by the Secretary of State of North Carolina, the North Carolina Department of Revenue and by the Internal Revenue Service. Springmoor, Inc. has a Board of Directors consisting of professional and civic leaders who have a keen interest in senior citizens. The Board of Directors make policy decisions; evaluate the on-going management of Springmoor to ensure that sound management and quality services are provided; and guide the financial and operating well-being of Springmoor Life Care Retirement Community.

The management staff at Springmoor has been carefully selected to ensure efficient operations and, yet, a caring community with respect to residents' social, physical, and emotional needs.

- B. Equity Protection. Three different Residence and Care Plans are offered to accommodate the preference of the individual applicant. These are addressed in Part I of this disclosure statement, in the Residence and Care Agreement (Attachment D).

In all three plans your Residence and Care Agreement guarantees your residence, health care, and the use of Springmoor facilities for life. The Residence and Care Fee reflects the cost of living at the time it is paid in full. Efficient management assures that Monthly Service Fees will be held as low as is professionally appropriate. However, these fees may change to reflect the cost of operating Springmoor.

- C. Financial Security of the Residents. Each Springmoor resident has a choice of three Residence and Care Plans in terms of the percentage of refund of the Residence and Care Fee. Each resident has the security of life care and the guarantee of personal care, medical care, and the use of Springmoor facilities for life. Each resident's financial capability is evaluated prior to acceptance for residence. If the applicant does not have sufficient financial capability, the Springmoor Review Committee does not accept the applicant for residence. This is a difficult step that is taken in fairness to the applicant and to ensure the financial soundness of Springmoor. After a person becomes a Springmoor resident, he has the financial security that he will continue to be provided all life care services covered by the Residence and Care Agreement even if he encounters financial reversal provided such reversal has not been deliberate to avoid paying fees.

In the event of a confidential financial subsidy, the non-profit corporation deducts the subsidy from Residence and Care Fee refunds or expects to be refunded from the estate. Should the estate have no assets, the cost of such subsidy is taken from Springmoor reserves.

The Springmoor Comprehensive Health Care Program protects each resident from the adverse financial impact of health care costs.

Residents have their choice of physician and other health care providers. Springmoor pays reasonable and necessary Medicare covered costs for medical care that is not reimbursed by Medicare, the required Medicare supplemental insurance or other insurances.

In other words, the resident will have no cost (other than the deductibles) to pay for Medicare covered reasonable fees for medical care provided in the continental United States. Medicare, your Medicare supplemental insurance and any other insurance you may elect to have, and Springmoor provide this financial security in both routine medical care and in the event of major medical care. If Medicare places limits on coverage, Springmoor does likewise.

- D. Financial Strength of Springmoor. Residence and Care Fees are deposited by residents and applicants to Springmoor, Inc., the non-profit corporation. These funds are invested either in money market accounts or other interest bearing investments, are used to cover lease costs, or were loaned to Ammons Inc. or Ammons-Springmoor Associates, LLC, formerly known as Ammons Springmoor Associates, for development and construction of Springmoor. All loans and investments are legally documented and bear interest at competitive money rates.

The Development/Landlord entities protect the fund balance (net assets) of Springmoor by deferring or writing off lease payments to Ammons, Inc. and Ammons-Springmoor Associates, LLC that cannot be made from current cash flow.

The policies of a highly competent Board of Directors, sound management operation, and the lending institution's subordination of loans to the Residence and Care contract rights of each resident provides the very best financial safeguard.

The assurance of the financial integrity of Springmoor and the financial security of its residents was a high priority in planning and developing Springmoor and remains the highest priority in management operations.

The Residents Association has a Management Advisory Committee consisting of residents with management experience who advise management on policy, procedures, operations and finance. The involvement of this committee further assures sound and responsive management.

IV. TAX DEDUCTIBLE DONATIONS TO SPRINGMOOR

We have had many inquiries from applicants, residents, and others interested in establishing cash endowments, bequests or donating personal property (furniture, art and paintings, musical instruments, craft or shop tools, books, etcetera) to Springmoor. The purpose of this paragraph is to inform you of the Springmoor policy and procedure in this area.

Cash, endowments, or other donations are deductible for income tax purposes by the donor so long as the gift relates to Springmoor's exempt function of providing life care services and facilities and maintaining residents who become unable to pay fees through no fault of their own.

Springmoor is most grateful for endowment gifts, memorial gifts, bequests and donations of personal property. All donations of furnishings, personal property and equipment must be without condition upon use and retention since Springmoor management must have the latitude to decorate effectively and refurbish in future years. Should Springmoor dispose of donated personal property, the proceeds will be placed in the Endowment Fund.

Springmoor will provide donors with detailed receipts of contributions. It will be the donor's responsibility to establish the fair market value of donations. We recommend that a donor consult with a tax advisor regarding the structuring of donations to Springmoor and the particular tax consequences that may be expected.

In December, 1993 a non-profit corporation was formed, Springmoor Endowment Fund, Inc. Its purposes include subsidizing the residential cost of any residents of Springmoor who become unable to pay their regular charges. This corporation does not take the responsibility of resident subsidies away from Springmoor. It is available to complement Springmoor, Inc.

V. SPRINGMOOR RESIDENTS ASSOCIATION

Each resident is independent and acts in his own behalf at Springmoor. If the resident has limitations, the person designated by the resident as Power of Attorney acts in behalf of the resident. In addition, residents as a group are represented by the Springmoor Residents Association.

Annually, residents of Springmoor elect officers and committees to represent them in matters relating to care and management and to provide leadership in matters of common interest. These elected officials and committee representatives comprise the officers and committees of the Springmoor Residents Association.

The Residents Association is a non-profit Corporation established at the inception of Springmoor to represent residents in all aspects of Springmoor life.

Overall leadership is provided by the Association's Executive Committee, which consists of the Association President, Vice President, Secretary, Treasurer, and other elected Directors. There is also a working committee in each major area of Springmoor life, including health care, food service, activities and recreation, housekeeping, buildings, grounds and transportation.

The Residents Association is highly effective in its leadership in representing the interests of residents to management and others, and in providing information and recommendations to residents on specific issues that impact on them, such as legislation and federal/state health care programs.

Further information on the activities of this important organization and its work is available from the Springmoor Business Office or from officers of the Residents Association.

ATTACHMENTS TO DISCLOSURE STATEMENT OF
SPRINGMOOR LIFE CARE RETIREMENT COMMUNITY

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ATTACHMENT A

SPRINGMOOR, INC.

Financial Statements and Supplementary Information
For The Calendar Year Ended December 31, 2023

SPRINGMOOR, INC.
RALEIGH, NORTH CAROLINA

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Schedule

1	Schedule of Support
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JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

4909 Western Boulevard, Suite 200
Raleigh, North Carolina 27606
www.jalucas.com

Telephone: 919-851-4696
Facsimile: 919-859-5598
Email: info@jalucas.com

Independent Auditors' Report

Board of Directors
Springmoor, Inc.

Opinion

We have audited the accompanying financial statements of Springmoor, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statement of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit

- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtaining 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 Springmoor Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and their reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Springmoor, Inc's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Support 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

James A. Lucas and Company, L.L.P.
JAMES A. LUCAS and COMPANY, L.L.P.
Certified Public Accountants
Raleigh, North Carolina
May 28, 2024

SPRINGMOOR, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Current Assets

Cash	\$ 7,594,508
Accounts receivable	330,134
Prepaid expenses	213,519
Inventory	<u>5,883</u>
Total current assets	8,144,044

Restricted Assets

Operating reserve requirement - Invested cash	
Notes receivable-Ammons, Inc.	8,077,177
Notes receivable-Ammons-Springmoor Assoc., LLC	<u>2,098,823</u>
Total restricted assets	10,176,000

Fixed Assets

Buildings and building improvements	28,013,570
Furniture, equipment and vehicles	6,672,565
Less accumulated depreciation	<u>(14,815,795)</u>
Total net fixed assets	19,870,340

Other Assets

Notes receivable - noncurrent portion	
Ammons-Springmoor Assoc., LLC	25,144,296
Investment - Unity Senior Care Group, LLC	15,315
Right-of-use assets	48,335,370
UMIC subscribers savings account	<u>110,512</u>
Total other assets	<u>73,605,493</u>

Total Assets	<u>\$ 111,795,877</u>
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The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

LIABILITIES AND NET ASSETSCurrent Liabilities

Accounts payable & accrued expenses	\$ 1,074,751
Waiting list deposits	4,132,482
Deferred lease expense payable	7,720,712
Lease liability-right-of-use assets, current portion	4,370,841
Note payable, current portion	<u>398,545</u>

Total current liabilities 17,697,331

Long-Term Liabilities

Refundable advance fees	35,427,791
Deferred revenue from entrance fees	29,863,259
Lease liability-right-of-use assets, noncurrent portion	49,671,004
Note payable, noncurrent portion	<u>4,152,015</u>

Total long-term liabilities 119,114,069

Total liabilities 136,811,400

Net Assets (Deficit)

Net Assets without Donor restrictions	(25,018,264)
Net Assets with Donor restrictions	<u>2,741</u>

Total net assets (deficit) (25,015,523)

Total Liabilities and Net Deficit \$ 111,795,877

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF ACTIVITIES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

Net Assets (Deficit) without Donor Restrictions	
Support	
Revenue - Schedule 1	\$ 42,539,253
Net assets released from restrictions	
Restrictions satisfied by payment	300
Total support and revenue	<u>42,539,553</u>
Operating Expenses	
Administration and management	1,693,162
Operating expenses	6,394,006
Stewart Health Center	7,356,226
Clinic	710,542
Hair style shop	148,723
Food service expenses	6,487,507
Building management	3,369,794
Grounds management	536,848
Housekeeping expenses	1,897,841
Security expenses	820,277
Activities expenses	364,541
Marketing expenses	737,751
Homecare expenses	789,480
Wellness expenses	153,127
Total operating expenses	<u>31,459,825</u>
Equity Expenses	
Lease expense	12,296,353
Interest expense	107,334
Depreciation expense	856,408
Total equity expenses	<u>13,260,095</u>
Total expenses	<u>44,719,920</u>

Continued -

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF ACTIVITIES - CONTINUED
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

Increase (Decrease) in Net Assets (Deficit) without Donor Restrictions	\$	(2,180,367)
Net Assets with Donor Restrictions		-
Contributions		-
Net assets released from restrictions		(300)
Restrictions satisfied by payment		<u>(300)</u>
Increase (Decrease) in Net Assets with Donor Restrictions		<u>(300)</u>
Increase (Decrease) in Net Assets (Deficit)		(2,180,667)
Prior Period Adjustment for previously refunded fees		528,390
Prior Period Adjustment for leases written off in prior years		1,472,021
Net Assets (Deficit) at Beginning of Year		<u>(24,835,267)</u>
Net Assets (Deficit) at End of Year	\$	<u><u>(25,015,523)</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

	<u>Supporting Services</u>		
	<u>Administration and Management</u>	<u>Operating Expenses</u>	<u>Marketing Expenses</u>
Administrative services	\$ 1,323,495		\$ 316,462
Fees paid	3,823		
Special functions	3,475		3,747
Transportation expense	3,160		
Printing and postage	7,298		2,700
Rents	738		
Stewart Health Center aquarium			
Office supplies and materials	265,228		589
Maintenance and supplies	9,284		3,842
Service contracts	29,957		15,684
Miscellaneous	363	\$ 11,258	7,351
Taxes, licenses, and permits	4,631	1,035	
Consulting fees	4,495	13,200	63,106
Advertising			272,592
Entertainment & public relations			49,944
Utilities			
Insurance			
Official meals	186		28
Dues and memberships	7,557	38,114	1,483
Professional fees		160,673	
Management fees		750,000	
Expendable furnishings	7,840		223
Uniforms and laundry			
Food costs			
Food service - fees, direct expenses, and guaranteed rate			
Activities and program expenses			
Inventory purchases			
Vehicle expenses	6,500		
Property tax			
Health care expenses			
Building maintenance			
Subsidies paid to residents			
Contributions			
Bank account fees		12,546	
Lease expense	15,132		
Interest expense			
Depreciation expense			
Totals	<u>\$ 1,693,162</u>	<u>\$ 986,826</u>	<u>\$ 737,751</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>			Hair Style
	<u>Operating</u>	<u>Stewart</u>	<u>Clinic</u>	<u>Shop</u>
	<u>Expenses</u>	<u>Health Center</u>	<u>Clinic</u>	<u>Shop</u>
Administrative services	\$ 2,412,331	\$ 6,958,883	\$ 683,585	\$ 148,723
Fees paid		837	134	
Special functions		3,215	62	
Transportation expense		260	210	
Printing and postage		972		
Rents		11,086		
Stewart Health Center aquarium		8,638	2,017	
Office supplies and materials				
Maintenance and supplies				
Service contracts		5,557	499	
Miscellaneous		3,801		
Taxes, licenses, and permits		5,563		
Consulting fees				
Advertising				
Entertainment & public relations				
Utilities	1,424,243			
Insurance	377,264			
Official meals		1,852		
Dues and memberships		4,095		
Professional fees				
Management fees				
Expendable furnishings		36,379	14,087	
Uniforms and laundry				
Food costs				
Food service - fees, direct expenses, and guaranteed rate				
Activities and program expenses		28,671		
Inventory purchases				
Vehicle expenses				
Property tax	786,699			
Health care expenses		286,417	9,948	
Building maintenance				
Subsidies paid to residents	406,643			
Contributions				
Bank account fees				
Lease expense	12,296,353			
Interest expense	107,334			
Depreciation expense	856,408			
Totals	<u>\$ 18,667,275</u>	<u>\$ 7,356,226</u>	<u>\$ 710,542</u>	<u>\$ 148,723</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>			
	Food Service <u>Expenses</u>	Building Management <u>Expenses</u>	Grounds <u>Management</u>	Housekeeping <u>Expenses</u>
Administrative services	\$ 3,853,445	\$ 406,672	\$ 68,836	\$ 1,668,924
Fees paid				-
Special functions	5,943			
Transportation expense	1,784	771		
Printing and postage	763	69		69
Rents	7,728	5,020		436
Stewart Health Center aquarium				487
Office supplies and materials	23,352	75		
Maintenance and supplies	2,592	1,203,887	324,713	132,628
Service contracts		267,919	143,299	
Miscellaneous	406	1,052		45
Taxes, licenses, and permits	40,187			
Consulting fees	2,685			
Advertising				
Entertainment & public relations				
Utilities				
Insurance				812
Official meals				
Dues and memberships				
Professional fees				
Management fees				1,823
Expendable furnishings	21,908	6,248		43,938
Uniforms and laundry	20,609	7,777		
Food costs	2,043,724			
Food service - fees, direct expenses, and guaranteed rate	462,381			
Activities and program expenses				
Inventory purchases				
Vehicle expenses		81,421		
Property tax				
Health care expenses				48,679
Building maintenance		1,388,883		
Subsidies paid to residents				
Contributions				
Bank account fees				
Lease expense				
Interest expense				
Depreciation expense				
Totals	<u>\$ 6,487,507</u>	<u>\$ 3,369,794</u>	<u>\$ 536,848</u>	<u>\$ 1,897,841</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>			
	<u>Security</u> <u>Expenses</u>	<u>Activities</u> <u>Expenses</u>	<u>Homecare</u> <u>Expenses</u>	<u>Wellness</u> <u>Expenses</u>
Administrative services	\$ 797,714	\$ 144,959	\$ 786,273	\$ 139,221
Fees paid				
Special functions	721	16,708		313
Transportation expense	735	33	228	
Printing and postage	38	894	71	
Rents	120	524		919
Stewart Health Center aquarium				
Office supplies and materials	74	1,054	429	525
Maintenance and supplies		13,508		395
Service contracts	4,896			755
Miscellaneous	500	6		
Taxes, licenses, and permits			524	
Consulting fees				
Advertising				
Entertainment & public relations				
Utilities				
Insurance				
Official meals	100	101	83	43
Dues and memberships		6,486	1,483	3,467
Professional fees				
Management fees				
Expendable furnishings	600	490		116
Uniforms and laundry	255		302	
Food costs				
Food service - fees, direct expenses, and guaranteed rate				
Activities and program expenses		128,449		7,373
Inventory purchases		51,329		
Vehicle expenses	14,524			
Property tax				
Health care expenses			87	
Building maintenance				
Subsidies paid to residents				
Contributions				
Bank account fees				
Lease expense				
Interest expense				
Depreciation expense				
Totals	<u>\$ 820,277</u>	<u>\$ 364,541</u>	<u>\$ 789,480</u>	<u>\$ 153,127</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
STATEMENT OF CASH FLOWS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets (Deficit)	\$ (2,180,667)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	856,408
Proceeds from non-refundable entrance fees	6,539,258
Amortization of entrance fees	(6,145,254)
Reduction in right-of-use asset	4,135,629
(Increase) Decrease in:	
Accounts receivable	41,171
Prepaid expenses	(26,772)
Inventory	47
Increase (Decrease) in:	
Accounts payable and accrued expenses	(437,844)
Deferred lease expense	642,108
Operating lease liability	<u>(4,170,006)</u>
Net cash flow from operating activities	(745,922)
Cash Flows From Investing Activities	
Payments for building improvements	(2,643,428)
Purchase of furniture, equipment and vehicles	(311,762)
Investment in UMIC subscriber savings account	<u>(25,218)</u>
Cash used by investing activities	(2,980,408)
Cash Flows From Financing Activities	
Resident deposits refunded or applied	(256,986)
Refundable advance fees received	3,660,450
Entrance fee refunds	(2,248,650)
Loan proceeds	2,173,179
Principal payment on loans	<u>(293,335)</u>
Cash provided by financing activities	<u>3,034,658</u>
Increase (Decrease) in cash	(691,672)
Cash and cash equivalents, beginning of year	<u>8,286,180</u>
Cash and cash equivalents, end of year	<u>\$ 7,594,508</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for:	
Interest	<u>\$ 97,419</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note A - General Matters and Accounting Procedures

General Matters Springmoor, Inc. was created in May, 1983, as a nonprofit organization exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. Springmoor is a modified life care retirement community consisting of 389 independent living units. In addition, Springmoor has a total of 191 licensed beds in its health care center. Currently, they are allocated at 18 assisted living (Home for Aging) beds and 173 skilled nursing beds. The basic cost of residence at Springmoor consists of the initial entrance fee and the monthly service fee. Residents requiring permanent or temporary health care are able to transfer to assisted living or skilled nursing beds as determined appropriate by Springmoor medical and management staff in conjunction with residents and their physicians and family.

Basis of Accounting Springmoor operates and maintains its books and records on the accrual basis of accounting.

Basis of Presentation Springmoor, Inc. follows the Not-For-Profit Entities Topic of the Financial Accounting Standards Codification ("FASB ASC") No. 958 which establishes standards for external financial reporting by not-for-profit organizations. In August, 2016, FASB issued an update to Topic No. 958 (ASU 2016-14) which requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. In addition, the organization is still required to present a statement of cash flows using either the direct or indirect method of reporting. FASB ASC No. 958 also still requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the two net asset categories follows.

Net Assets Without Donor Restrictions - net assets that are not subject to any donor-imposed restrictions.

Net Assets With Donor Restrictions - net assets subject to donor imposed restrictions that can be met by actions of the Organization and/or the passage of time, or restrictions that must be maintained permanently by the organization.

In addition, ASU 2016-14 requires presentation of expenses by their natural classification as well as their functional allocation. The organization uses the direct method to allocate individual expenses to each functional category.

Revenue Recognition In May 2014, the FASB issued ASU 2014-09, Revenues from Contracts with Customers (Topic 606.) The objective of ASU 2014-09 is to establish a single, comprehensive, five-step model for entities to use in accounting for revenue arising from contracts with customers that supersedes nearly all prior revenue recognition guidance, including industry-specific guidance. The standard requires entities to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time based on when control of goods and services transfer to a customer.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note A - General Matters and Accounting Procedures - continued

Revenue Recognition-continued Fees paid by a resident upon entering into a continuing care contract, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. The portion of the fees that will be paid to current residents or their designees, only upon reoccupancy of a contract holder's unit, are recorded as a liability. This treatment was allowed under the previous standard as well as the current standard and management believes it is the best method for measuring revenue recognition from nonrefundable entrance fee contracts.

Prior to ASU 2014-9, the Financial Accounting Standards Board issued ASU 2012-01, Health Care Entities (Topic 954); Continuing Care Retirement Communities - Refundable Advance Fees (ASU 2012-01). ASU 2012-01 provided that continuing care retirement communities should classify an advance fee as deferred revenue when the resident contract provides for payment of the refundable advance fee upon reoccupancy by a subsequent resident, which is limited to the proceeds of reoccupancy. Refundable advance fees that are contingent upon reoccupancy by a subsequent resident but are not limited to the proceeds of reoccupancy should be accounted for and reported as a liability under that standard. Under ASU 2014-9, all refundable entrance fees should be recorded as a liability at the inception of the agreement. Since all refundable fees were not limited to the proceeds of reoccupancy, Springmoor's accounting for these fees remains the same as in prior years.

Monthly service fees and other amenity fees entitle residents to use the residential facilities and other amenities, as well as to have access to health care services. This fee periodically changes based on inflation or increased operating costs. When access to higher levels of health care services are required, the monthly service fee increases for the additional cost of care. Because a resident has the right to move out and discontinue paying the monthly fee at any time, the monthly service fee is recorded as monthly revenue and is generally a monthly contract with the option to renew.

Significant Judgements Applied The amortization of nonrefundable entrance fees into revenue is based on life expectancy of the resident using actuarial assumptions provided by Continuing Care Retirement Community industry demographic and transfer mortality tables as a base with adjustments for actual community experience. The calculations recognize differences in age, sex, and health status among residents. At present, these values appear reasonable and appropriate, but actual life expectancies depends on events and environmental influences outside the Organization's control.

Continuing Care Retirement Communities - Obligation to Provide Future Services The Community calculates the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the projected future revenues of the facility. If the present value of the net cost of future services and use of facilities exceeds the projected revenue available to meet those obligations, a liability (obligation to provide future services) is recorded. No liability has been recorded for the year ended December 31, 2023. The community commissioned an actuarial study, completed in 2024, which found that based on assumptions regarding future population and financial activity, the present value of Springmoor's current and future resources was adequate to cover future contractual obligations for all current residents, as defined by the AICPA in the Health Care Audit Guide. The study assumed a constant discount rate of 5% with a 3% inflation rate.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note A - General Matters and Accounting Procedures - continued

Accounting for Leases. On January 1, 2022 the Community adopted the requirements of Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standards from the previous guidance (Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As part of the transition to the new standard, the Community was required to measure and recognize leases that existed at January 1, 2022 using a modified retrospective approach. For leases existing at the effective date, the Community elected the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost.

The adoption of Topic 842 resulted in the recognition of operating ROU assets and operating lease liabilities of \$56,499,544 and \$62,216,886, respectively, as of January 1, 2022. It also resulted in a cumulative decrease in net assets of \$5,717,342.

At lease inception, the Community determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and noncurrent operating lease liabilities in the financial statements. ROU assets represent the Community's right to use lease assets over the term of the lease. Lease liabilities represent the Community's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured at the present value of the lease payments over the lease term. The Community uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Community uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension operations are reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Community has elected not to recognize an ROU asset and obligation for leases with an initial term of 12 months or less. The expense associated with short term leases is included in rent expense in the statement of functional expenses.

To the extent a lease arrangement includes both lease and non-lease components, the Company has elected to account for the components as a single lease component.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note A - General Matters and Accounting Procedures - continued

Inventory Inventory is recorded at cost. Cost is determined on the first-in, first-out method.

Fixed Assets Fixed assets are being depreciated using the straight line method with useful lives ranging from 5 to 39 years. Fixed assets consist of equipment, furnishings, vehicles and building additions and improvements as reflected on Exhibit "A."

As explained in Note G, Springmoor leases its real estate from Ammons-Springmoor Assoc., LLC and Ammons, Inc. Springmoor has made leasehold improvements to these buildings over the years including a renovation and addition of a wellness center in the South Village Building. In addition, in 1998, Springmoor, Inc. built a building to provide additional private rooms for skilled nursing. These leasehold improvements and building additions are being depreciated over 39 years using the straight-line method.

It is the policy of the Board of Directors to review its plans for future acquisitions from time to time and to designate appropriate sums to assure adequate financing of such acquisitions. According to generally accepted accounting principles, these amounts are included in unrestricted net assets.

Statement of Operations Provision of resident care services is the sole function of Springmoor, Inc. For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of resident care services are reported as revenues, gains, and other support and expenses. Peripheral or incidental transactions are reported as non-operating gains and losses.

Contributions Contributions received are recorded as support in the period received as unrestricted or restricted support depending on the existence or nature of any donor imposed restrictions.

Donated Material and Services The Organization records the value of donated goods or services when there is an objective basis available to measure their value. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services.

Advertising Springmoor, Inc. expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Planned Major Maintenance Springmoor, Inc. accounts for planned major maintenance costs under the direct expensing method.

Waiting List Deposits Springmoor, Inc. maintains a waiting list for interested potential residents. The waiting list deposits of these potential residents are shown as a liability on Exhibit "A" of these financial statements.

Accounting for Uncertainty in Income Taxes Management has evaluated the effect of the guidance provided by U.S. generally accepted accounting principles on Accounting for Uncertainty in Income Taxes. The Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note A - General Matters and Accounting Procedures - continued

Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at December 31, 2023. Management has evaluated all other tax positions that could have a significant affect on the financial statements and determined the Organization had no uncertain income tax positions at December 31, 2023 and, accordingly, no liability has been accrued.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed. The Form 990 for 2012 was examined by IRS in October, 2014. The Service issued a no change report and concluded the organization continues to satisfy the exempt organization requirements.

Note B - Statutory Operating Reserve

Under regulations of the North Carolina Insurance Commission, Springmoor, Inc. is required to maintain an operating reserve equal to 25% of the total occupancy costs projected for the 12 month period following the period covered by the most recent annual statement filed with the Department of Insurance. The operating reserve of 25% is based upon an occupancy percentage of 90% or more.

Note C - Notes Receivable

A schedule of notes receivable at December 31, 2023, follows:

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Ammons, Inc. This note represents various loans that were used to construct buildings at Springmoor. Interest at 9.78 % is payable monthly until December 31, 2027, at which time the note will mature and the entire principal balance plus accrued interest shall be due and payable. Advance principal payments may be made at borrower's option. Secured by a deed of trust on the land on which Springmoor, Inc. is located.	\$ -	\$ 8,077,177	\$ 8,077,177
Ammons-Springmoor Assoc., LLC This note represents loans that were used to construct buildings at Springmoor. Interest at 9.78% is payable monthly until December 31, 2027, at which time the note will mature and the entire principal balance plus accrued interest shall be due and payable. Advance principal payments may be made at borrower's option. Secured by personal guarantees of Marshall C. Evans and Mason L. Williams.	-	27,243,119	27,243,119
Total	\$ -	\$ 35,320,296	\$ 35,320,296

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note D - Contract Costs

Following is an analysis of the activity in the contract balances during the year. Contract revenues arise when the Organization transfers goods or services to a resident in advance of receiving consideration from the resident. Contract liabilities represent the Organization's obligation to transfer services to a resident when consideration has already been received by the resident.

Contract Assets

Balance, beginning of year	\$ 197,895
Effects of cumulative revenue adjustments	16,064
Balance, end of year	<u>\$ 213,959</u>

Contract Liabilities

Balance, beginning of year	\$ 29,469,254
New fees	6,579,743
Refunds	(40,485)
Termination Income	(1,909,520)
Amortization	(4,235,734)
Balance, end of year	<u>\$ 29,863,258</u>

Note E - Deferred Lease Expense Payable

Springmoor has a liability for deferred lease expense. This liability is owed to Ammons-Springmoor Assoc., LLC and is for unpaid lease expense originating in the previous four calendar quarters in the amount of \$9,192,733 at December 31, 2023. Under an agreement with Ammons-Springmoor Assoc., LLC, leases deferred will be written off if unpaid after four calendar quarters. The term had not yet expired on this amount on December 31, 2023.

Note F - Net Assets with Donor Restrictions

The organization spent \$300 in 2023 from funds restricted for the bi-annual bridge tournament.

Note G - Leases

Springmoor, Inc. leases its nonresidential land and buildings from Ammons, Inc. and its residential land and buildings from Ammons-Springmoor Assoc., LLC. All four leases were extended until December 31, 2028 and one five year option to extend remains after that expiration. Monthly lease payments are subject to an annual cost of living adjustment. The Organization estimates a 3 percent annual cost of living adjustment for the remainder of the lease terms. The final option is reasonably expected to be exercised. At the commencement date, the Community determined that the leases were operating leases.

Springmoor was unable to determine the interest rate explicit in the leases and elected to use their incremental borrowing rate. The incremental borrowing rate as of January 1, 2022, the date of adoption of Topic 842, was 2.62 percent.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note G - Leases - continued

As explained in Note E, the lease arrangement for the residential building lease with Ammons-Springmoor Assoc., LLC allows for deferral of lease payments that cannot be paid due to cash flow concerns and allows that these deferrals are written off after four calendar quarters if unpaid. Springmoor has determined that these deferrals are variable lease payments and as indicated in Topic 842 are not included in the calculation of the right-of-use assets or the lease liability. The variable lease payments are expensed as incurred and are recorded as a liability for deferred leases. Any unpaid amounts remaining at the end of each expired quarter are written off and reduces the lease expense for that period. As of December 31, 2023, lease payments of \$9,192,733 had been deferred into future periods. This total liability is shown on Exhibit "A" as "Deferred Lease Expense" separate from the lease liability for the right-of-use asset. During 2023, deferred leases from prior periods were paid in the amount of \$7,720,712 and deferred leases of \$1,035,390 were written off under the terms of the agreement.

The Community also leases copier equipment for Canon Financial Services under a lease that began in July, 2021. This lease is also treated as an operating lease for financial reporting purposes and is for a 60 month period.

Right-of-use assets and the related liabilities at December 31, 2023 as reported on Exhibit "A" of these financial statements consist of the following:

	Right-of-Use Asset	Lease Liability
Residential building lease	\$ 23,416,899	\$ 23,416,899
Residential land lease	7,524,939	10,039,870
Nonresidential building lease	16,408,198	19,282,515
Nonresidential land lease	949,391	1,266,618
Copier leases	35,943	35,943
Total operating lease cost	<u>\$ 48,335,370</u>	<u>\$ 54,041,845</u>

Operating lease expense for the year ending December 31, 2023 was \$9,768,730. The components of lease expense were as follows:

	<u>December 31, 2023</u>
Operating lease cost	
Residential building lease	\$ 9,349,699
Residential land lease	911,135
Nonresidential building lease	1,920,568
Nonresidential land lease	114,951
Copier leases	15,132
Total operating lease cost	<u>12,311,485</u>
Short-term lease cost (Rents)	<u>16,457</u>
Total lease cost	<u>\$ 12,327,942</u>

As of December 31, 2023, the Company has no operating leases that have not yet commenced.

	<u>December 31, 2023</u>
Other information:	
Weighted-average remaining lease term - operating leases	120 Months
Weighted-average discount rate - operating leases	2.62%

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note G - Leases - continued

The following is a schedule by years of the lease liability maturities:

<u>Maturing Year</u> <u>Ending December 31.</u>	<u>Operating</u>
2024	\$ 5,734,908
2025	5,826,564
2026	5,913,414
2027	6,003,096
2028	6,103,260
Thereafter	<u>32,127,132</u>
Total	61,708,374
Less: Interest	<u>(7,666,529)</u>
Lease Liability	<u>\$ 54,041,845</u>

Note H - Notes Payable

A schedule of notes payable at December 31, 2023, follows:

	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>	<u>Total</u>
First Citizens Bank	\$ 398,545	\$ 4,152,015	\$ 4,550,560
Secured by first lien on the real property located at 1500 Sawmill Road Raleigh, NC 27615 and a first lien on construction materials and all furniture and equipment now owned or hereafter acquired by Ammons, Inc. along with an assignment of rents. Guaranteed by Ammons-Springmoor Assoc., LLC and Ammons, Inc.. Note, dated May 27, 2021 and modified June 6, 2022 is a future advance loan in the amount of \$7,800,000. Interest payable monthly at 2.62 percent on the outstanding balance until April 10, 2023 when monthly payments of \$41,940.18 including principal and interest began and continues for 68 months until the final balloon payment on December 10, 2028.			
Totals	<u>\$ 398,545</u>	<u>\$ 4,152,015</u>	<u>\$ 4,550,560</u>

Principal maturities of the long term notes payable at the current interest rate are as follows:

<u>Calendar year ending December 31.</u>	<u>Amount</u>
2024	\$ 398,545
2025	399,271
2026	409,859
2027	420,727
2028	431,883
Thereafter	<u>2,490,275</u>
	<u>\$ 4,550,560</u>

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note I - Management Agreement

On December 5, 2017, Springmoor, Inc. entered into a management agreement with Ammons Springmoor Associates, Inc. This management agreement is for the period beginning January 1, 2018 through December 31, 2025. This agreement calls for a management fee of \$750,000 per year to be paid \$62,500 monthly. For the calendar year ended 2023, this fee amounted to 2.28% of operating revenue.

Note J - Administrative Services and Retirement Plan

Springmoor, Inc. reimburses Ammons Springmoor Associates, Inc. for employee costs. Ammons Springmoor Associates, Inc. participates in a qualified defined contribution retirement plan. This plan covers substantially all employees and allows a tax deferred contribution reimbursed by Springmoor, Inc. and an employee elective contribution with a matching provision. A participant's contribution may not exceed the maximum as determined by the Internal Revenue Code.

Administrative Services as shown on the Statement of Functional Expenses is made up of the following reimbursed amounts:

Salaries	\$ 16,137,704
Payroll taxes	1,149,749
Workmen's compensation	410,563
Retirement Plan	146,292
Insurance	1,723,969
Staff gifts and incentives	87,788
Other staff expenses	53,458
Total	\$ 19,709,523

Note K - Fair Value of Financial Instruments

The carrying value amounts of cash and cash equivalents, accounts receivable, accrued interest receivable and other current assets approximate fair value.

The carrying value of accounts payable and accrued expenses, deferred lease expense, wait list and refundable deposits, deferred revenue from advance fees and other accrued long term liabilities approximate fair value.

Note L - Concentration of Credit Risk

Springmoor, Inc. maintains deposits in excess of federally insured limits which are up to \$250,000. At December 31, 2023, the uninsured cash balances totaled \$5,105,778. Most of this amount was on deposit at Wells Fargo Bank and First Citizens Bank.

Continued -

SPRINGMOOR, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Note M - Endowment Fund

Periodically, residents of Springmoor and other interested parties contribute cash and other various assets to Springmoor Endowment Fund, Inc. to be used in the subsidy of individual residents of Springmoor, Inc., the operation of the life care retirement community, and for the enjoyment of its residents as determined by its independent board of directors. If any of these items are sold, the proceeds go into a special endowment account for the benefit of all Springmoor residents.

Note N - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	December 31, 2023
Cash and cash equivalents	\$ 7,594,508
Accounts receivable	330,134
Total	\$ 7,924,642

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in Certificates of Deposits and Money Market Funds.

Note O - Subsequent Event

The Organization has evaluated subsequent events through May 28, 2024, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

Note P - Prior Period Adjustments

During 2023, the Organization determined that 5 resident contracts had been refunded to former residents that had not been removed in the prior year of refund from the amortization system for recognizing deferred income from resident entrance fees. These 5 refunds totaled \$528,390 and were removed from the deferred revenue liability as of January 1, 2023.

Also during 2023, the Organization determined that leases which were written off by Ammons-Springmoor Assoc., LLC during 2018 and 2019 were not removed from the liability in those years. This resulted in Deferred Lease Expense Payable being overstated by \$1,474,762.

Both of these corrections were recorded as an increase in the Net Assets Without Donor Restrictions as of the beginning of the year ending December 31, 2023. This change is reflected on Exhibit B as a prior period adjustment.

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SUPPLEMENTARY INFORMATION

SPRINGMOOR, INC.
SCHEDULE OF SUPPORT
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2023

Unrestricted Net Assets
Support

Equity Revenues		
Application fees	\$	35,400
Entrance fees		6,145,254
Residence rental fees		13,200
Interest income		3,485,459
Total equity revenues		<u>9,679,313</u>
Operating Revenues		
Monthly service fees		30,522,092
Homecare and wellness income		917,231
Rental income		60,400
Convenience store income		51,568
Hair style shop income		173,191
Food service income		135,531
Vending commissions		708
Miscellaneous income		54,265
Guest fees - rooms		126,229
Medical supplies, drug, and other reimbursements		161,101
Activities reimbursed		21,730
Transportation reimbursed		31
Building and grounds reimbursed		284,407
Springmoor Endowment Fund reimbursed		172,110
Contributions		58,070
Interest income		121,276
		<u>32,859,940</u>
Total operating revenues		<u>32,859,940</u>
Total revenues	\$	<u><u>42,539,253</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

ATTACHMENT B

SPRINGMOOR, INC.
Forecasted Financial Statements

For the Calendar Years Ending
December 31, 2024, 2025, 2026, 2027 and 2028

Springmoor, Inc.

Contents

Accountant's Compilation Report

Exhibits

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| "A" | Forecasted Statements of Financial Position |
| "B" | Forecasted Statements of Activities and Changes in Net Assets or (Deficit) |
| "C" | Forecasted Statements of Cash Flows |

Summary of Significant Forecast Assumptions and Accounting Policies

JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Raleigh, North Carolina 27606
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Board of Directors
Springmoor, Inc.
Raleigh, North Carolina

Management is responsible for the accompanying forecast of Springmoor, Inc., which comprises the forecasted statements of financial position as of December 31, 2024 through December 31, 2028 and the forecasted statements of activities and cash flows for the calendar years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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

Sincerely,

James A. Lucas and Company, LLP
James A. Lucas and Company, LLP
Certified Public Accountants
Raleigh, North Carolina
May 28, 2024

Springmoor, Inc.
Forecasted Statements of Financial Position
As of December 31, 2024 through 2028
(Dollars in thousands)

	December 31, 2024	December 31, 2025
<u>Assets</u>		
<u>Current Assets</u>		
Operating cash and cash equivalents	\$ 10,735	\$ 11,034
Accounts Receivable	330	330
Prepaid Expenses	214	214
Inventory	6	6
Total Current Assets	11,285	11,584
<u>Restricted Assets</u>		
Operating reserves - Invested Cash		
Notes receivable	10,756	11,224
<u>Fixed Assets</u>		
Buildings and building improvements	29,841	30,912
Furniture and equipment and vehicles	6,977	7,552
Less accumulated depreciation	(15,763)	(16,823)
Total Net Fixed Assets	21,055	21,641
<u>Other Assets</u>		
Investment-Unity Senior Care Group	15	15
Notes receivable-Noncurrent portion	24,564	24,096
Right-of-use assets	44,081	39,847
UMIC subscribers savings account	111	111
Total Other Assets	68,771	64,069
Total Assets	\$ 111,867	\$ 108,518
 <u>Liabilities and Fund Balance</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 1,075	\$ 1,075
Notes payable-Current portion	312	320
Waiting list deposits	4,132	4,132
Lease liability-right of use assets-current portion	4,580	4,789
Deferred leases	7,997	8,317
Total Current Liabilities	18,096	18,633
 <u>Long-Term Liabilities</u>		
Notes payable-Noncurrent portion	7,142	6,822
Refundable advance fees	35,428	35,428
Lease liability-right of use assets-noncurrent portion	45,091	40,302
Deferred revenue from advance fees-nonrefundable	30,257	30,651
Total Long-Term Liabilities	117,918	113,203
Total Liabilities	136,014	131,836
 <u>Net Assets or Deficit</u>		
Without Donor restrictions	(24,150)	(23,321)
With Donor Restrictions	3	3
Total Liabilities and Net Asset (Deficit)	\$ 111,867	\$ 108,518

See accompanying summary of significant forecast assumptions and accounting policies.

Exhibit "A"

December 31, 2026	December 31, 2027	December 31, 2028
\$ 12,242	\$ 13,434	\$ 14,766
330	330	330
214	214	214
6	6	6
<u>12,792</u>	<u>13,984</u>	<u>15,316</u>
11,707	12,218	12,756
30,912	30,974	30,974
8,389	9,451	10,286
(17,948)	(19,203)	(20,557)
<u>21,353</u>	<u>21,222</u>	<u>20,703</u>
15	15	15
23,613	23,102	22,564
35,428	30,643	25,909
111	111	111
<u>59,167</u>	<u>53,871</u>	<u>48,599</u>
<u>\$ 105,019</u>	<u>\$ 101,295</u>	<u>\$ 97,374</u>
\$ 1,075	\$ 1,075	\$ 1,075
328	337	606
4,132	4,132	4,132
5,007	5,241	5,485
8,646	8,986	9,335
<u>19,188</u>	<u>19,771</u>	<u>20,633</u>
6,494	6,156	5,551
35,428	35,428	35,428
35,295	30,054	24,569
31,045	31,439	31,833
<u>108,262</u>	<u>103,077</u>	<u>97,381</u>
<u>127,450</u>	<u>122,848</u>	<u>118,014</u>
(22,434)	(21,556)	(20,643)
3	3	3
<u>\$ 105,019</u>	<u>\$ 101,295</u>	<u>\$ 97,374</u>

Springmoor, Inc.
Forecasted Statements of Activities and Changes in Net Assets or (Deficit)
For the Calendar Years Ending December 31, 2024 through 2028
(Dollars in thousands)

	December 31, 2024	December 31, 2025
<u>Net Assets without Donor Restrictions</u>		
<u>Revenues</u>		
Entrance fees	\$ 5,519	\$ 5,519
Application fees	35	35
Investment income	3,607	3,607
Monthly Service Fees - Units	21,226	22,436
Monthly Service Fees - Health Center	11,759	12,406
Operating Income & Leases	1,559	1,645
Reimbursed Income	675	712
Miscellaneous Income	54	54
Contributions	58	58
Net assets released from restrictions	-	-
Total Revenues	44,492	46,472
<u>Expenses</u>		
Lease	9,330	9,374
Interest	157	192
Depreciation	947	1,061
General Operations	6,746	7,117
Administration	1,786	1,885
Stewart Health Center	7,761	8,188
Clinic	750	791
Food Service	6,844	7,221
Building & Grounds Maintenance	4,122	4,348
Housekeeping	2,002	2,112
Security	865	913
Activities and Hair Style Shop	541	571
Marketing	778	821
Homecare and Wellness	994	1,049
Total Expenses	43,623	45,643
Increase (Decrease) in Net Assets without Donor Restrictions	869	829
<u>Net Assets with Donor Restrictions</u>		
Net assets released from restrictions	-	-
Increase (Decrease) in Net Assets	869	829
Net Assets (Deficit) at Beginning of Year	(25,016)	(24,147)
Net Assets (Deficit) at End of Year	\$ (24,147)	\$ (23,318)

See accompanying summary of significant forecast assumptions and accounting policies.

Exhibit "B"

December 31, 2026	December 31, 2027	December 31, 2028
\$ 5,519	\$ 5,519	\$ 5,519
35	35	35
3,607	3,607	3,607
23,670	24,971	26,345
13,088	13,808	14,568
1,736	1,831	1,932
751	792	836
54	54	54
58	58	58
-	-	-
48,518	50,675	52,954
9,383	9,393	9,404
183	175	166
1,125	1,255	1,354
7,508	7,921	8,357
1,988	2,098	2,213
8,638	9,113	9,614
834	880	929
7,618	8,037	8,479
4,587	4,840	5,106
2,228	2,351	2,480
963	1,016	1,072
603	636	671
866	914	964
1,107	1,168	1,232
47,631	49,797	52,041
887	878	913
-	-	-
887	878	913
(23,318)	(22,431)	(21,553)
\$ (22,431)	\$ (21,553)	\$ (20,640)

Springmoor, Inc.
Forecasted Statements of Cash Flows
For the Calendar Years Ending December 31, 2024 through 2028
(Dollars in thousands)

	<u>December 31,</u> 2024	<u>December 31,</u> 2025
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 869	\$ 829
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	947	1,061
Proceeds from non-refundable entrance fees	5,913	5,913
Amortization of entrance fees	(5,519)	(5,519)
Reduction in right-of-use assets	4,254	4,234
(Decrease) Increase in deferred lease expense payable	276	320
Operating lease liability	<u>(4,371)</u>	<u>(4,580)</u>
Net cash flow from operating activities	2,369	2,258
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(2,132)</u>	<u>(1,646)</u>
Net cash flow from investing activities	(2,132)	(1,646)
Cash Flows from Financing Activities		
Loan Proceeds	3,249	-
Principal payments on loans	<u>(346)</u>	<u>(313)</u>
Net cash flow from financing activities	<u>2,903</u>	<u>(313)</u>
Increase (Decrease) in cash	3,140	299
Cash and cash equivalents - beginning of year	<u>7,595</u>	<u>10,735</u>
Cash and cash equivalents - end of year	<u>\$ 10,735</u>	<u>\$ 11,034</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ 157</u>	<u>\$ 192</u>

See accompanying summary of significant forecast assumptions and accounting policies.

Exhibit "C"

December 31, 2026	December 31, 2027	December 31, 2028
\$ 887	\$ 878	\$ 913
1,125	1,255	1,354
5,913	5,913	5,913
(5,519)	(5,519)	(5,519)
4,419	4,785	4,734
329	339	350
(4,789)	(5,007)	(5,241)
<u>2,365</u>	<u>2,644</u>	<u>2,504</u>
(837)	(1,124)	(835)
<u>(837)</u>	<u>(1,124)</u>	<u>(835)</u>
-	-	-
(320)	(328)	(337)
<u>(320)</u>	<u>(328)</u>	<u>(337)</u>
1,208	1,192	1,332
<u>11,034</u>	<u>12,242</u>	<u>13,434</u>
<u>\$ 12,242</u>	<u>\$ 13,434</u>	<u>\$ 14,766</u>
<u>\$ 183</u>	<u>\$ 175</u>	<u>\$ 166</u>

Springmoor, Inc.
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2024 through 2028

Note A - Nature of the Forecasts

These financial forecasts present, to the best of management's knowledge and belief, the Company's expected financial position, activities, and cash flows for the forecast periods. Accordingly, the forecasts reflect its judgment as of May 28, 2024, the date of these forecasts, of the expected conditions and its expected courses of action. A strategic plan has been developed and has been incorporated into these forecasts. The assumptions disclosed herein are those that management believes significant as of May 28, 2024. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Management's purpose in releasing this financial projection is for inclusion in the Corporation's disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose.

Note B - General Accounting Policies

General Matters. Springmoor, Inc. was created in May, 1983, as a nonprofit organization to serve as a modified life care retirement community.

Basis of Accounting. Springmoor operates and maintains its books and records on the accrual basis of accounting in accordance with generally accepted accounting principles.

Fixed Assets. Fixed assets are being depreciated using the Straight Line Method with useful lives ranging from 5 to 39 years. Fixed assets consist of equipment, furnishings, vehicles and building additions and improvements as reflected on Exhibit "A".

As explained below, Springmoor leases its real estate from Ammons-Springmoor Assoc., LLC and Ammons, Inc. Springmoor has made leasehold improvements to these buildings over the years including a renovation and addition of a wellness center in the South Village Building. In addition, in 1998, Springmoor, Inc. built a building to provide additional private rooms for skilled nursing. Springmoor is in the process of renovating it's health center and expects completion in 2025.

Springmoor, Inc. has developed a strategic plan which includes a projection of major building and equipment expenses. This plan has been incorporated into this financial projection. Some of the projected expenditures have been capitalized and are reflected in fixed assets on Exhibit "A". Those assets include building improvements, a major kitchen renovation, and a major renovation to the Health Center which are being depreciated over 39 years, and equipment which is being depreciated over 5 years.

Lease Payments. Springmoor leases its land and most nonresidential buildings from Ammons, Inc. and most residential buildings from Ammons-Springmoor Assoc., LLC. Per Springmoor, Inc.'s agreement with Ammons-Springmoor Assoc., LLC, any unpaid lease obligations are deferred. Lease deferrals that are not paid within four calendar quarters of their origination will be written off.

Cash and Cash Equivalents. For purposes of these financial statements, cash and cash equivalents is defined as cash and other known amounts readily convertible into cash in three months or less with no significant change in value.

Continued -

Springmoor, Inc.
Summary of Significant Forecast Assumptions and Accounting Policies-Continued
December 31, 2024 through 2028

Note B - General Accounting Policies - continued

Refundable Entrance Fees. Springmoor has various types of entrance fee agreements that it offers its residents. Under certain of these agreements, a portion of each resident's entrance fee may be refundable after the resident terminates his residence at Springmoor, Inc. For fifty percent life equity contracts, after 25 months of residence, fifty percent of the initial fee is refunded within thirty days after the residence covered by the agreement is reoccupied and residence at Springmoor is terminated. For one hundred percent life equity contracts, should the resident withdraw or decrease after ninety days from the effective date of residence, the entire Life Equity Fee will be returned the later of six years following the effective date of residence or within thirty days after the residence covered by the agreement is reoccupied and residence at Springmoor is terminated. The refundable portion of these entrance fees is being accounted for in accordance with FASB ASU No. 2014-9. Since these refundable fees are not limited to the proceeds of reoccupancy, they are recorded as a liability on Exhibit "A".

Note C - Statement of Significant Assumptions

Entry Fees. Cash flow from entrance fees is calculated using a three year rolling average of amounts received during 2021 through 2023. Residence and Care Fees are expected to remain constant throughout the forecast period. No major increase or decrease in entrance fees is expected over the next few years and the Community expects the resident contract choices to be similar to those on December 31, 2023. The amortization of the entrance fees previously received is expected to remain constant and is being amortized into income under the requirements set out in ASU 2014-9.

Monthly Service Fees. Monthly service fees are expected to increase 5.5% each year due to inflation.

Lease Expense. Springmoor, Inc. has a financial action plan with the property owners whereby leases that cannot be paid from current cash flow are deferred for up to one year. If the deferred leases are not paid from current cash flow during that year they are forgiven as explained in Note B above. The write off of leases by the property owners protects Springmoor's net assets and provides for its growth in future years when revenues are expected to reach and exceed expenses.

Springmoor, Inc. adopted ASU 2016-02 Leases (Topic 842) on January 1, 2022. The Organization recognizes as right-of-use asset and lease liability on the balance sheet under this standard for leases lasting longer than 12 months. Lease expenses are expected to increase 3 percent per year for the next five years.

Interest and Debt Service. Springmoor is in the process of renovating the Health Center at a projected cost of \$9,000,000 over the next few years. This projection assumes that \$7,800,000 will be financed at 2.62% over 20 years with a balance in December, 2028 that will be refinanced at 5 percent with a projected payment of \$75,000 per month including interest and principal.

Continued -

Springmoor, Inc.
 Summary of Significant Forecast Assumptions and Accounting Policies-Continued
 December 31, 2024 through 2028

Note C - Statement of Significant Assumptions - continued

Future Service Obligation. An actuarial study completed in early 2024, found that based on assumptions regarding future population and financial activity, the present value of Springmoor's current and future resources is adequate to cover future contractual obligations for all current residents, as defined by the AICPA in the Health Care Audit Guide and therefore no obligation for future services has been accrued.

General Operations & Departmental Operations. An increase in cost of doing business of 5.5% per year is assumed. Major building and equipment expenses are expected to increase by 5.5% per year. Food service costs are expected to increase by 5.5% per year.

Cash Reserves. Springmoor expects to maintain cash reserves at approximately the present levels. Springmoor and the property owners are agreed that the owners will pay interest only to Springmoor on Notes Receivable during the period that the owners are writing off leases that are not paid from current cash flow and are therefore forgiven.

Note D - Requirement for N.C. General Statute 58-64-33

Springmoor Life Care Retirement Community projects total operating costs as required by N. C. General Statute 58-64-33. As defined by this statute, operating costs include total operating expenses as well as debt service (principal and interest) for the facility but excludes depreciation.

General Statute 58-64-33 requires that a facility maintaining at least 90% occupancy maintain a 25% operating reserve. The required reserve at the end of each year is projected as follows:

Year	Total Operating Costs	Required Operating Reserve
(Dollars in thousands)		
2024	\$ 43,022	\$ 10,756
2025	\$ 44,895	\$ 11,224
2026	\$ 46,826	\$ 11,707
2027	\$ 48,870	\$ 12,218
2028	\$ 51,024	\$ 12,756

No provision is currently being made to accrue this operating reserve because enough reserves already exist within the definition of this Statute.

Continued -

Springmoor, Inc.
 Summary of Significant Forecast Assumptions and Accounting Policies-Continued
 December 31, 2024 through 2028

Note E - Restricted Asset

Under General Statute 58-64-33 as mentioned in Note D, Springmoor was required to maintain a 25% operating reserve by March 1, 1997. As shown on Exhibit "A" of this forecast, Springmoor meets this requirement. The required amount is shown on Exhibit "A" as a restricted asset. It is not shown as restricted under the net asset category since this restriction is not donor imposed as defined by Generally Accepted Accounting Principles.

Note F - Long-Term Debt and Interest Expense

Springmoor, Inc. entered into a loan agreement with First Citizens Bank dated May 27, 2021 to pay for the health center renovation. The note was modified on June 6, 2022. The principal amount of the note is \$7,800,000 to be advanced as the project moves forward. During the initial phase, interest only was paid on the outstanding balance monthly at the rate of 2.62%. Beginning on April 10, 2023, principal and interest payments of \$41,940.18 were required monthly for 68 consecutive months with the entire balance maturing on December 10, 2028. As explained in Note C, for purposes of these forecasted financial statements, the Organization assumes the note will be refinanced at 5 percent with monthly payments including principal and interest of \$75,000 per month for 48 months..

The following table presents the assumed annual debt service during the forecast period and thereafter.

Year	Principal	Interest	Total Payments
2024	\$ 346	\$ 157	\$ 503
2025	313	190	503
2026	320	183	503
2027	328	175	503
2028	337	166	503
Thereafter	6,156	998	7,154
Total	<u>\$ 7,800</u>	<u>\$ 1,869</u>	<u>\$ 9,669</u>

Note G -Leases

As explained in Note C, Springmoor recognizes a right-of-use (ROU) asset and lease liability for it's operating leases as shown on Exhibit A of these forecasted financial statements. The forecasted lease expense for the period covered by these financial statements is shown on Exhibit B.

Springmoor, Inc.
Statement of Financial Position
As of March 31, 2023 and March 31, 2024

UNAUDITED

	<u>31-Mar</u>	<u>31-Mar</u>
	<u>2023</u>	<u>2024</u>
<u>Assets</u>		
Current Assets		
Cash	\$ 7,953,420	\$ 7,968,447
Investments (at fair market value)	-	-
Accounts receivable	214,515	180,848
Interest receivable	58	45,734
Prepaid expenses	345,730	434,458
Inventory	5,936	5,930
Notes receivable - current portion		
Ammons, Inc.	-	-
Ammons-Springmoor Associates	-	-
Total notes receivable - current portion	<u>-</u>	<u>-</u>
Total current assets	<u>\$ 8,519,659</u>	<u>\$ 8,635,417</u>
Fixed Assets		
Buildings and building improvements	\$ 26,909,312	\$ 29,824,561
Furniture, equipment and vehicles	6,935,439	6,872,885
Less accumulated depreciation	<u>(13,739,743)</u>	<u>(14,468,997)</u>
Total Net Fixed Assets	<u>\$ 20,105,008</u>	<u>\$ 22,228,449</u>
Other Assets		
Investment - Unity Senior Care Group	\$ -	\$ 15,315
Right-of-use assets	\$ -	\$ 52,470,999
UMIC subscribers savings account	\$ -	\$ 85,293
Loan fees	-	-
Notes receivable - noncurrent portion		
Ammons, Inc.	8,077,177	8,077,177
Ammons-Springmoor Associates	<u>27,243,119</u>	<u>27,243,119</u>
Total notes receivable - noncurrent portion	<u>\$ 35,320,296</u>	<u>\$ 35,320,296</u>
Total other assets	<u>\$ 35,320,296</u>	<u>\$ 87,891,903</u>
	<u>\$ 63,944,963</u>	<u>\$ 118,755,769</u>

Springmoor, Inc.
Statement of Financial Position
As of March 31, 2023 and March 31, 2024

UNAUDITED

	<u>31-Mar</u>	<u>31-Mar</u>
	<u>2023</u>	<u>2024</u>
<u>Liabilities & Fund Balance</u>		
Current Liabilities		
Notes payable - current portion		
First Citizens	\$ -	\$ -
Accounts payable and accrued expenses	1,345,344	1,229,286
Deferred lease expense payable	8,752,852	9,294,880
Waiting list deposits	-	4,389,468
Lease liability-right-of-use assets, current	-	-
	<hr/>	<hr/>
Total Current Liabilities	\$ 10,098,196	\$ 14,913,634
Long Term Liabilities		
Notes payable - noncurrent portion		
First Citizens	\$ 3,562,076	\$ 5,585,954
Refundable Entrance Fees	\$ -	\$ 34,544,381
Lease liability-right-of-use assets, noncurrent	\$ -	\$ 58,211,851
Deferred revenue from advance fees	2,971,369	29,616,862
	<hr/>	<hr/>
Total Long-Term Liabilities	\$ 6,533,445	\$ 127,959,048
	<hr/>	<hr/>
Total Liabilities	\$ 16,631,641	\$ 142,872,682
Net Assets, as restated		
Unrestricted	\$ 47,313,323	\$ (24,116,913)
Temporarily restricted	-	-
Permanently restricted	-	-
	<hr/>	<hr/>
	\$ 63,944,963	\$ 118,755,769

Springmoor, Inc.
Statement of Activities
For the Three Months Ending March 31, 2023 and March 31, 2024

UNAUDITED

	31-Mar 2023	31-Mar 2024	Budget 31-Mar 2024
Unrestricted Net Assets			
Support			
* Equity Revenue excl refunds	3,666,652	4,448,420	4,455,433
* Operating Revenue	8,591,168	8,592,039	8,665,279
* Operating and Equity Revenues	12,257,820	13,040,459	13,120,712
* Unrealized/realized gain on investments	-	-	-
Total revenue	12,257,820	13,040,459	13,120,712
Program Services			
Operating Expenses by Cost Center			
Administration and management	377,286	416,567	383,634
Operating expenses	2,102,693	2,497,679	2,566,961
Stewart Health Center	1,989,201	1,824,839	2,125,505
Clinic	163,838	178,239	204,870
Wellness (2024 combined with Pathways)	35,825	36,102	-
Home Care - Internal	185,333	254,664	285,387
Home Care - External		3,139	38,616
Hair style shop	39,644	38,717	39,225
Food service	1,633,980	1,681,054	1,804,090
Building management	950,779	984,540	475,958
Grounds management	94,157	108,163	111,972
Housekeeping	214,656	532,737	546,804
Security	464,828	231,900	264,414
Pathways/Activities	94,930	136,165	165,832
Marketing	204,087	214,953	200,936
Total operating expenses	\$ 8,551,238	\$ 9,139,458	\$ 9,214,204
Supporting Services			
Equity Expenses:			
Lease expense	3,295,314	3,453,426	3,408,426
Interest expense	-	-	-
Bank fees	-	-	-
Depreciation expense	208,364	202,822	-
Amortization expense	-	-	-
Refunded residence & care fees	821,150	904,940	1,110,324
Total equity expenses	\$ 4,324,828	\$ 4,561,188	\$ 4,518,750
Total expenses	12,876,066	13,700,645	13,732,954
Losses			
Realized loss on investments	\$ -	-	-
Unrealized loss on investments	-	-	-
Total expenses and losses	12,876,066	13,700,645	13,732,954
Increase (decrease) in Unrestricted Net Assets	\$ (618,246)	\$ (660,186)	\$ (612,242)
Increase (decrease) in Temporarily Restricted Net Assets	-	-	-
Permanently Restricted Net Assets	-	-	-
Increase(Decrease) in Net Assets	\$ (618,246)	\$ (660,186)	\$ (612,242)
Net Assets at Beginning of Year	\$ (19,215,650)	\$ (24,835,267)	\$ (24,835,267)
Net Assets at End of Quarter	\$ (19,833,896)	\$ (25,495,453)	\$ (25,447,509)

Springmoor, Inc.
Statement of Cash Flows
For the Three Months Ending March 31, 2023 and March 31, 2024
UNAUDITED

	<u>31-Mar</u> <u>2023</u>	<u>31-Mar</u> <u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Monthly fees collected from residents	7,501,217	7,938,283
Residence & care fees collected	1,768,430	3,134,223
Interest received	871,232	917,711
Cash payments for payroll	(4,308,207)	(4,446,772)
Cash payments for operating expenses	(4,567,315)	(3,605,342)
Interest paid	-	-
Residence & care fees refunded	(821,150)	(904,940)
Leases paid	<u>(3,093,087)</u>	<u>(3,351,279)</u>
Net cash flow from operating activities	(2,648,879)	(318,116)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Unity Senior Care Group, LLC	-	-
Investment in UMIC Senior Care Group	-	-
Purchase of building and building improvements	(4,605,064)	(1,810,991)
Purchase of furniture, equipment and vehicles	<u>(440,954)</u>	<u>(200,320)</u>
Cash (used) provided by investing activities	\$ (5,046,018)	\$ (2,011,311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in deferred revenue from advance fees	2,971,369	147,608
Increase (decrease) in principal on notes payable	<u>3,562,076</u>	<u>1,035,394</u>
Cash (used) provided by financing activities	\$ <u>6,533,445</u>	\$ <u>1,183,002</u>
Increase (decrease) in cash	\$ (1,161,452)	\$ (1,146,425)
Cash and cash equivalents, beginning of year	\$ <u>9,114,872</u>	\$ <u>9,114,872</u>
Cash and cash equivalents, end of quarter	\$ <u>7,953,420</u>	\$ <u>7,968,447</u>
RECONCILIATION		
Increase (decrease) in Net Assets	\$ (618,246)	\$ (660,186)
Adjustments to reconcile increase in Net Assets to net cash provided by operating activities		
Depreciation	208,364	202,822
Amortization	-	-
Gain or loss on sale of assets		
Receipt of donated vehicle		
(Increase) Decrease in		
Accounts receivable	220,401	149,286
Interest receivable	(58)	(45,734)
Inventory	-	(47)
Prepaid expenses	(150,811)	(220,939)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(3,108,476)	154,535
Deferred lease expense	<u>799,948</u>	<u>102,147</u>
Net cash flow from operating activities	\$ <u>(2,648,878)</u>	\$ <u>(318,116)</u>

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ATTACHMENT D

SPRINGMOOR

LIFE CARE RETIREMENT COMMUNITY

RESIDENCE AND CARE AGREEMENT

This Agreement is made and entered into this _____ day of _____ 20____, by and between Springmoor, Inc., a North Carolina non-profit Corporation with its principal office in Raleigh, North Carolina, (hereinafter referred to as "Springmoor") and _____ (hereinafter referred to as "Resident")

Springmoor is a non-profit corporation organized for the purpose of providing housing, residential and health care services for people of retirement age. Springmoor operates a retirement community in Raleigh, North Carolina known as "Springmoor Life Care Retirement Community" for these purposes. "Springmoor is a private community based organization not affiliated with a religious or other charitable organization."

_____ _____ The Resident hereby acknowledges receipt of Springmoor's Disclosure Statement dated _____.

_____ _____ The Resident promises to perform his obligations under the Agreement and to deposit his Residence and Care fee in the amount of \$_____ according to the following schedule:

<u>Date Due</u>	<u>Amount Due</u>	<u>Other Provisions</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

_____ _____ The Resident hereby acknowledges receipt of Springmoor's Directory of Services and Resident manual.

The date that residence is offered is _____. The Resident may elect to defer occupancy provided the resident assumes responsibility for monthly service fees as follows:

<u>Period of Deferred Occupancy</u>	<u>Monthly Service Fee Prior To Occupancy</u>
Up to one month from date of offer	None
Second month from date of offer	25% of Monthly Service Fee
Third month from date of offer	50% of Monthly Service Fee
Fourth month from date of offer and thereafter	100% of Monthly Service Fee

The effective date of residence is established by the Occupancy Receipt Form. This form will be attached to this agreement when completed.

The effective date of residence is the date that the Resident begins paying the full monthly service fee. This is also the date that Springmoor's Comprehensive Health Care Plan becomes effective and the date that amortization, if any, of Residence and Care fees begin. It is understood that the entire Residence and Care fee is refunded if the period from the effective date of residence to termination of residence is less than ninety (90) calendar days.

The resident(s) signing this Agreement may rescind this contract 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 this section, and the resident(s) is not required to move into the facility before the expiration of the thirty (30) day period. If the resident does move into the facility during this thirty (30) day period and then elects to terminate residency also during this thirty (30) day period, their refund will not require re-occupancy of the unit they occupied.

If a resident dies before occupying a unit in the facility, or if, on account of illness, injury, incapacity, or financial impairment a resident would be precluded from occupying a unit in the facility under the terms of the contract, the contract is automatically canceled. Refunds for Residence and Care contracts terminated prior to occupancy, will be made within thirty (30) days of receipt of written notice of resident's death and court issued Letters Testamentary, or written notice of other circumstances precluding occupancy.

Springmoor may cancel this Agreement if the Resident fails to pay the Residence and Care fees or monthly service fees as stated above.

After acceptance of the Resident based on (1) the information provided by the Resident in the Application for Residence, (2) the medical information provided by the primary care physician in the Report of Medical Examination, and (3) personal interview when requested by Springmoor, Springmoor promises to provide accommodations and services at Springmoor Life Care Retirement Community, Raleigh, Wake County, North Carolina, subject to the terms and conditions set forth in this Agreement. Springmoor will notify the Resident when preliminary approval for Residence has been granted. Springmoor agrees to complete application for residence. Springmoor will also notify the Resident of final approval for residence within twenty days following receipt of the Report of Medical Examination.

1. Accommodations and Services

- a. Residence. The Resident will reside in Residential unit Number _____ which is a _____ hereinafter referred to as the "Residence," as shown on the plan of Springmoor. The Resident may not reassign the residential unit.
- b. Utilities. Springmoor will furnish water and sewage service, light, heat, electricity, air-conditioning, one television receiving system, and basic local telephone service. The Resident will pay for other telephone service.
- c. Meals. Springmoor will make available three meals per day. The Monthly Service Fee will include one nutritionally well-balanced meal each day. Additional meals will be available at published charges. Three meals per day will be included in the Monthly Service Fee for inpatients of the Health Center and Residents in the Supportive Living Center. Special diets requested by a physician will be provided at no additional cost.

Food credit will be given for absences from Springmoor in excess of thirty (30) consecutive days.

- d. Medical. Medical and health care will be provided in accordance with the section entitled "Health Care."
- e. Furnishings. Springmoor will provide carpeting, draperies, and appliances applicable to the residence as described in Springmoor's current published literature. All other residence furnishings and furniture will be provided by the Resident.
- f. Housekeeping. Springmoor will provide cleaning of residence on a weekly basis, to include vacuuming, change of linen, and cleaning of bathroom facilities and kitchen facilities. Resident will maintain his residence in a clean, sanitary, and orderly condition. Resident will perform all usual light housekeeping. Additional maid or porter service will be scheduled at the request and expense of the Resident.
- g. Security. The residence will be equipped with automatic smoke and fire alarm systems and an emergency call system. Personnel will be available to respond to security and health emergency calls at all times.
- h. Maintenance, Repairs and Alterations. Springmoor will perform the necessary repairs, maintenance, and reasonable replacement of its own property and equipment. Repairs, maintenance, and replacement of Resident's property will be the responsibility of the Resident. Minor repairs to Resident's personal property may be provided at Resident's expense by Springmoor depending on availability of personnel. Any structural or physical change of any kind within the residence will be made only after approval by Springmoor. The cost of any change requested by the Resident will be borne by the Resident unless otherwise agreed upon in writing. The value of any such improvements will not be considered in computing refunds, and Springmoor will have vested ownership of such improvements. Redecoration of residence, in addition to or other than that scheduled by Springmoor, will require advance approval by Springmoor and will be at the Resident's expense.
- i. Common Facilities. Springmoor will maintain common areas, such as lounges, parlors, library, assembly areas, dining rooms, craft rooms, recreational facilities, elevators, hallways, stairways and passageways, in a safe, clean, and attractive manner at all times for the use and benefit of all residents. Springmoor will furnish basic groundskeeping service on the grounds, including lawn, tree, and shrubbery care. Residents may plant and maintain flowers, shrubs, and vegetables in areas designated by Springmoor.
- j. Storage. Springmoor will provide limited storage space for personal items other than that which is in the residential unit for apartments. Springmoor will not be obliged to furnish storage space other than that which is in the residential unit for individual houses and villas.
- k. Insurance. Springmoor will maintain insurance coverage for fire and extended hazards for Springmoor facilities and equipment. Resident will maintain fire and other insurance on his personal property.

1. Activities. Springmoor will provide a program of recreation, craft and hobby opportunities, library facilities, and social activities, which will be designed to meet the physical, social, and psychological needs of residents for intellectual stimulation, companionship, and satisfaction.

2. Financial Provisions

The option in paragraph ____ below is included in this Agreement, and the option in paragraphs ____ and ____ below are excluded from this Agreement.

a. _____ _____ Life Occupancy Fee. This fee, the amount of which is stated above as the Residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is thereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or decease after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced four (4) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

After twenty-five (25) months of residence, the Life Occupancy Residence and Care fee is fully amortized to provide life care and there is no refund.

b. _____ _____ 50% Life Equity Fee. This fee, the amount of which is stated above as the Residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is thereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or decease after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced two (2) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

After twenty-five (25) months of residence, 50% of the Initial Fee is refunded within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

- c. _____ _____ 100% Life Equity Fee. This fee, the amount of which is stated above as the residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is hereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this Agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of the 100% Life Equity Fee within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

Should the Resident withdraw or decease after ninety (90) days from the effective date of residence, the entire Life Equity Fee will be returned the later of six (6) years following the effective date of residence or within thirty (30) days after the residence covered by this agreement is reoccupied and residence at Springmoor is terminated.

- d. Adjustments in Residence and Care Fee Refund. Any monthly service fee, financial subsidy, medical care expense not yet reimbursed, invoices, or other charges incurred but unpaid by the Resident will be deducted from the refundable Residence and Care Fee. Likewise, charges as may be required to cover the cost of repairs or replacement of Springmoor property caused by the Resident willfully or by neglect will be deducted from this refund. If there is no refundable Residence and Care fee, such outstanding charges will be entered as a claim against the Resident or his estate.

- e. _____ _____ Monthly Service Fee. The Monthly Service Fee established and published for the residence and number of occupants covered by this Agreement is payable in advance upon occupancy and on the first day of each month thereafter. Springmoor will operate the facility consistent with sound practices and maintenance of the quality of care and services provided for herein. It is agreed that, if required by the cost of operations, the Resident's monthly service fee may be increased or decreased by Springmoor. In determining any change in monthly service fee, Springmoor will consider, among other things, changes in operating costs and cost of living. It will be the responsibility of the Resident to pay the adjusted monthly fee. Springmoor will give the Resident thirty (30) days notice of any such changes. The Monthly Service Fee in effect

on the date of this Agreement for the residence and number of occupants covered by this Agreement is \$_____ . When residence is terminated, the Resident or his estate shall continue to be responsible for monthly service fees through the date that the residential unit is vacated and accepted by Springmoor. After termination of residence, monthly service fees paid beyond the vacated and acceptance date are refunded to the Resident or the estate within thirty (30) days.

- f. Extra Charges. Resident will be invoiced monthly by Springmoor for any services or supplies obtained for and furnished to Resident which are not provided for hereunder in return for the regular Monthly Service Fee. Such invoices are payable by the first day of the month following the date of the invoice.
- g. Monthly Statement. Springmoor will furnish monthly statements to the Resident showing the amount due for the Monthly Service Fee and any other services which are chargeable to the Resident pursuant to this Agreement. The Resident will pay statements by the first of the month following the date of the statement.
- h. Failure to Make Payment. If the Resident fails to pay any of the Monthly Service Fees or incurred extra charges by the required time, Springmoor will provide a second monthly statement. If payment is not made by the twentieth of the month following the date of the initial statement, Springmoor will submit the amount due to the Guarantor of this Agreement. If the Resident or Guarantor does not pay the invoice within (20) days from the date it was submitted to the Guarantor, Springmoor may terminate this Agreement.
- i. Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs for subsistence and service. Without in any way qualifying the right of Springmoor to terminate this Agreement, it is a declared policy of Springmoor that a Resident shall not be dismissed nor his Residence and Care Agreement terminated solely because of the Resident's inability to pay the Monthly Service Fee due to circumstances beyond the control of the Resident that are not the result of the intentional conduct of the Resident.

In such event, the matter will be reviewed by Springmoor with the Resident. If the Resident presents to Springmoor facts which in Springmoor's opinion justify special financial consideration, Springmoor may at its option partially or wholly subsidize Resident's Monthly Service Fee provided such subsidy can be granted without impairing the ability of Springmoor to meet its commitments to all residents while operating on a sound financial basis. All determinations made by Springmoor shall be a confidential transaction between Springmoor and the Resident except for data that may be required by regulatory bodies.

In consideration of this policy, the Resident agrees that he will not make any gift of real or personal property for the purpose of evading his obligations under this Agreement.

Should Springmoor subsidize partly or wholly the Resident's Monthly Service Fees, Resident agrees that any Residence and Care Fee refund that is due or personal or real property owned by him is to be used first at his death to repay Springmoor an amount

equal to the aggregate amount of subsidy furnished by Springmoor to the Resident during the period of residence.

- j. Financial Statement. Springmoor may from time to time request financial statements from any Resident whose monthly service fee is subsidized by Springmoor.

3. Health Care

- a. Health Care Center. Springmoor agrees to provide and maintain a health center for medical and health care of residents. The health center will consist of an infirmary, special care rooms, nursing services, and will be staffed and equipped to certification standards of the Department of Human Resources.

Springmoor will provide scheduled hours for outpatient services for the care of all residents with minor illnesses or injuries and periodic physical examinations.

The Health Center will provide personnel who will respond to the emergency call system from each residence or to telephone calls for emergency assistance. The nursing staff will determine the degree of assistance and care needed by the Resident and the best manner to render such care. The Resident is expected to go to the health center for all care, except emergency care.

Springmoor will provide short-term and continuing inpatient care of residents in the Health Center when requested by a physician or when the immediate need for inpatient care is determined by Springmoor. Inpatient accommodations will be provided in semi-private special care rooms. Should the Springmoor Health Center bed capacity be filled with Springmoor residents when the need for care arises, Springmoor will provide inpatient health care in another approved health care facility selected by Springmoor.

At the time residence commences in Springmoor and at the beginning of each calendar year thereafter, each resident will be credited with thirty (30) eligible days of inpatient care in the health center. In the case of a direct admission to the Health Center, eligible days can not be used until after 90 days of residence. A maximum of ninety (90) eligible days may be accumulated by each resident at any one time. Eligible days will not be transferred from one resident to another and will not be advanced by Springmoor or borrowed from another resident. Eligible days do not accumulate when a resident has become a continuing care patient in the Health Center.

When a resident with eligible days is a short-term inpatient in the Health Center, he continues to pay only his regular monthly service fee and pays no per diem fee for his inpatient care. When eligible days are exhausted, the short-term inpatient resident continues to pay the monthly service fee and 30% of the current Health Center daily rate.

When determination is made that a resident will require continuing inpatient care, he continues to pay only his monthly service fee until eligible days are exhausted. Thereafter, his monthly service fee will become the current Stewart Health Center Life Care rate.

The resident, family and visitors shall follow Springmoor policy and procedures with respect to visiting hours, regard for other patients, cooperation with staff, and adherence to physicians orders. If Resident is transferred to a health or medical facility outside of Springmoor, he will continue to pay the monthly service fee for the last residence or health care unit he occupied on a continuing basis before the transfer.

- b. Springmoor Comprehensive Health Care Program. This program, hereinafter referred to as the "CHCP", covers all residents who are +65 years of age and who have Medicare Hospital Insurance - Part A, Medicare Medical Insurance - Part B, and a Medicare supplement which covers as a minimum the Part A and Part B deductibles and the difference between the Medicare approved rate and the Medicare payment; or who are 65+ years of age, but do not have Medicare Parts A and B, but do have health insurance with major medical coverage that is acceptable by Springmoor; or who are under 65 years of age but have Medicare Hospital Insurance - Part A and Medicare Medical Insurance - Part B by virtue of disability, and Medicare supplement with the above described minimum coverage.

- (1) Physician Coverage. Springmoor will provide qualified physicians to give medical care to residents. Springmoor physicians will provide for their patients scheduled office hours, twenty-four hour a day emergency medical care coverage, medical care in Stewart Health Center and local hospitals and referral to other medical specialists when needed for total care. Residents may elect to use another physician of their choice provided the physician will provide the above described care coverage.

Springmoor CHCP will pay the usual and customary cost for needed medical care by physicians that is covered by Medicare but not reimbursed by Medicare, the required Medicare supplement, or other third party payers.

- (2) Hospital Care. Springmoor will obtain hospital care on behalf of the Resident in area hospitals when requested by a physician. CHCP will pay the usual and customary cost of hospital care in any Medicare-approved hospital for reasonable and customary services allowed under Medicare Hospital Insurance-Part A when payment is not provided by Medicare, the required Medicare supplement, or any other third party payers.

The Resident will be responsible for the additional cost of a private room in a hospital if a semi-private room is available and for telephone, television, and other incidental charges not allowed under Medicare Hospital Insurance - Part A, or the required Medicare supplement. The Resident will pay for the cost of private duty nurses, special drugs, and medications not covered by Medicare.

- (3) Surgeons and Other Specialists. Springmoor CHCP will pay the usual and customary cost of surgeons and other specialists for necessary medical care covered by Medicare but not reimbursed by Medicare, or the required Medicare supplement, or other third party payers. Springmoor may ask residents to obtain a

second opinion, when practical, in instances involving specialized medical care and surgery.

- (4) Diagnostic Tests and Procedures. Springmoor CHCP will pay the usual and customary cost of necessary diagnostic tests and procedures requested by a physician when covered by Medicare but not reimbursed by Medicare, or the required Medicare supplement, or other third party payers.
- (5) Travel Within the United States. Emergency hospitalization in Medicare-approved hospitals and emergency medical care while away from the Raleigh area, but within the United States, will be covered by CHCP for reasonable and necessary services allowed under Medicare Hospital Insurance - Part A, when payment is not provided by Medicare, or the required Medicare supplement, or any other third party payers. The Resident will authorize release of all such medical records for Springmoor's medical record file on the Resident. The same terms and conditions set forth in (2) above apply in the event of such emergency hospitalization.
- (6) Travel Outside of the United States. CHCP does not cover medical care or hospital care for residents while they are outside of the United States.
- (7) Other Health Costs. Springmoor CHCP will pay for payment of co-insurance and deductibles defined by Medicare regulations for other health services when not provided by the required Medicare supplement or any other third party payer. Springmoor is not obligated to defray the cost of medicines, vitamins, dental work, eyeglasses, hearing aids, orthopedic devices, or other charges not covered under Medicare Medical Insurance - Part B. Medical-related services which are usually of a personal preference nature will be paid for by the Resident.

These include such items as podiatry care, psychological/psychiatric care, or the choice of special professional care in excess of that normally provided or recommended. The Resident will pay charges of any practitioner not included in the reimbursable services under Medicare regulations. The Resident will pay charges by any provider that are in excess of usual and customary costs.

The detailed list of exclusions is contained in the Medicare Handbook published by the Health Care Financing Administration. Springmoor CHCP will pay up to a lifetime limit of \$5,000.00 for psychiatric care that is not covered by Medicare, the required Medicare supplement, or third party payers. Springmoor does not cover the cost of prescription drugs. Springmoor also limits coverage (e.g. length of coverage; dollar limits) where Medicare places limits. The limits are usually but not necessarily the same. Detailed information on Springmoor coverage and limitations is published periodically and provided by request. Pre-existing conditions are excluded from CHCP coverage for the initial six months of CHCP coverage after which such pre-existing conditions are included for coverage.

- c. Residents Not Covered by Medicare and Springmoor CHCP. If Resident is not eligible for Medicare - Part A and B, he will carry health insurance with major medical provisions that are acceptable to Springmoor. If the resident is under 65 years of age, medical care coverage and cost is limited to that defined in the approved health insurance policy. Premiums on such insurance will be paid by the Resident. When Resident becomes eligible for and covered by Medicare - Parts A and B, he is thereby also eligible for Springmoor CHCP coverage and must take out the required Medicare supplemental insurance to become covered. If the resident is 65+ years of age, does not have Medicare Parts A and B, but does have health insurance with Major Medical coverage acceptable to Springmoor, coverage by Springmoor is the same as if the resident had Medicare Parts A and B coverage.
- d. Staff Assistance. Springmoor will assist Resident in filing Medicare and other insurance claims and in follow up of unpaid claims.
- e. Insurance. Resident will, if not already enrolled, apply for and secure the Hospital Insurance Benefits Program under Part A of Public Law 89-67 (Medicare), and secure, and pay the premium for the Medicare supplementary medical insurance benefits program under Part B of Public Law 89-67 and/or any other public hospital and/or medical insurance benefits program which may be enacted as a successor or supplement to Medicare (Public Law 89-67). The resident will also enroll, apply for and secure Medicare supplemental insurance which will pay as a minimum the Part A and Part B deductibles and the difference between the Medicare approved rate and the Medicare payment. If Resident is not eligible for Medicare coverage, Resident will apply for and maintain private health insurance coverage acceptable to Springmoor. (see paragraph 3.c. above)

Resident will authorize, as necessary, any provider of such hospitalization, medical, and other health services to receive reimbursement under all insurance required by Springmoor or insurance otherwise covering the resident. Resident will make, as necessary, assignments to providers of medical and other health services of all benefits accruing to Resident under these plans. If Resident is entitled to medical care by governmental agencies, he will make application for such care or payment. The Resident will make and deliver to Springmoor a limited Power of Attorney for the purpose of permitting and instructing Springmoor to act as the Resident's agent or attorney in fact in all matters relating to any such benefits.

Any insurance benefits paid from federal, state, or any other sources will, as between Springmoor and the Resident, be paid or credited first against any charge for hospital, medical, or other services involved; next, to reimburse to the Resident any payment made by the Resident for the service involved; and next, any balance to reimburse to Springmoor any payment made by and for such services, or for application on account of such service as Springmoor may direct.

- f. Examination. Springmoor will not pay any cost of treatment of any health condition not discovered or reported because of concealment or misrepresentation by the Resident or any person acting in concert with or on behalf of the Resident.

- g. Health Center Admission. Admissions as inpatients to the Health Center must be requested by a physician and must be approved by Springmoor when need is determined by Springmoor. Resident may be admitted for inpatient care not to exceed seventy-two (72) hours without a request by a physician.
- h. Use Of Private Duty Nurses, Nurses Aides, Sitters, Companions. Springmoor must approve the use of private duty staff and the individual staff member to be assigned, to assure compliance with Springmoor policy and standards.

Private Duty Staff may be used, upon approval, by a Resident in an independent residential unit who is temporarily ill and expected to recover to full independence in the acts of daily living within a maximum of three months.

Private Duty Staff may be used in short term emergency situations where care is needed while transfer arrangements are being made for the Resident to move to a more protective accommodation where care is commensurate with need.

Private duty staff may be used in the Health Center for patients who prefer or need individual staff care.

Private duty staff may not be used in independent residences where the Resident is not able to carry out the acts of daily living and this limitation is expected to last beyond three months. The resident is expected, instead, to move to accommodations where care is commensurate with need.

- i. Transfer. If Resident's physical or mental condition deteriorates so that it precludes his ability to live independently in his residence or if Resident cannot live in his residence without endangering himself or others, Springmoor may transfer the Resident to a more protective accommodation that can best provide for safety and care as required.

If a diagnosis is confirmed that in all probability the Resident's condition is irreversible and there is negligible possibility of recovery that would permit independent living, Springmoor may (subject to survivor's options as set out in this Agreement, if applicable) assign Resident's residential unit to another Resident.

Resident shall bear all cost of moving and storing his furniture in the event of such transfer. Additionally, if Springmoor determines that the Resident improves sufficiently to carry out the acts of daily living, the Resident will have a priority right to independent living accommodations similar to those previously occupied as soon as they are available.

If the Resident needs care that is beyond the scope of the facilities and personnel at Springmoor, the Resident will be transferred to an appropriate facility selected by and at the expense of Springmoor so long as the Resident complies with the terms and conditions of this Agreement.

Springmoor is neither designed nor licensed to care for persons who have a psychotic condition or suffer from certain contagious or dangerous diseases. If it is

determined, by standard legal and acceptable evaluation procedures, that Resident is psychotic or suffers from mental illness or contagious or dangerous disease, so that Resident's continuing presence at Springmoor is detrimental to the health or peace of the Resident or other residents, then the Resident may be transferred to an institution capable of administering such care.

Springmoor will consult with Resident or Resident's designee and Resident's physician regarding all decisions to transfer the Resident. If Resident or his designee prefers a different institution or hospital facility than that selected by Springmoor, arrangements will be made to this end with the understanding that Springmoor is relieved of any increase in financial responsibility.

Transfers will not change the Resident's status or responsibilities as a Resident of Springmoor, and he still retains all rights and privileges of residency subject, however, to the rules and decisions of the medical staff.

- j. Authorization. The Resident authorizes Springmoor to act in his behalf to obtain transportation, admit and approve treatment at a local hospital in the event of an emergency. Springmoor agrees to notify family or other responsible parties in such emergencies. Likewise, Resident authorizes Springmoor to act in his behalf for other emergency treatment and care recommended by the attending physician when the Resident is unable to make such decisions and the family or other responsible party cannot be reached to make such decisions.
- k. Release. The Resident hereby forever absolves, releases, and discharges Springmoor, its Directors and all persons on its staff who are in any way directly or indirectly connected with authorizing or participating in or providing routine care or emergency medical care, procedures or operations performed on the Resident.
- l. Medical Record Release. The Resident hereby authorizes Springmoor to release medical records for treatment, or insurance claims to hospitals, other health care providers and third party agents.
- 4. Joint Residency
 - a. Application. If two persons sign this Agreement as Residents, the accommodations and services will be for both of them, the sums stated under Financial Provisions cover both of them, and the word "Resident" as used herein shall apply to both of them unless the contract requires otherwise. If the two occupants are man and wife, each of them will be individually responsible for the full monthly service fee. If the two occupants are not man and wife, each joint Resident will be liable for one-half (1/2) of the payments of the monthly service fees which become due hereunder unless otherwise agreed by them and approved by Springmoor. Termination of the residency of one joint Resident shall not affect this Agreement, and the residency of the other person who shall have the rights set forth in the paragraph entitled "Survivor's Options."

- b. Inpatient Health Care. If one of two Residents of a residence is a short-term inpatient in the Health Center and has eligible days of care, he will continue to pay the double occupancy monthly service fee for his residence.

If one of two Residents of a residence is a short-term inpatient in the Health Center and is charged for inpatient care because eligible days are exhausted, he will continue to pay the double occupancy monthly service fee for his residence and pay the charge defined for Health Care.

If one of two Residents of a residence becomes a continuing care inpatient in the Health Center, he will cease to pay the double occupancy monthly service fee of the residence, and his monthly service fee will become the current Health Center Life Care rate for the unit occupied. The Resident remaining in the residence will on the same date begin to pay the single occupant Monthly Service Fee for that residence.

- c. Survivor's Options. The term "survivor" as used in this Agreement means a Resident signer of this Agreement who continues to be covered by this Agreement after the termination of residency for whatever reason by the other Resident, covered by this Agreement:

The survivor shall have the option of:

- (1) retaining the same accommodation with the Monthly Service Fee changed to the rate for single occupancy; or
- (2) moving to a smaller residence when available and paying the monthly rate for single occupancy of the smaller residence; or
- (3) moving to a larger residential unit, when available, paying the difference between the current Residence and Care Fee of the two residences and paying the monthly rate for single occupancy of the larger residence.

- d. Termination of One Resident. If one joint Resident terminates and the survivor continues residency, there will be no refund of Residence and Care Fees to the terminating person. The remaining Resident may elect to have another person subsequently share the residence if the additional person is approved by Springmoor as set forth below.
- e. Sharing Occupancy. If a single occupant of a residence wishes to invite another resident to share such living accommodations, the combined occupancy must be approved by Springmoor. In such event there will be no adjustment in Residence and Care Fees. The Monthly Service Fee will be the double occupancy rate. If a single occupant of a residence wishes to invite a non-resident to share a living accommodation through marriage, the new occupant will be required to make application for residency and, if accepted, to pay a Residence and Care Fee equal to the then current difference between the single and double occupancy fee for the Residence and Care Plan covered by the initial occupant. The Monthly Service Fee will be the double occupancy rate. If a single occupant of a residence wishes to invite a non-resident to share a living accommodation other than through marriage, the new occupant will be required to make application for

residency and, if accepted the incoming joint resident must pay one-half of the then current Residence and Care Fee for joint residency under the Residence and Care Fee Plan covered by the initial occupant. The Monthly Service Fee will be the double occupancy rate. Except for short-term visitors and guests, no person other than the resident may occupy the residence covered by this Agreement without approval by Springmoor.

5. Resident's Obligations

In addition to those obligations enumerated elsewhere in this Agreement, the Resident specifically agrees as follows:

- a. Adherence to Policies. The Resident agrees to abide by such administrative policies and procedures and amendments thereto as shall be formulated by Springmoor for the operation and management of Springmoor Life Care Retirement Community and for the comfort, safety, and security of all residents. The Resident will be furnished a copy of current administrative policies of Springmoor. Repeated failure to follow said policies, resulting in a loss of comfort, security, or safety for other residents; repeated resident uncooperation that limits Springmoor's ability to provide care; damage to facility or furnishings; may result in termination by Springmoor of this Agreement.
- b. Liability for Debts. Springmoor shall not be liable or responsible for any expense incurred or debt or obligation of any nature or any kind contracted by the Resident on his own account and is not obligated to pay for, furnish, supply, or give the Resident any support, maintenance, board, or lodging when the Resident is absent from Springmoor. Resident will hold harmless Springmoor as to all debts and obligations.
- c. Cooperation. The Resident agrees to assist Springmoor in making application for and utilization of all appropriate government support funds to which he may be entitled. Resident will execute reasonable and necessary documents for this purpose.
- d. Intentional Misconduct of the Resident. The Resident agrees to pay or reimburse Springmoor for any loss or damage suffered by Springmoor as the result of negligence or intentional misconduct on the part of the Resident. Springmoor assumes no responsibility for any injury resulting from such negligence or intentional misconduct.

6. Transfer to Another Residence at Springmoor

- a. When a resident is relocating to Stewart Health Center, the resident continues to be responsible for the monthly service fees of the residential unit being released until the residential unit is released and accepted by Springmoor.
- b. When a resident is relocating to the Supportive Living Center during the overlap period the resident is responsible for the Monthly Service Fee of the residential unit with the higher Monthly Service Fee. If the overlap is more than ten (10) days, the resident is responsible for both dwelling units beginning with the eleventh (11th) day until the vacated unit is released and accepted by Springmoor.

- c. When a resident is relocating to another residential unit as a personal preference, the resident is responsible for the monthly service fee of the residential unit being occupied from the date the residential unit is ready for occupancy. The resident is also responsible for the monthly service fee of the residential unit being vacated until the residential unit is released and accepted by Springmoor.
- d. If an applicant accepts an interim residential unit with the concurrence of Springmoor management, and plans to relocate to another residential unit when it becomes available, the resident will pay the Monthly Service Fee for the interim residential unit until it is released and accepted by Springmoor. On that day, the resident will begin paying the Monthly Service Fee for the residential unit being moved into. The relocation process is expected to take place over a maximum of ten days. If relocation exceeds ten days, the resident shall be responsible for the Monthly Service Fees of both units beginning on the eleventh day.
- e. Monthly Service Fee is always adjusted to the fee for the residential unit being moved into at the time the new residence is accepted.
- f. If the Residence and Care Fee is the same or less for the residential unit being occupied, no adjustment is made. If the Residence and Care Fee is more for the residential unit being occupied, the resident must pay the difference between the then current Residence and Care Fee of the two residences.

7. Termination

- a. Whether Resident is occupying a residence, Health Center unit, or a facility away from Springmoor due to the need for care that is beyond the scope of the facilities and personnel of Springmoor, his residency under this Agreement will be terminated by any of the following:
 - (1) The first ninety (90) days from the effective date of residence will be considered to be a trial basis. During this ninety-day period, Springmoor or the Resident may terminate the residency by giving the other fourteen (14) days written notice of intent to terminate.
 - (2) The Resident may terminate residency at any time by giving Springmoor fourteen (14) days written notice of intent to terminate.
 - (3) Residency will be terminated by the death of the Resident.
 - (4) If Resident fails to pay his monthly service fee or other proper charges; or fails to maintain his insurance coverage required herein; or fails to provide Medicare, other insurance or personal reimbursement that is owed to Springmoor or Health Care Providers; or repeatedly fails to follow the administrative policies of Springmoor; or engages in willful misconduct resulting in loss or damage suffered by another Resident or Springmoor; or if there has been any material misrepresentation or omission made by the Resident in his application for residency; and if said deficiency is not paid, corrected, or stopped to the satisfaction of Springmoor within fourteen (14) days after written notice of the

nature and extent of said deficiency is given the Resident; provided Springmoor may at its option pay for, correct, or stop said deficiency at its own expense, and the Resident will reimburse Springmoor for any expenses incurred; or Springmoor may require the Resident to furnish additional security or make satisfactory arrangements for fulfilling his obligations under this Agreement; or Springmoor may transfer the Resident to a different residential unit or adjust the services to which the Resident is entitled under his Agreement; or Springmoor may terminate his residency immediately.

- b. The termination date for computing any refund or any outstanding payments due or accrued will be the date the residential unit is actually vacated and accepted by Springmoor.
- c. On the date of termination of residency under this Agreement, the Resident shall vacate the unit and shall leave it in good condition except for reasonable wear and tear. The Resident shall be liable to Springmoor for any costs incurred in restoring the residential unit to good condition except for reasonable wear and tear.
- d. No refund will be made by Springmoor until all charges incurred by the Resident have been paid. Springmoor is authorized to offset any refund against any proper charge to the Resident under the terms of this Agreement.
- e. Except as otherwise expressly provided in this Agreement, Springmoor shall have the right to retain all sums paid by the Resident.
- f. Upon termination of residency and upon complying with the provisions of this Agreement, Springmoor shall have no further obligation to the Resident or his heirs, executors, administrators, or assigns.

8. Estate Provisions

- a. Resident agrees hereby to execute a valid will and henceforth to keep same current and to file evidence thereof in the business office of Springmoor.

Resident is also required to file in the business office the name, relationship, and address of his next of kin and/or the name and address of the person he wishes to handle his affairs upon his death and to keep such information current.

- b. It is understood and agreed that Springmoor is not responsible for Resident's funeral or other burial expenses. Resident is expected to make such arrangements prior to residence at Springmoor or to designate some party to make them at his death and to file evidence of such arrangements in Springmoor's business office.
- c. Resident will designate a power-of-attorney. This designation shall be kept current in the administrative office of Springmoor.

9. Miscellaneous

- a. Rights and Privileges Personal and Exclusive: Limitations. The rights and privileges of the Resident under this Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident or by any proceeding at law or otherwise.

Rights of the Resident under this Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of Springmoor or any membership in Springmoor Life Care Retirement Community.

- b. Inability to Manage Affairs. The Resident agrees that if his mind should become so unsound or weakened that he is incapable of governing himself and managing his affairs, Springmoor will have an interest in the matter which will entitle Springmoor to institute legal action for determination of the Resident's incompetency, and for designation of a guardian or trustee if such need should arise. The Resident further agrees to designate a guardian or trustee to be appointed if such need should arise. The Resident further agrees that Springmoor, or a representative, thereof, will be the proper person to be appointed in such case if the court determines the guardian or trustee so named is not in the best interest of the Resident or his estate.
- c. Personal Belongings. Springmoor will not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause, it being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Upon the termination of residency, Springmoor shall have the right to promptly remove from the residence all property belonging to the Resident and have the same stored for the Resident. The Resident or his estate will be obligated for the payment of such moving and storage charges and will reimburse Springmoor for its expense so incurred.
- d. Subrogation Rights. In case of injury to the Resident by a third party, Springmoor shall have the right of subrogation for all of its costs and expenses incurred by reason of such injuries, and shall have the right, in the name of the Resident or otherwise, to take all necessary steps and procedures to enforce the payment of the same by the person responsible for the injury. The Resident agrees to cooperate fully and assist Springmoor in recovering said costs and expenses.
- e. Compliance with Applicable Laws. Springmoor will operate Springmoor Life Care Retirement Community in full compliance with all applicable laws and rules, regulations, and ordinances promulgated by lawful governmental authority. Notwithstanding any other provision of this Agreement, Springmoor shall have the right to change the living accommodations of the Resident to meet the requirements of law, or the regulations of a Fire Department, Department of Public Health, or other duly constituted governmental authority or agency.
- f. Rights of Management. The absolute right of management is reserved to Springmoor and its administrators. Springmoor 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 admissions or terms of admission of any other Resident.

- g. Right of Entry. The Resident grants duly authorized employees of Springmoor the right of entry into the Resident's residence for managerial purpose at reasonable times or for emergency purposes as required.
- h. Waiver of Breach. The failure of Springmoor in any one or more instances to insist upon the strict performance, observance, or compliance by Resident with any of the terms or provisions of this Agreement, or its waiver of the breach by Resident of any terms or provisions of this Agreement shall not be construed to be a waiver or relinquishment by Springmoor of its right to insist upon strict compliance by Resident with all the terms or provisions of this Agreement.
- i. Entire Contract in This Agreement. This Agreement constitutes the entire contract between Springmoor and the Resident. Springmoor is not liable for nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Springmoor unless such statements, representations, or promises are set forth in this Agreement. This Agreement may not be amended or modified except by written agreement signed by the parties hereto. Any special or additional understandings are attached hereto and incorporated herein by reference.
- j. Successor of Springmoor: Estate of Resident. This Agreement shall bind and inure to the benefit of the successors and assigns of Springmoor and the heirs or personal representative of the Resident.
- k. Plans and Schedules. The current plan of Springmoor, Residence and Care Fee schedule, Monthly Service Fee schedule, administrative policies and procedures, scheduled charges for meals and other services, and current literature regarding Springmoor will be available for inspection at the business office of Springmoor during business hours.
- l. Limitations. The Resident will not be considered a third party beneficiary to any other Residence and Care Agreement to which Springmoor is a party.
- m. Governing Law. This Agreement will be governed by and construed according to the laws of the State of North Carolina.
- n. Use of Residential Appliances. Should Resident demonstrate his inability to use the range, refrigerator, disposal unit, or other appliances in his residence safely, Springmoor will have the right to turn off such power and/or remove the appliance in which case the Resident agrees to pay charges for extra meals not otherwise covered by this Agreement in Springmoor's dining center.
- o. Guests. Resident may receive such visitors as he wishes for visits in his residence upon such reasonable terms and conditions as Springmoor may establish. Overnight guests shall be permitted to visit in Resident's residence upon the following terms and conditions:
 - (1) Resident shall be responsible for all meals and other costs incurred in connection with such visits.
 - (2) No more than two overnight guests shall be permitted in Resident's

residence at one time, except by permission of Springmoor. (3) No one who is ill or who becomes ill may remain as a visitor. (4) Resident shall be permitted overnight guests for no more than a total of thirty days in any calendar year. (5) In all cases, Springmoor must be notified of all overnight guests, and Springmoor has authority to limit or terminate the stay of any guest at any time and for any reason. (6) No visitor who has any contagious illness or disease is permitted, day or night, (7) At all times, Resident is responsible for any injury to others or damage to the property of others or Springmoor by his guest(s). (8) No one will be permitted to use Resident's residence during Resident's absence from Springmoor. (9) Guests may use Springmoor guest accommodations by appointment and for a reasonable charge. (10) Guests who are minors will be accompanied by an adult at all times.

- p. Revision of Federal Medicare Statutes. At the time of execution of this Agreement, the parties are aware that the federal Medicare statutes and program are duly enacted and functioning. This Agreement contemplates that said Medicare programs will continue in substantially the same form and fashion as currently exist. The parties hereto recognize and agree that in the event the Medicare statutes and programs should be substantially amended modified, revised, or eliminated, this Agreement will be modified in such fashion as to preserve its intent and purpose within the then existing law and health care programs.

The parties hereto agree that each will negotiate the terms of said modifications in this Agreement in good faith.

- q. General. The use of the masculine gender will be construed to include the feminine gender where the context so requires in this Agreement.

10. Designations

The following person(s) is designated and has agreed to act for the Resident as described. The Resident agrees to keep the Springmoor Business Office informed of any changes in designations and to document any changes in designations by executing a Notice of Change of Designation at the Springmoor Business Office. Springmoor is authorized and directed to consult with these designees about any matters which may concern the Resident when requested by the Resident or in the event of the Resident's incapacity.

- a. The following named person or institution has power of attorney and is authorized to make decisions, in the event of my incapacity or when I otherwise request the designee to do so. This designee will also sign this Agreement as Guarantor (Guarantor No. 1). This person is to act as my guardian or trustee in the event I become unable to handle my affairs. A copy of this power of attorney is provided and incorporated herein.

Name: _____

Address: _____

- b. Resident has in effect a last will and testament. The following person or institution has a copy of this document.

Name: _____

Address: _____

- c. The following person(s) or institution is authorized to make decisions and consent to give or withhold medical or surgical procedures in the event of my incapacity to do so. A copy of this power of attorney is provided and incorporated herein.

Name: _____

Address: _____

Name: _____

Address: _____

The following person(s) or institution is to handle my affairs upon my death.

Name: _____

Address: _____

11. Limited Power of Attorney

A limited power of attorney is given to Springmoor for the purpose of permitting and instructing Springmoor to act as Resident's agent or attorney in fact of all matters pertaining to medical and health insurance and benefits. The power of attorney is provided and incorporated herein.

12. Modification

The terms and conditions of this Agreement are replaced and/or modified as set forth below.

IN WITNESS WHEREOF, the parties have hereto executed this Residence and Care Agreement in duplicate or triplicate originals, one of which is retained by each party.

Springmoor, Inc.
of Raleigh, North Carolina

By: _____
Executive Director

Date

WITNESS: _____
Name

Resident

Street Address

Resident

City State Zip

GUARANTY (NO.1)

To induce Springmoor to enter into the foregoing Agreement with Resident, the undersigned hereby guarantees to Springmoor, its successors, and assigns, the payment by Resident of the Monthly Service Fees to the full extent of Resident's funds and other assets and the performance by Resident of all the other terms, covenants, obligations, and conditions of this Agreement. Notice of all defaults is waived and consent is hereby given to all extensions of time that Springmoor may grant. The undersigned is in no way committing their own resources. This is not a personal guarantee by Guarantor of Guarantor's funds.

WITNESS: _____

Name	Guarantor
_____	_____
Street Address	Relationship to Resident
_____	_____
City State Zip	Street Address
_____	_____
	City State Zip

GUARANTY (NO. 2)

To induce Springmoor to enter into the foregoing Agreement with Resident, the undersigned hereby guarantees to Springmoor, its successors, and assigns, the payment of the Monthly Service Fees and the performance by Resident of all the other terms, covenants, obligations, and conditions of this Agreement Notice of all defaults is waived, and consent is hereby given to all extensions of time that Springmoor may grant.

WITNESS: _____

Name	Guarantor
_____	_____
Street Address	Relationship to Resident
_____	_____
City State Zip	Street Address
_____	_____
	City State Zip

ATTACHMENT E

Estimated Number of Residents

	Number of Residences	Number of Residents				
		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Independent Resident Units	389	478	478	478	478	478
Stewart Health Center	191	89	100	100	105	105
Total	580	567	578	578	583	583

Attachment F

Springmoor, Inc.
Narrative of Material Variances
Statements of Financial Position
Comparison between Forecast and Actual
For the Calendar Year 2023
Dollar Results are in (000's)

	<u>Year-End 12/31/2023 Actual</u>	<u>Year-End 12/31/2023 Forecast</u>	<u>Actual vs Forecast Inc(Dec)</u>	<u>Percent Variance</u>	<u>Notes*</u>
Assets					
Current Assets					
Operating cash and cash equivalents	\$ 7,595	\$ 6,862	\$ 733	10.7	(a)
Accounts Receivable	330	371	(41)	(11.0)	
Prepaid Expense	214	187	27	14.2	
Inventory	6	6	(0)	(2.0)	
Notes Receivable - current portion	-	-	-	-	
Total Current Assets	<u>8,144</u>	<u>7,426</u>	<u>718</u>	<u>9.7</u>	
Restricted Assets					
Operating Reserves - Invested Cash					
Notes Receivable	10,176	10,176	-	-	
Fixed Assets					
Buildings and building improvements	28,014	29,325	(1,311)	(4.5)	
Furniture, equipment and vehicles	6,673	7,352	(679)	(9.2)	
Less accumulated depreciation	<u>(14,816)</u>	<u>(15,279)</u>	<u>463</u>	<u>(3.0)</u>	
Total Net Fixed Assets	<u>19,870</u>	<u>21,398</u>	<u>(1,528)</u>	<u>(7.1)</u>	
Other Assets					
Notes receivable - Non-current portion	25,144	25,144	0	0.0	
Investment - Unity Senior Care Group, LLC	15	15	0	2.1	
Right-of-use-assets	48,335	48,335	0	0.0	
UMIC subscribers savings account	<u>111</u>	<u>85</u>	<u>26</u>	<u>30.0</u>	
Total Other Assets	<u>73,605</u>	<u>73,579</u>	<u>26</u>	<u>0.0</u>	
Total Assets	<u>111,796</u>	<u>112,579</u>	<u>(783)</u>	<u>(0.7)</u>	
Liabilities and Fund Balance					
Current Liabilities					
Account payable	1,075	1,513	(438)	(29.0)	
Notes payable-Current portion	399	344	55	15.9	
Waiting List Deposits	4,132	4,390	(258)	(5.9)	
Deferred leases	9,193	8,773	420	4.8	
Lease liability-right-of-use assets, current portion	<u>4,371</u>	<u>4,371</u>	<u>(0)</u>	<u>(0.0)</u>	
Total Current Liabilities	<u>19,169</u>	<u>19,391</u>	<u>(222)</u>	<u>(1.1)</u>	
Long-Term Liabilities					
Notes Payable - Noncurrent portion	4,152	4,570	(418)	(9.1)	
Refundable advance fees	35,428	34,544	884	2.6	
Deferred revenue from advance fees	29,863	28,909	954	3.3	
Lease liability-right-of-use assets, noncurrent portion	<u>49,671</u>	<u>49,671</u>	<u>0</u>	<u>0.0</u>	
Total Long-Term Liabilities	<u>119,114</u>	<u>117,694</u>	<u>1,420</u>	<u>1.2</u>	
Total Liabilities	<u>138,283</u>	<u>137,085</u>	<u>1,198</u>	<u>0.9</u>	
Net Assets					
Net Assets without Donor restrictions	(26,490)	(24,509)	(1,981)	8.1	
Net Assets with Donor restrictions	3	3	(0)	(8.6)	
Permanently restricted	-	-	-	-	
Total Net Assets	<u>(26,488)</u>	<u>(24,506)</u>	<u>(1,982)</u>	<u>8.1</u>	
Total Liabilities and Net Asset	<u>111,796</u>	<u>112,579</u>	<u>(783)</u>	<u>(0.7)</u>	

*Notes: Based on materiality level of variances greater than 10% and \$500,000

Attachment F

Springmoor, Inc.
Narrative of Material Variances
Statements of Activities
Comparison between Forecast and Actual
For the Calendar Year 2023
Dollar Results are in (000's)

	<u>Year-End</u> <u>12/31/2023</u> <u>Actual</u>	<u>Year-End</u> <u>12/31/2023</u> <u>Forecast</u>	<u>Actual vs</u> <u>Forecast</u> <u>Inc(Dec)</u>	<u>Percent</u> <u>Variance</u>	<u>Notes*</u>
Unrestricted Net Assets					
Revenues					
Entry Fees - Net	\$ 6,181	\$ 5,301	\$ 880	16.6	(b)
Investment Income	3,499	3,539	(40)	(1.1)	
Monthly Service Fees	30,522	30,784	(262)	(0.9)	
Operating Income and Leases	1,518	1,354	164	12.1	
Reimbursed Income	639	682	(43)	(6.2)	
Miscellaneous Income	54	101	(47)	(46.3)	
Total Revenues	<u>42,413</u>	<u>41,761</u>	<u>652</u>	1.6	
Expenses					
Lease	12,296	9,030	3,266	36.2	(c)
Interest	107	111	(4)	(3.3)	
General Operations	7,250	7,214	36	0.5	
Administration	1,693	1,572	121	7.7	
Stewart Health Center	7,356	7,482	(126)	(1.7)	
Clinic	711	691	20	2.8	
Home Care	789	778	11	1.5	
Wellness/Pathways	153	160	(7)	(4.3)	
Food Service	6,488	6,627	(139)	(2.1)	
Building & Grounds Maintenance	3,907	3,680	227	6.2	
Housekeeping	1,898	1,934	(36)	(1.9)	
Security	820	910	(90)	(9.9)	
Activities & Resident Services	513	543	(30)	(5.5)	
Marketing	738	697	41	5.8	
Total Expenses	<u>44,720</u>	<u>41,429</u>	<u>3,291</u>	7.9	
Unrealized loss on investments	<u>-</u>	<u>-</u>	<u>-</u>		
Total Expenses and Losses	<u>44,720</u>	<u>41,429</u>	<u>3,291</u>	7.9	
Increase (Decrease) in Net Assets (Deficit) without Donor Restrictions	<u>(2,180)</u>	<u>332</u>	<u>(2,512)</u>	(756.7)	
Net Assets with Donor Restrictions					
Net assets released from restrictions					
Restrictions satisfied by payment	(0)	-	(0)		
Increase (Decrease) in Net Assets with Donor Restrictions	<u>(0)</u>	<u>-</u>	<u>7,965</u>		
Increase (Decrease) in Net Assets (Deficit)	<u>(2,181)</u>	<u>332</u>	<u>5,453</u>	(756.8)	
Prior Period Adjustment for adoption of lease accounting standard	528	\$ -	528		
Net Assets at Beginning of Year	(24,835)	(24,838)	3	(0.0)	
Net Assets at End of Year	<u>\$ (26,488)</u>	<u>\$ (24,506)</u>	<u>(1,982)</u>	8.1	

*Notes: Based on materiality level of variances greater than 10% and \$500,000

Attachment F

Springmoor, Inc.
Narrative of Material Variances
Statements of Cash Flow
Comparison between Forecast and Actual
For the Calendar Year 2023
Dollar Results are in (000's)

	<u>Year-End</u> <u>12/31/2023</u> <u>Actual</u>	<u>Year-End</u> <u>12/31/2023</u> <u>Forecast</u>	<u>Actual vs</u> <u>Forecast</u> <u>Inc(Dec)</u>	<u>Percent</u> <u>Variance</u>	<u>Notes*</u>
Cash Flows from Operating Activities					
Increase (Decrease) in Net Assets	(2,181)	332	(2,513)	(756.8)	(d)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:					
Depreciation	856	1,013	(157)	(15.5)	
Proceeds from non-refundable entrance fees	6,539	4,708	1,831	38.9	(e)
Amortization of entrance fees	(6,145)	(5,268)	(877)	16.7	
(Increase)Decrease in operating assets	14	-	14		
Reduction in right-of-use asset	4,136	4,136	(0)	(0.0)	
Increase (Decrease) in operating payables	(438)	-	(438)		
(Decrease) Increase in deferred lease expense payable	642	221	421	190.5	
Operating lease liability	<u>(4,170)</u>	<u>(4,170)</u>	<u>(0)</u>	0.0	
Net Cash Flow from operating activities	<u>(746)</u>	<u>972</u>	<u>(1,718)</u>	<u>(176.7)</u>	
Cash Flows from Investing Activities					
Purchase of Fixed Assets	<u>(2,980)</u>	<u>(4,639)</u>	<u>1,659</u>	<u>(35.8)</u>	(f)
Net Cash Flow from investing activities	<u>(2,980)</u>	<u>(4,639)</u>	<u>1,659</u>	<u>(35.8)</u>	
Cash Flows from Financing Activities					
Increase (decrease) in financing activities	<u>3,035</u>	<u>2,243</u>	<u>792</u>	<u>35.3</u>	(d)
Net Cash flow from financing activities	<u>3,035</u>	<u>2,243</u>	<u>792</u>	<u>35.3</u>	
Increase (Decrease) in Cash	(692)	(1,424)	732	(51.4)	(g)
Cash and cash equivalents - beginning of year	8,286	8,286	0	0.0	
Cash and cash equivalents - end of year	<u><u>7,595</u></u>	<u><u>6,862</u></u>	<u><u>733</u></u>	10.7	
Supplemental disclosure of cash flow information					
Cash paid during the year for:					
interest	97	111	(14)	(12.2)	
Noncash Activities					
Operating lease obligation incurred for Right-of-use assets	<u>-</u>	<u>-</u>	<u>-</u>		

*Notes: Based on materiality level of variances greater than 10% and \$500,000

Attachment F

Springmoor, Inc
Narrative of Material Variances
Comparison between Forecast and Actual
For the Calendar Year 2023

Notes:

- a) Operating Cash and Cash Equivalents – The deviation to forecast can be explained by cost reduction in department expenses overall.
- b) Revenues for Entry Fees – The deviation to revenue can be explained by the number of deceased residents and their type of contract. This resulted in less than budgeted Residence and Care fee refunds.
- c) Lease – As outlined in “Note E” and “Note G” of the audited Financial Statements, Springmoor has a liability for deferred lease expense. This liability is owed to Ammons-Springmoor Assoc., Inc. and is for unpaid lease expense originating in the previous four calendar quarters. Under the agreement leases deferred will be written off if unpaid after four calendar quarters. This term has not yet expired on this amount on December 31, 2023. Higher than forecasted refundable entry fees, allowed the facility to make additional payments against deferred leases.
- d) Increase (Decrease) in Net Assets – As indicated in “Note C” above, additional payments to Deferred Lease expenses.
- e) Proceeds from non-refundable entrance fees – Springmoor uses the method of three year rolling averages to create the entrance fee forecast. Deviations can occur from time to time depending on resident’s choice of contract at time of move-in.
- f) Purchased of Fixed Assets – The deviation to Forecast is a result of the timing of the fixed assets required for the SHC construction project.
- g) Increase(Decrease) Cash– Please refer to the Audited Financial Statements “Note A, Adoption of New Accounting Standards” for a detailed explanation of this variance and Right-of-use assets.

*Notes: Based on materiality level of variances greater than 10% and \$500,000



415 Main Street
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April 17, 2024

Mrs. DeShawn Redmon
Controller
Springmoor Life Care Retirement Community
1500 Sawmill Road
Raleigh, NC 27615

Re: *Future Services Obligation Calculation as of December 31, 2023*

Dear DeShawn:

Continuing Care Actuaries was retained by Springmoor Life Care Retirement Community (“Springmoor”) to assist management in calculating their Obligation to Provide Future Services and the Use of Facilities to Current Residents (the “Obligation”) as defined by the AICPA Health Care Audit Guide. This calculation was done as of December 31, 2023. In addition to the Future Service Obligation calculation, Continuing Care Actuaries has performed, with input from Springmoor representatives, the calculation of unamortized deferred revenue and the amortization of deferred revenue from entry fees for fiscal year ending 2023.

In the course of our study we received the following information from Springmoor:

- Community description and configurations;
- Current residential entrance, monthly service and auxiliary fees;
- Current year budget information;
- Prior year’s audited financial statement and current year’s unaudited financial statement;
- Long term debt schedules; and
- Data containing demographic and financial information for current and prior residents.

Our study was conducted in a manner consistent with the Code of Professional Conduct and the Qualification Standards of the American Academy of Actuaries, and the Standards and Practice of the Actuarial Standards Board.

Limitations and Usage

The study includes projections of future experience at Springmoor. While at present we consider the methodology and underlying assumptions used to project such values as reasonable and appropriate, the actual realization of the projected amounts depends on events and environmental influences that are beyond the control of Springmoor and Continuing Care Actuaries. Therefore, actual experience may vary, perhaps materially, from the values included in this report.

The analyses and results herein are dependent upon the accuracy of the data and representations as provided by management representatives of Springmoor. The data was used without verification or audit. While we cannot certify as to the completeness of the data supplied, we have, however, performed the amount of due diligence that we consider appropriate to conclude as to the general reasonableness thereof.

The report includes analyses and perspective as well as numerical calculations and results. It is intended for use by Springmoor management only and should be used only in its entirety. Any other use of this report is restricted to that as approved by Continuing Care Actuaries.

Background

Springmoor is a non-profit, Fee-For-Service, continuing care retirement community located in Raleigh, North Carolina. Springmoor provides independent living care in 389 units consisting of apartments, villas and houses. In addition, Springmoor has a total of 191 licensed beds in the health care center. Currently, they are allocated by 18 assisted living / memory support beds and 173 skilled nursing beds.

The basic cost of residence at Springmoor consists of the initial entrance fee and the monthly fee. Residents requiring permanent or temporary health care can transfer to assisted living or skilled nursing beds as determined appropriate by Springmoor medical and management staff in conjunction with residents and their physicians and family. Collectively, monthly service fees and entrance fees are intended to cover the cost of constructing and operating the facilities and providing health care and other services to continuing care residents, as well as a portion of all other costs related to the operation of the facility. Entrance fees are held by Springmoor subject to refund requirements.

Currently, Springmoor offers three refundable contracts to new entrants: Life Occupancy Plan, 50% Refundable Plan and 100% Refundable Plan. All contracts are Type B. "When determination is made that a resident will require continuing impatient care, he or she continues to pay only his or her monthly service fee until eligible days are exhausted. Thereafter, his or her monthly service fee will become the current Stewart Health Center Life Care rate." There is the 90-day probationary period for a full refund with the 14 days written notice of intent to terminate, after which refund will be issued based on the terms of the three refundable contracts upon re-occupancy of the independent living unit.

Analysis

The assumptions for the number of deaths, transfers to assisted living / memory support and skilled nursing, and voluntary withdrawals are expressed in terms of the CCRC industry demographic transfer and mortality table. These assumptions are presented in the following table:

Mortality and Morbidity Assumptions				
CCRC Industry Demographic Transfer and Mortality Table				
	Age			
	<u>Under 75</u>	<u>75-84</u>	<u>85-94</u>	<u>Over 95</u>
ILU Mortality	122%	122%	122%	122%
ILU Transfer to ALU	29	29	29	29
ILU Transfer to SNF	122	122	122	122
ALU Mortality	117	117	117	117
ALU Transfer to SNF	126	126	126	126
SNF Mortality	122	122	122	122

The assumptions used herein represent a single set of assumptions. The use of alternative assumptions may produce results that differ, perhaps materially, from the results presented here. ILU corresponds to independent living care, ALU corresponds to assisted living care, and SNF corresponds to skilled nursing care.

Unamortized Deferred Revenue

Under the new Audit Guide, refundable upon re-occupancy fees will no longer be amortized and will not be included in the calculation. These fees have been categorized as strictly refundable and should be reported as a liability.

The Audit Guide states that refundable entrance fees, to the extent that the refund is not dependent upon re-occupancy of the unit, should be accounted for as a liability. Although not strictly a component of unamortized deferred revenue, this liability at Springmoor as of December 31, 2023, is \$35,956,181.

The Audit Guide states that nonrefundable entrance fees should be accounted for as deferred revenue. This deferred revenue should be amortized into income over future periods based on the estimated life of the resident or contract term, whichever is shorter. The period of amortization should be adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each group of residents occupying the same unit.

Continuing Care Actuaries' LifeCalc software was used to determine deferred revenue amounts as of December 31, 2023. The calculations were based on Springmoor's resident census information and actuarially determined life expectancies. Life expectancies were calculated using actuarial methods and using the CCRC industry demographic transfer and mortality table as a base, with adjustments for actual community experience. The calculations recognize differences in age, sex, and health status among residents.

For residents entering the community during the fiscal year, the amount of deferred revenue amortized during the year ending December 31, 2023, is equal to the resident's nonrefundable entrance fee divided by the life expectancy determined for that year and multiplied by the fraction of the year that the resident lived in the community. The amount of unamortized deferred revenue as of December 31, 2023, for residents who entered the community during the fiscal year, is equal to the nonrefundable entrance fees paid less the related deferred revenue amortized during the year.

For residents entering the community prior to FY 2024, the amount of deferred revenue amortized during the year ending December 31, 2023, is equal to the resident's unamortized deferred revenue as of December 31, 2023 divided by the life expectancy determined for that year and multiplied by the fraction of the year that the resident lived in the community. The amount of unamortized deferred revenue as of December 31, 2023, for residents who entered the community prior to FY 2024, is equal to the balance of unamortized deferred revenue as of the beginning of the year less the related deferred revenue amortized during the year.

Continuing Care Actuaries has calculated the unamortized deferred revenue attributable to nonrefundable fees as of December 31, 2023, as \$32,376,040.

Obligation to Provide Future Services and the Use of Facilities to Current Residents
(Future Service Obligation)

The Audit Guide states that the Future Service Obligation should be calculated annually in order to determine whether a liability should be reported in the financial statements. The liability related to continuing-care contracts for each facility equals:

- The present value of future net cash flows,
- Minus the balance of unamortized deferred revenue,
- Plus depreciation of facilities to be charged related to the contract,
- Plus unamortized costs of acquiring the related initial continuing-care contracts.

Cash inflow includes revenue contractually committed to support the residents and inflow resulting from monthly fees including anticipated increases in accordance with contract terms. Cash outflow includes operating expenses, including interest and excluding marketing and general and administrative expenses.

To calculate the estimated amount of future net cash flow, we used LifeCalc to project cash flow over a 30-year period based on actuarial methods. The mortality and permanent transfer assumptions documented previously were used to project the number of residents in Springmoor each year. Based on these demographic projections, the amount of monthly fees received in each year was projected based on the fee and inflation assumptions.

Per diem fees from non-ILU residents and interest income were not included as cash inflow. Expenses were projected based on inflation and allocation assumptions and the number of contractual residents in the community during each year.

Per the Audit Guide, optional service income may be included as cash inflow except for income relating to coffee shop and beauty shop services. We have not included any optional services in the calculation of the Future Service Obligation.

The Audit Guide states that general and administrative expenses may be excluded from the cash outflow for purposes of the Future Service Obligation. We have included 20% of general and administrative expenses for Springmoor, as detailed in the assumptions for the calculation.

The present value of cash outflow and inflow were determined for the community using an inflation rate of 3.0% and a discount rate of 5.0%. The present value of cash inflow was then subtracted from the present value of the cash outflow to determine the net cash flow.

The amount of depreciation related to current residents was determined by calculating an estimate of the depreciation charge in each future year related to the number of current residents at Springmoor. A level depreciation charge was assumed and allocated pro-rata among surviving current residents in each future year. These allocated charges in each future year were summed to determine the total amount of depreciation related to current residents.

The Audit Guide states that the cost of acquiring initial continuing care contracts that are expected to be recovered from future contract revenues should be capitalized. Per Springmoor's representatives, no costs of acquiring continuing care contracts have been amortized.

Results

Future Service Obligation was determined to be approximately (\$35,028,000) as of December 31, 2023 as shown in the Appendix. Since this is a liability calculation, the negative result represents an asset or surplus.

As the Audit Guide specifies that a continuing care retirement community should only include a Future Service Obligation amount in their financial statements if such amount is positive, Springmoor's resulting Future Service Obligation amount for financial statements purposes as of December 31, 2023 is \$0.

The results of our study are based on estimates of the demographic and economic assumptions of the most likely outcome. Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual resident movements and of actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected.

Management should scrutinize future developments that may cause the Future Service Obligation to increase. These developments include higher apartment vacancy rates, higher expense inflation, and higher nursing care utilization and longer life expectancies at all levels of care than assumed in the current projection.

Respectfully,



Dave Bond, F.S.A., M.A.A.A.
Managing Partner