

DISCLOSURE STATEMENT
May 30, 2025



**ARBOR ACRES UNITED METHODIST
RETIREMENT COMMUNITY, INC.**

**1240 Arbor Road
Winston-Salem, NC 27104-1197
Telephone (336) 724-7921, Fax (336) 721-0271
www.arboracres.org**

The Mission of Arbor Acres

***Through excellence, innovation, caring, and beauty,
Arbor Acres cultivates community, comfort, and well-being
for Senior Adults.***

The Vision of Arbor Acres

***Arbor Acres:
Senior Adults Living Life Fully***

In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina, this Disclosure Statement may be delivered until revised, but not after May 30, 2026. Delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

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DISCLOSURE STATEMENT
ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
May 2025

ORGANIZATION INTRODUCTION AND INFORMATION (Corporation)

Narrative Description of the Organization and Its Operation

The name of this organization is Arbor Acres United Methodist Retirement Community, Inc. (“Arbor Acres”). Its business address is 1240 Arbor Road, Winston-Salem, North Carolina, 27104. Arbor Acres is a continuing care retirement community.

Affiliation(s)

Arbor Acres is the parent corporation and sole member of Arbor Acres Home Care, LLC (“Home Care”). Home Care was established to provide home care services to the residents of Arbor Acres as well as individuals in Forsyth and surrounding counties.

Arbor Acres is organized under the sponsorship of the Western North Carolina Annual Conference of The United Methodist Church. The extent of the affiliation between Arbor Acres and the Conference is set out in a Statement of Relationship, a copy of which follows the narrative section of this Disclosure Statement. The Conference is not responsible for the financial and contract obligations of Arbor Acres. Arbor Acres holds membership in LeadingAge and LeadingAge NC, the national and state industry associations organized to support education, advocacy and research.

Non-Profit/For Profit Status

Arbor Acres is a North Carolina non-profit corporation, exempt from the payment of federal income tax under Section 501(c)(3) of the Internal Revenue Code. Home Care is a limited liability company that has not elected to be taxed as a corporation under the Internal Revenue Code (IRC) regulations. Home Care is wholly owned by Arbor Acres. As such, Home Care is considered a disregarded entity under current IRC regulations.

Accreditation(s)

Arbor Acres is accredited through the Commission on Accreditation of Rehabilitation Facilities and the Continuing Care Accreditation Commission of LeadingAge.

FACILITY INTRODUCTION AND INFORMATION (Facility)

Narrative Description of the Facility and Its Operation

Arbor Acres is a non-profit continuing care retirement community providing a continuum of residential accommodations. These include independent living facilities with 3 mid-rise residential wings containing 53 units (studio, efficiency and one-bedroom connecting room units); 12 courtyard homes, 45 Stockton Building apartments, 56 Aldersgate Square apartments, and 120 houses. The main building complex contains the 3 mid-rise residential wings and the following support facilities: Business offices, Piner Hall, Wellness Center, arts and crafts room, bistro, recreational areas, dining rooms, beauty shop, several parlors, kitchens, housekeeping, laundry, and maintenance service areas.

In addition to independent living units and support facilities mentioned above, Arbor Acres also

has licensed beds in two areas of the campus: Strickland Place at Fitzgerald (herein after referred to as the Health Center) and the Asbury Place Building. Arbor Acres is licensed for 189 beds (83 skilled beds and 106 Adult Care Home beds). Support facilities in the Health Center and Asbury Place Building include offices, family rooms, dining rooms, activity areas, physical therapy room, special bathing unit (SPA), and beauty shop.

Arbor Acres operates under the supervision of a Board of Directors responsible for the establishment of operational policy. Daily operation of Arbor Acres is supervised by a President and CEO. Operation of the facility is the immediate responsibility of 11 departments: Marketing/Public Relations, Human Resources, Finance, Resource Development, Environmental Services, Buildings and Grounds, Dining Services, Nursing, Chaplaincy, Wellness Services, and Continuing Care.

Legal Description: Arbor Acres is a corporation chartered by the State of North Carolina.

Identification and Background of Officers, Directors, Management Staff, Owners Including Addresses, and Professional Services

The present Officers and Directors of Arbor Acres, together with the principal business affiliation and address of each, are as follows:

<u>Board of Directors</u>	<u>Principal Business Affiliation, Address</u>
Mr. Bill Hollan Board Chair	Principal and Investment Advisor 300 South Main Street Winston-Salem, NC 27101
Mr. Jack Lauer Treasurer	CFO, Pine Hall Brick Company 3025 Lakeshore Drive Winston-Salem, NC 27106
Ms. LaTanya Afolayan	Vice Chancellor for University Advancement, WSSU PO Box 30316 Winston-Salem, NC 27130
Mr. Montrale Boykin	Interim Dean, WSSU 125 Coyote Crossing Ct. Winston-Salem, NC 27107
Mr. Donald F. Eppert	Resident 1352 Susanna Wesley Drive, #113 Winston-Salem, NC 27104
Ms. Lisa Gfeller	Philanthropist 1225 Glade St. Winston-Salem, NC 27101

Mr. Stewart Holmes	Banker 1939 Greenbrier Rd. Winston-Salem, NC 27104
Ms. Clare Jordan	Non-Profit Consultant 2308 Bitting Road Winston-Salem, NC 27104
Ms. Carroll McCullough	Resident 1244 Arbor Road #B-307 Winston-Salem, NC 27104
Mr. John Ruffin	Realtor 4115 Shattalon Dr. Winston-Salem, NC 27106
Mr. Ricky Shore	Retired Business Owner 480 Carolina Circle Winston-Salem, NC 27104
Mr. Bryan Thompson	Attorney 110 Oakwood Dr., Suite 200 Winston-Salem, NC 27104
Mr. Burton Vance	Managing Director, Equity Research Sales 767 Oaklawn Avenue Winston-Salem, NC 27104
<u>Ex Officio</u> Bishop Ken Carter	Bishop, Western NC Annual Conference The United Methodist Church 450 MLK Jr. Avenue Lakeland, FL 33815
The Rev. Dr. Sam Moore	District Superintendent, Yadkin Valley District The United Methodist Church 1031 Reynolda Road Winston-Salem, NC 27104
Mr. Bill Davis	Resident Council President 1244 Arbor Road Winston-Salem, NC 27104

Arbor Acres is managed on a day-to-day basis by Andrew W. Applegate, President/CEO. Andrew Applegate (License #NC2975) became President/Chief Executive Officer of Arbor Acres United Methodist Retirement Community, Inc. on October 1, 2016. Previously he served as Vice President

and Executive Director of Asbury Solomons, Solomons, Maryland (2003-2016), the Evangelical Lutheran Good Samaritan Society in various communities in Nebraska, Illinois and Florida (1989-2003). Mr. Applegate is a graduate of the University of Nebraska at Lincoln (BA, Education, Health Occupations Specialization), the University of Phoenix (MA, Organizational Management), Southeast Community College (Nursing Home Administration Specialization) and is an alumnus of the Larry Minnix Leadership Academy of LeadingAge.

Shonette Pettiford (Administrator License #3031) graduated from Alamance Community College in 2001 with an Associates Degree in Nursing and later graduated from the University of Phoenix in 2010 with a Bachelor of Science in Nursing. She worked for various long-term care facilities in the triangle as a Director of Nursing and was also employed by UNC hospitals for 23 years working in various ICU settings like the Jaycee Burn Center. In 2018, Shonette completed her training with the state of North Carolina as a Licensed Nursing Home Administrator. She worked for Liberty Health Care from 2018 until 2024. She joined the team at Arbor Acres as Nursing Home Administrator on August 1, 2024.

Arbor Acres has no present intention of purchasing goods, leases or services of an aggregate value of five hundred dollars (\$500.00) or more within any year from any of the persons listed above or any person having a ten percent (10%) or greater interest or beneficial interest in any professional service, firm, association, trust, partnership or corporation which provides goods, leases or services to Arbor Acres; nor is it intended that any of said persons shall provide goods, leases or services to residents of Arbor Acres. In addition, no company has a 10% or greater interest in any person listed. If any resident of Arbor Acres shall obtain any goods, leases or services from any of said persons, it will be because the resident voluntarily elects and chooses to do so, not because the doing of such business is intended by Arbor Acres or is expected of the resident. Arbor Acres does not know the monetary value of such business, if any, as may be transacted between individuals who happen to reside at the facility and firms or businesses owned or partially owned by individuals who happen to serve as officers or directors of the facility, nor does Arbor Acres have any information from which to make an estimate.

Criminal Violation Statement

To the best of the facility's knowledge, based on information furnished to Arbor Acres by each of the persons listed above, none 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 injunction 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 paragraph (3)c of G.S. Section 58-64-20(a)(3)(c) or a similar law in another state.

Location and Description of Physical Property

Arbor Acres is located on an approximately 82-acre site at 1240 Arbor Road in Winston-Salem, North Carolina. On this property are the residential facilities described above in the Narrative Description of the Facility and Its Operation.

Estimated Number of Residents

The number of residents is 601 (as of December 31, 2024) including 47 residents under the Advantage Program.

POLICIES

Admission

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

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

At present Arbor Acres has no insurance criteria affecting admissions. Applicants whose resources are marginal or inadequate to cover their projected residency fees may be encouraged to consider purchase of long-term care insurance as a method of increasing available income once the applicant becomes a resident of a licensed level of care.

Age Requirements: One must be 62 years of age to become a resident of Arbor Acres; provided, that in the case of a married couple, if one spouse is 62, the minimum age for the other spouse is 60.

Changes of Condition of Resident Prior to Occupancy/Refund(s)Applicable/Not Applicable/Time Frame of Refund(s): If between the date of entering into a residency agreement and the date of initial occupancy, an applicant's financial condition changes affecting the applicant's ability to pay expenses associated with residency, the applicant is required to submit a new financial statement. Improvement in the applicant's financial position may alter previous commitments by Arbor Acres to provide financial assistance. A decline in the applicant's capacity to pay the previously agreed upon periodic fees and charges may require reassessment of the applicant's ability to reside at Arbor Acres and whether Arbor Acres is in a position to provide financial assistance. If the applicant is unable to move into Arbor Acres for any reason, the applicant is entitled to an entrance fee refund to the extent of and in accordance with the provisions of the agreement.

Cancellation/Termination - Refund(s) Applicable/Not Applicable/Time Frame of Refund(s): Pursuant to the statute, the party (applicant) contracting with the provider (Arbor Acres) may rescind the contract within thirty (30) days following the later of the execution of the contract or the receipt of a disclosure statement. A resident may terminate residency upon thirty (30) days written notice. Arbor Acres may terminate one's residency if:

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

Termination of residency by Arbor Acres occurs only "as a last resort," when it becomes clear that termination is necessary, and after the resident and/or the resident's responsible party has an opportunity to be heard. On termination of residency any monthly fees paid in advance are prorated and an appropriate refund is made thereof, if any, within sixty (60) days. Provisions relating to entrance fee refunds upon termination of residency are set out in residency agreements as follows. Subject to the statutory refund provisions which apply in the event of rescission of the agreement within thirty (30) days or preclusion, by death, illness, injury, or incapacity, from occupying a unit under the terms of the agreement, then the entrance fee is refundable on a declining basis of two percent (2%) per month for fifty (50) months, with no part of the entrance fee being refundable after a person has resided at Arbor Acres for fifty (50) or more months. The agreements further provide that payment of the refund is to be made from the entrance fee received by Arbor Acres from the next occupant of the unit. The calculation and payment of any refund to a person who has

become a resident is made in the same manner whether termination of residency is voluntary, is at the request of Arbor Acres, or is occasioned by death.

1. If a resident dies before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity a resident would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically cancelled. Arbor Acres will refund entrance fees paid, as stated in the residency agreement, and less any costs paid by Arbor Acres for resident-requested modifications to a living unit. The refund will be provided within thirty (30) days of receipt by Arbor Acres of all billable costs incurred by the resident.
2. In the event of the death of a resident following the occupancy of a living unit, Arbor Acres will refund the entrance fee, less the \$2,500 non-refundable portion as stated in the residency agreement, and under the prorated refund policy of 2% per month for fifty (50) months, with no part of the entrance fee being refundable after fifty (50) or more months of residency. Upon receiving payment of an entrance fee of that living unit, Arbor Acres will refund to the resident or the resident's estate.
3. In the event of a resident's vacating a unit due to moving to a higher level of care, then no refund of the entrance fees paid will be provided unless that move occurs within ninety (90) days of the resident's move-in date, as provided by the stated refund policy.

Moves: Provisions governing moves between levels of living are outlined in the residency agreement. Independent living residential units (such as studios, apartments, houses) may not be made available to a different or new resident except under the following circumstances:

1. If the resident terminates residency at Arbor Acres either voluntarily or at the request of Arbor Acres for cause.
2. If the resident terminates occupancy of the unit by moving to another unit at Arbor Acres, either because of a desire on the part of the resident to move or because of health problems that necessitate a move to another type of unit, such as a studio unit (if the resident resides in a house), Adult Care Home (Assisted Living) or the Health Center.
3. Changing market conditions (specifically, increasing requests for larger apartments and decreasing requests for smaller apartments) make it necessary from time to time for Arbor Acres to convert or combine smaller units. When this must be done, Arbor Acres occasionally finds that it can be accomplished only by having a resident move to another unit to "free up" adjacent units for conversion. Should Arbor Acres find that it must have a resident make such a move, the matter is thoroughly discussed with the resident and the resident is shown the unit to which the resident is to move. Arbor Acres will ready the unit for occupancy, including any refurbishment needed and will assist the residents with the move, all at the expense of the facility.
4. If the resident dies.

In the case of a couple, the death or permanent transfer of one spouse to a different unit does not affect the remaining spouse's right to continue residency in the unit.

In Adult Care Home (Assisted Living) or in the Health Center, Arbor Acres reserves the right to

change one's room from time to time as deemed by Arbor Acres to be necessary or appropriate. Any such changes are made with due regard to the wishes and best interest of the resident as well as Arbor Acres.

Marriages/New Second Occupant: If a resident marries while residing at Arbor Acres, the spouse of the resident is expected to follow the facility's normal admission procedure. Among the basic factors for approval are:

1. Spouse of resident must be at least 60 years of age (i.e., older spouse must be at least 62; younger spouse must be at least 60)
2. Physical condition must be appropriate to the level of care to which the person requests entry and the care required must be within levels of care Arbor Acres provides
3. Behavioral characteristics must be appropriate for group living at Arbor Acres
4. There must be sufficient financial resources to enable the couple to meet financial obligations, or their circumstances must be such as to qualify for financial assistance within Arbor Acres' policies and ability to provide.

If the applying spouse is approved for residency at Arbor Acres and is to live in the same residential unit with the resident, the applicable second person entrance fee will be required. If the applying spouse is to live in a separate unit, an entrance fee is required. Regular monthly (daily in nursing care and assisted living) fees and other charges would be in accordance with Arbor Acres' regular schedule for double occupancy, or individual occupancy, as appropriate.

If the applying spouse should not meet the requirements for residency, the applying spouse would not be able to reside at Arbor Acres. As of the date of this Disclosure Statement, no applying spouse has failed to meet the requirements.

Other than in the case of a spouse, there are no other provisions currently in place to permit occupancy of a unit by a second occupant who was not party to the original residency agreement. If a current resident marries another current resident who moves into the same accommodation as the first resident, then the resident who is vacating his/her unit will be subject to the same refund policy as a resident who is leaving Arbor Acres. That is, the vacating resident receives a prorated refund at the rate of 2% per month for fifty (50) months. For example, if the vacating resident moves in with the first resident after 12 months of residency, then Arbor Acres will retain 24% of the entrance fee and the balance will be refunded. Accordingly, if the vacating resident has lived in his/her residence for more than fifty (50) months, then there will be no refund provided as the entrance fee has finished amortizing. The couple, now residing together in the first resident's accommodation, will begin paying the second person monthly fee for that residence.

Inability to Pay: If a resident should encounter financial difficulty through no fault of his/her own while residing at Arbor Acres, the resident may apply for financial assistance. Arbor Acres has limited financial assistance resources for this purpose. Also, in a number of cases there are guaranty agreements between Arbor Acres and members of a resident's family which make possible the resident's continued residence at the facility. Arbor Acres is unable to guarantee initial or continuing allocations of financial assistance to a resident. As of the date of this Disclosure

Statement, it has not been necessary for Arbor Acres to require termination of residency for financial reasons when the financial difficulty was not a result of decisions made by a resident or resident's representative.

Arbor Acres maintains an Assistance Endowment Fund, the income of which is available to Arbor Acres for the assistance of residents who require financial assistance. As of December 31, 2024, the value of this Endowment Fund was approximately \$21,000,000; and the income from it constitutes one of the several sources of Arbor Acres' annual assistance funds which currently aggregate more than \$1,900,000 a year. The other sources of assistance funds include an annual Mother's Day Offering, and grants from wills, trusts, foundations.

SERVICES

Standard Services Available:

Services provided by Arbor Acres are addressed in resident agreements; for example, agreements for independent living residents specify the following:

1. Maintenance of buildings and grounds, including unit occupied by resident (standard items only)
2. Utilities: heat, air conditioning, electricity, water and sewer; telephone jack, but not personal telephone handset or telephone service (telephone service, including long distance is offered separately for a fee)
3. Basic cable television (not television set) and internet service
4. Emergency call system
5. Recreational, educational, cultural and spiritual life programs
6. Transportation to routine non-emergency medical appointments within Forsyth County (transportation by ambulance not included)
7. Limited in-patient temporary care (see Services Available at Extra Charge, Identified: Temporary in-patient care)
8. Routine nursing assessment, consultation and services available Monday through Friday in the clinic
9. Weekly housekeeping assistance
10. Laundering of bed and bath linens furnished by Arbor Acres
11. Security personnel on duty in the Welcome Center
12. Dining service with meals or a meal allowance is included in the monthly fee
13. Access to Medicare Certified skilled nursing beds based on qualifications for Medicare Coverage after 30 days of Residence at Arbor Acres.

Agreements for residency in other units, such as houses, Adult Care Home (Assisted Living) or Health Care contain a list of services provided for residents in such units. Services currently provided in Adult Care Home (Assisted Living) and Health Care are set out under those headings below. Circumstances under which Arbor Acres' services may be changed, modified or adjusted are set out in the agreement.

Services Available at Extra Charge, Identified

Arbor Acres offers to residents in independent living the support services listed below which are provided on an additional monthly charge basis. These services are designed to assist the independent living residents with one or more activities of daily living. Residents will be allowed to remain in independent living provided their needs can be met adequately within the specific limits of these additional support services and provided the resident continues to meet all criteria for independent living.

These additional support services are available as follows:

1. Laundry: Visit by an Arbor Acres Home Care authorized agency home care staff member to the resident's living unit at a scheduled time to check their clothing and to gather clothes for laundering. Residents' clothing are washed and ironed by the staff member and returned to the resident the same day.
2. Bathing: Residents are scheduled for bathing as needed. Support is provided by a staff member who remains with the resident while he or she takes a bath. Residents are bathed either in their own home or taken to the Spa area in Asbury Place.
3. Transportation: to buildings and locations on or off campus within the city limits of Winston-Salem/Forsyth County, 7 days a week.
4. Meal Delivery
5. Temporary in-patient care: The additional charge for temporary in-patient care is subject to the following exception: There is no additional charge for the first five (5) days of temporary care during any ninety (90) consecutive day period. These five (5) days can be restored only upon completion of ninety (90) consecutive days after discharge from temporary care without returning to and occupying a temporary care bed. Meals are charged from the first day for those residents not on the meal plan. Temporary in-patient care in the Health Center is subject to availability of rooms. In the rare event that a room is not available for in-patient temporary care, Arbor Acres will make every effort to ensure that the resident is provided with appropriate services in their home.
6. Supplies (such as syringes, dressings, etc.) utilized by the clinic nurse in providing the resident routine nursing services.

Other services available at extra charge are:

1. Guest meals: Residents who are not on the meal plan and residents desiring to have guests for meals may purchase meals at the established guest meal rate.
2. Guest accommodations: Available to residents on a first come first serve basis for an additional daily fee.
3. Personal Services: Individual personal services are available to residents at an additional hourly rate.
4. Through Home Care residents may purchase sitter and nursing services.

For schedule of charges applicable at this time for services available at an extra charge.

Adult Care Home (generally referred to as "Assisted Living")

Adult Care Home (Assisted Living) agreements specify the following services provided by Arbor Acres:

1. Nursing supervision (in accordance with regulatory standards; does not include private duty or individual nurse for each resident), prescribed medication administration and limited assistance with activities of daily living
2. Maintenance of buildings and grounds, including all standard equipment in the accommodation
3. Utilities: heat, air conditioning, electricity, water and sewer
4. Basic cable television and internet service
5. Emergency call system, telephone jacks and assistance in emergencies
6. Recreational, educational, cultural and spiritual life programs
7. Transportation to routine non-emergency medical appointments within Forsyth County (transportation by ambulance not included)
8. In-patient infirmary care in the Health Center for a limited number of days
9. Daily housekeeping assistance
10. Laundering of bed and bath linens furnished by Arbor Acres
11. Laundering of personal clothing (washing, drying, folding, not ironing).
12. Security personnel on duty in the Welcome Center
13. Food service (3 meals daily)

Health Services Available

Health Center agreements specify the following services provided by Arbor Acres:

1. Nursing care (in accordance with regulatory standards; does not include private duty or individual nurse for each resident)
2. Maintenance of buildings and grounds, including room occupied by resident
3. Utilities: heat, air conditioning, electricity, water and sewer
4. Basic cable television and Internet access
5. Emergency call system, telephone jacks and assistance in emergencies
6. Recreational, educational, cultural and spiritual life programs
7. Transportation to routine non-emergency medical appointments within Forsyth County (transportation by ambulance, not included)
8. Daily housekeeping assistance
9. Laundering of bed and bath linens furnished by Arbor Acres
10. Laundering of personal clothing (washing, drying and folding, not ironing)
11. Security personnel on duty in the Welcome Center
12. Food service (3 meals daily and routine between meal nourishments). Note:
Administration of physician-prescribed gastric tube feeding included; cost of prescribed food substitutes and supplements not included.
13. Social Work services

Arbor Acres furnishes each Health Center resident a document entitled “Strickland Place & Arborview at Fitzgerald Statement of Services and Related Charges.” The statement currently

reads as follows:

Strickland Place at Fitzgerald of Arbor Acres provides a full range of nursing care and health supportive services for each resident. Strickland Place at Fitzgerald provides for Assisted Living rooms and skilled nursing care, for which the facility is duly licensed by the State of North Carolina. The following rates have been established for admission to and residency in Strickland Place at Fitzgerald. Persons admitted directly to Strickland Place at Fitzgerald without having previously resided at Arbor Acres must pay a \$5,000 non-refundable entrance fee at the time of admission. Charges for the first month of occupancy will be due at the time of admission and will be prorated based on the number of days remaining in the first month of occupancy. Payments for subsequent months will be due in advance at the first of each month. Payments may be made between the first and the tenth of the month.

Residents pay a daily charge for services rendered by both licensed nurses and certified nursing assistants. This daily charge also includes meals and clinical dietetic services, personal laundry service, all utilities (except telephone), housekeeping, maintenance, and access to Arbor Acres program activities and social services. Services rendered at Arbor Acres are not reimbursable under the Medicaid program of the federal government. The restriction on Medicaid participation was imposed by the State of North Carolina as a condition for the construction and licensing of Strickland Place at Fitzgerald. The current room rates are as follows:

Skilled Nursing - \$461.00 per day; Arborview (Dementia care) - \$391.00 per day; and Assisted Living - \$264.00 per day (Studio); \$307.00 per day (one bedroom apartment). Excluded from the daily room rate are charges for pharmacy services, personal medical supplies, personal care products, beauty/barber shop visits, physician services, dental services, podiatry services and services rendered by a licensed therapist as part of an individualized program of rehabilitation. Arbor Acres is a certified Medicare facility, therapy services are covered under Medicare Part A and Part B.

Therapy services are provided under Medicare Part B benefits and there are some limitations. The therapy provider advises residents about the coverage under Medicare and what must be private pay.

Our staff physician schedules weekly appointments in Strickland Place at Fitzgerald and arranges for emergency physician services 24 hours a day. Residents may use the services of our staff physician or may select another personal physician who will come to Arbor Acres on a monthly basis and perform the services required by state licensure. The resident will be fully responsible for all physician services charges which they may incur, including the Medicare deductible and co-payment.

Medical supplies, pharmaceutical services and some personal care products are provided for all residents of Strickland Place at Fitzgerald. Enrollment in these programs will assure maximum efficiency and security in the administration of resident's medications, and availability of needed supplies on a continuous basis. A list of current charges is available upon request. All medications, medical supplies and personal care products will be billed monthly to each resident either by the

facility or the provider of the service.

The maintenance fee (whether stated on a monthly or daily basis) is payable in advance each month; all charges incurred during a month are billed at the end of the month. All fees and charges are normally included in one monthly statement and are payable in full promptly upon receipt of statement. An itemized statement may include medical supplies, oxygen, beauty/barber shop charges, personal care products, guest meals, special activities and guest room or guest house charges. Payment is requested within 10 days. A late payment charge of 1.5% per month, computed from the statement date, will be made on any amount not received within 30 days of the statement date.

Residents are responsible for continuing payment of the daily rate during absences from the facility. This is necessary in order to assure the availability of a bed upon returning. Fees for services during the last month of occupancy will be prorated and any remaining unused days of care will be refunded to the resident or to the resident's estate.

Personal Services Available

Other services available for which there is no additional charge include an optional daily check-in system, check cashing services, package shipping, access to washers/dryers, complete kitchens and sitting areas. Services available through Arbor Acres may be added or deleted from time to time. Charges for services may be adjusted periodically as found necessary by Arbor Acres. Normally such adjustments are made as part of the facility's annual budget preparation process.

Home Care Services Available

Arbor Acres Home Care, LLC (doing business as Fountain Hill Home Care by Arbor Acres) allows residents to age in place at home in familiar and comforting surroundings. The program provides a suite of a la carte, in home services that help residents maintain their highest level of independence possible while receiving the care they need, providing such services as:

- Assistance with grooming, dressing and household chores
- Bathing or other personal hygiene assistance
- Cleaning out closets
- Laundry and linen care
- Shopping
- Sitter services
- Administration of IV medication
- Education about a new medication or help with medication administration
- Wound care
- PICC lines, trachs, feeding tube and port care
- Emergency assistance around the clock

Fountain Hill Home Care by Arbor Acres is not covered by Medicare but may be covered by individual residents' long term care insurance. Rates vary by type of service provided.

FEES

Application/Registration Fee - Refundable/Non-Refundable

Health Care and Assisted Living - Arbor Acres' application fee is \$100.00 (\$200.00 for a couple); it is non-refundable.

Independent Living – Arbor Acres' application fee is \$1,000.00 (\$2,000.00 for a couple); will be applied toward their Entrance Fee; it is non-refundable.

Beginning in 2025, Arbor Acres has offered the opportunity for prospective residents on the waiting list, to join the Ready List. The Ready List is only available to prospective residents who have successfully qualified for residency at Arbor Acres. The purpose of the Ready List is to establish a list of prospective residents who are ready to move into an independent living accommodation. In addition to the normal qualifications required to become a prospective resident on the waiting list, a \$25,000 deposit is required. Ready List prospective residents are provided up to three opportunities to move to campus when selected unit types are offered over an initial three-year period. After the initial three-year period is over, if one or more units have been offered to the Ready List participant, they are automatically removed from the Ready List, with a partial refund. Anyone who receives two or less offers to move in, is offered the option to stay on the Ready List for an additional two years, or request a partial refund. A full refund is available if they have not received any offers in the initial three-year period. The Ready List deposits are applied against the entrance fee of any unit selected.

Entrance Fees

Independent Living - Payment of an Entrance Fee provides the resident with the lifetime use of a residence. If at such time a move may be necessary due to need for a higher level of care, then the residence would be released back to Arbor Acres. At the time the resident makes application for residency at Arbor Acres, the resident will sign a Residency Agreement to reserve the residence selected and will pay the Entrance Fee deposit. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy, to (ii) five days prior to the Occupancy Date stated in the Residency Agreement.

Licensed Areas (Assisted Living and Skilled Nursing): Only residents who move to licensed areas who are not already residents of Arbor Acres pay a one-time entrance fee of \$2,500 to \$5,000. Current residents pay no additional entrance fees when moving from their independent living residences.

Monthly and Daily Fees

Independent Living - Residents pay monthly fees to cover services and amenities, including a declining balance meal plan, weekly housekeeping, linens and towels, cable TV, campus-wide wireless internet, maintenance and personal security devices.

Licensed Areas - Daily fees in assisted living and skilled nursing cover services, including all meals, medication management, laundry service, activities, cable and wireless internet.

Second Person Fees: Independent Living - A second person coming into an independent living residence pays a one-time Entrance Fee of \$10,000, and an additional \$1,231 per month.

Entrance Fees for residential units are refundable, less \$2,500 (\$5,000 if two persons enter under

one residency agreement) and less 2% a month for the first 50 months of residency. Skilled Nursing and Assisted Living entrance fees are non-refundable except as specified in the residency agreement. Monthly fees are non-refundable; however, because fees are paid in advance, fees will be prorated to the last day of occupancy and a refund of the balance paid to a resident in the event of termination of residency.

For Temporary Care stays beyond the five (5) day period, the daily rate is \$461.00.

Home Care rates apply only to those residents living in independent living who have the need for the specific service offered. Through utilization of those services, residents are able to continue living in an independent unit rather than having to move to a higher level of care. Rates are as follows:

Medication Management	\$198.00 per month
Home Care Aid Services	\$ 26.00 - \$30.00 per hour (min. of 4 hours)
CNA Services	\$ 27.00 - \$31.00 per hour

Meal rates for guests and for residents not on the meal plan are priced “a la carte.” Lakeside Dining, The Arbor Room, Asbury Dining, and Fitzgerald/Strickland Dining offer print menus with weekly specials. Pricing information is printed on daily menus.

Guest House/Guest Room rates are:

<u>Guest Room</u> – Studio (includes breakfast)	
1 Person	\$124.00 per night
Each Additional Person	\$ 11.00 per night
<u>Guest Room</u> – 1-Bedroom (includes breakfast)	
1 Person/2 Persons	\$137.00/\$146 per night

<u>Additional Services</u>	<u>Charge</u>
Additional housekeeping services, such as cleaning attics and closets, polishing silver (other than annual cleaning, personal laundry).	\$23.00 per hour
Escort services for medical/dental appointments for residents other than those in licensed areas.	\$11.50 per 15 minutes or \$46 per hour
Services outside those included in the monthly charge, i.e. hanging shelves, putting furniture together, rearranging furniture, non-level-of-care moves (i.e. house to Stockton).	\$52.00 per person, per hour \$13.00 per person, per 15 minutes
Meal Delivery	\$7.75

APARTMENTS

RESIDENCE TYPE	ENTRANCE FEE	MONTHLY FEES
Aldersgate Square Apartments & Balcony		
		<i>Monthly fees include utilities</i>
Two Bedroom 2 Bath DUO (1546sf + 116sf)	\$444,000	\$5,037
Two Bedroom 2 Bath CUSTOM (1615sf + 152sf)	\$464,000	\$5,172
Two Bedroom 2 Bath DELUXE (1767sf + 134sf)	\$507,000	\$5,514
Two Bedroom 2 Bath ALCOVE (1800sf + 116sf)	\$517,000	\$5,564
Two Bedroom 2-1/2 Bath DEN DELUXE (2005sf + 116sf)	\$626,000	\$6,199
Second Resident	\$10,000 additional	\$1,231 additional
Basement Garage Parking	One parking space included for all apartments	

Top floor units include premium features which can add to the base entrance fees listed above.

RESIDENCE TYPE	SQUARE FOOTAGE	ENTRANCE FEE	MONTHLY FEES
Stockton Apartments			
			<i>Monthly fees include utilities</i>
A (One-bedroom, One Bath)	991	\$259,000	\$3,898
B (One-bedroom, One-and-a-half Bath, Den)	1,160	\$303,000	\$4,171
C-1 (Two-bedroom, Two Bath)	1,217	\$318,000	\$4,308
C-2 (Two-bedroom, Two Bath)	1,397	\$365,000	\$4,396
C-3 (Two-bedroom, Two Bath)	1,500	\$392,000	\$4,635
D-1 (Two-bedroom, Two Bath, Den)	1,592	\$416,000	\$4,893
D-2 (Two-bedroom, Two Bath, Den)	1,602	\$418,000	\$4,948
D-3 (Two-bedroom, Two Bath, Den)	1,728	\$451,000	\$5,265
Second Resident		\$10,000 additional	\$1,231 additional
Basement Garage Parking	One parking space included for all apartments		

Premiums			
Ground Floor walk outs (select locations)	\$32,000		
Views and other premium features (select locations)	\$10,000-\$55,000		

Updated: 12/18/2024

HOMES



RESIDENCE TYPE	SQUARE FOOTAGE	ENTRANCE FEE	MONTHLY FEES
Custom Homes <i>(Carports included, additional fees for garages and other premium features.)</i>			<i>Monthly fees do not include all utilities</i>
One-bedroom, One Bath	<1,200	up to \$313,000	\$3,684
Two-bedroom, Two Bath	1,200-1,399	\$313,000-365,000	\$4,017
Two-bedroom, Two Bath	1,400-1,599	\$365,000-417,000	\$4,467
Two-bedroom, Two Bath	1,600-1,799	\$417,000-470,000	\$4,871
Two-bedroom, Two Bath	1,800-1,999	\$470,000-522,000	\$5,260
Two-bedroom, Two Bath	2,000-2,199	\$522,000-574,000	\$5,510
Two-bedroom, Two Bath	>2,200	\$574,000+	\$5,990
Second Resident		\$10,000 additional	\$1,231 additional
Patio Homes			<i>Monthly fees do not include all utilities</i>
Two-bedroom, Two Bath	1,326	\$346,000	\$3,949
Second Resident		\$10,000 additional	\$1,231 additional
Courtyard Homes			<i>Monthly fees do not include all utilities</i>
One-bedroom, One Bath	1,060	\$277,000	\$3,647
Two-bedroom, Two Bath	1,187	\$310,000	\$3,873
Second Resident		\$10,000 additional	\$1,231 additional

The minimum age to enter Arbor Acres is 62.

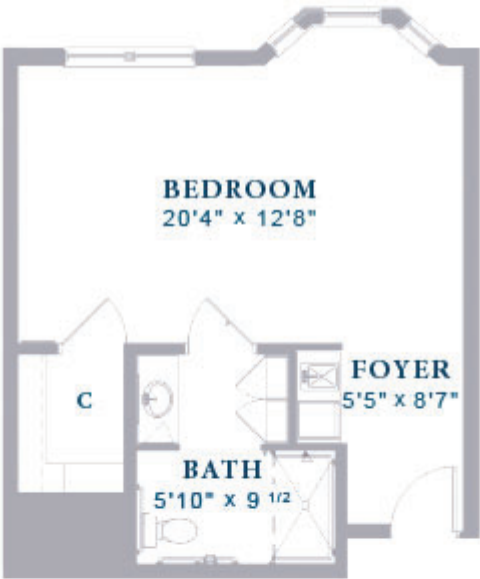
ASBURY PLACE

Assisted Living

For people who benefit from daily support to achieve maximum well-being, Asbury Place, a licensed assisted living facility, delivers a rewarding residential experience. Asbury Place affords residents an independent lifestyle supported through the provision of discrete accessible services. One-bedroom and studio apartments feature

bay windows, kitchenettes, walk-in closets, and beautiful outdoor areas. Residents also benefit from professional nursing oversight, daily assistance from certified professional caregivers, medication administration, and the pleasures of active social engagement, recreation, and fine dining.

RESIDENCE TYPE	ENTRANCE FEE	DAILY FEE
<i>Asbury Place Assisted Living</i>		<i>Daily fee includes meals, laundry and utilities</i>
Studio	\$2,500-5,000	\$264 per day
One-bedroom Apartment	\$5,000	\$307 per day
Two-bedroom Apartment	\$7,500	\$364 per day
Second Person — Assisted Living	\$5,000	\$213 per day





Studio

Bedroom, bath, foyer

-  1 Bedroom
-  1 Bathroom
-  453 square feet

One-Bedroom

Bedroom, bath, kitchenette, living room

-  1 Bedroom
-  1 Bathroom
-  541 square feet



FITZGERALD

Arborview Memory Care

For people who experience significantly compromised cognition, Arborview at Fitzgerald offers comprehensive memory care support and a flexible, attentive, and beautifully orchestrated way of life. Licensed as an assisted living level of care, Arborview features devoted and highly trained employees who enhance fun, alleviate stress, engage the mind, foster community, respect the dignity of, and deliver comfort to residents and their loved ones.

Residents enjoy private rooms and an environment that offers them light, uplifting energy, and beauty that is both enriching and soothing to the senses. Safe and secure outdoor areas serve as seamless extensions of the interior's lovely ambiance.



<i>Arborview Memory Care</i>	Private Room
Entrance Fee	\$5,000
Daily fee includes meals, laundry and utilities	\$391 per day



Strickland Place Skilled Care

Strickland Place at Fitzgerald offers compassion and quality of life to people who daily require the highest level of personal and professional service from certified nursing assistants and registered/licensed professional nurses. Residents enjoy private rooms filled with personal furnishings that reflect their tastes and generate for them an enriching sense of home. Strickland Place delivers a warm, spacious, and comforting environment, resplendent with nature's healing energies, that preserves dignity and provides both hope and peace of mind to residents and their families.

<i>Strickland Place Skilled Care</i>	Private Room
Entrance Fee	\$5,000
Daily fee includes meals, laundry and utilities	\$461 per day

Notification of Fee Increase(s)

Arbor Acres may increase fees or may otherwise adjust periodic charges and fees as determined necessary by the Board of Directors in order to maintain the desired quality of service and to operate Arbor Acres on a fiscally sound, non-profit basis. Proposed adjustments in charges and fees are normally made if, and to the extent, found necessary in the course of preparing an annual budget; then, upon approval by the Board of Directors, are implemented at the beginning of the upcoming fiscal year.

Changes in Fees for the Previous Five Years

A five-year history of adjustments in Arbor Acres' most common room fees are reflected on the following page.

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
FIVE YEAR HISTORY OF ROOM FEES

	2021				2022				2023				2024				2025				Five Year History	
Occupancy Classification	% Change	CHG FROM RATE	% PREVIOUS	% Change	CHG FROM RATE	% PREVIOUS	% Change	CHG FROM RATE	% PREVIOUS	% Change	CHG FROM RATE	% PREVIOUS	% Change	CHG FROM RATE	% PREVIOUS	% Change	CHG FROM RATE	% PREVIOUS	% Change	AVG \$ Change	AVG % Change	
Studio		\$ 1,889	\$ 19	1.0%	\$ 1,927	\$ 38	2.0%	\$ 2,023	\$ 96	5.0%	\$ 2,144	\$ 121	6.0%	\$ 2,273	\$ 129	6.0%	\$ 2,355	\$ 133	6.0%	\$ 77	4.0%	
Studio Efficiency		1,957	19	1.0%	1,996	39	2.0%	2,096	100	5.0%	2,222	126	6.0%	2,355	133	6.0%	2,481	140	6.0%	\$ 80	4.0%	
Connecting room Suite		2,755	27	1.0%	2,810	55	2.0%	2,951	141	5.0%	3,128	177	6.0%	3,316	188	6.0%	3,504	199	6.0%	\$ 112	4.0%	
Corpening -one bedroom apartment		2,808	28	1.0%	2,892	84	3.0%	3,037	145	5.0%	3,219	182	6.0%	3,412	193	6.0%	3,605	204	6.0%	\$ 121	4.2%	
One Bedroom Bayberry Courtyard Home		2,986	81	2.9%	3,091	105	3.5%	3,246	155	5.0%	3,441	195	6.0%	3,647	206	6.0%	3,853	217	6.0%	\$ 132	4.7%	
Two Bedroom Bayberry Courtyard Home		3,172	86	2.9%	3,283	111	3.5%	3,447	164	5.0%	3,654	207	6.0%	3,873	219	6.0%	4,092	230	6.0%	\$ 140	4.7%	
House, residency began prior to 12/31/23:																						
One Bedroom House		2,594	71	2.9%	2,685	91	3.5%	2,846	161	6.0%	3,017	171	6.0%	3,198	181	6.0%	3,379	191	6.0%	\$ 121	4.9%	
Two Bedroom House less than 1400 sf		3,187	87	2.9%	3,299	112	3.5%	3,497	198	6.0%	3,707	210	6.0%	3,929	222	6.0%	4,152	234	6.0%	\$ 148	4.9%	
Two Bedroom House 1400 sf to 1599 sf)		3,412	93	2.9%	3,531	119	3.5%	3,743	212	6.0%	3,968	225	6.0%	4,206	238	6.0%	4,445	250	6.0%	\$ 159	4.9%	
Two Bedroom House 1600 sf to 1799 sf)		3,822	104	2.9%	3,956	134	3.5%	4,193	237	6.0%	4,445	252	6.0%	4,712	267	6.0%	4,984	281	6.0%	\$ 178	4.9%	
Two Bedroom House 1800 sf to 1999 sf)		4,267	116	2.9%	4,416	149	3.5%	4,681	265	6.0%	4,962	281	6.0%	5,260	298	6.0%	5,568	315	6.0%	\$ 199	4.9%	
Two Bedroom House 2000 sf to 2199 sf)		4,512	123	2.9%	4,670	158	3.5%	4,904	234	5.0%	5,198	294	6.0%	5,510	312	6.0%	5,822	330	6.0%	\$ 200	4.7%	
Two Bedroom House over 2200 sf		4,905	134	2.9%	5,077	172	3.5%	5,331	254	5.0%	5,651	320	6.0%	5,990	339	6.0%	6,329	358	6.0%	\$ 217	4.7%	
House, residency began after 12/31/23:																						
One Bedroom House											3,475			3,684	209	6.0%	3,893	220	6.0%	n/a	n/a	
Two Bedroom House less than 1400 sf											3,790			4,017	227	6.0%	4,244	238	6.0%	n/a	n/a	
Two Bedroom House 1400 sf to 1599 sf)											4,214			4,467	253	6.0%	4,720	264	6.0%	n/a	n/a	
Two Bedroom House 1600 sf to 1799 sf)											4,595			4,871	276	6.0%	5,147	287	6.0%	n/a	n/a	
Two Bedroom House 1800 sf to 1999 sf)											4,962			5,260	298	6.0%	5,568	315	6.0%	n/a	n/a	
Two Bedroom House 2000 sf to 2199 sf)											5,198			5,510	312	6.0%	5,822	330	6.0%	n/a	n/a	
Two Bedroom House over 2200 sf											5,651			5,990	339	6.0%	6,329	358	6.0%	n/a	n/a	
Stockton Residents, residency began prior to 12/31/23:																						
Stockton Apartment - 991 sf		2,747	75	2.9%	2,857	110	4.0%	3,057	200	7.0%	3,240	183	6.0%	3,434	194	6.0%	3,628	205	6.0%	\$ 137	5.2%	
Stockton Apartment - 1,160 sf		3,040	83	2.9%	3,162	122	4.0%	3,383	221	7.0%	3,586	203	6.0%	3,801	215	6.0%	4,016	226	6.0%	\$ 152	5.2%	
Stockton Apartment - 1,217 sf		3,229	88	2.9%	3,358	129	4.0%	3,593	235	7.0%	3,809	216	6.0%	4,038	229	6.0%	4,263	241	6.0%	\$ 162	5.2%	
Stockton Apartment - 1,397 sf		3,425	93	2.9%	3,562	137	4.0%	3,811	249	7.0%	4,040	229	6.0%	4,282	242	6.0%	4,524	254	6.0%	\$ 171	5.2%	
Stockton Apartment - 1,500 sf		3,621	99	2.9%	3,766	145	4.0%	4,030	264	7.0%	4,272	242	6.0%	4,528	256	6.0%	4,784	268	6.0%	\$ 181	5.2%	
Stockton Apartment - 1,592 sf		3,913	107	2.9%	4,070	157	4.0%	4,355	285	7.0%	4,616	261	6.0%	4,893	277	6.0%	5,169	289	6.0%	\$ 196	5.2%	
Stockton Apartment - 1,602 sf		3,958	108	2.9%	4,116	158	4.0%	4,404	288	7.0%	4,668	264	6.0%	4,948	280	6.0%	5,224	292	6.0%	\$ 198	5.2%	
Stockton Apartment - 1,728 sf		4,211	115	2.9%	4,379	168	4.0%	4,686	307	7.0%	4,967	281	6.0%	5,265	298	6.0%	5,563	314	6.0%	\$ 211	5.2%	
Stockton Residents, residency began after 12/31/23:																						
Stockton Apartment - 991 sf											3,677			3,898	221	6.0%	4,119	232	6.0%	n/a	n/a	
Stockton Apartment - 1,160 sf											3,935			4,171	236	6.0%	4,407	247	6.0%	n/a	n/a	
Stockton Apartment - 1,217 sf											4,064			4,308	244	6.0%	4,544	255	6.0%	n/a	n/a	
Stockton Apartment - 1,397 sf											4,147			4,396	249	6.0%	4,642	260	6.0%	n/a	n/a	
Stockton Apartment - 1,500 sf											4,373			4,635	262	6.0%	4,897	273	6.0%	n/a	n/a	
Stockton Apartment - 1,592 sf											4,616			4,893	277	6.0%	5,169	289	6.0%	n/a	n/a	
Stockton Apartment - 1,602 sf											4,668			4,948	280	6.0%	5,224	292	6.0%	n/a	n/a	
Stockton Apartment - 1,728 sf											4,967			5,265	298	6.0%	5,563	314	6.0%	n/a	n/a	
Opening - 2023, Residency began prior to 12/31/23:																						
Aldersgate Square Apt - 1546 sf								4,333		4,593	260	6.0%	4,869	276	6.0%	n/a	n/a					
Aldersgate Square Apt - 1615 sf								4,527		4,799	272	6.0%	5,087	288	6.0%	n/a	n/a					
Aldersgate Square Apt - 1767 sf								4,908		5,202	294	6.0%	5,514	312	6.0%	n/a	n/a					
Aldersgate Square Apt - 1800 sf								4,952		5,249	297	6.0%	5,564	315	6.0%	n/a	n/a					
Aldersgate Square Apt - 2005 sf								5,517		5,848	331	6.0%	6,199	351	6.0%	n/a	n/a					
Opening - 2023, Residency began after 12/31/23:																						
Aldersgate Square Apt - 1546 sf										4,752			5,037	285	6.0%	n/a	n/a					
Aldersgate Square Apt - 1615 sf										4,879			5,172	293	6.0%	n/a	n/a					
Aldersgate Square Apt - 1767 sf										5,202			5,514	312	6.0%	n/a	n/a					
Aldersgate Square Apt - 1800 sf										5,249			5,564	315	6.0%	n/a	n/a					
Aldersgate Square Apt - 2005 sf										5,848			6,199	351	6.0%	n/a	n/a					
Assisted Living-Studio		213	6	3.0%	222	9	4.2%	233	11	5.0%	247	14	6.0%	264	17	6.9%	281	19	7.2%	\$ 10	5.0%	
Assisted Living-one Bedroom		248	7	3.0%	258	10	4.0%	271	13	5.0%	287	16	5.9%	307	20	7.0%	327	23	7.2%	\$ 12	5.0%	
Assisted Living - MemoryCare Unit		318	-	0.0%	328	10	3.1%	344	16	4.9%	365	21	6.1%	391	26	7.1%	418	31	7.7%	\$ 15	4.3%	
Skilled - Private		351	10	3.0%	376	25	7.1%	395	19	5.1%	427	32	8.1%	461	34	8.0%	495	36	7.8%	\$ 22	6.3%	

NOTE: The above rates are based upon one person occupancy in all residential type units. Our overall rate structure also provides for two-person occupancy in all types of independent living residential units. The rate structure also includes meals for all independent living residents. Residents can elect a monthly \$394, \$197, or \$0 meal plan on an annual basis. All rates shown are monthly rates except Skilled Nursing and Assisted Living rates which are daily rates.

All rates are adjusted annually and are effective January 1st of each respective year. No rates have been adjusted other than annually for any year presented.

Arbor Acres

The Advantage Program

Arbor Acres offers a Residency option to those who may not want to physically reside on our campus. This program is called “The Advantage Program.” The Resident can continue to live in his/her current home but have access to Arbor Acres’ Assisted Living, Skilled Nursing and other health care programs. The Advantage Program is offered to residents of Forsyth County, NC and surrounding counties in convenient proximity to Arbor Acres.

This residency status allows one to become a Resident of Arbor Acres with access to the campus amenities, and ensures access to future health care services as needed, while remaining in his/her current home and retaining his/her position on our waiting list for a potential future move to our campus at a later date. Residents who join The Advantage Program may also move into Arbor Acres if they so choose. Once one becomes a Resident of Arbor Acres, whether living on campus or through the Advantage Program, he/she has equal access to all common areas of campus, equal standing as members of the Residents Association and equal access to Arbor Acres’ health care facilities.

POLICIES

Admission

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

Financial and Insurance Criteria: To be accepted as a resident of The Advantage Program and in order for residency to continue, an applicant must agree to pay the entrance fee and monthly fees

and charges associated with The Advantage Program. Arbor Acres requires applicants to provide a financial statement. Applicants with inadequate financial resources to carry them through their projected life expectancy are nevertheless considered for admission if family members provide guaranties of payment or if the applicant qualifies for financial assistance within the limit of Arbor Acres' ability to provide such assistance. Residents whose resources are depleted during residency may remain as residents under the following circumstances: If members of resident's family or other interested parties provide guaranties of payment acceptable to Arbor Acres; or if the Arbor Acres' financial assistance resources are such as to enable the facility to provide the amounts needed. Residents whose financial resources are diverted to other persons or causes, thereby creating a financial need, are not eligible for consideration for financial assistance.

At present Arbor Acres has no insurance criteria affecting admissions. Applicants whose resources are marginal or inadequate to cover their projected residency fees may be encouraged to consider purchase of long-term care insurance as a method of increasing available income once the applicant becomes a resident of a licensed level of care.

Age Requirements: One must be 62 years of age to become a resident of The Advantage Program. In the case of a married couple, if one spouse is 62, the minimum age for the other spouse is 60.

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

Cancellation/Termination - Refund(s) Applicable/Not Applicable/Time Frame of Refund(s): Pursuant to the statute, the party (applicant) contracting with the provider (Arbor Acres) may rescind the contract within thirty (30) days following the later of the execution of the contract or the receipt of a disclosure statement. A resident may terminate residency upon thirty (30) days written notice. Arbor Acres may terminate one's residency if:

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

Termination of residency by Arbor Acres occurs only "as a last resort," when it becomes clear that termination is necessary, and after the resident and/or the resident's responsible party has an

opportunity to be heard. On termination of residency any monthly fees paid in advance are prorated and any appropriate refund is made thereof within sixty (60) days. Provisions relating to entrance fee refunds upon termination of residency are set out in residency agreements. Subject to the statutory refund provisions which apply in the event of rescission of the agreement within thirty (30) days or preclusion, by death, illness, injury, or incapacity, from occupying a unit under the terms of the agreement, then the entrance fee is refundable on a declining basis of two percent (2%) per month for fifty (50) months, with no part of the entrance fee being refundable after a person has participated in The Advantage Program with Arbor Acres for fifty (50) or more months. The calculation and payment of any refund to a person who has become a resident is made in the same manner whether termination of residency is voluntary, is at the request of Arbor Acres, or is occasioned by death.

1. If a resident dies while a participant in The Advantage Program or before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity a resident would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically cancelled. Arbor Acres will refund entrance fees paid, as stated in the residency agreement. The refund will be provided within thirty (30) days of receipt by Arbor Acres of all billable costs incurred by the resident.
2. In the event of the death of a resident as a participant of The Advantage Program, Arbor Acres will refund the entrance fee, less the \$1,000 non-refundable portion as stated in the residency agreement, and under the prorated refund policy of 2% per month for fifty (50) months, with no part of the entrance fee being refundable after fifty (50) or more months or residency. Upon receiving payment of an entrance fee in The Advantage Program, Arbor Acres will refund to the resident or the resident's estate.
3. In the event of a resident vacating a unit due to moving to a higher level of care, then no refund of the entrance fees paid will be provided unless that move occurs within ninety (90) days of the resident's physical move-in date, as provided by the stated refund policy.
4. Entrance fees paid to Arbor Acres under The Advantage Program will be counted toward any future entrance fee payable to Arbor Acres for a residence should the Advantage Program participant elect to move into the physical campus.

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

SERVICES

Standard Services Available:

Services provided by Arbor Acres while participating in The Advantage Program are addressed in resident agreements. An overview of the benefits is listed below:

1. An annual health and wellness assessment.
2. Access to recreational, educational, cultural and spiritual life programs.
3. Limited in-patient temporary care in Arbor Acres skilled nursing facility. Arbor Acres Nursing and Continuing Care staff will assist with admission to and discharge from Arbor Acres' licensed facilities, including skilled nursing and assisted living. Residents pay the standard per diem for residency beginning on the day of admission.
4. Arbor Acres fitness center – complete access to our fitness center, consultation with our wellness staff, a variety of exercise and wellness classes and development of a personal health and fitness plan.
5. Arbor Acres dining and catering facilities – No monthly fee required. Each member pays only for any food purchased.
6. Nursing consultation in our onsite medical clinic – At no additional charge, residents may visit the Clinic as needed and receive support and guidance over the phone as well.
7. Support and guidance during a health care crisis. Arbor Acres Continuing Care staff is available when needed for consultation and assistance with navigating the broader health care system.
8. Coordination of and access to Licensed Home Care services in the resident's home. Residents pay prevailing rates for these services.

FEES

Application/Registration Fee - Refundable/Non-Refundable

Arbor Acres' application fee is \$1,000.00 will be applied toward their Entrance Fee; it is non-refundable.

Entrance Fees

The Advantage Program entrance fee is \$12,500 per resident. On the day of execution of The Advantage Program Residency Agreement, \$1,000 of the single residency fee becomes nonrefundable. The balance amortizes at a rate of 2% per month until the total amount paid becomes fully nonrefundable. The entire amount of the entrance fee paid may be applied to the amount of any future entrance fee payable to Arbor Acres in the event The Advantage Program resident elects to physically move to Arbor Acres campus.

Monthly Fees

The monthly fee per resident is \$400.00. This covers costs associated with utilization of programs, services, facilities and amenities, support staff and dining. It does not include the cost of any meals.

FINANCIAL INFORMATION

Financial Overview Statement

Arbor Acres has relied upon gifts, pledges and bequests, and upon funds received from entrance fees to cover most of the cost of construction, equipment, land improvements, other extraordinary expenses, debt amortization and accumulation of reserve funds. Secondly, Arbor Acres generally relies upon periodic fees and charges from residents to support the cash requirements for operations.

On June 10, 2010 Arbor Acres obtained a tax-exempt bond issue (series 2010 Bonds) in the form of a Bank Qualified loan to be withdrawn as needed up to \$28,875,000. The Bank Qualified loan was issued for the purpose of new construction of 8,500 square feet, 12-bed addition to Arborview (Dementia Care) and for new construction of an 117,000 square feet Assisted Living Building to contain 72 beds, new kitchen and dining areas, a new Physical Therapy space and a new Community Life space for programming. The series 2010 Bonds consist of variable rate tax exempt bonds, with a fixed interest rate swap at 3.333% per annum. Principal and interest is payable monthly with a final maturity date of January 1, 2038.

In June, 2015, Arbor Acres entered into a construction loan agreement with a commercial bank to provide financing for the renovation of the skilled nursing facility, Strickland Place at Fitzgerald. In 2019 the construction loan was refinanced and an additional \$1,000,000 was drawn to finance construction of a new bistro dining space in independent living. The 2019 Bank Loan consists of a \$8,450,000 taxable loan amortized over 15 years with a maturity date of September 15, 2034. Interest is payable monthly at a variable rate of 1.15% over the 30 day LIBOR, and reset monthly with a fixed rate swap with a rate of 2.865%. Principal and interest are payable monthly. On July 27, 2021 Arbor Acres converted this taxable loan to a tax-exempt bond, the Series 2021 A-3 bonds. The bonds carry a variable rate of 79% of one month SOFR plus 1.027%.

In December 2016, \$13,159,000 of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Arbor Acres Methodist Retirement Community) Series 2016 (the “Series 2016 Bonds”) were issued to refund the outstanding North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Arbor Acres Methodist Retirement Community) Series 2007 (the “Series 2007 Bonds”). The Series 2016 Bonds consist of variable rate tax-exempt bonds, with a fixed interest rate swap at 2.914% per annum. Principal and interest on the Series 2016 Bonds is payable monthly with a final maturity of January 1, 2031.

In July 2021, the Series 2021 A-1 and A-2 Health Care Facilities First Mortgage Revenue Bonds were issued for a total amount available up to \$55,000,000 for the construction of new independent living apartments on the existing campus at Arbor Acres. The project, Aldersgate Square, was completed in 2023. The Series A-1 Bonds (\$33m) provide for a 30 year amortization period, with interest only through September 2024. The Series A-2 Bonds (\$22m) were repaid with initial entrance fees collected on Aldersgate Square in 2023.

The Series A-1 Bonds carry a variable interest rate of 79% of SOFR plus 1.027%. At December 31, 2024 \$22,712,000 of the \$32,712,000 outstanding carried an interest rate swap that fixed the interest rate at 2.205%.

As required by G.S. 58-64-30, a comparison of Actual Results with Forecasted Projections as of December 31, 2023 follows the financial section of this Disclosure Statement.

Reserves, Escrow and Trusts

As of the end of 2024, Arbor Acres had unrestricted cash and investments of \$32,463,480, investments funding operating reserves of \$9,679,520, and restricted cash and investments for purposes other than financial assistance of \$773,108. The restricted investment includes a \$500,000 endowment, the income from which helps support the operating expense of a swimming pool and spendable restricted funds to support a number of smaller ongoing projects on campus.

The facility expects to have a reserve requirement of \$10,792,000 based on the 2025 Forecast. The building of these reserves will continue in future years and will be accomplished primarily through the receipt of entrance fees, contributions, and bequests from wills and trusts. These projections show the achievement of an increasing operating reserve fund (projected at \$12,314,000 at December 31, 2029) which will enable Arbor Acres to maintain the reserve requirements of G.S. 58-64-33 during the period of this forecast. The achievement of this reserve requirement is predicated upon Arbor Acres being subject to the 25% reserve requirement based upon the facility's anticipated occupancy of units exceeding 90%. The facility's occupancy is projected to be approximately 94% for independent living units during this five-year period.

In addition to the investments discussed above, Arbor Acres had \$21,025,872 of financial assistance funds in place at the end of 2024. Of that amount, \$20,989,645 constituted the Assistance Endowment Fund; the balance constituted funds available for assistance to residents. These are funds which are used to provide charitable assistance to residents who otherwise would not be able to afford residency at Arbor Acres.

Investments of funds are currently managed by an investment advisor, Bank of America. These funds are invested in separate accounts each consisting of a variety of funds including US equities, International equities, Fixed income bond funds, a Real Estate Fund and alternative funds. Investment fund accounts specifically for Assistance Endowment resources are segregated from non-financial assistance amounts. Future investment strategies will depend upon future investment opportunities and market conditions. Additional fund accounts include the operating reserve fund. Investment strategies will be reviewed continuously, and as the amount of money available for long-term investment changes, the diversity of investment vehicles utilized by the facility is likely to change.

Overall policies and decisions relative to the magnitude of reserve funds and the investment of reserve funds and financial assistance funds are under the direction of the Investment Committee of the Board of Directors. In 2022, Arbor Acres engaged Bank of America, to act as its

Investment Manager. As the Investment Manager, Bank of America has the authority to exercise security trades as established by the Investment Policy parameters. Within the parameters of these policies, specific investment decisions may be authorized by the Investment Committee and are executed by the Chief Financial Officer. All Investment Committee positions are held by board members and other community volunteers approved by the Board of Directors. David W. Matthews, Chief Financial Officer, is the only individual in the direct employment of Arbor Acres who is included in this investment authorization process. Mr. Matthews holds a Bachelor of Science degree in Accounting from The University of North Carolina at Charlotte (1995). Mr. Matthews is a Certified Public Accountant licensed in North Carolina (1999). His experience includes 17 years in public accounting, serving as a Senior Manager with a national accounting firm and ten years working in the hospitality and senior living industries as Controller and CFO.

An Escrow Agreement has been established for administering entrance fee receipts to the extent and as required by applicable statutes. A copy of the Escrow Agreement follows the financial section of this Disclosure Statement.

Facility Development/Expansion

The Board of Directors in 2019 approved a Core Facilities renovation plan that calls for independent living expansion and replacements of aging structures.

On May 1, 2023, Arbor Acres completed an Independent Living expansion on its current campus with the addition of two hybrid villa apartment buildings, adding a total of 56 new units. The project feature connectivity to the existing independent living common areas, including dining venues and meeting spaces. The steel and concrete apartment buildings include covered parking on the ground floor with apartments above, with unit sizes ranging from 1546 to 2005 square feet. Amenities include indoor and outdoor gathering areas, and two elevators in each building. SFCS Architects produced all architectural plans and drawings related to the project.

Arbor Acres continues to invest in its facilities to improve their appearance, functionality, and marketability. Occasionally, older houses that prove difficult or too costly to renovate are removed and replaced with new construction. Likewise, aging apartment buildings are constantly under renovation in order to improve the livability and marketability of smaller residential offerings. The eventual renovation and/or replacement of these aging structures remains part of the strategic master facilities plan, though no specific plans are in place to advance these initiatives in the foreseeable future, Arbor Acres has stopped marketing the oldest apartment buildings on campus to allow for the natural attrition of those units.

As part of strategic initiatives and recent expansion efforts, Management plans to vacate all available Independent Living Apartments in the existing McPherson and Womble buildings. Prior to January 2025, Management had already vacated 22 Independent Living Apartments in the McPherson and Womble buildings.

Completion of Annual Disclosure Statement Filing Supplement

An Annual Disclosure Statement Filing Supplement was completed and included with Arbor Acres' 2025 disclosure filing to the North Carolina Department of Insurance.

OTHER MATERIAL INFORMATION, AS APPLICABLE

Arbor Acres is not the subject of any existing bankruptcy filing, receivership, liquidation or the like. The facility has historically been exempt from property taxes and remains exempt under current statute which bases the degree of exemption upon the amount of charity care and community benefit provided by the facility.

STATEMENT OF RELATIONSHIP

ATTACHMENT I

Current Audited Financial Statements

Arbor Acres operates on a fiscal year which coincides with the calendar year and the financial records of the facility have been audited annually. Arbor Acres selected Forvis Mazars, LLP, as its independent auditor for fiscal year beginning January 1, 2004 and anticipates continuing this relationship through at least 2025. Audited figures for 2024 are included in the financial section of this Disclosure Statement.

ATTACHMENT 2

Five Year Projection Statements

Five year projections are included in the financial section of the Disclosure Statement.

ATTACHMENT 3

Escrow Agreement

An Escrow Agreement has been established for administering entrance fee receipts to the extent and as required by applicable statutes.

ATTACHMENT 4

Resident's Agreements/Contracts

Copies of standard resident agreements for each level of care available in the facility are inserted in the back of the Disclosure Statement and were filed with the Disclosure Statement submitted annually to the North Carolina Department of Insurance.

STATEMENT OF RELATIONSHIP

THIS STATEMENT OF RELATIONSHIP is made and effective as of the day of August 28, 2018 by and between the Western North Carolina Annual Conference of the United Methodist Church (the "Conference") and Arbor Acres United Methodist Retirement Community, Inc., a nonprofit corporation organized and existing under the laws of the State of North Carolina (the "Affiliated Organization").

PRELIMINARY STATEMENT

The Conference is one of the annual conferences of The United Methodist Church. The term "The United Methodist Church" refers to the overall denomination and connectional relation and identity between its many local churches, the various conferences and their respective councils, boards and agencies, and other church units, which collectively constitute the religious system known as United Methodism. Under the Constitution and disciplinary procedures set forth in *The Book of Discipline of The United Methodist Church* (the "*Discipline*"), "The United Methodist Church" as a denominational whole is not an entity, nor does it possess legal capacities and attributes. It does not and cannot hold title to property, nor does it have any officer, agent, employee, office or location. Conferences, councils, boards, agencies, local churches and other units bearing the name "United Methodist" are, for the most part, legal entities capable of suing and being sued and possessed of legal capacities.

The connectional structure of the Church is maintained through the conferences. Each of the Annual Conferences (of which the Conference is one) is composed of an equal number of ministers and lay members elected by the local churches. In turn, there is one General Conference, composed of an equal number of ministers and lay members elected by the Annual Conferences. The *Discipline* is the book of law of the Church. The *Discipline* is the product of more than 200 years of the General Conferences of the denominations which now form the Church. Each General Conference amends, perfects, clarifies, and adds its own contribution to the *Discipline*. The *Discipline* reflects what is expected of its laity and clergy as they seek to be effective witnesses in the world as a part of the whole Body of Christ. (See paragraph 114 of the 1992 *Discipline*). The relationship set forth in this Statement of Relationship is solely and exclusively between the Conference and the Affiliated Organization.

United Methodists give high priority to helping and healing ministries as a vital part of their Christian mission. In the United States alone, there are hundreds of helping and healing programs related to local churches, and there are also hundreds of institutional ministries of which the Affiliated Organization is one. United Methodists recognize the importance of operating, maintaining and protecting those institutional ministries as a vital means of carrying out the Christian mission of United Methodism. The health and welfare ministries embraced within this mission include services in the areas of child care, aging, health care and handicapping conditions.

United Methodists, the Conference and the various institutional ministries share a common interest that health and welfare ministries bearing the name United Methodist shall be demonstrably caring, quality missions of Christian service that operate in a manner consistent with the Social Principles and other pertinent provisions of the *Discipline*.

The Affiliated Organization is one of the health and welfare ministries of United Methodism within the boundaries of and affiliated with the Conference. The Affiliated organization was organized with the encouragement and approval of the Conference by individuals members of the Church who were committed to the belief that the Affiliated Organization was needed to perform the ministry set forth in its charter (the "Ministry"). The Conference and the Affiliated Organization continue in that belief. The Ministry is among the Christian missions of United Methodism and of the Conference.

The purpose of this Statement of Relationship is to set forth an accurate statement of the relationship between the Conference and the Affiliated Organization.

NOW, THEREFORE, the Conference covenants and agrees with the Affiliated Organization and the Affiliated Organization covenants and agrees with the Conference that this Statement of Relationship, including the foregoing Preliminary Statement, is an accurate statement of the relationship between the Conference and the Affiliated Organization.

COVENANTS

1. Although the Conference and the Affiliated Organization share a common interest in carrying out the Christian mission of United Methodism and in the purposes of the Ministry of the Affiliated Organization, the Conference and the Affiliated Organization are separate, self-governing and independent. Neither is owned by the other nor is either the partner or agent of the other. The sole purpose of each of the parties in affiliating with the other as herein set out is that each believes this affiliation with the other is mutually beneficial to parties in the performance of their respective missions of Christian service. The parties hereto agree that under this affiliation:

- a) The members of the governing board of the Affiliated Organization shall be confirmed, elected and/or selected by the Conference, subject to the articles of incorporation and bylaws, present and future, as amended from time to time, of the Affiliated Organization. The governing board of the Affiliated Organization includes among its members both United Methodist ministers and laity within the Conference, and may include other persons as provided in its charter or bylaws.
- b) The Conference provides: (i) encouragement and support, including financial support to the extent deemed appropriate and feasible by the Conference; (ii) opportunities for the interchange of information and ideas among persons and institutions performing similar work and for the development of the Ministry goals and criteria; (iii) authorization for the Affiliated Organization to identify itself as an organization affiliated with the Conference; and (iv) an opportunity for the Affiliated Organization to report on the Ministry to each regular session of the Conference.
- c) The Affiliated Organization undertakes: (1) to fulfill its mission of Christian service in a manner that is consistent with the Social Principles and other pertinent provisions of the *Discipline*, and acceptable to those whom it would serve and to members of the Church in the Conference; and (ii) to the extent it deems appropriate, to utilize services of the Conference and the Church available to the Affiliated Organization in performing its Ministry.

- d) The Affiliated Organization, desirous of gaining maximum benefit from its affiliation with the Conference and to satisfy the Conference that it continues to operate in a manner worthy of a United Methodist ministry, will continue to provide to the Conference such of the following as may be requested or desired by the Conference: (i) information that may be of interest to other similar ministries; (ii) copies of regular operational and financial reports; and (iii) other information regarding plans, services and ministries of the Affiliated Organization.
2. The Conference is not contractually or legally committed to provide any particular level or amount of financial support to the Affiliated Organization. Any support that the Conference does or may provide to the Affiliated Organization is, and shall be, voluntary, as determined, from time to time, solely by the Conference. The Conference has no authority to require the Affiliated Organization to assume any contractual, financial or other obligation; nor may the Conference accept or assume any such obligation in the name of the Affiliated Organization. Similarly, the Affiliated Organization has no authority to accept or assume any such obligation in the name of the Conference. Both agree that the Conference shall have no obligation or responsibility for or with respect to any contract, commitment or liability of the Affiliated Organization.
3. Church-wide solicitations (that is, solicitations addressed to the general membership of a local church) within or through local United Methodist churches of the Conference are not to be made by the Affiliated Organization except as heretofore or hereafter approved by the Conference or the resident bishop. Other solicitations, such as solicitations of individuals and entities, whether or not church members or church-related, are matters between the Affiliated Organization and the parties solicited and do not require the approval of the Conference.
4. If the affiliation between the Conference and the Affiliated Organization should at any time become unacceptable to them, or to one of them, they or either of them may sever the affiliation between them and thereafter operate entirely independently of the other. If action to sever the relationship is taken by one party only, that party shall give prompt written notice of the severance of the relationship to the other party.
5. In the event of the dissolution of the Affiliated Organization, its assets may be conveyed to the Conference or as otherwise provided in the articles of incorporation, as amended from time to time, of the Affiliated Organization.
6. This Statement of Relationship shall be subject to review and amendment at such times and in such manner as may be mutually agreeable to the Conference and the Affiliated Organization.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Statement of Relationship to be executed in its name on the date set opposite its name below.

CONFERENCE:

WESTERN NORTH CAROLINA ANNUAL
CONFERENCE OF THE UNITED METHODIST
CHURCH

By: 

Name: Dr. R. Mark King

Title: Treasurer, Western North Carolina

Conference of The United Methodist Church

AFFILIATED ORGANIZATION:

ARBOR ACRES UNITED METHODIST
RETIREMENT COMMUNITY, INC.

By: 

Name: Andrew W. Applegate


Title: President/CEO



Arbor Acres United Methodist Retirement Community, Inc. and Affiliates

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

December 31, 2024 and 2023



Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Winston-Salem, North Carolina

Opinion

We have audited the consolidated financial statements of Arbor Acres United Methodist Retirement Community, Inc. and Affiliates (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position of the individual companies and are not a required part of the basic consolidated financial statements for the year ended December 31, 2024. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

Asheville, North Carolina
April 8, 2025

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidated Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 11,002,461	\$ 14,760,497
Investments	28,518,585	21,809,983
Accounts receivable	813,300	922,856
Prepaid expenses	485,171	454,874
Total Current Assets	40,819,517	37,948,210
Non-Current Assets		
Assets limited as to use:		
Board designated for:		
Assistance endowment	6,708,291	6,375,855
Workforce endowment	2,446,595	-
Capital projects	-	2,520,013
Donor restricted for:		
Resident assistance	36,227	517,548
Assistance endowment	14,281,353	12,765,364
Other specific purposes	773,108	682,108
Operating reserve requirement	9,679,520	8,727,250
Total Assets Limited as to Use	33,925,094	31,588,138
Beneficial interest in perpetual trusts	1,369,104	1,304,603
Other long-term assets	276,675	289,265
Interest rate swap asset	5,147,739	4,361,081
Operating lease right of use assets	85,466	145,741
Property and equipment, net	124,757,516	128,019,145
Total Non-Current Assets	165,561,594	165,707,973
Total Assets	\$ 206,381,111	\$ 203,656,183

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidated Balance Sheets
December 31, 2024 and 2023

(Continued)

	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,205,537	\$ 1,495,616
Accrued expenses	1,166,951	1,577,750
Accrued interest payable	95,814	99,763
Estimated refundable entrance fees	1,041,446	1,156,353
Current maturities of operating lease liabilities	60,275	60,275
Current maturities of long-term debt	3,110,750	2,459,000
Total Current Liabilities	6,680,773	6,848,757
Long-Term Liabilities		
Refundable deposits	35,000	35,000
Deferred revenue from entrance fees	57,557,577	59,524,182
Operating lease liabilities, less current maturities	25,191	85,466
Long-term debt, less current maturities	62,365,707	65,334,885
Total Long-Term Liabilities	119,983,475	124,979,533
Total Liabilities	126,664,248	131,828,290
Net Assets		
Without donor restrictions	63,257,071	56,558,270
With donor restrictions	16,459,792	15,269,623
Total Net Assets	79,716,863	71,827,893
Total Liabilities and Net Assets	\$ 206,381,111	\$ 203,656,183

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 168,615	\$ 1,972,397	\$ 2,141,012
Resident fees	37,618,285	-	37,618,285
Home Care revenue	2,882,546	-	2,882,546
Entrance fees earned	8,550,337	-	8,550,337
Investment income, net	1,581,261	356,090	1,937,351
Other	170,732	-	170,732
Net assets released from restrictions	1,935,352	(1,935,352)	-
Total Revenue, Gains, and Other Support	52,907,128	393,135	53,300,263
Expenses			
Medical and personal care	11,588,866	-	11,588,866
Food service	6,913,956	-	6,913,956
Facility services	6,707,548	-	6,707,548
Utilities	1,672,858	-	1,672,858
Resident services	1,757,714	-	1,757,714
Administration	4,692,726	-	4,692,726
Human resources	990,144	-	990,144
Home Care expenses	2,485,885	-	2,485,885
Marketing and development	1,175,289	-	1,175,289
Depreciation	9,256,797	-	9,256,797
Interest	2,205,432	-	2,205,432
Total Expenses	49,447,215	-	49,447,215
Operating Income	3,459,913	393,135	3,853,048
Non-Operating Revenue (Expenses)			
Loss on captive insurance investment	(95,640)	-	(95,640)
Loss on disposal of property	(398,979)	-	(398,979)
Net realized gain on investments	669,109	222,523	891,632
Change in value - interest rate swaps	786,658	-	786,658
Change in value - perpetual trusts	-	64,501	64,501
Net unrealized gain on investments	2,231,255	556,495	2,787,750
Excess of Revenues Over Expenses	6,652,316	1,236,654	7,888,970
Net Assets Released from Restrictions - Capital Expenditures	46,485	(46,485)	-
Change in Net Assets	6,698,801	1,190,169	7,888,970
Net Assets, Beginning of Year	56,558,270	15,269,623	71,827,893
Net Assets, End of Year	\$ 63,257,071	\$ 16,459,792	\$ 79,716,863

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2024 and 2023

(Continued)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 165,394	\$ 1,125,008	\$ 1,290,402
Resident fees	34,086,612	-	34,086,612
Home Care revenue	2,207,254	-	2,207,254
Entrance fees earned	8,105,184	-	8,105,184
Investment income, net	1,351,185	319,761	1,670,946
Other	153,414	-	153,414
Net assets released from restrictions	1,854,628	(1,854,628)	-
Total Revenue, Gains, and Other Support	47,923,671	(409,859)	47,513,812
Expenses			
Medical and personal care	10,836,664	-	10,836,664
Food service	6,653,004	-	6,653,004
Facility services	6,512,724	-	6,512,724
Utilities	1,515,932	-	1,515,932
Resident services	1,538,174	-	1,538,174
Administration	3,770,374	-	3,770,374
Human resources	900,415	-	900,415
Home Care expenses	1,933,336	-	1,933,336
Marketing and development	1,189,204	-	1,189,204
Depreciation	8,787,854	-	8,787,854
Interest	2,084,532	-	2,084,532
Total Expenses	45,722,213	-	45,722,213
Operating Income (Loss)	2,201,458	(409,859)	1,791,599
Non-Operating Revenue (Expenses)			
Loss on disposal of property	(212,904)	-	(212,904)
Net realized gain on investments	1,219,906	513,166	1,733,072
Change in value - interest rate swaps	(414,001)	-	(414,001)
Change in value - perpetual trusts	-	85,103	85,103
Net unrealized gain on investments	1,833,816	594,763	2,428,579
Excess of Revenues Over Expenses	4,628,275	783,173	5,411,448
Change in Net Assets	4,628,275	783,173	5,411,448
Net Assets, Beginning of Year	51,929,995	14,486,450	66,416,445
Net Assets, End of Year	\$ 56,558,270	\$ 15,269,623	\$ 71,827,893

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 7,888,970	\$ 5,411,448
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,256,797	8,787,854
Loss on disposal of property	398,979	212,904
Realized and unrealized gain on investments	(3,679,382)	(4,161,651)
Change in value perpetual trusts	(64,501)	(85,103)
Contributions restricted for long-term investment	(894,287)	(139,101)
Entrance fees and deposits received	7,985,040	7,095,105
Amortization of entrance fees	(8,550,337)	(8,105,184)
Amortization of deferred costs	141,735	154,630
Change in value interest rate swaps	(786,658)	414,001
Changes in operating assets and liabilities:		
Accounts receivable	109,556	(296,867)
Other receivable	-	4,052,925
Prepaid expenses	(30,297)	(54,878)
Other long-term assets	12,590	(66,172)
Accounts payable	127,035	(1,928,518)
Accrued expenses	(414,748)	(34,949)
Refundable deposits	-	(1,920)
Net Cash Provided by Operating Activities	11,500,492	11,254,524
Investing Activities		
Acquisition of property and equipment	(6,813,761)	(19,023,266)
Proceeds from disposal of property and equipment	2,500	-
(Increase) decrease in investments	(3,029,220)	29,057
(Increase) decrease in assets limited as to use	(2,336,956)	2,077,619
Net Cash Used in Investing Activities	(12,177,437)	(16,916,590)

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(Continued)

	2024	2023
Financing Activities		
Payment for financing costs	\$ -	\$ (12,895)
Entrance fees received on new units	-	22,186,075
Payment on long-term debt	(2,459,163)	(22,293,750)
Proceeds from bonds	-	14,138,256
Refunds of entrance fees and deposits	(1,516,215)	(1,064,895)
Contributions restricted for long-term investment	894,287	139,101
Net Cash Provided by (Used in) Financing Activities	(3,081,091)	13,091,892
Change in Cash and Cash Equivalents	(3,758,036)	7,429,826
Cash and Cash Equivalents, Beginning	14,760,497	7,330,671
Cash and Cash Equivalents, Ending	\$ 11,002,461	\$ 14,760,497
Supplemental Information		
Interest paid	\$ 2,065,896	\$ 2,625,034
Unit customization fee, included in existing unit entrance fees and deposits	\$ 610,698	\$ 386,246
Non-Cash Activities		
Purchase of property and equipment in accounts payable at year-end	\$ 205,527	\$ 622,641

Note 1. Summary of Significant Accounting Policies

Organization

Arbor Acres United Methodist Retirement Community, Inc. ("Arbor Acres") is a non-profit corporation that operates a continuing care retirement community in Winston-Salem, North Carolina, providing residential, personal, and medical care to its residents. Arbor Acres is accredited by the Commission on Accreditation of Rehabilitation Facilities—Continuing Care Accreditation Commission.

In November 2018, Arbor Acres became the parent corporation and sole member of Arbor Acres Home Care, LLC ("Home Care"). Home Care operations began during the year ended December 31, 2019.

In June 2023, Arbor Acres became the parent corporation and sole member of Arbor Acres Strategic Development, LLC ("Strategic Development"). Strategic Development was created to investigate growth opportunities for Arbor Acres.

Principles of Consolidation

The consolidated financial statements include the accounts of Arbor Acres, Strategic Development and Home Care (collectively, "the Company"). All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting and Presentation

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

The Company classifies its net assets as net assets with or without donor restrictions:

- *Net assets without donor restrictions* – resources of the Company that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
- *Net assets with donor restrictions* – resources that are subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those satisfied by the passage of time or actions of the Company. Other donor-imposed restrictions stipulate that donated assets be maintained in perpetuity, but may permit the Company to use or expend part or all of the income derived from the donated assets.

Cash and Cash Equivalents

Cash and cash equivalents, excluding those classified as investments and assets whose use is limited, include cash in banks, cash on hand and investments in highly liquid debt instruments with an original maturity of three months or less when purchased. The Company maintains its cash in bank accounts which, at times, may exceed federally depository insurance ("FDIC") limits. Management believes the credit risk associated with these deposits is minimal.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Investments

Investments in equity and fixed income securities are measured at fair value based on quoted market prices. Investment in certain alternative investments are recorded at net asset value. Net investment gain is reported in the consolidated statement of operations and consists of interest and investment income, realized and unrealized gains, less external investment expenses. See Note 3 for further discussion of fair value measurements.

Beneficial interests in perpetual trusts are recorded when the Company is notified of the trust's existence and the necessary information to measure the interest is available. The arrangement is recognized as a donor-restricted contribution to revenue and as an asset, measured at fair value. Annual distributions from the trust are reported as investment income. Unrealized gains are included in the change in net assets on the consolidated statements of operations and change in net assets. See Note 4 for further discussion of charitable trust arrangements.

Assets Limited as to Use

Assets limited as to use primarily include assets designated by the Board of Directors for specific purposes, assets restricted by donors for future capital improvements, workforce development and resident assistance, assets limited under state statute and assets limited under trust agreements.

North Carolina General Statute Chapter 58, Article 64, requires continuing care retirement communities to maintain an operating reserve equal to a statutorily required percentage of total forecasted operating costs (less certain expenses) for a specific period. This operating reserve is not Board-controlled and cannot be used without the prior approval of the commissioner of the North Carolina Department of Insurance pursuant to GS § 58-64-33(c). At December 31, 2024 and 2023, this reserve totaled \$9,679,520 and \$8,727,250, respectively.

Assistance endowment funds include donor restricted funds and amounts designated by the Board of Directors. The Company uses certain board designated net assets and the earnings from certain restricted net assets for assistance to residents.

Fair Value Measurements

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used when measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Accounts Receivable

Accounts receivable consists of resident accounts receivable, Medicare and other third-party payers, and other miscellaneous receivable amounts. Accounts receivable are recorded at the amount management expects to collect. The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Interest on borrowings used to finance the facility is capitalized during construction. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	20 years
Buildings	10 to 40 years
Furniture and equipment	3 to 10 years

Debt issuance Costs

Debt issuance costs include underwriter fees, feasibility studies, modification fees and other professional fees. Debt issuance costs have been recorded as a deduction against the related debt and are being amortized using the straight-line method over the lives of the various debt issues, which approximate amortization computed using the effective interest method.

Refundable Deposits

Refundable deposits include the portion of the payment of parking and golf cart fees that will be refunded to the resident when parking or golf carts fees are no longer required.

Donor Restrictions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions.

Gifts of property and equipment (or other long-lived assets) are reported as support without donor restrictions unless specific donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Interest Rate Swaps

The Company utilizes interest rate swaps to manage the variability in interest rates on its variable rate debt. The Company accounts for its interest rate swaps under GAAP, which requires companies to recognize all derivative instruments as either assets or liabilities in the consolidated balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation. For derivative instruments not designated as hedging instruments, the changes in fair value are recognized in excess of revenue over expenses. The Company's interest rate swaps are not designated as a hedging instrument and the change in fair value is included in excess of revenue over expenses.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Obligation to Provide Future Services

The Company annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred entrance fees. If this calculated value exceeds the deferred entrance fees, a liability is recorded, with a corresponding charge to income. The obligation is discounted at 2.71 percent based on management's estimate of interest earnings. At December 31, 2024 and 2023, the calculated value did not exceed the balance of deferred entrance fees; therefore, no liability for the obligation to provide future services is required to be recorded.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Home Care and Strategic Development are limited liability companies that have not elected to be taxed as a corporation under current Internal Revenue Code ("IRC") regulations. Home Care and Strategic Development are wholly owned by Arbor Acres. As such, Home Care and Strategic Development are considered disregarded entities under current IRC regulations.

Based on the information above, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2024.

Deferred Revenue from Entrance Fees

Fees paid by a resident upon entering into a contract agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. The non-refundable portion of the entrance fee that is considered an application fee is recognized as income when the resident moves in. Subject to certain exceptions, entrance fees are initially refundable, but become non-refundable at the rate of two percent per month until becoming fully non-refundable after 50 months. Upon receiving payment of an entrance fee from an acceptable substitute resident, the Company will refund to the resident, or to resident's estate, the applicable amount of refund owed. Total contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) are \$28,247,429 and \$32,748,770 at December 31, 2024 and 2023, respectively.

Statement of Operations and Changes in Net Assets

The consolidated statements of operations include excess of revenues over expenses. Changes in net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets). The Company considers excess of revenues over expenses to be its performance indicator.

Methods Used for Allocation of Expenses Among Programs and Supporting Services

The Company has presented a schedule of expenses by both function and nature in Note 16. The Company allocates expenses on a functional basis among its various programs and supporting services. The schedule of expenses in Note 16 reports certain categories of expenses that are attributable to one or more program or supporting services of the retirement community. These expenses include food service, facilities service, and depreciation. Facilities service and depreciation are allocated based on square footage. Food service is allocated based on occupancy.

Resident Fees

Resident fees represent the estimated net realizable amounts from residents, third-party payors, and others for services rendered as further described in Note 2.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Financial Assistance

The Company currently maintains a financial assistance program and policy for residents holding continuing care residency agreements in the event the resident(s) should become unable to pay for services. The Company reserves the right to change the program and policy and does not guarantee future financial assistance. Since the Company does not expect to collect the normal charges for services provided for those residents who meet the financial assistance provisions, estimated charges for such assistance are not included in revenue. The cost of the charity care provided by the Company is based on financial assistance awarded to qualifying residents (Note 7), charges forgone under government and other third-party payer programs as well as charges that residents are unable to pay. The cost of providing charity care was approximately \$1,942,000 in 2024 and \$1,995,000 in 2023. The cost is discounted by the operating margin percentage (operating revenues less realized gains/losses on investments divided by operating expenses), which calculated to be 2.81 percent for 2024 and 0.92 percent for 2023. The Company uses both board restricted funds and net assets with donor restrictions that are temporary in nature to provide financial assistance. The Company receives contributions in three main ways: through annual fundraising efforts, annual requests of outreach ministries, and estate donations. Donations and other services provided by the Company that were not reimbursed by other sources were approximately \$418,000 and \$187,000 in 2024 and 2023, respectively, for a total community benefit of \$2,360,000, and \$2,182,000, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Leases

At lease inception, the Company determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right of use assets, current maturities of operating lease liabilities, and operating lease liabilities, less current maturities, in the consolidated financial statements.

ROU assets represent the Company's right to use leased assets over the term of the leases. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease terms. For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses the risk-free 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 lease payments plus initial direct costs, plus any prepayments less any 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 options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is 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 Company also elected the short-term exception for leases that, at the lease commencement date, have a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.

Subsequent Events

Subsequent events have been evaluated through April 8, 2025, which is the date the consolidated financial statements were available to be issued.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 2. Revenue Recognition

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

Monthly Service Fees

The contracts that residents select require an advanced fee and monthly fees based upon the type of accommodation they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Under Accounting Standards Codification ("ASC") Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominate component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance Fees

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

Health Care Services

In the facility, the Company provides nursing care to residents who are covered by government and commercial payers. The Community is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from Medicare.

Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

	December 31, 2024				
	Independent Living	Assisted Living	Skilled Nursing	Home Care	Total
Private pay	\$ 15,962,643	\$ 9,269,239	\$ 10,911,766	\$ 2,882,546	\$ 39,026,194
Medicare	-	-	1,474,637	-	1,474,637
Total	<u>\$ 15,962,643</u>	<u>\$ 9,269,239</u>	<u>\$ 12,386,403</u>	<u>\$ 2,882,546</u>	<u>\$ 40,500,831</u>

	December 31, 2023				
	Independent Living	Assisted Living	Skilled Nursing	Home Care	Total
Private pay	\$ 13,924,295	\$ 8,741,418	\$ 10,068,512	\$ 2,207,254	\$ 34,941,479
Medicare	-	-	1,352,387	-	1,352,387
Total	<u>\$ 13,924,295</u>	<u>\$ 8,741,418</u>	<u>\$ 11,420,899</u>	<u>\$ 2,207,254</u>	<u>\$ 36,293,866</u>

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 3. Fair Value of Financial Assets and Liabilities

Prices for certain investments, such as equity and fixed income securities, are readily available in active markets in which those securities are traded thus the resulting fair values are categorized as Level 1. Prices for Level 2 assets and liabilities are determined on a recurring basis based on inputs readily available in public markets or can be derived from information available in publicly quoted markets. As further explained in Note 4, the Company has a beneficial interest in a perpetual trust. The value of this trust is disclosed as level 3 in the fair value table below in accordance with GAAP and is valued at the market price of the underlying investments.

The Company invests in certain investments for which quoted prices are not available in active markets for identical instruments. The Company utilizes the net asset value ("NAV") provided by the administrator of the fund as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported NAV. These investments are not required to be classified within a level on the fair value hierarchy.

There were no changes during the years ended December 31, 2024 and 2023 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The following table sets forth by level, within the fair value hierarchy, the Company's financial assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2024 and 2023:

	Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	\$ 19,068,438	\$ -	\$ -	\$ 19,068,438
Exchange traded funds	17,261,942	-	-	17,261,942
Bonds	7,216,849	-	-	7,216,849
Commodities	1,348,666	-	-	1,348,666
Stocks	11,991,290	-	-	11,991,290
Total investments in the fair value hierarchy	<u>\$ 56,887,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,887,185</u>
Investments at NAV (a)				<u>1,964,366</u>
Total investments at fair value				<u>\$ 58,851,551</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,369,104</u>	<u>\$ 1,369,104</u>
Interest rate swap asset, net	<u>\$ -</u>	<u>\$ 5,147,739</u>	<u>\$ -</u>	<u>\$ 5,147,739</u>

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
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	Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	\$ 14,688,017	\$ -	\$ -	\$ 14,688,017
Exchange traded funds	16,290,794	-	-	16,290,794
Bonds	8,173,046	-	-	8,173,046
Commodities	893,005	-	-	893,005
Stocks	<u>7,898,476</u>	<u>-</u>	<u>-</u>	<u>7,898,476</u>
Total investments in the fair value hierarchy	<u>\$ 47,943,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,943,338</u>
Investments at NAV (a)				<u>2,581,948</u>
Total investments at fair value				<u>\$ 50,525,286</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,304,603</u>	<u>\$ 1,304,603</u>
Interest rate swap asset, net	<u>\$ -</u>	<u>\$ 4,361,081</u>	<u>\$ -</u>	<u>\$ 4,361,081</u>

(a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

Mutual funds consist of the following at December 31, 2024: 35% large cap, 15% mid cap, 20% hedge, 15% international development, and 14% other.

Mutual funds consist of the following at December 31, 2023: 30% large cap, 14% mid cap, 11% investment grade taxable bonds, 16% international development, and 29% other.

The Company has \$3,592,128 and \$2,872,835 of cash and cash equivalents included in investments and assets limited as to use on the consolidated balance sheets at December 31, 2024 and 2023, respectively, which was not classified as a level as prescribed within the provision.

The Company recognizes transfers between the levels as of the beginning of the reporting period. There were no gross transfers between the levels for the years ended December 31, 2024 and 2023.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2024 and 2023:

	Fair Value at December 31, 2024	Fair Value at December 31, 2023	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Real Property Fund	\$ 1,964,366	\$ 2,181,535	None	Quarterly	60 days
Global Absolute Return Fund	\$ -	\$ 400,413	None	Quarterly	65 days

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

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
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The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis classified as Level 3 during the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,304,603	\$ 1,219,500
Unrealized gains	<u>64,501</u>	<u>85,103</u>
	<u>\$ 1,369,104</u>	<u>\$ 1,304,603</u>

Note 4. Charitable Trust Arrangements

Charitable Remainder Trust

A charitable remainder trust provides the payment of distributions to the donor or other designated beneficiaries over the income beneficiaries' lifetimes. At the end of the trust's terms, all or a portion of the remaining assets are available for the Company's use as specified by the donor.

Several charitable remainder trusts have named the Company as a remainder beneficiary. One trust provides payments out of principal which prevents the ability to measure the interest. There is insufficient information on the remaining trusts to permit the Company to account for the trust. No asset is recorded in relation to the trusts.

Perpetual Trusts

During 2019, the Company received information that identified it as the beneficiary of perpetual trusts and subsequently recorded an asset for the beneficial interests and a corresponding donor-restricted contribution which is reflected on the consolidated statement of operations and changes in net assets. The Company will receive income distributions from the perpetual trusts but will not receive the assets of these trusts. Distributions from the trusts are unrestricted. The beneficial interest in these perpetual trusts, recorded as donor-restricted net assets, were \$1,369,104 and \$1,304,603 at December 31, 2024 and 2023, respectively.

Note 5. Property and Equipment

Property and equipment consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 18,268,636	\$ 16,776,855
Buildings	194,719,834	192,037,509
Furniture and equipment	11,137,057	12,664,096
Construction in progress	<u>2,405,459</u>	<u>2,656,899</u>
	226,530,986	224,135,359
Accumulated depreciation	<u>(101,773,470)</u>	<u>(96,116,214)</u>
	<u>\$ 124,757,516</u>	<u>\$ 128,019,145</u>

Interest costs totaling approximately \$0 and \$672,000 were capitalized in construction in progress during the years ended December 31, 2024 and 2023, respectively.

Subsequent to year end, the Company entered into a contract to purchase four acres of land for \$575,000.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
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Note 6. Long-Term Debt

Long-term debt consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Series 2010 Health Care Facilities First Mortgage Revenue Bonds at variable rate of 79% of one month LIBOR plus 1.0854% through 6/30/2023 and 79% Secured Overnight Financing Rate ("SOFR") plus 1.0854% effective 7/1/2023 through year end, and reset monthly with a fixed interest rate swap with a rate of 3.333% in 2024 and 2023 on the outstanding principal balance (See Note 12); monthly payments of \$60,000 to \$240,000 due January 1, 2038.	\$ 21,280,000	\$ 22,000,000
Series 2016 Health Care Facilities First Mortgage Revenue Bonds at variable rate of 79% of one month LIBOR plus 0.948% through 6/30/2023 and 79% SOFR plus 1.0424% effective 7/1/2023 through year end, and reset monthly with a fixed interest rate swap with a rate of 2.914% in 2024 and 2023 on the outstanding principal balance (See Note 12); monthly payments of \$76,000 to \$92,000 due January 1, 2031.	6,290,000	7,227,000
Series 2021 Health Care Facilities First Mortgage Revenue Bonds: Series 2021 A-1 for a total amount available up to \$33,000,000 at variable rate of 79% of one month SOFR plus 1.027% and reset monthly with a fixed interest rate swap with a rate of 2.205% effective starting July 2023 on the outstanding principal balance up to \$23,000,000 (See Note 12); monthly payments of interest only through September 2024 then interest and principal payments ranging from \$130,000 to \$135,000 through January 1, 2052.	32,712,000	33,000,000
Series 2021 A-3 at variable rate of 79% of one month SOFR plus 1.027% and reset monthly with a fixed interest rate swap with a rate of 2.865% in 2024 and 2023 on the outstanding principal balance (See Note 12); monthly payments interest and principal ranging from \$49,000 to \$56,000 due January 1, 2035.	<u>5,967,924</u>	<u>6,482,087</u>
	66,249,924	68,709,087
Current maturities	(3,110,750)	(2,459,000)
Bond issuance costs	<u>(773,467)</u>	<u>(915,202)</u>
	<u>\$ 62,365,707</u>	<u>\$ 65,334,885</u>

The Series 2010, 2016, and 2021 bonds bear interest payable monthly on the amount of bond proceeds outstanding. The bonds are secured by a pledge of future revenues and substantially all of the property and equipment of the Company. The trust indenture and loan agreements underlying the Series 2010, Series 2016 and Series 2021 bonds contain certain covenants and restrictions.

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
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Annual principal maturities of long-term debt are as follows:

2025	\$ 3,110,750
2026	3,238,076
2027	3,352,511
2028	3,411,087
2029	3,530,076
Thereafter	<u>49,607,424</u>
	<u>\$ 66,249,924</u>

The Company has a revolving line of credit with a bank in the amount of \$3,000,000. Interest is payable monthly at a rate of one-month SOFR index plus 1.30 percent and is secured by a deed of trust. There was no balance outstanding as of December 31, 2024 and 2023. The line of credit expires in January 2027.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions that are temporary in nature consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assistance	\$ 2,504,395	\$ 2,364,742
Other	<u>248,836</u>	<u>182,108</u>
	<u>\$ 2,753,231</u>	<u>\$ 2,546,850</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assistance	\$ 1,713,714	\$ 1,733,431
Other	<u>221,638</u>	<u>121,197</u>
Net assets released from restrictions—operating	1,935,352	1,854,628
Net assets released from restrictions—capital	<u>46,485</u>	<u>-</u>
	<u>\$ 1,981,837</u>	<u>\$ 1,854,628</u>

Net assets with donor restrictions that stipulate assets be held in perpetuity consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Assistance endowment	\$ 11,812,457	\$ 10,918,170
Swimming pool endowment	500,000	500,000
Workforce endowment	25,000	-
Beneficial interest in perpetual trusts	<u>1,369,104</u>	<u>1,304,603</u>
	<u>\$ 13,706,561</u>	<u>\$ 12,722,773</u>

Note 8. Endowment Funds

The Company's endowment was organized to provide financial assistance to the residents of the Company in the event the resident(s) become unable to pay for services, employee workforce development and to help provide maintenance to the swimming pool. The Company's endowment funds include donor-restricted funds and board designated funds classified as net assets without restrictions. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Company has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the "Act") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company has classified as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the amount is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as with donor restrictions until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policies of the Company

Return Objectives and Risk Parameters

The Company has adopted investment and spending policies for endowment assets that are intended to provide an ongoing stream of funding for financial assistance and workforce development that is supported by the endowment. Endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Company expects its endowment funds, over time, to provide an average rate of return of approximately 8.0 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Company relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Company targets a diversified asset allocation that includes fixed income instruments and equity-based investments to achieve its long-term return objectives within prudent risk constraints. Investments are rebalanced in order to maintain the desired asset allocation mix, consistent with the Company's investment policy statement.

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Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Company's policy is to appropriate for distribution the accumulated income and appreciation up to 4.0 percent of the trailing three calendar year end average market balance. In establishing this policy, the Company considered the long-term expected return on its endowment. Accordingly, over the long term, the Company expects the current spending policy to allow its endowment to grow at an average of 4.0 percent annually. The exception to this policy would be that if the accumulated income and appreciation of the donor restricted endowment is less than 4.0 percent of the trailing three calendar year-end average market balance, the funds necessary to support the annual financial assistance would be taken from the board designated portion of the endowment fund. In this way, the principal of the donor restricted endowment is preserved. This is consistent with the Company objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets December 31, 2022	\$ 5,853,027	\$ 12,200,762	\$ 18,053,789
Contributions	-	139,101	139,101
Investment earnings	155,986	297,261	453,247
Net appreciation	626,649	1,107,928	1,734,577
Appropriation of endowment assets for expenditure	<u>(259,807)</u>	<u>(479,688)</u>	<u>(739,495)</u>
Endowment net assets December 31, 2023	6,375,855	13,265,364	19,641,219
Contributions	-	919,287	919,287
Board designated assets	2,520,013	-	2,520,013
Investment earnings	193,053	356,090	549,143
Net appreciation	319,231	779,018	1,098,249
Appropriation of endowment assets for expenditure	<u>(253,266)</u>	<u>(514,134)</u>	<u>(767,400)</u>
Endowment net assets December 31, 2024	<u>\$ 9,154,886</u>	<u>\$ 14,805,625</u>	<u>\$ 23,960,511</u>

Note 9. Employee Benefits

The employees of Arbor Acres and Home Care can participate in the Arbor Acres 403(b) Plan. The merged plan covers all employees of Arbor Acres and Home Care. New hires are eligible for participation on their first day of employment. The Company contributes a match equal to 200% of all contributions up to a maximum of 6 percent of regular earnings for all eligible participating employees. Company contributions for the years ended December 31, 2024 and 2023 were approximately \$644,000 and \$609,000, respectively.

Note 10. Professional Liability and Workers Compensation Coverage

The Company has an insurance policy for possible litigation in the ordinary course of business related to professional liability claims. Management believes that claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis. Should the Company not renew its claims-made policy, or replace it with equivalent insurance, occurrences incurred during its term but asserted after its expiration would be uninsured, unless the Company obtains tail coverage. No claims were outstanding at year-end and the Company has made no accrual for unasserted claims.

In 2022, the Company contributed surplus of \$92,530 and became a subscriber of the Unity Mutual Insurance Company ("UMIC"), reciprocal captive insurance company. UMIC provides reinsurance coverage for workers' compensation coverage, for the UMIC subscribers, based on a quota share arrangement. The workers' compensation policy covers workers' compensation claims on a statutory basis and also provides Employers Liability limits of \$1,000,000 per occurrence. As part of this arrangement, the Company is entitled to a share in the profits and losses of UMIC in accordance with an Allocation Policy Agreement. These annual allocations are not cash allocations, but rather income or loss allocations retained in their subscriber's allocation account of UMIC which will increase and decrease the Company's subscriber interest in UMIC. Subscriber allocations are determined and made on or before March 15th and are recorded in the Company's change in net assets in the year the allocation is made.

Note 11. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable and other assets approximate fair value. Investments, assets limited as to use, beneficial interests in trusts and the interest rate swaps are reported at fair value as of the date of the consolidated financial statements. See Note 3 for more information relating to the fair value of investments, assets limited as to use and the interest rate swaps.

The carrying amounts of accounts payable, accrued expenses, accrued interest payable and other accrued and long-term liabilities approximate fair value. The carrying amount of the 2010 series, 2016 series and 2021 bonds approximates fair value as they contain variable interest rates.

Note 12. Interest Rate Swap Agreements

The Company has entered into interest rate swap agreements ("Swaps"). The table below summarizes the terms of the various swap agreements.

<u>Original Notional</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Borrower Pays</u>
\$ 25,800,000	2/1/2018	12/1/2037	3.333%
\$ 12,297,000	2/1/2018	1/1/2031	2.914%
\$ 8,450,000	9/25/2019	9/25/2034	2.865%
\$ 23,000,000	7/1/2023	7/1/2033	2.205%

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
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The fair value of the Company's interest rate swaps are reported as a long-term asset or liability in the consolidated balance sheets. The change in fair value of the interest rate swaps are included in excess of revenues over expenses in the accompanying consolidated statements of operations and changes in net assets.

Absent an early termination, subsequent changes in the interest rate swaps will continue to be reflected in excess of revenues over expenses, which has no cash flow impact to the Company. The cash flow settlements of the interest rate swap agreements are reflected annually in interest expense as the Company pays interest to the swap counter-party at the rates noted above.

Note 13. Health Insurance Plan

In 2019, the Company established a self-funded employee health insurance plan administered by a third party. The plan is funded by employee and employer contributions and is available to all full-time staff. The costs of the plan are comprised of expected net claims, insurance premiums to acquire specific stop loss coverage and claims administration fees. Claims in excess of the stop-loss limit of \$100,000 are funded by insurance coverage. The Company has estimated and recorded amounts for the self-insurance portion of this arrangement. Plan costs incurred by the Company were approximately \$2,723,000 and \$2,447,000 for the years ended December 31, 2024 and 2023, respectively. The estimate for claims incurred but not reported are approximately \$325,000 and \$225,000 as of December 31, 2024 and 2023, respectively.

Note 14. Liquidity and Availability

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

The following schedule reflects the Company's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months. Board designated amounts for capital and strategic projects have been included in the schedule below as the board could release these funds for liquidity purposes if needed.

The Company also has the ability to draw down on a \$3,000,000 line of credit if needed (as discussed in Note 6).

The Company seeks to maintain sufficient liquid assets to cover 30 to 60 days of operating and capital expenses.

Asset Categories	2024	2023
Cash and cash equivalents	\$ 11,002,461	\$ 14,760,497
Accounts receivable	813,300	922,856
Investments and assets limited as to use	62,443,679	53,398,121
Less operating reserve	(9,679,520)	(8,727,250)
Less board designated funds for assistance endowment	(6,708,291)	(6,375,855)
Less board designated funds for workforce development	(2,446,595)	-
Less donor restricted funds for resident assistance, endowment and other purposes	(15,090,688)	(13,965,020)
	<u>\$ 40,334,346</u>	<u>\$ 40,013,349</u>

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 15. Leases

The Company leases copiers under operating leases. Terms of these leases vary and expire between 2025 and 2026, with monthly rental payments ranging from \$1,865 per month to \$3,709 per month.

The following table presents lease-related assets and liabilities at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating leases		
Operating lease right-of-use asset	\$ 85,466	\$ 145,741
Current portion of operating lease liability	\$ 60,275	\$ 60,275
Operating lease liability, net of current portion	<u>25,191</u>	<u>85,466</u>
Total operating lease liabilities	<u>\$ 85,466</u>	<u>\$ 145,741</u>

The components of lease expense (and related classification in the consolidated statement of operations and changes in net assets) for the year ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense (administration)	<u>\$ 66,905</u>	<u>\$ 66,905</u>

Cash paid for amounts included in the measurement of the lease liability for the year ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	<u>\$ 66,905</u>	<u>\$ 66,905</u>

The following is a schedule of lease liability maturities for the years ending December 31:

2025	\$ 66,905
2026	<u>22,392</u>
	89,297
Less interest	<u>(3,831)</u>
Lease liability	<u>\$ 85,466</u>
Other information:	
Weighted-average remaining lease term	1.49 years
Weighted-average discount rate	5.60%

16. Schedule of Functional Expenses

The following is a schedule of expenses by both function and nature for the year ended December 31, 2024:

	Program Services					Administrative and General	Marketing and Fundraising	Total
	Independent	Assisted Living	Skilled Nursing	Home Care	Total			
Salaries and benefits	\$ 6,204,680	\$ 6,033,032	\$ 7,749,542	\$ 2,356,499	\$ 22,343,753	\$ 2,953,535	\$ 833,258	\$ 26,130,546
Medical and personal care	324,669	107,715	1,662,636	130,582	2,225,602	-	-	2,225,602
Food services	1,064,366	583,887	494,624	-	2,142,877	-	-	2,142,877
Facilities services	1,543,736	621,351	522,895	-	2,687,982	19,152	-	2,707,134
Utilities	813,172	497,527	362,159	-	1,672,858	-	-	1,672,858
Administration	-	-	-	-	-	2,763,936	-	2,763,936
Marketing and development	-	-	-	-	-	-	342,033	342,033
Depreciation	6,906,040	1,559,175	740,808	-	9,206,023	50,774	-	9,256,797
Interest	1,337,119	768,451	99,862	-	2,205,432	-	-	2,205,432
Total expenses included in the expenses section on the consolidated statement of operations and changes in net assets								
	\$ 18,193,782	\$ 10,171,138	\$ 11,632,526	\$ 2,487,081	\$ 42,484,527	\$ 5,787,397	\$ 1,175,291	\$ 49,447,215

The following is a schedule of expenses by both function and nature for the year ended December 31, 2023:

	Independent	Assisted Living	Program Services		Home Care	Total	Administrative and General	Marketing and Fundraising	Total
			Skilled Nursing						
Salaries and benefits	\$ 5,636,425	\$ 5,485,256	\$ 7,698,998	\$ 1,834,143	\$ 20,654,822	\$ 2,598,574	\$ 767,651	\$ 24,021,047	
Medical and personal care	292,386	144,522	1,522,315	99,193	2,058,416	-	-	2,058,416	
Food services	1,051,921	549,738	466,859	-	2,068,518	-	-	2,068,518	
Facilities services	1,470,029	668,173	579,340	-	2,717,542	19,152	-	2,736,694	
Utilities	689,948	471,479	354,505	-	1,515,932	-	-	1,515,932	
Administration	-	-	-	-	-	2,027,663	-	2,027,663	
Marketing and development	-	-	-	-	-	-	421,557	421,557	
Depreciation	6,557,030	1,480,379	702,237	-	8,739,646	48,208	-	8,787,854	
Interest	1,178,338	789,875	116,319	-	2,084,532	-	-	2,084,532	
Total expenses included in the expenses section on the consolidated statement of operations and changes in net assets									
	\$ 16,876,077	\$ 9,589,422	\$ 11,440,573	\$ 1,933,336	\$ 39,839,408	\$ 4,693,597	\$ 1,189,208	\$ 45,722,213	

Supplementary Information

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidating Balance Sheet
December 31, 2024

ASSETS				
Current Assets				
	Arbor Acres	Home Care	Strategic Development	Eliminations
				Total
Cash and cash equivalents	\$ 3,957,766	\$ 410,633	\$ 6,634,062	\$ -
Investments	28,518,585	-	-	-
Accounts receivable	501,354	311,946	-	-
Prepaid expenses	485,171	-	-	-
Due from affiliates	53,588	-	15	(53,603)
Total Current Assets	33,516,464	722,579	6,634,077	(53,603)
Total Current Assets				40,819,517
Non-Current Assets				
Assets limited as to use:				
Board designated for:				
Assistance endowment	6,708,291	-	-	-
Workforce endowment	2,446,595	-	-	-
Donor restricted for:				
Resident assistance	36,227	-	-	-
Assistance endowment	14,281,353	-	-	-
Other specific purposes	773,108	-	-	-
Operating reserve requirement	9,679,520	-	-	-
Total Assets Limited as to Use	33,925,094	-	-	-
Total Assets Limited as to Use				33,925,094
Beneficial interest in perpetual trusts	1,369,104	-	-	-
Investment in affiliates	6,462,939	-	-	(6,462,939)
Other long-term assets	164,736	111,939	-	-
Interest rate swap asset	5,147,739	-	-	-
Operating right of use assets	85,466	-	-	-
Property and equipment, net	124,723,345	34,171	-	-
				124,757,516
	171,878,423	146,110	-	(6,462,939)
				165,561,594
Total Assets	\$ 205,394,887	\$ 868,689	\$ 6,634,077	\$ (6,516,542)
Total Assets				\$ 206,381,111

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidating Balance Sheet
December 31, 2024

(Continued)

LIABILITIES AND NET ASSETS					
Current Liabilities					
	Arbor Acres	Home Care	Strategic Development	Eliminations	Total
Accounts payable	\$ 1,204,179	\$ 1,358	\$ -	\$ -	\$ 1,205,537
Accrued expenses	1,139,551	27,400	-	-	1,166,951
Accrued interest payable	95,814	-	-	-	95,814
Estimated refundable entrance fees	1,041,446	-	-	-	1,041,446
Current maturities of operating leases	60,275	-	-	-	60,275
Current maturities of long-term debt	3,110,750	-	-	-	3,110,750
Due to affiliates	-	42,748	10,855	(53,603)	-
Total Current Liabilities	6,652,015	71,506	10,855	(53,603)	6,680,773
Long-Term Liabilities					
Refundable deposits	35,000	-	-	-	35,000
Deferred revenue from entrance fees	57,557,577	-	-	-	57,557,577
Operating leases, less current maturities	25,191	-	-	-	25,191
Long-term debt, less current maturities	62,365,707	-	-	-	62,365,707
Total Long-Term Liabilities	119,983,475	-	-	-	119,983,475
Total Liabilities	126,635,490	71,506	10,855	(53,603)	126,664,248
Net Assets					
Without donor restrictions	62,299,605	797,183	6,623,222	(6,462,939)	63,257,071
With donor restrictions	16,459,792	-	-	-	16,459,792
Total Net Assets	78,759,397	797,183	6,623,222	(6,462,939)	79,716,863
Total Liabilities and Net Assets	\$ 205,394,887	\$ 868,689	\$ 6,634,077	\$ (6,516,542)	\$ 206,381,111

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Consolidating Statement of Operations - Without Donor Restriction
Year Ended December 31, 2024

	Arbor Acres	Home Care	Strategic Development	Eliminations	Consolidated Total
Revenue, Gains, and Other Support					
Contributions	\$ 168,615	-	\$ -	\$ -	\$ 168,615
Resident fees	37,618,285	-	-	-	37,618,285
Home Care revenue	-	2,882,546	-	-	2,882,546
Entrance fees earned	8,550,337	-	-	-	8,550,337
Investment income, net	1,356,973	-	224,288	-	1,581,261
Other	230,732	-	-	(60,000)	170,732
Net assets released from restrictions	1,935,352	-	-	-	1,935,352
Total Revenue, Gains, and Other Support	49,860,294	2,882,546	224,288	(60,000)	52,907,128
Expenses					
Medical and personal care	11,588,866	-	-	-	11,588,866
Food service	6,913,956	-	-	-	6,913,956
Facility services	6,707,548	-	-	-	6,707,548
Utilities	1,672,858	-	-	-	1,672,858
Resident services	1,757,714	-	-	-	1,757,714
Administration	4,681,871	-	10,855	-	4,692,726
Human resources	990,144	-	-	-	990,144
Home Care expenses	-	2,545,885	-	(60,000)	2,485,885
Marketing and development	1,175,289	-	-	-	1,175,289
Depreciation	9,255,604	1,193	-	-	9,256,797
Interest	2,205,432	-	-	-	2,205,432
Total Expenses	46,949,282	2,547,078	10,855	(60,000)	49,447,215
Operating Income	2,911,012	335,468	213,433	-	3,459,913
Non-Operating Revenue (Expenses)					
Loss on extinguishment of debt	(95,640)	-	-	-	(95,640)
Loss on disposal of property	(398,979)	-	-	-	(398,979)
Net realized gain on investments	669,109	-	-	-	669,109
Change in value - interest rate swaps	786,658	-	-	-	786,658
Net unrealized gain on investments	2,231,255	-	-	-	2,231,255
Excess of Revenues Over Expenses	6,103,415	335,468	213,433	-	6,652,316
Net Assets Released from Restrictions -	46,485	-	-	-	46,485
Increase in Net Assets Without Donor Restriction	\$ 6,149,900	\$ 335,468	\$ 213,433	\$ -	\$ 6,698,801

See Independent Auditor's Report

Arbor Acres United Methodist Retirement Community, Inc.
Balance Sheets
March 31, 2025 and 2024

ASSETS	(Unaudited) 2025	(Unaudited) 2024
Current Assets:		
Cash and cash equivalents	\$ 5,419,775	\$ 5,342,320
Investments	28,901,745	28,206,493
Accounts receivable, net	643,968	688,535
Prepaid expenses	370,794	638,502
Total Current Assets	35,336,282	34,875,850
Non-current assets:		
Assets limited as to use:		
Board designated for:		
Assistance endowment	6,535,300	6,593,758
Leadership endowment	2,423,284	-
Capital projects	-	2,520,013
Donor restricted for:		
Resident assistance	-	307,847
Assistance endowment	14,134,385	13,196,801
Other specific purposes	614,750	942,770
State operating reserve requirement	9,679,520	8,727,250
Total assets limited as to use	33,387,239	32,288,439
Beneficial interest in perpetual trusts	1,369,104	1,304,603
Other long-term assets	6,775,826	4,413,605
Interest rate swap asset	4,183,164	5,254,014
Property and equipment, net	123,092,621	127,383,457
Total non-current assets	168,807,954	170,644,118
TOTAL ASSETS	\$ 204,144,236	\$ 205,519,968
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,364,512	\$ 1,422,921
Accrued expenses	1,668,377	\$ 1,366,486
Current maturities of long-term debt	3,171,000	\$ 2,459,000
Estimated refundable entrance fees	1,041,446	\$ 1,156,353
Total current liabilities	7,245,335	6,404,760
Long-term liabilities:		
Refundable deposits	35,000	35,000
Lease liability - long-term portion	9,588	70,711
Deferred revenue from entrance fees	57,303,670	58,930,956
Long-term debt, less current maturities	61,551,635	64,829,400
Total long term liabilities	118,899,893	123,866,067
Total Liabilities	126,145,228	130,270,827
Net Assets		
Without donor restrictions	61,880,768	59,497,118
With donor restrictions	16,118,240	15,752,023
Total Net Assets	77,999,008	75,249,141
TOTAL LIABILITIES AND NET ASSETS	\$ 204,144,236	\$ 205,519,968

Arbor Acres United Methodist Retirement Community, Inc.
Statements of Operations and Changes in Net Assets
For the Quarter Ended March 31, 2025 with Comparative Totals for 2024

	2025 (Unaudited)			2024
	Without Donor Restrictions	With Donor Restrictions	Total	(Unaudited)
Revenue, gains and other support				
Contributions	\$ 68,269	\$ 173,563	\$ 241,832	\$ 394,925
Resident fees	10,076,698	-	10,076,698	9,329,471
Continuing care services without lodging	56,865	-	56,865	43,381
Entrance fees earned	2,021,312	-	2,021,312	1,948,641
Investment income	183,330	43,928	227,258	234,465
Other revenue	72,682	-	72,682	53,083
Net assets released from restrictions	381,553	(381,553)	-	-
Total revenue, gains and other support	12,860,709	(164,062)	12,696,647	12,003,966
Expenses				
Medical and personal care	2,898,215	-	2,898,215	2,649,260
Food service	1,579,186	-	1,579,186	1,692,073
Facility services	1,732,591	-	1,732,591	1,550,892
Utilities	465,973	-	465,973	402,066
Resident services	442,586	-	442,586	398,001
Administration	1,276,566	-	1,276,566	1,083,562
Human resources	237,577	-	237,577	200,067
Marketing & development	332,735	-	332,735	270,124
Continuing care services without lodging	-	-	-	-
Depreciation	2,341,331	-	2,341,331	2,305,861
Interest expense	520,139	-	520,139	557,204
Total expenses	11,826,899	-	11,826,899	11,109,110
Operating income (loss)	1,033,810	(164,062)	869,748	894,856
Non-operating revenue (expenses):				
Gain (loss) on disposal of property	(88,880)	-	(88,880)	(213,292)
Net realized gain (loss) on investments	81,944	33,378	115,322	(18,644)
Unrealized gain (loss) from interest rate swap	(964,575)	-	(964,575)	892,933
Gain (loss) on captive insurance investment	60,007	-	60,007	(95,640)
Net unrealized gain (loss) on investments	(541,157)	(210,871)	(752,028)	2,369,586
Excess (deficit) of revenues over expenses	(418,851)	(341,555)	(760,406)	3,829,799
Other changes in net assets:				
Net assets released from restrictions - capital	-	-	-	-
Change in net assets	(418,851)	(341,555)	(760,406)	3,829,799
Net assets, beginning	62,299,619	16,459,795	78,759,414	71,419,342
Net assets, ending	\$ 61,880,768	\$ 16,118,240	\$ 77,999,008	\$ 75,249,141

Arbor Acres United Methodist Retirement Community, Inc.
Statements of Cash Flows
For the Quarter Ended March 31, 2025 with Comparative Totals for 2024

	(Unaudited) 2025	(Unaudited) 2024
Cash flows from operating activities		
Change in net assets	\$ (760,006)	\$ 3,829,799
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,341,331	2,305,861
Loss on disposal of assets	88,880	213,292
Realized & unrealized (gain) loss on investments	636,706	(2,350,942)
Contributions restricted for long-term investment	(115,461)	(1,113)
Loss on captive insurance investment	(60,007)	95,640
Entrance fees received	1,787,876	1,596,400
Amortization of entrance fees	(2,021,312)	(1,948,641)
Amortization of deferred costs	35,433	35,433
Unrealized (gain) loss on interest rate swap	964,575	(892,933)
	-	-
Change in operating assets and liabilities		
Accounts receivable	(142,615)	(22,962)
Prepaid expenses and deposits	162,553	(159,865)
Accounts payable	159,949	(70,871)
Accrued expenses	372,738	(300,512)
Net cash provided by operating activities	<u>3,450,640</u>	<u>2,328,586</u>
Cash flows from investing activities		
Acquisition of property and equipment	(799,486)	(1,883,463)
(Increase) decrease in assets limited as to use	537,856	(700,300)
Purchase of investments, net	(1,032,738)	(3,545,570)
Net cash used in investing activities	<u>(1,294,368)</u>	<u>(6,129,333)</u>
Cash flows from financing activities		
Payments for long-term debt	(789,255)	(540,918)
Entrance fee refunds	(20,470)	(240,985)
Contributions restricted for long-term investment	115,461	1,113
Payment for deferred loan costs	-	-
Net cash provided by (used in) financing activities	<u>(694,264)</u>	<u>(780,790)</u>
Increase (decrease) in cash and cash equivalents	1,462,008	(4,581,537)
Beginning balance, cash and cash equivalents	<u>3,957,767</u>	<u>9,923,857</u>
Ending balance, cash and cash equivalents	<u>\$ 5,419,775</u>	<u>\$ 5,342,320</u>

**Arbor Acres United Methodist
Retirement Community, Inc.
and Affiliates**

**Compilation of a Financial Forecast
For Each of the Five Years Ending
December 31, 2029**

(with Accountant's
Compilation Report thereon)

**Arbor Acres United Methodist Retirement Community, Inc.
and Affiliates**

Compilation of a Financial Forecast

Five Years Ending December 31, 2029

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Accountant's Compilation Report

Board of Directors

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates
Winston-Salem, North Carolina

Management of Arbor Acres United Methodist Retirement Community, Inc. and Affiliates (collectively, the "Company") is responsible for the accompanying financial forecast of the Company, which comprises the forecasted consolidated balance sheets as of and for each of the five years ending December 31, 2029 and the related forecasted consolidated statements of operations and changes in net assets, and statement of cash flows for each of the years then ending and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 Continuing Care Retirement Communities and Title 11 of the North Carolina Administrative Code. Accordingly, this report should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management of the Company. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on this financial forecast.

The forecasted results may not be achieved, as there will usually be differences between the prospective 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.

Forvis Mazars, LLP

Atlanta, Georgia
May 7, 2025

**Arbor Acres United Methodist Retirement Community, Inc.
and Affiliates**

**Forecasted Consolidated Statements of Operations and Changes in Net Assets
For Each of the Five Years Ending December 31,
(In Thousands)**

	2025	2026	2027	2028	2029
Revenues:					
Independent living resident fees	\$ 16,067	\$ 15,841	\$ 16,020	\$ 16,660	\$ 17,327
Healthcare resident fees	24,640	25,626	26,651	27,717	28,826
Advantage program fees	219	262	299	337	379
Home care revenues	3,001	3,121	3,246	3,375	3,510
Entrance fees earned	8,310	8,310	8,310	8,310	8,310
Financial assistance	(1,584)	(1,604)	(1,640)	(1,694)	(1,750)
Contributions	397	397	397	397	397
Investment income	1,330	2,210	2,302	2,374	2,452
Other	127	129	133	138	144
Net assets released from restriction - operating	1,648	1,550	1,550	1,550	1,550
Total revenues, gains, and other support	\$ 54,155	\$ 55,842	\$ 57,268	\$ 59,164	\$ 61,145
Expenses:					
Medical and personal care	\$ 11,780	\$ 12,321	\$ 12,814	\$ 13,327	\$ 13,860
Food service	7,554	7,795	8,065	8,388	8,723
Housekeeping	2,837	2,937	3,043	3,165	3,292
Laundry	446	462	480	499	519
Maintenance	2,539	2,620	2,711	2,820	2,932
Properties development	1,139	1,184	1,231	1,281	1,332
Utilities	1,834	1,857	1,903	1,980	2,059
Resident services	1,861	1,932	2,005	2,086	2,169
Home care	2,808	2,814	2,927	3,044	3,165
Administration	5,520	5,745	5,975	6,214	6,463
Human resources	1,103	1,149	1,195	1,243	1,292
Marketing and development	1,230	1,282	1,333	1,386	1,442
Lease expense	67	22	-	-	-
Depreciation	9,324	9,764	10,008	10,309	10,667
Interest	2,230	2,067	1,974	1,880	1,783
Total expenses	\$ 52,272	\$ 53,951	\$ 55,664	\$ 57,622	\$ 59,698
Operating income	\$ 1,883	\$ 1,891	\$ 1,604	\$ 1,542	\$ 1,447
Loss on disposal of property	(500)	(500)	(500)	(500)	(500)
Change in net assets without donor restrictions	\$ 1,383	\$ 1,391	\$ 1,104	\$ 1,042	\$ 947
Net assets with donor restrictions:					
Contributions - financial assistance	\$ 745	\$ 745	\$ 745	\$ 745	\$ 745
Contributions - endowment	200	200	200	200	200
Net assets released from restriction - operating	(1,648)	(1,550)	(1,550)	(1,550)	(1,550)
Change in net assets with donor restrictions	\$ (703)	\$ (605)	\$ (605)	\$ (605)	\$ (605)
Change in net assets	\$ 680	\$ 786	\$ 499	\$ 437	\$ 342
Net assets, beginning of year	79,717	80,397	81,183	81,682	82,119
Net assets, end of year	\$ 80,397	\$ 81,183	\$ 81,682	\$ 82,119	\$ 82,461

**See accompanying Accountant's Compilation Report and Summary of
Significant Forecast Assumptions and Rationale**

**Arbor Acres United Methodist Retirement Community, Inc.
and Affiliates**

Forecasted Consolidated Statements of Cash Flows
For Each of the Five Years Ending December 31,
(In Thousands)

	2025	2026	2027	2028	2029
Cash flows from operating activities:					
Change in net assets	\$ 680	\$ 786	\$ 499	\$ 437	\$ 342
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	\$ 9,324	\$ 9,764	\$ 10,008	\$ 10,309	\$ 10,667
Loss on disposal of property	500	500	500	500	500
Entrance fees and deposits received	9,715	9,981	10,447	10,925	11,261
Amortization of entrance fees	(8,310)	(8,310)	(8,310)	(8,310)	(8,310)
Amortization of deferred costs	142	142	142	142	142
Amortization of right-of-use assets - operating	64	22	-	-	-
Changes in current assets & liabilities:					
Accounts receivable	(164)	(21)	(31)	(42)	(44)
Prepaid expenses & deposits	(42)	(18)	(20)	(23)	(23)
Accounts payable	314	52	59	65	68
Accrued expenses	511	58	65	72	75
Accrued interest	18	17	18	18	22
Lease liabilities - operating	(64)	(22)	-	-	-
Net cash provided by operating activities	\$ 12,688	\$ 12,951	\$ 13,377	\$ 14,093	\$ 14,700
Cash flows from investing activities:					
Ongoing capital additions	\$ (6,358)	\$ (6,676)	\$ (7,010)	\$ (7,360)	\$ (7,728)
Change in investments	(3,783)	(2,216)	(2,270)	(2,492)	(2,547)
Change in assets limited as to use	(409)	280	237	205	176
Net cash used in investing activities	\$ (10,550)	\$ (8,612)	\$ (9,043)	\$ (9,647)	\$ (10,099)
Cash flows from financing activities:					
Payment on long-term debt - Series 2010 Bonds	\$ (775)	\$ (780)	\$ (840)	\$ (840)	\$ (900)
Payment on long-term debt - Series 2016 Bonds	(970)	(996)	(1,020)	(1,044)	(1,068)
Payment on long-term debt - Series 2021A Bonds	(1,426)	(1,462)	(1,492)	(1,527)	(1,562)
Refunds of entrance fees	(1,045)	(793)	(640)	(651)	(673)
Net cash provided used in financing activities	\$ (4,216)	\$ (4,031)	\$ (3,992)	\$ (4,062)	\$ (4,203)
Change in cash and cash equivalents	\$ (2,078)	\$ 308	\$ 342	\$ 384	\$ 398
Cash and cash equivalents, beginning of year	11,002	8,924	9,232	9,574	9,958
Cash and cash equivalents, end of year	\$ 8,924	\$ 9,232	\$ 9,574	\$ 9,958	\$ 10,356

**See accompanying Accountant's Compilation Report and Summary of
Significant Forecast Assumptions and Rationale**

**Arbor Acres United Methodist Retirement Community, Inc.
and Affiliates**

Forecasted Consolidated Balance Sheets
At December 31,
(In Thousands)

	2025	2026	2027	2028	2029
Assets					
Current assets:					
Cash and cash equivalents	\$ 8,924	\$ 9,232	\$ 9,574	\$ 9,958	\$ 10,356
Investments	32,302	34,518	36,788	39,280	41,827
Accounts receivable	977	998	1,029	1,071	1,115
Prepaid expenses	527	545	565	588	611
Total current assets	\$ 42,730	\$ 45,293	\$ 47,956	\$ 50,897	\$ 53,909
Non-current assets:					
Assets limited as to use:					
Board designated for:					
Assistance endowment	\$ 6,708	\$ 6,708	\$ 6,708	\$ 6,708	\$ 6,708
Workforce endowment	2,447	2,447	2,447	2,447	2,447
Donor restricted for:					
Resident assistance	36	36	36	36	36
Assistance endowment	13,578	12,973	12,368	11,763	11,158
Other specific purposes	773	773	773	773	773
Operating reserve requirement	10,792	11,117	11,485	11,885	12,314
Assets limited as to use	\$ 34,334	\$ 34,054	\$ 33,817	\$ 33,612	\$ 33,436
Donated property held for resale	\$ 277	\$ 277	\$ 277	\$ 277	\$ 277
Property and equipment, net	121,292	117,704	114,206	110,757	107,318
Interest rate swap asset	5,148	5,148	5,148	5,148	5,148
Operating lease right-of-use asset	22	-	-	-	-
Beneficial interest in perpetual trusts	1,369	1,369	1,369	1,369	1,369
Total non-current assets	\$ 162,442	\$ 158,552	\$ 154,817	\$ 151,163	\$ 147,548
Total assets	\$ 205,172	\$ 203,845	\$ 202,773	\$ 202,060	\$ 201,457

**See accompanying Accountant's Compilation Report and Summary of
Significant Forecast Assumptions and Rationale**

**Arbor Acres United Methodist Retirement Community, Inc.
and Affiliates**

Forecasted Consolidated Balance Sheets (continued)
At December 31,
(In Thousands)

	2025	2026	2027	2028	2029
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 1,520	\$ 1,572	\$ 1,631	\$ 1,696	\$ 1,764
Accrued expenses	1,678	1,736	1,801	1,873	1,948
Accrued interest	114	131	149	167	189
Estimated refundable entrance fees	793	640	651	673	707
Current maturities of bonds payable - Series 2010 Bonds	780	840	840	900	900
Current maturities of bonds payable - Series 2016 Bonds	996	1,020	1,044	1,068	1,105
Current maturities of bonds payable - Series 2021A Bonds	1,462	1,492	1,527	1,562	1,597
Current maturities of operating lease liabilities	22	-	-	-	-
Total current liabilities	\$ 7,365	\$ 7,431	\$ 7,643	\$ 7,939	\$ 8,210
Long-term debt:					
Bonds payable, less current maturities - Series 2010 Bonds	\$ 19,725	\$ 18,885	\$ 18,045	\$ 17,145	\$ 16,245
Bonds payable, less current maturities - Series 2016 Bonds	4,324	3,304	2,260	1,192	87
Bonds payable, less current maturities - Series 2021A Bonds	35,792	34,300	32,773	31,211	29,614
Debt issuance costs	(631)	(489)	(347)	(205)	(63)
Total long-term liabilities, net	\$ 59,210	\$ 56,000	\$ 52,731	\$ 49,343	\$ 45,883
Refundable deposits	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
Refundable entrance fees	26,409	25,769	25,118	24,445	23,738
Deferred revenue from entrance fees	31,756	33,427	35,564	38,179	41,130
Total liabilities	\$ 124,775	\$ 122,662	\$ 121,091	\$ 119,941	\$ 118,996
Net assets:					
Without donor restrictions	\$ 64,640	\$ 66,031	\$ 67,135	\$ 68,177	\$ 69,124
With donor restrictions	15,757	15,152	14,547	13,942	13,337
Total net assets	\$ 80,397	\$ 81,183	\$ 81,682	\$ 82,119	\$ 82,461
Total liabilities and net assets	\$ 205,172	\$ 203,845	\$ 202,773	\$ 202,060	\$ 201,457

**See accompanying Accountant's Compilation Report and Summary of
Significant Forecast Assumptions and Rationale**

Arbor Acres United Methodist Retirement Community, Inc. and Affiliates

Summary of Significant Forecast Assumptions and Rationale

Basis of Presentation

The accompanying financial forecast presents, to the best of the knowledge and belief of management (“Management”) of Arbor Acres United Methodist Retirement Community, Inc. (the “Corporation”), and Affiliates (defined hereinafter), the expected financial position, results of operations and changes in net assets, and cash flows of the Corporation and Affiliates (collectively, the “Company”) as of and for each of the five years ending December 31, 2029. Accordingly, the financial forecast reflects Management’s judgment as of May 7, 2025, the date of this forecast, based on present circumstances and the expected course of action during the forecast period.

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and Title 11 of the North Carolina Administrative Code. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. There will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The prospective financial statements included in the forecast have been prepared in accordance with the accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

Background

The Corporation, incorporated in 1975, is a non-profit corporation under Internal Revenue Code (“IRC”) Section 501(c)(3) and is, therefore, exempt from federal and state income taxes. The Corporation owns and operates a continuing care retirement community (“CCRC”) known as Arbor Acres (the “Community”) in Winston-Salem, North Carolina.

The Corporation was organized under the sponsorship of the Western North Carolina Annual Conference of the United Methodist Church (the “Conference”). The Conference is not responsible for the financial and contract obligations of the Corporation. The Community operates under the supervision of a volunteer board of directors (the “Board”), whose members are elected by the Board.

Arbor Acres Home Care, LLC (“Home Care”) was formed in 2018 to provide skilled nursing, sitter, and home care aide services to Residents (hereinafter defined) of the Community in the comfort of the Residents’ homes (the “Home Care Program”).

Arbor Acres Strategic Development, LLC (“Strategic Development”) was formed and funded in June 2023 for the purpose of investigating potential growth opportunities for the Corporation. As of December 31, 2024, Strategic Development held approximately \$6,634,000. For purposes of the forecast, no changes to Strategic Development’s financial position during the forecast period are assumed.

See accompanying Accountant’s Compilation Report

The Corporation is the parent corporation and sole member of both Home Care and Strategic Development. Home Care and Strategic Development are referred herein as the “Affiliates”.

The Community

The Community is located on approximately 82 acres in Winston-Salem, Forsyth County, North Carolina at 1240 Arbor Road and provides a continuum of residential accommodations, which currently include 155 independent living apartments (the “Independent Living Apartments”), 132 independent living homes (the “Independent Living Homes”), 65 assisted living units (the “Assisted Living Units”), 30 assisted living memory care units (the “Memory Care Units”), 83 skilled nursing beds (the “Nursing Beds”), and associated and administrative common areas and amenities.

The Independent Living Apartments are located across six mid-rise residential buildings, which also include the following support facilities: business offices, fellowship hall, recreational areas, dining room, bistro, beauty shop, several parlors, kitchen, housekeeping, laundry, and maintenance service areas.

The Independent Living Apartments and the Independent Living Homes are collectively referred to as the “Independent Living Units” or “ILUs”.

In 2018, the Corporation added a membership program known as the “Advantage Program”, which is offered to prospective residents living in the surrounding area. Advantage Program members (“Advantage Program Members”) have access to Community amenities and healthcare services while remaining in their current homes.

See accompanying Accountant’s Compilation Report

The following table summarizes the type, number, approximate square footage, monthly fees (“Monthly Fees”), and entrance fees (“Entrance Fees”) for the Independent Living Units.

Table 1
Independent Living Unit Configuration

Type of Unit	Number of Units	Square Footage	Entrance Fees ⁽¹⁾⁽²⁾⁽³⁾	Monthly Fees ⁽¹⁾
Womble – Studios				
Studio ⁽⁴⁾	8	315	\$ 52,000	\$ 2,273
Studio w/ Study ⁽⁴⁾	3	315	52,000	2,273
Total/Weighted Averages	11	315	\$ 52,000	\$ 2,273
Studio Suites				
Connecting Room Suite – Womble ⁽⁴⁾	23	630	\$ 136,000	\$ 3,316
1 BR – Corpening Apt.	20	630	143,000	3,412
Total/Weighted Averages	43	630	\$ 139,256	\$ 3,361
Stockton Apartments⁽⁵⁾				
1 BR – 1 Bath – Type A	4	991	\$ 259,000	3,898
1 BR – 1.5 Bath – Type B	6	1,160	303,000	4,171
2 BR – 2 Bath – Type C-1	6	1,217	318,000	4,308
2 BR – 2 Bath – Type C-2	6	1,397	365,000	4,396
2 BR – 2 Bath – Type C-3	6	1,500	392,000	4,635
2 BR – 2 Bath – Type D-1	6	1,592	416,000	4,893
2 BR – 2 Bath – Type D-2	8	1,602	418,000	4,948
2 BR – 2 Bath – Type D-3	3	1,728	451,000	5,265
Total/Weighted Averages	45	1,404	\$ 366,600	\$ 4,564
Aldersgate Square Independent Living Units⁽⁵⁾				
2 BR – Duo	2	1,546	\$ 444,000	\$ 5,037
2 BR – Standard	14	1,615	464,000	5,172
2 BR – Deluxe	14	1,767	507,000	5,514
2 BR – Alcove	12	1,800	517,000	5,564
2 BR – Deluxe Den	14	2,005	626,000	6,199
Total/Weighted Averages	56	1,788	\$ 525,893	\$ 5,593
Homes				
1 BR – 1 Bath	4	1,150	\$ 300,257	\$ 3,684
2 BR – 2 Bath	21	1,300	339,000	4,017
2 BR – 2 Bath	29	1,500	391,000	4,467
2 BR – 2 Bath	11	1,700	443,500	4,871
2 BR – 2 Bath	17	1,900	496,000	5,260
2 BR – 2 Bath	9	2,100	548,000	5,510
2 BR – 2 Bath	18	2,300	617,386	5,990
Total/Weighted Averages	109	1,713	\$ 449,702	\$ 4,854
Courtyard Homes				
1 BR – 1 Bath	6	1,060	\$ 277,000	\$ 3,647
2 BR – 2 Bath	6	1,187	310,000	3,873
Total/Weighted Averages	12	1,124	\$ 293,500	\$ 3,760
Patio Homes				
2 BR – 2 Bath	11	1,326	\$ 346,000	\$ 3,949
Total/Weighted Averages	11	1,326	\$ 346,000	\$ 3,949
Total ILUs/Weighted Averages	287	1,424	\$ 379,277	\$ 4,550
Second person fees			\$10,000	\$ 1,231

Source: Management

- (1) The Entrance Fee and Monthly Fee pricing is effective as of January 1, 2025.
- (2) The Corporation offers a declining refundable Entrance Fee plan (the “Traditional Amortizing Plan”).
- (3) Entrance Fees represent non-premium pricing. Premiums ranging from \$10,000 to \$55,000 are added to the Entrance Fee for top floor Independent Living Units, ground floor walk-out Independent Living Units, views, and other premium features.
- (4) Management plans to vacate all available Independent Living Apartments in the McPherson and Womble buildings. Prior to January 2025, Management had already vacated 22 Independent Living Apartments in the McPherson and Womble buildings. Management plans to vacate the remaining 34 available Independent Living Apartments in the McPherson and Womble buildings (8 Studios, 3, Studios with Study, and 23 Connecting Room Suites) over a 21-month period beginning January 2025, for an average of 1.5 units vacated per month.
- (5) One parking space is included for the Apartments and Aldersgate Square Independent Living Units.

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The Assisted Living Units are located in a mid-rise residential building (the “Assisted Living Building”). The Memory Care Units and Nursing Beds are located in Fitzgerald Health Center (“Fitzgerald”). Support facilities in Fitzgerald include offices, family rooms, dining rooms, activity areas, physical therapy room, special bathing unit, and beauty shop. The Assisted Living Units, Memory Care Units, and Nursing Beds are collectively referred to as the “Healthcare Units”.

The Assisted Living Units and Memory Care Units are classified as “Adult Care Homes,” which are licensed and regulated by the North Carolina Department of Health and Human Services (“DHHS”). The Community is licensed for 106 Adult Care Home beds. The Corporation is currently operating 98 licensed Adult Care Home beds, which includes the Assisted Living Units and Memory Care Units.

The following table summarizes the type, number, approximate square footage, and daily fees (“Daily Fees”) of the Healthcare Units, effective January 1, 2025.

Table 2 Healthcare Unit Configuration				
Type of Unit	Number of Units	Number of Beds ⁽¹⁾⁽²⁾	Square Footage	Daily Fees ⁽³⁾⁽⁴⁾
Assisted Living Units				
Studio	22	22	453	\$ 264
1 BR ⁽⁵⁾	42	44	541	307
2 BR	1	2	904	364
Assisted Living Units – Total/weighted averages	65	68	517	\$ 293
Memory Care Units				
Level III Memory Care	30	30	450	\$ 391
Assisted Living Units and Memory Care Units – Total/weighted averages		98	496	\$ 324
Nursing Beds				
Private Room	83	83	314	\$ 461 / day
Healthcare Units – Total/weighted averages	178	181	411	

Source: Management

- (1) The Community is licensed by DHHS for 106 Adult Care Home beds.
- (2) The Community is licensed by DHHS for 83 nursing beds. The Corporation does not participate in Medicaid and is licensed for 6 Medicare skilled nursing beds. The Corporation is currently operating three Nursing Beds for Medicare temporary stays and three Nursing Beds for private pay temporary stays.
- (3) Direct admission into the Assisted Living Units requires a one-time, non-refundable Entrance Fee ranging from \$2,500 to \$7,500. Direct admission into the Memory Care Units and Nursing Beds requires a one-time, non-refundable Entrance Fee of \$5,000.
- (4) The second person Daily Fee for the Assisted Living Units is \$213.
- (5) Three Assisted Living Units allow for double occupancy.

See accompanying Accountant’s Compilation Report

Residency Agreement

Services and Amenities

The residency agreement (“Residency Agreement”) is a contract under which the Corporation is obligated, upon payment by the resident (the “Resident” or “Residents”) of an Entrance Fee and ongoing Monthly Fee or Daily Fee, to provide certain services to the Resident. While the Resident occupies an Independent Living Unit, services provided include:

- Dining services with meals or meal allowance;
- Weekly housekeeping service and annual deep cleaning;
- Laundering of bed and bath linens furnished by the Corporation;
- Heat, air conditioning, electricity, gas, water, and sewer; telephone jack, but no personal telephone handset or telephone service;
- Basic cable television and internet service;
- Emergency call system, nursing assessments, and assistance in emergencies;
- Routine consultation regarding health concerns;
- Recreational, educational, cultural, wellness, and spiritual life programs;
- Routine transportation to non-emergency medical appointments;
- In-patient care in Fitzgerald with limited days at no additional charge;
- Maintenance of the Community’s buildings and common grounds; and
- 24-7 security personnel on the grounds of the Community.

Admittance Standards

The terms of the Residency Agreement require the Corporation accept persons who exhibit the ability to live independently and meet the financial obligation as a Resident. Upon execution of the Residency Agreement, the Resident has the following payment options: (i) pay the Entrance Fee in full, or (ii) pay twenty-five percent of the total Entrance Fee, with the balance to be paid no later than five days prior to the date of occupancy.

Additional Services or Care

Pursuant to the Residency Agreement, the Resident may reside in the Independent Living Unit for as long as they are capable of meeting the requirements of occupancy. If the Resident is no longer able to meet the requirements of residing in the Independent Living Units, the Resident may be transferred temporarily or permanently to a Healthcare Unit.

See accompanying Accountant’s Compilation Report

Summary of Significant Accounting Policies

- (a) Basis of Accounting – The Company maintains its accounting and financial records according to the accrual basis of accounting.
- (b) Principles of Consolidation – The consolidated financial statements include the accounts of the Company consisting of the Corporation, Home Care, and Strategic Development. All material intercompany accounts and transactions have been eliminated in consolidation.
- (c) Cash and Cash Equivalents – Cash and cash equivalents, excluding those classified as investments and assets whose use is limited, include cash in banks, cash on hand, and investments in highly liquid debt instruments with an original maturity of three months or less when purchased. The Company maintains its cash in bank accounts which, at times, may exceed federally depository insurance limits. Management believes the credit risk associated with these deposits is minimal.
- (d) Investments – Investments in mutual funds, exchange traded funds, and fixed income securities are measured at fair value based on quoted market prices. Investment in certain alternative investments is recorded at net asset value. Investment income (including realized gains and losses on investments, interest, and dividends) is included in operating income unless restricted by donor or law. Management assumes no realized or unrealized gains and losses in the forecast period.
- (e) Assets Limited as to Use – Assets limited as to use primarily include assets designated by the Board, over which the Board retains control and may, at its discretion, subsequently use for other purposes, or restricted by donors or trustee agreements for future capital improvements, operating reserves, and Resident assistance.

North Carolina General Statute Section 58-64-33 requires CCRCs to maintain an operating reserve equal to 50 percent of total operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if Independent Living Unit and Assisted Living Unit occupancy exceeds 90 percent.

Assistance endowment funds include donor-restricted funds and amounts designated by the Board. The Corporation uses certain board designated net assets and the earnings from certain permanently restricted net assets for assistance to Residents.

- (f) Property and Equipment – Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvement	20 years
Buildings	10 to 40 years
Furniture and equipment	3 to 10 years

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- (g) Debt Issuance Costs – Debt issuance costs include underwriter fees, feasibility studies, modification fees, and other professional fees. Debt issuance costs have been recorded as a deduction against the related debt and are being amortized using the straight-line method over the lives of the various debt instruments, which approximate amortization computed using the effective interest method.
- (h) Refundable Deposits – Refundable deposits include advance payments to be made at the time an individual is accepted for residency into the Independent Living Units, as well as the portion of the payment of parking fees that will be refunded to the Resident when parking is no longer required.
- (i) Obligation to Provide Future Services – As of December 31, 2024, the calculation of the Corporation's obligation to provide future services resulted in the net present value of future cash inflows exceeding the net present value of future expenditures, less the balance of unamortized deferred revenue, plus depreciation of facilities to be charged related to Resident contracts. Therefore, no liability was reflected in the consolidated balance sheet as of December 31, 2024. For purposes of the forecast, no provision for future service obligations is assumed to be required during the forecast period.
- (j) Interest Rate Swap – The Corporation utilizes interest rate swaps to manage the variability in interest rates on its bonds. The Corporation accounts for its interest rate swaps under accounting principles generally accepted in the United States, which requires companies to recognize all derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation. For derivative instruments not designated as hedging instruments, the changes in fair value are recognized in excess revenue over expenses. The Corporation's interest rate swaps are not designated as hedging instruments and the changes in fair value are included in changes in net assets without donor restrictions. For purposes of the forecast, no changes in the fair value of interest rate swaps are assumed during the forecast period.
- (k) Income Taxes – The Corporation has been recognized by the Internal Revenue Service as a non-profit corporation as described in Section 501(c)(3) of the IRC and is exempt from federal income taxes pursuant to Section 501(a). The Affiliates are limited liability companies that have not elected to be taxed as a corporation under IRC regulations. The Affiliates are wholly owned by the Corporation. As such, the Affiliates are considered disregarded entities under current IRC regulations.
- (l) Deferred Revenue from Entrance Fees – The non-refundable portion of Entrance Fees received are recorded as deferred revenue and are recognized as operating income using the straight-line method over the estimated remaining life expectancy of the Residents in the Independent Living Units, adjusted annually as determined by actuarial life expectancy tables.

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- (m) Refundable Entrance Fees – Refundable entrance fees represent the total contractual refund obligations under existing contracts (that is if all Residents with a refundable balance were to have withdrawn).
- (n) Resident Fees – Resident fees represent the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Resident fees are recorded as revenue when earned.
- (o) Financial Assistance – The Corporation currently maintains a financial assistance program and policy for Residents holding continuing care residency agreements in the event the resident(s) should become unable to pay for services. The Corporation reserves the right to change the program and policy and does not guarantee future financial assistance. The Corporation does not expect to collect the normal charges for services provided for those Residents who meet the financial assistance provisions so estimated charges for such assistance are not included in revenue. The Corporation uses both donor-restricted and board-restricted funds to provide financial assistance. The Corporation receives contributions in three primary ways: through annual fundraising efforts, annual requests of outreach ministries, and estate donations.
- (p) Use of Estimates – The preparation of the forecasted financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the forecasted consolidated financial statements. Actual results could differ from those estimates.

See accompanying Accountant's Compilation Report

Summary of Operating Revenue and Entrance Fee Assumptions

Independent Living Units

Resident service revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fees of the respective Independent Living Units. Monthly Fees for the Independent Living Units are assumed to increase 4.0 percent beginning January 1, 2026 and annually thereafter.

As part of strategic initiatives and recent expansion efforts, Management plans to vacate all available Independent Living Apartments in the existing McPherson and Womble buildings. Prior to January 2025, Management had already vacated 22 Independent Living Apartments in the McPherson and Womble buildings. For purposes of the forecast, Management anticipates the remaining 34 Independent Living Apartments in the McPherson and Womble buildings to be vacated over a 21-month period beginning January 2025, for an average of 1.5 units per month, allowing Management to vacate either building by September 30, 2026.

The Independent Living Units are assumed to reach 94.5 percent occupancy by October 2026 and are anticipated to maintain that level of occupancy throughout the remaining forecast period.

The following table summarizes the assumed utilization of the Independent Living Units.

Table 3 Utilization of the Independent Living Units			
Fiscal Years Ending December 31,	Average Occupied	Average Available⁽¹⁾	Percent Occupied
Forecasted			
2025	268.0	282.4	94.9%
2026	249.2	256.2	97.3%
2027	239.1	253.0	94.5%
2028	239.1	253.0	94.5%
2029	239.1	253.0	94.5%

Source: Management

(1) Changes in average available Independent Living Units reflect an assumed reduction of 34 Independent Living Apartments in the McPherson and Womble buildings over a 21-month period, beginning January 2025.

Double occupancy percentages in the Independent Living Units are assumed to be 31.4 percent of the occupied units throughout the forecast period.

See accompanying Accountant's Compilation Report

Assumed Independent Living Turnover

The assumed turnover for the Independent Living Units due to death, withdrawal, or transfer to an Assisted Living Unit, Memory Care Unit, or Nursing Bed, and double occupancy of the Independent Living Units has been based, in part, on historical experience of the Corporation.

Refunds of Entrance Fees are generated upon termination of the Residency Agreement and withdrawal from the Community, subject to the re-occupancy of the vacated Independent Living Units. Entrance Fees may be generated from Independent Living Unit turning over without a corresponding refund because the Resident has not withdrawn from the Community, but has permanently transferred to assisted living, memory care, or nursing accommodations. The assumed number of refunds on the Independent Living Units is provided by Management.

The following table presents the assumed attrition Entrance Fees received and total Entrance Fee refunds.

Table 4
Attrition Entrance Fee Receipts and Total Entrance Fee Refunds
(In Thousands)

Fiscal Years Ending December 31,	2025	2026	2027	2028	2029
<i>Number of Entrance Fees Received</i>					
Turnovers	31.0	31.0	32.0	32.0	32.0
<i>Entrance Fees Received</i>					
Independent Living Units	\$ 9,452	\$ 9,724	\$ 10,174	\$ 10,632	\$ 10,951
Assisted Living Units, Memory Care Units, & Nursing Beds ⁽¹⁾	\$ 105	\$ 108	\$ 111	\$ 115	\$ 118
Advantage Program ⁽²⁾	\$ 158	\$ 149	\$ 162	\$ 178	\$ 192
<i>Entrance Fees Refunded</i>					
Independent Living Units ⁽³⁾	\$(1,000)	\$ (739)	\$ (580)	\$ (584)	\$ (600)
Advantage Program ⁽⁴⁾	\$ (45)	\$ (54)	\$ (60)	\$ (67)	\$ (73)
Entrance Fees Received, Net of Refunds	\$ 8,670	\$ 9,188	\$ 9,807	\$ 10,274	\$ 10,588

Source: Management

- (1) Direct admission into the Assisted Living Units requires a one-time, non-refundable Entrance Fee ranging from \$2,500 to \$7,500. Direct admission into the Memory Care Units and Nursing Beds requires a one-time, non-refundable Entrance Fee of \$5,000.
- (2) There is a \$12,500 Entrance Fee for Advantage Program Members, which is refundable over 50 months minus a \$1,000 non-refundable fee.
- (3) The Corporation offers a Traditional Amortizing Plan.
- (4) Entrance Fees already paid for Advantage Program are transferrable to the Entrance Fee required to move into a residential unit at the Community.

Entrance Fees for the Independent Living Units, Assisted Living Units, Memory Care Units, Nursing Beds, and Advantage Program are assumed to increase 3.0 percent beginning January 1, 2026 and annually thereafter.

See accompanying Accountant's Compilation Report

Assisted Living Units and Memory Care Units

The Community currently has accommodations, equipment, staffing, programs, services, and supervision necessary for the Assisted Living Units and Memory Care Units, with these accommodations available to Residents on a priority basis. However, the Corporation cannot guarantee access to these areas.

Daily Fees are generated from assisted living and memory care services provided to Residents transferring from the Independent Living Units or Assisted Living Units, as well as direct admissions from the surrounding area to the Assisted Living Units or Memory Care Units. Residents permanently transferring from the Independent Living Units to the Assisted Living Units or Memory Care Units are assumed to pay the then-current Daily Fee. Daily Fees for the Assisted Living Units and Memory Care Units are assumed to increase 4.0 percent beginning January 1, 2026 and annually thereafter.

The Assisted Living Units and Memory Care Units are assumed to maintain a 91.5 and 96.7 percent occupancy level throughout the forecast period, respectively.

The following table summarizes the assumed utilization of the Assisted Living Units and Memory Care Units.

Table 5						
Utilization of the Assisted Living Units and Memory Care Units						
Fiscal Years Ending December 31,	<u>Assisted Living Units</u>			<u>Memory Care Units</u>		
	Average Occupied	Average Available	Percent Occupied	Average Occupied	Average Available	Percent Occupied
Forecasted						
2025	59.5	65.0	91.5%	29.0	30.0	96.7%
2026	59.5	65.0	91.5%	29.0	30.0	96.7%
2027	59.5	65.0	91.5%	29.0	30.0	96.7%
2028	59.5	65.0	91.5%	29.0	30.0	96.7%
2029	59.5	65.0	91.5%	29.0	30.0	96.7%

Source: Management

Double occupancy percentages in the Assisted Living Units are assumed to be 2.3 percent of the occupied units throughout the forecast period.

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Nursing Beds

The Community currently has accommodations, equipment, staffing, programs, services, and supervision necessary for the Nursing Beds, with these accommodations available to Residents on a priority basis. However, the Corporation cannot guarantee access to these areas.

The Daily Fees are generated from services provided to Residents transferring from the Independent Living Units, Assisted Living Units, Memory Care Units, or as direct admissions from the surrounding area to the Nursing Beds. Residents permanently transferring from the Independent Living Units, Assisted Living Units, or Memory Care Units would pay the then-current Daily Fee. Daily Fees for the Nursing Beds are assumed to increase 4.0 percent beginning January 1, 2026 and annually thereafter.

The Nursing Beds are assumed to maintain an 89.2 percent occupancy level throughout the forecast period.

The following table summarizes the assumed utilization of the Nursing Beds.

Table 6						
Utilization of the Nursing Beds						
Fiscal Years Ending December 31,	Private Pay	Temporary Beds – Medicare	Temporary Beds – Private Pay	Average Occupied	Average Available⁽¹⁾	Percent Occupied
Forecasted						
2025	71.0	1.5	1.5	74.0	83.0	89.2%
2026	71.0	1.5	1.5	74.0	83.0	89.2%
2027	71.0	1.5	1.5	74.0	83.0	89.2%
2028	71.0	1.5	1.5	74.0	83.0	89.2%
2029	71.0	1.5	1.5	74.0	83.0	89.2%

Source: Management

- (1) The Community is licensed by DHHS for 83 nursing beds. The Community does not participate in Medicaid and is licensed for 6 Medicare skilled nursing beds. The Corporation is currently operating three Nursing Beds for Medicare temporary stays and three Nursing Beds for private pay temporary stays.

In addition, Resident service revenue for the Independent Living Units, Assisted Living Units, Memory Care Units, and Nursing Beds also include revenues from additional resident meals, beer and wine sales, barber and beauty services, and parking fees, which are assumed to increase 4.0 percent beginning January 1, 2026 and annually thereafter.

See accompanying Accountant's Compilation Report

Advantage Program

Advantage Program revenue is based upon the assumed utilization and an assumed monthly fee of \$400 per individual Member, which is assumed to increase 4.0 percent annually throughout the forecast period.

Table 7
Advantage Program Members

Fiscal Years Ending December 31,	2025	2026	2027	2028	2029
Number of Advantage Program Members, Beginning	43.0	50.0	55.0	60.0	65.0
Number of New Advantage Program Members	7.0	5.0	5.0	5.0	5.0
Number of Advantage Program Members, Ending	50.0	55.0	60.0	65.0	70.0
Average Number of Advantage Program Members	45.7	52.5	57.5	62.5	67.5

Source: Management

Home Care Program

Home Care Program revenue is based upon the assumed utilization and an assumed hourly fee of \$27.09 per hour for home care aide and sitter services. Hourly fees are assumed to increase 4.0 percent annually throughout the forecast period.

Table 8
Home Care Program Utilization

Fiscal Years Ending December 31,	2025	2026	2027	2028	2029
Home Care Program Health Aide / Sitter Hours	97,500	97,500	97,500	97,500	97,500

Source: Management

Other Revenue

Other revenue consists of revenues from catering meals, guest apartment rentals, application fees, gift shop sales, and other miscellaneous sources. Other revenue is assumed to increase 4.0 percent annually throughout the forecast period.

Interest Income

The average annual rate of return on the Corporation's unrestricted cash, investments, and assets limited to use is assumed to be 3.0 percent.

Contributions

Contributions include unrestricted endowment and donor-restricted gifts.

See accompanying Accountant's Compilation Report

Summary of Operating Expense Assumptions

Operating expenses are estimated by Management based on its historical experience and expectations for the forecast period. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 4.0 percent annually throughout the forecast period. The costs of employee fringe benefits are assumed to approximate 30.3 percent of salaries and wages.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 4.0 percent annually throughout the forecast period.

Assets Limited as to Use

Assets limited as to use include donor-restricted and board-designated funds for residence assistance, assistance endowment, workforce endowment, and for other specific purposes.

Operating Reserve Requirement

North Carolina General Statute § 58-64-33 requires CCRCs to maintain an operating reserve (the “Statutory Operating Reserve”) equal to 50 percent of the total operating costs in a given year, or 25 percent of such total operating costs if occupancy as of a certain date exceeds 90 percent of the Independent Living Unit capacity. Management’s forecast shows sufficient cash and investment balances to comply with the Statutory Operating Reserve requirement throughout the forecast period.

Lease Expense (Operating Lease)

The Corporation leases copiers under operating leases. Terms of these leases vary and expire between 2025 and 2026, with monthly rental payments ranging from \$1,865 per month to \$3,709 per month.

As of December 31, 2024, the Corporation had recorded approximately \$85,000 in right-of-use assets related to the operating lease and a corresponding lease liability of approximately \$85,000 (the “Present Value”). The Present Value lease payments are based on a weighted average discount rate of 5.6 percent of the Present Value lease payments due over the remaining weighted average term of 1.49 years.

See accompanying Accountant’s Compilation Report

Property and Equipment and Depreciation Expense

The Corporation's property and equipment costs, net of accumulated depreciation, during the forecast period are summarized in the table below.

Table 9
Schedule of Property and Equipment
(In Thousands)

Years Ending December 31,	2025	2026	2027	2028	2029
Property and equipment, beginning balance	\$ 226,531	\$ 232,389	\$ 238,565	\$ 245,075	\$ 251,935
Ongoing capital additions	6,358	6,676	7,010	7,360	7,728
Disposal of assets	(500)	(500)	(500)	(500)	(500)
Property and equipment, gross	232,389	238,565	245,075	251,935	259,163
Accumulated depreciation	(111,097)	(120,861)	(130,869)	(141,178)	(151,845)
Property and equipment, ending balance	\$ 121,292	\$ 117,704	\$ 114,206	\$ 110,757	\$ 107,318

Source: Management

Long-Term Debt and Interest Expense

Series 2010 Bonds

In June 2010, the Corporation obtained debt ("Series 2010 Bonds") to pay for the construction of the Assisted Living Building. The Series 2010 Bonds consist of \$28,845,000 with a variable interest rate of 79 percent of Secured Overnight Financing Rate plus 1.0854 percent. The Series 2010 Bonds are covered by an interest rate swap that effectively fixes the variable interest rate bonds at 3.333 percent and expires in December 2037. Interest on the Series 2010 Bonds is payable monthly. Principal on the Series 2010 Bonds is paid monthly with a final maturity on January 1, 2038. As of December 31, 2024, the balance of the Series 2010 Bonds was approximately \$21,280,000.

Series 2016 Bonds

In December 2016, \$13,159,000 of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Arbor Acres Methodist Retirement Community) Series 2016 (the "Series 2016 Bonds") were issued to refund then-outstanding debt. The Series 2016 Bonds consist of variable rate tax-exempt bonds, with a fixed interest rate swap at 2.914 percent per annum. Interest on the Series 2016 Bonds is payable monthly. Principal on the Series 2016 Bonds is paid monthly with a final maturity on January 1, 2031. As of December 31, 2024, the balance of the Series 2016 Bonds was approximately \$6,290,000.

See accompanying Accountant's Compilation Report

Series 2021A Bonds

In July 2021, the Corporation entered into an agreement with a commercial bank (the “Bank”) for the purchase of up to \$62,640,000 of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Arbor Acres Methodist Retirement Community), Series 2021A (the “Series 2021A Bonds”) to be advanced on a draw-down basis to pay for costs related to the construction of an Independent Living Unit expansion and to convert a then-outstanding taxable bank loan to tax-exempt bonds. The Series 2021A Bonds consist of Series 2021A-1 Bonds, Series 2021A-2 Bonds, and Series 2021A-3 Bonds. As of December 31, 2024, the Series 2021A-2 Bonds were paid off. As of December 31, 2024, the Series 2021A Bonds balance was approximately \$38,680,000.

The Series 2021A-1 Bonds consisted of up to \$33,000,000 tax-exempt bonds with a fixed interest rate swap at 2.205 percent per annum on the outstanding balance up to \$23,000,000 and a variable interest rate of 4.60 percent per annum on the outstanding balance of \$10,000,000, effective July 2023. Interest on the Series 2021A-1 Bonds is payable monthly. Principal on the Series 2021A-1 Bonds is paid monthly beginning September 1, 2024, with a final maturity on January 1, 2052. As of December 31, 2024, the Bank had purchased approximately \$32,712,000 of the Series 2021A-1 Bonds.

The Series 2021A-3 Bonds consisted of up to \$7,474,000 variable rate tax-exempt bonds, with a fixed interest rate swap at 2.865 percent per annum on the outstanding balance. Interest on the Series 2021A-3 Bonds is payable monthly. Principal on the Series 2021A-3 Bonds is paid monthly, with a final maturity on January 1, 2035. As of December 31, 2024, the Bank had purchased approximately \$5,968,000 of the Series 2021A-3 Bonds.

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

Table 10
Annual Debt Service
(In Thousands)

Fiscal Years Ending December 31,	<u>Series 2010 Bank Bonds</u>		<u>Series 2016 Bonds</u>		<u>Series 2021A Bonds</u>		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 775	\$ 709	\$ 970	\$ 173	\$ 1,426	\$ 1,116	\$ 5,169
2026	780	683	996	144	1,462	1,081	5,146
2027	840	656	1,020	114	1,492	1,044	5,166
2028	840	629	1,044	84	1,527	1,007	5,131
2029	\$ 900	\$ 598	\$ 1,068	\$ 52	\$ 1,562	\$ 969	\$ 5,149

Source: Management

See accompanying Accountant’s Compilation Report

Current Assets and Current Liabilities

Operating expenses exclude amortization, depreciation, other non-cash expenses, and interest expense. Operating revenues include service fees. Working capital components have been estimated based on industry standards and Management's historical experience as follows:

Table 11
Working Capital – Days on Hand

Accounts receivable	8	days operating revenues
Prepaid expenses	5	days operating expenses
Accounts payable	14	days operating expenses
Accrued expenses	15	days operating expenses

Source: Management

See accompanying Accountant's Compilation Report

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
COMPARISON OF AUDIT TO FORECAST BALANCE SHEET
December 31, 2024
(in thousands of dollars)

ASSETS	Audit* 2024	Forecast** 2024	\$ Variance	% Variance	Explanation
Current Assets:					
Cash and cash equivalents	\$ 11,002	\$ 7,957	\$ 3,045	38%	A
Investments	28,520	31,713	(3,193)	-10%	
Accounts receivable, net	813	794	19	2%	
Prepaid expenses	485	537	(52)	-10%	
Total Current Assets	<u>40,820</u>	<u>41,001</u>			
Non-current assets:					
Assets limited as to use:					
Board designated for:					
Assistance endowment	6,708	6,376	332	5%	
Capital projects	2,447	2,520	(73)	-3%	
Donor restricted for:					
Resident assistance	36	518	(482)	-93%	B
Assistance endowment	14,281	12,965	1,316	10%	
Other specific purposes	773	682	91	13%	
State operating reserve requirement	9,680	9,680	-	0%	
Total assets limited as to use	<u>33,925</u>	<u>32,741</u>			
Other long-term assets	277	289	(12)	-4%	
Property and equipment, net	124,757	124,261	496	0%	
Beneficial interest in perpetual trust	1,369	1,305	64	5%	
Operating lease right to use assets	85	86	(1)	-1%	
Interest rate swap asset	5,148	4,361	787	18%	
Total non-current assets	<u>165,561</u>	<u>163,043</u>			
TOTAL ASSETS	<u>\$ 206,381</u>	<u>\$ 204,044</u>			
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 1,206	\$ 1,534	(328)	-21%	
Accrued expenses	1,167	1,579	(412)	-26%	D
Accrued interest payable	96	112	(16)	-14%	
Current maturities of long-term debt	3,111	3,171	(60)	-2%	
Current maturities of operating lease liabilities	60	64	(4)	100%	
Estimated refundable entrance fees	1,041	977	64	7%	
Total current liabilities	<u>6,681</u>	<u>7,437</u>			
Long-term liabilities:					
Refundable deposits	35	35	-	0%	
Deferred revenue from entrance fees	57,558	30,080	27,478	91%	C
Refundable entrance fees	-	30,815	(30,815)	-100%	C
Long-term debt, less current maturities	62,366	62,306	60	0%	
Operating lease liabilities, less current maturities	25	22	3	100%	
Total long term liabilities	<u>119,984</u>	<u>123,258</u>			
Total Liabilities	<u>126,665</u>	<u>130,695</u>			
Net Assets					
Without donor restrictions	63,257	59,115	4,142	7%	
With donor restrictions	16,459	14,234	2,225	16%	
Total Net Assets	<u>79,716</u>	<u>73,349</u>			
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 206,381</u>	<u>\$ 204,044</u>			

Materiality for purposes of this disclosure are differences greater than \$250,000 and 25% variance from the previous year

A - See Statement of cashflows for reasons for the difference in the ending cash balance

B - Arbor Acres was able to utilize a significant amount of unspent restricted funds for financial assistance

C - Refundable entrance fee are included in deferred revenue from entrance fees in the audit amount

D. The difference is from the timing of this last payperiod's affect on accrued payroll.

* Amounts are derived from the audited financial statements and presented in thousands of dollars.

** Amounts are derived from the December 31, 2024 - 2028 financial projection. Amounts are presented in a format similar to the audit presentation.

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
COMPARISON OF AUDIT TO FORECAST STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands of dollars)

	Audit* 2024	Forecast** 2024	\$ Variance	% Variance	Explanation
Revenue, gains and other support					
Contributions	\$ 2,141	\$ 412	\$ 1,729	419.7%	1
Resident fees	37,618	37,091	527	1.4%	
Home Care revenue	2,883	2,444	439	18.0%	
Entrance fees earned	8,550	7,354	1,196	16.3%	
Investment income	1,937	1,050	887	84.5%	2
Other revenue	171	119	52	43.7%	
Total revenue, gains and other support	53,300	48,470			
Expenses					
Medical and personal care	11,589	11,293	296	2.6%	
Food service	6,914	6,730	184	2.7%	
Facility services	6,708	6,463	245	3.8%	
Utilities	1,673	1,641	32	2.0%	
Resident services	1,758	1,597	161	10.1%	
Administration	4,693	4,195	498	11.9%	
Human resources	990	936	54	5.8%	
Home Care expenses	2,486	2,209	277	12.5%	
Marketing & development	1,175	1,174	1	0.1%	
Lease expense		67	(67)	-100.0%	
Depreciation	9,257	8,781	476	5.4%	
Interest expense	2,205	1,844	361	19.6%	
Total expenses	49,448	46,930			
Operating income	3,852	1,540			
Non-operating revenue (expenses):					
Loss on disposal of property	(399)	(400)	1	-0.3%	
Unrealized loss from interest rate swap	787	-	787	100.0%	3
Loss on captive insurance investment	(95)	-	(95)	100.0%	
Change in value - perpetual trusts	64	-	64	100.0%	
Net realized gain on investments	892	-	892	100.0%	3
Net unrealized gain on investments	2,788	-	2,788	100.0%	3
Excess of revenues over expenses	7,889	1,140			
Change in net assets	7,889	1,140			
Net assets, beginning	71,828	66,417			
Net assets, ending	<u>\$ 79,717</u>	<u>\$ 67,557</u>			

Materiality for purposes of this disclosure are differences greater than \$250,000 and 25% variance from the previous year.

1. Arbor Acres received additional restricted gifts in 2024 that were not forecasted for the year, causing the increase.
2. Investment returns were significantly greater than forecasted, forecast reflected more conservative returns.
3. Arbor Acres does not typically forecast realized and unrealized gains or losses on interest rate swaps or investments.

* Amounts are derived from the audited financial statements totals, and presented in thousands of dollars.

** Amounts are derived from the December 31, 2024 - 2028 financial projection. Amounts are presented in a format similar to the audit presentation.

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
COMPARISON OF AUDIT TO FORECAST STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands of dollars)

	Audit* 2024	Forecast** 2024	\$ Variance	% Variance	Explanation
Cash flows from operating activities					
Change in net assets	\$ 7,889	\$ 1,521	\$ 6,368	418.7%	Z
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	9,257	8,924	333	3.7%	
Loss on disposal of assets	399	400	(1)	-0.3%	
Realized & unrealized gain on investments	(3,679)	-	(3,679)	100.0%	W
Change in value perpetual trusts	(64)	-	(64)	100.0%	
Contributions restricted for long-term investment	(894)	-	(894)	100.0%	V
Entrance fees received	7,985	9,503	(1,518)	-16.0%	
Amortization of entrance fees	(8,550)	(7,354)	(1,196)	16.3%	
Amortization of deferred costs	142	142	-	0.0%	
Amortization of right-of-use assets - operating		60			
Unrealized (gain) loss on interest rate swap	(787)	-	(787)	100.0%	W
Change in operating assets and liabilities					
Accounts receivable	110	128	(18)	-14.1%	
Prepaid expenses and deposits	(30)	(82)	52	-63.4%	
Other long-term assets	13	-	13	100.0%	
Accounts payable	127	38	89	234.2%	
Accrued expenses	(418)	1	(419)	-41900.0%	U
Accrued interest		12	(12)	-100.0%	
Lease liabilities - operating	-	(60)	60	-100.0%	
Net cash provided by operating activities	11,500	13,233			
Cash flows from investing activities					
Acquisition of property and equipment	(6,814)	(5,566)	(1,248)	22.4%	
Proceeds from disposal of property & equipment	2	-	2	100.0%	
(Increase) decrease in assets limited as to use	(2,337)	(1,153)	(1,184)	102.7%	V
(Purchase) sale of investments, net	(3,029)	(9,902)	6,873	-69.4%	Y
Net cash used in investing activities	(12,178)	(16,621)			
Cash flows from financing activities					
Payment on long-term debt	(2,459)	(2,459)	-	0.0%	
Entrance fee refunds	(1,515)	(956)	(559)	58.5%	X
Contributions restricted for long-term investment	894	-	894	100.0%	V
Net cash provided by financing activities	(3,080)	(3,415)			
Increase (decrease) in cash and cash equivalents	(3,758)	(6,803)			
Beginning balance, cash and cash equivalents	14,760	14,760			
Ending balance, cash and cash equivalents	\$ 11,002	\$ 7,957			

Materiality for purposes of this disclosure are differences greater than \$250,000 and 25% variance from the previous year. See the balance sheet and statement of operations and changes in net assets for selected explanations.

Z. See the statement of operations and changes in net assets.

Y. More investments were forecasted to purchased, than actually occurred. This was due to increases in operating reserves and ending cash balances.

X. More entrance fees were refunded than originally forecast, most of the increase was associated with the new expansion project.

W. Arbor Acres does not typically forecast realized and unrealized gains or losses on interest rate swaps or investments.

V. Arbor acres received a substantial gift in 2024. Forecast does not include projection for these contributions.

U. The difference is from the timing of this last payperiod's affect on accrued payroll.

* Amounts are derived from the audited financial statements totals, and presented in thousands of dollars.

** Amounts are derived from the December 31, 2024 - 2028 financial projection. Amounts are presented in a format similar to the audit presentation.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made this 1st day of June, 2020 by and between Arbor Acres United Methodist Retirement Community, Inc., a North Carolina nonprofit corporation ("**Sponsor**"), and Truist Bank, a North Carolina banking corporation ("**Escrow Agent**").

RECITALS

- A. Sponsor is the intended operator of certain property located in Winston-Salem, North Carolina as a continuing care retirement community known as Arbor Acres (the "**Community**"). As the operator, Sponsor will from time to time enter into non-binding priority list reservation agreements with persons desiring to reside at Arbor Acres and into binding reservation agreements and/or resident agreements with persons contracting for residences at the Community; and
- B. Pursuant to such non-binding priority list reservation agreements, persons desiring to reside at Arbor Acres deposit funds ("**Deposits**") with Sponsor and, pursuant to such binding reservation agreements and/or resident agreements, the prospective resident(s) ("**Depositing Person(s)**") contracting for a residence are required to pay all or a portion of certain entrance fees ("**Entrance Fees**") prior to occupancy by them; and
- C. Pursuant to Article 64 of Chapter 58 of the North Carolina General Statutes, as amended (the "Act"), and Title 11, Chapter 11, Subchapter H, Section .0102(I)(b)(ii) of the North Carolina Administrative Code, the Deposits received in connection with non-binding priority list reservation agreements and certain Entrance Fees received in connection with binding reservation agreements and/or resident agreements must be escrowed; and
- D. Subject to the terms of the Act, Sponsor hereby agrees to deposit in an escrow fund established and maintained by the Escrow Agent (the "**Escrow Account**") the Deposits and the Entrance Fees that are required to be deposited into an escrow fund pursuant to the Act; and
- E. The parties hereto now desire and intend to provide for the safekeeping of the Deposits and such Entrance Fees and for the procedures in disbursing the Deposits and such Entrance Fees;

WITNESSETH:

NOW THEREFORE, in consideration of the premises set forth above, the mutual covenants set forth below, and other good and valuable consideration, the receipt, and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Escrow Agent shall open the Escrow Account, and the Sponsor shall deposit with the Escrow Agent, (a) any and all Deposits made by Depositing Persons pursuant to their specific non-binding priority list reservation agreements, and (b) all Entrance Fees received or Deposits recast as Entrance Fees pursuant to paragraph 4 hereafter, except (i) if the conditions set forth in paragraph 6 hereafter have been met, only 75% of Entrance Fees received or Deposits recast as Entrance Fees shall

be deposited or retained, respectively, and (ii) if the conditions set forth in paragraph 7 hereafter have been met, no such Entrance Fees received or Deposits recast as Entrance Fees shall be deposited or retained, respectively.

2. The Escrow Agent hereby agrees to maintain the Deposits and Entrance Fee amounts separate and apart from its other funds, and shall hold and disburse the Deposits and Entrance Fee amounts in accordance with this Agreement. On or before each delivery to the Escrow Agent of any Deposits and Entrance Fees, Sponsor shall furnish to the Escrow Agent the name and address of each Depositing Person providing such Deposits and Entrance Fees, together with such other information concerning each such Depositing Person as the Escrow Agent shall reasonably request. The Escrow Agent shall maintain records as to the Deposits and Entrance Fees with respect to each such Depositing Person and shall report such information monthly to Sponsor.

The Escrow Agent shall invest all funds held pursuant to this Escrow Agreement in the SunTrust Institutional Preferred Deposit Option. The investments in the SunTrust Institutional Preferred Deposit Option are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (the "FDIC"), in the standard FDIC insurance amount of \$250,000, including principal and accrued interest, and are not secured. The SunTrust Institutional Preferred Deposit Option is more fully described in materials which have been furnished to the Sponsor by the Escrow Agent, and the Sponsor acknowledges receipt of such materials from the Escrow Agent. Instructions to make any other investment must be in writing and signed by the Sponsor. The Sponsor recognizes and agrees that the Escrow Agent will not provide supervision, recommendations or advice relating to the investment of moneys held hereunder or the purchase, sale, retention or other disposition of any investment, and the Escrow Agent shall not be liable to the Sponsor or any other person or entity for any loss incurred in connection with any such investment. The Escrow Agent is hereby authorized to execute purchases and sales of investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent or any of its affiliates may receive compensation with respect to any investment directed hereunder including without limitation charging any applicable agency fee in connection with each transaction. The Escrow Agent shall use its best efforts to invest funds on a timely basis upon receipt of such funds; provided, however, that the Escrow Agent shall in no event be liable for compensation to the Sponsor or other person or entity related to funds which are held un-invested or funds which are not invested timely. The Escrow Agent is authorized and directed to sell or redeem any investments as it deems necessary to make any payments or distributions required under this Escrow Agreement.

3. The Sponsor agrees that all interest and income from the investment of the funds shall be reported as having been earned by the Sponsor as of the end of each calendar year whether or not such income was disbursed during such calendar year and to the extent required by the Internal Revenue Service. On or before the execution and delivery of this Escrow Agreement, the Sponsor shall provide to the Escrow Agent a correct, duly completed, dated and executed current United States Internal Revenue Service Form W-9 or Form W-8, whichever is appropriate or any successor forms thereto, in a form and substance satisfactory to the Escrow Agent including appropriate supporting documentation and/or any other form, document, and/or certificate required or reasonably requested by the Escrow Agent to validate the form provided. Notwithstanding anything to the contrary herein provided, except for the delivery and filing of tax information reporting forms required pursuant to the Internal Revenue Code of 1986, as amended, to be delivered and filed with the Internal Revenue Service by the Escrow Agent, as escrow agent hereunder, the Escrow Agent shall have no duty to prepare or file any Federal or

state tax report or return with respect to any funds held pursuant to this Escrow Agreement or any income earned thereon. With respect to the preparation, delivery and filing of such required tax information reporting forms and all matters pertaining to the reporting of earnings on funds held under this Escrow Agreement, the Escrow Agent shall be entitled to request and receive written instructions from the Sponsor, and the Escrow Agent shall be entitled to rely conclusively and without further inquiry on such written instructions. The Sponsor agrees to indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Fund or any earnings or interest thereon unless such tax, late payment, interest, penalty or other cost or expense was finally adjudicated by a court of competent jurisdiction to have been directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided in this section is in addition to the indemnification provided to the Escrow Agent elsewhere in this Escrow Agreement and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

4. Upon written notification to the Escrow Agent by the Sponsor stating that a Depositing Person has entered into a binding reservation agreement and/or resident agreement with the Sponsor, the Escrow Agent shall forthwith recast such Depositing Person's Deposit in the Escrow Account as Entrance Fees. Thereafter, if the Sponsor notifies the Escrow Agent in writing that either of the conditions described in Section 6 or Section 7 below have been satisfied, the Escrow Agent shall promptly disburse to the Sponsor the amounts set forth in said Section 6 or Section 7 pursuant to the Sponsor's written request.

5. Upon written notification to the Escrow Agent by the Sponsor that a Depositing Person wishes to terminate or withdraw his or her non-binding priority list reservation agreement or that such Depositing Person's Deposit is otherwise required to be returned to such Depositing Person, the Escrow Agent shall forthwith disburse such Depositing Person's money on deposit in the Escrow Account in accordance with such written instructions within five (5) business days of receipt of such written notice. All interest earnings shall be allocable to the Sponsor. Upon written notification to the Escrow Agent by the Sponsor stating that Entrance Fees are to be returned to any Depositing Person, the Escrow Agent shall forthwith disburse such Depositing Person's money or deposit in the Escrow Account to such Depositing Person in accordance with the Sponsor's written instructions within five (5) business days of receipt of such written notice. All interest earnings shall be allocable to the Sponsor.

6. Upon receipt by the Escrow Agent of written notice from the Sponsor stating that the requirement set forth in Section 58-64-35(a)(1) of the Act has been met for any Phase of the project (a "Phase" will be defined and agreed upon between the Sponsor the North Carolina Department of Insurance, Financial Evaluation Division, Special Entities Section), 25% of the Entrance Fees for that Phase, together with the earnings thereon shall be disbursed to the Sponsor within five (5) business days.

7. Upon receipt by the Escrow Agent of written notice from the Sponsor stating that the requirement set forth in Section 58-64-35(a)(2) of the Act has been met for any Phase of the project (a "Phase" will be defined and agreed upon between the Sponsor the North Carolina Department of Insurance, Alternative Markets Division, Special Entities Section), all remaining Entrance Fees for that Phase and all earnings thereon shall be disbursed to the Sponsor within five (5) business days.

8. This Agreement shall terminate when all disbursements of the Deposits and Entrance Fees required to be made with respect to the Escrow Account by the Escrow Agent under the provisions hereof shall be made.

9. In performing its duties under this Agreement, or upon the claimed failure to perform its duties, the Escrow Agent shall have no liability except for the Escrow Agent's willful misconduct or negligence. In no event shall the Escrow Agent be liable for incidental, indirect, special, and consequential or punitive damages. The Escrow Agent shall have no implied duties or obligations under the terms of this Agreement or otherwise. The Escrow Agent shall not be charged with or be deemed to have any knowledge or notice of any notice, fact, or circumstance not specifically set forth in this Agreement or furnished to the Escrow Agent in notices provided to the Escrow Agent in writing and strictly in accordance with the notice provisions of this Agreement. The Escrow Agent shall not be required to take notice of any agreement or understanding, including but not limited to any binding residents' agreements, other than this Agreement and shall have no duty or responsibility to take any action pursuant to the terms thereof. The Escrow Agent shall have no liability with respect to the transfer or distribution of any funds affected by the Escrow Agent pursuant to wiring or transfer instructions provided to the Escrow Agent by any party to this Agreement. The Escrow Agent shall be entitled to seek the advice of legal counsel with respect to any matter arising under this Agreement. The Escrow Agent shall not be obligated to take any legal action or to commence any proceedings in connection with this Agreement or any funds held hereunder or to appear in, prosecute or defend in any such legal action or proceedings. The Escrow Agent shall be entitled to rely upon and shall be fully protected in acting on any request, instruction, statement or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information set forth therein, which the Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by the person or parties purporting to sign the same and to conform to the provisions of this Agreement. The Escrow Agent shall have no duty or obligation to collect or otherwise require payment of any check or other instrument delivered in payment of deposits hereunder, other than submission of such instruments for payment in the ordinary course of business. In no event shall the Escrow Agent have any obligation to invest or disburse funds under this Agreement other than with respect to collected funds and any earnings thereon. The Escrow Agent shall rely exclusively on notices, requests, and communications from Sponsor and its authorized representatives and agents and shall have no duty or obligation to take notice of or to take action pursuant to any notice, request, or other communication furnished to the Escrow Agent from any other party.

10. As an additional consideration for and as an inducement for Escrow Agent to serve as Escrow Agent hereunder, it is understood and agreed that in the event of any disagreement between the parties to this Agreement or among any of them and any other persons resulting in adverse claims or demands being made in connection with or for any funds or other property held pursuant to this Agreement, the Escrow Agent shall be entitled, at the election of the Escrow Agent, to refuse to comply with the demands of such parties, or any of such parties, so long as such disagreement shall continue. In such event, the Escrow Agent shall make no delivery or other disposition of any funds or property held pursuant to the terms of this Agreement or any part thereof. Anything herein to the contrary notwithstanding, the Escrow Agent shall not be or become liable to such parties or any of them for the failure of the Escrow Agent to comply with conflicting or adverse demands of such parties or any of such parties. In the event of any dispute or disagreement as described above, the Escrow Agent shall have the right, in addition to the rights described above and at the election of the Escrow Agent, to

tender into the registry or custody of any court having jurisdiction, all money and property held under this Agreement and may take such other legal action as may be appropriate or necessary, in the opinion of the Escrow Agent. Upon such tender, the parties hereto agree that the Escrow Agent shall be discharged from all further duties under this Agreement; provided, however, that the filing of any such legal proceedings shall not deprive the Escrow Agent of its compensation hereunder earned prior to such filing and discharge of the Escrow Agent of its duties hereunder.

11. The Escrow Agent may resign at any time from its obligations under this Agreement by providing written notice to the parties hereto. Such resignation shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been furnished. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all funds and other property then held by it hereunder and shall thereupon be relieved of all further duties and obligations under this Agreement. Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

12. Sponsor shall have the right to require the Escrow Agent to resign as Escrow Agent upon giving not less than thirty (30) days written notice, in which case Sponsor shall appoint a successor Escrow Agent.

13. The Sponsor agrees to pay to the Escrow Agent compensation, and to reimburse the Escrow Agent for costs and expenses, all in accordance with the provisions of Exhibit B hereto, which is incorporated herein by reference and made a part hereof.

14. The Sponsor agrees to indemnify and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "Indemnified Parties") from and against any and all losses, liabilities, claims, damages, expenses and costs (including attorneys' fees) of every nature whatsoever which any such Indemnified Party may incur and which arise directly or indirectly from this Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as Escrow Agent hereunder; provided, however, that no Indemnified Party shall be entitled to indemnity in case of such Indemnified Party's gross negligence or willful misconduct. The provisions of this section shall survive the termination of this Agreement and any resignation or removal of the Escrow Agent.

15. The Escrow Agent shall have no duty or responsibility for determining whether the offer and sale of the residency arrangements described herein or the terms and provisions of this Agreement comply with the provisions of any applicable state or Federal law or regulation, including but not limited to the Act or regulations thereunder. The Sponsor represents and warrants to the Escrow Agent that it has obtained and relied upon the advice of legal counsel with respect to all such matters. The Sponsor further represents and warrants that the offer and sale of the residency arrangements described herein and the terms and provisions of this Agreement and each binding resident's agreement comply in all respects with all such applicable state and Federal laws and regulations. The Escrow Agent has not participated in the preparation or review of any sales or offering material relating to the residency arrangements described in this Agreement. No sales or offering literature or material utilized in connection with the offer and sale of the residency arrangements described herein shall contain the name Truist Bank or any variation thereof, except for the limited purpose of identifying the Escrow Agent as

escrow agent under the terms of this Agreement. In addition to other indemnities provided for in this Agreement, the Sponsor shall indemnify and hold harmless the Escrow Agent and each of its officers, directors, agents and employees from and against all claims, liabilities, losses and damages (including attorneys' fees) incurred by the Escrow Agent or such persons and which directly or indirectly result from any violation or alleged violation of any such state or Federal laws.

16. Any and all notices, requests, demands and other communications given under or in connection with this Agreement ("Notice") shall be effective only if in writing addressed to the address of the recipient set forth below or such other address provided by the recipient and shall be deemed delivered by (i) hand delivery upon receipt, (ii) registered mail or certified mail, return receipt requested, postage prepaid, upon delivery to the address indicated in the Notice, (iii) by confirmed electronic mail (with confirmed read receipt) when sent, or (iv) overnight courier (next business day delivery) on the next business day after it is sent:

Sponsor:

Arbor Acres United Methodist Retirement Community, Inc.
Attn: Vice President and CFO
1240 Arbor Road
Winston-Salem, NC 27104
P 336.724.7921 ext. 1222
F 336.721.0271

Escrow Agent:

Truist Bank
Attn: Escrow Services
Mail Code: VA-HDQ-1205
919 East Main Street, 5th Floor
Richmond, Virginia 23219
Client Manager: Byron Roldan
Phone: 804-782-5404
Facsimile: 804-225-7141

No notice, request, demand, or other communication hereunder shall be deemed effective as to the Escrow Agent unless in writing delivered in strict accordance with the provisions hereof or prior to the Escrow Agent's actual receipt thereof.

17. Contemporaneously with the execution and delivery of this Agreement and, if necessary, from time to time thereafter, the Sponsor shall execute and deliver to the Escrow Agent a Certificate of Incumbency substantially in the form of Exhibit A hereto (a "Certificate of Incumbency") for the purpose of establishing the identity and authority of persons entitled to issue notices, instructions or

directions to the Escrow Agent on behalf of the Sponsor. Until such time as the Escrow Agent shall receive an amended Certificate of Incumbency replacing any Certificate of Incumbency theretofore delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on the most recent Certificate of Incumbency furnished to the Escrow Agent. Whenever this Agreement provides for written notices, written instructions or other actions to be delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on any written notice, instructions or action executed by persons named in such Certificate of Incumbency. This Agreement may be modified or amended only upon the written consent of both Sponsor and the Escrow Agent. Neither this Agreement nor any interest herein may be transferred or assigned without the express written consent of each of the parties hereto.

18. If anyone or more of the covenants or agreements provided in this Agreement shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and constructed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

19. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. Electronic, PDF or facsimile versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.

20. This Agreement shall be construed and enforced in accordance with the laws of the State of North Carolina.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.


Arbor Acres United Methodist Retirement Community, Inc., AS SPONSOR

By: 

Name: David W. Matthews, CPA

Title: Chief Financial Officer

Truist, AS ESCROW AGENT

By: 

Title: Vice President



**Truist Bank - Corporate Trust and Escrow Services
Incumbency Certificate and Client Notice**

INDIVIDUAL(S) AUTHORIZED TO DIRECT TRUIST BANK AND SIGN DOCUMENTS ON BEHALF OF ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC. ("CLIENT") WITH REGARD TO AN ESCROW ACCOUNT 7979784 | ARBOR ACRES RES DEP & ENTRANCE FEE

Name: David W. Matthews	Phone #1: 336.724.7921	Phone #2:
Title: VP of Finance/CFO	Email #1: dmatthews@arboracres.org	Email #2:
Sign: 	Fax: 336.631.1342	Account View Access (Y/N): Y
Notes (Enter # of Special Instructions Below): 1		

Name: Andrew W. Applegate	Phone #1: 336.724.7921	Phone #2:
Title: President and CEO	Email #1: aapplegate@arboracres.org	Email #2:
Sign: 	Fax: 336.721.0271	Account View Access (Y/N): Y
Notes (Enter # of Special Instructions Below): 1		

Name:	Phone #1:	Phone #2:
Title:	Email #1:	Email #2:
Sign:	Fax:	Account View Access (Y/N):
Notes (Enter # of Special Instructions Below): 1		

INDIVIDUAL(S) AUTHORIZED TO RECEIVE ONLINE ACCESS - ONLY

Name: Darrell Holland	Phone #1: 336.724.7921	Phone #2:
Title: Controller	Email #1: dholland@arboracres.org	Email #2:
Sign: 	Fax: 336.721.0271	Account View Access (Y/N): Y
Notes (Enter # of Special Instructions Below):		

NOTE	SPECIAL INSTRUCTIONS (e.g., Limitations of Authority)
1	Authorized to perform all Client actions contemplated under the governing documents.
2	Authorized to complete telephone confirmation of signed written requests
3	Authorized to receive access to online reporting

The below undersigned individual hereby certifies: (i) to possess familiarity with documents and records that govern the above-referenced account and the operation and management of Client, (ii) to have the power and authority on behalf of Client to execute this Incumbency Certificate, and (iii) that the afore-referenced individuals (along with the undersigned, as noted) are duly authorized to instruct Truist Bank Corporate Trust on behalf of Client, and/or authorized to view bank statements regarding the above-referenced account.

4/18/22 By:  Corporate Secretary
Date Signature Title

Truist Bank shall be entitled to rely upon any instructions from the individuals listed herein until notified in writing otherwise, or until termination of the above-referenced account. Client's failure to submit an updated Incumbency Certificate shall deem the Certificate of Incumbency (or similar signatory and/or Notices disclosure) on file as its Evergreen Incumbency Certificate and all current trust accounting access as approved. All current trust accounting access, including paper statements, online statements and online transaction review access, shall be approved, as applicable. Client shall promptly advise Truist Bank Corporate Trust and Escrow Services of any changes affecting this Incumbency Certificate.

Exhibit B

Truist, as Escrow Agent FEES PAYABLE TO ESCROW AGENT

Acceptance/Legal Review Fee: **\$1,000.00** – one time only payable at the time of signing the Escrow Agreement

(Fee is waived if no legal review is needed)

The Legal Review Fee includes review of all related documents and accepting the appointment of Escrow Agent on behalf of Truist Bank. The fee also includes setting up the required account(s) and accounting records, document filing, and coordinating the receipt of funds/assets for deposit to the Escrow Account. This is a one-time fee payable upon execution of the Escrow Agreement. As soon as Truist Bank's attorney begins to review the Escrow Agreement, the legal review fee is subject to payment regardless if the Parties decide to appoint a different escrow agent or a decision is made that the Escrow Agreement is not needed.

Administration Fee: **\$3,500** – payable at the time of signing the Escrow Agreement and on the anniversary date thereafter, if applicable

The Administration Fee includes providing routine and standard services of an Escrow Agent. The fee includes administering the escrow account, performing investment transactions, processing cash transactions (including wires and check processing), disbursing funds in accordance with the Agreement (note any pricing considerations below), and providing trust account statements to the Parties for a twelve (12) month period. If the account remains open beyond the twelve (12) month term, the Parties will be invoiced each year on the anniversary date of the execution of the Escrow Agreement. Extraordinary expenses, including legal counsel fees, will be billed as out-of-pocket. The Administration Fee is due upon execution of the Escrow Agreement. The fees shall be deemed earned in full upon receipt by the Escrow Agent, and no portion shall be refundable for any reason, including without limitation, termination of the agreement.

Out-of-Pocket Expenses: **At Cost**

Out-of-pocket expenses such as, but not limited to, postage, courier, overnight mail, wire transfer, travel, legal (out-of-pocket to counsel) or accounting, will be billed at cost.

NORTH CAROLINA)
)
FORSYTH COUNTY)

AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, _____, by and between _____ (“Resident”) and ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC., a North Carolina nonprofit corporation (“Arbor Acres”). Where there are two people signing this Agreement as a resident of Arbor Acres, “Resident” shall apply to both people, unless the context otherwise requires.

Resident has applied and been approved for residency at Arbor Acres in _____ (the “Accommodation”), and has received a copy of Arbor Acres’ Disclosure Statement, dated _____ (the “Disclosure Statement”).

Resident and Arbor Acres agree to the following:

1. Entrance Fee and Monthly Service Fee.

Resident agrees to pay Arbor Acres an entrance fee of _____ (\$_____.00) of which _____ (\$_____.00) is nonrefundable (the “Nonrefundable Fee”). Resident has the following payment options: (a) pay the Entrance Fee in full upon execution of this Agreement, or (b) pay 25% of the total Entrance Fee \$_____ upon execution of this Agreement, with the balance to be paid no later than five (5) days prior to the Residency Date (as defined in Section 3 below). Resident does not acquire any ownership interest in the Accommodation as a result of payment of the Entrance Fee.

Resident agrees to pay the initial monthly service fee (the “Monthly Service Fee”), which is the established monthly fee as of the date on this Agreement, and which is subject to change from time to time. Rates are typically adjusted January 1st of each year. For a partial first month, Resident shall pay a pro-rated amount of the Monthly Service Fee, on a per diem basis. Gratuities or bequests in addition to the established Monthly Service Fee shall not be accepted. As of the date of this Agreement, the Monthly Service Fee associated with the Accommodation will be:

Monthly Service Fee

Monthly Service Fee for Resident (includes dining allowance) \$
(current value of dining allowance is \$394.00/month/person)

Total Monthly Service Fee for Accommodation \$

2. Monthly Statements.

Arbor Acres will furnish Resident a monthly statement with the total amount of the Monthly Service Fee and other charges, if any, owed by Resident. Resident shall pay such fees and charges by the 10th day of the month. If Resident’s payment is late, Arbor Acres may charge Resident a one and one-half percent (1.5%) interest fee per month, from the first of the month in which the payment is late. Upon thirty (30) days’ advance written notice, Arbor Acres may change the billing date and payment due date. Arbor Acres shall have the right to offset against any Entrance Fee repayment any unpaid Monthly Service Fees or other charges owed by Resident to Arbor Acres.

3. Initial Occupancy.

Arbor Acres anticipates having the Accommodation ready for occupancy by _____. Resident is not required to move into the Accommodation before it is ready for occupancy, or before the expiration of thirty (30) days from the date of this Agreement, whichever is later. Resident plans to move into the Accommodation on or before _____ (the “Occupancy Date”). If Resident should wish to change the Occupancy Date, Resident will advise Arbor Acres immediately (on or before the Occupancy Date). Upon receipt of Resident’s request, and if Arbor Acres determines that another date is feasible, Arbor Acres will undertake to work out with Resident another mutually agreeable Occupancy Date. Resident agrees to pay Arbor Acres’ Monthly Service Fees and other charges for use of the Accommodation from the earlier of (a) the date of actual occupancy (the first night of residency or when personal property is moved into the Accommodation) or (b) _____ (the “Residency Date”). Resident has selected all interior finishes (paint colors,

carpeting and floor covering as may be necessary to prepare the Accommodation for Resident) and has advised Arbor Acres of those selections.

4. Resident's Right to Rescind or Cancel Within the First Thirty (30) Days or Resident's Failure to Move to Arbor Acres.

(a) Within thirty (30) days following the later of the execution of this Agreement or delivery of the Disclosure Statement (the "Rescission Period"), Resident may rescind this Agreement by delivering to Arbor Acres a signed, written notice of rescission. Resident is not required to move into the Accommodation during the Rescission Period. If Resident dies before occupying the Accommodation, or if, on account of illness, injury or incapacity Resident should be precluded from occupying the Accommodation, this Agreement shall be automatically cancelled. If this Agreement is neither rescinded nor cancelled and Resident fails to move to Arbor Acres by the Residency Date, this Agreement may be terminated by Arbor Acres or Resident upon written notice to the other.

(b) If Resident rescinds this Agreement, this Agreement is automatically cancelled as described in Section 4(a) above or Resident fails to move to Arbor Acres by the Residency Date and this Agreement is terminated by either Arbor Acres or Resident, Resident or Resident's legal representative will receive a refund of the Entrance Fee, less the following: (i) the Nonrefundable Fee; (ii) any Monthly Service Fees or other costs charged for the time Resident shall have resided at Arbor Acres; and (iii) those nonstandard costs specifically incurred by Arbor Acres at the request of Resident and described in a signed addendum to this Agreement. Payment of the refund is to be made from the Entrance Fee received by Arbor Acres from the next occupant of the Accommodation.

5. Refund Upon Termination of Residency After the First 30 Days and Within 50 Months.

If Resident, for any reason, vacates and permanently terminates residency at Arbor Acres after the Rescission Period and within fifty (50) months following the Residency Date, Resident shall be entitled to a refund of the Entrance Fee. This refund shall be determined as follows: upon receiving payment of an Entrance Fee from an acceptable substitute resident for Resident's Accommodation, Arbor Acres will refund to Resident (or to Resident's estate) the amount of Resident's Entrance Fee less the following: (a) the Nonrefundable Fee; (b) two percent (2%) of the remainder (the Entrance Fee less the Nonrefundable Fee) for each month, from the month of the Residency Date to the Date of Termination of Occupancy (as defined in Section 6 below), up to the full refundable amount of Resident's Entrance Fee (for this purpose, one-half month or more shall be considered as a full month; less than one-half month shall be disregarded); (c) any unpaid Monthly Service Fees, costs or other obligations of Resident to Arbor Acres; and (d) those nonstandard costs specifically incurred by Arbor Acres at the request of Resident and described in a signed addendum to this Agreement. Payment of the refund is to be made from the Entrance Fee received by Arbor Acres from the next occupant of the Accommodation. Resident shall receive no refund if Resident's final termination of all rights of residency at Arbor Acres occurs after the fifty (50) month period following the Residency Date.

6. Notice of Termination of Occupancy.

If after moving to Arbor Acres and the expiration of the Rescission Period, Resident should decide to terminate this Agreement and residency at Arbor Acres, Resident will give Arbor Acres a minimum of thirty (30) days advance written notice stating the date on which Resident plans to terminate residency. This Agreement, and Resident's obligation to pay the Monthly Service Fee and other charges, shall continue in effect until Resident vacates the Accommodation and removes all personal property from the premises or until the end of the thirty (30) day notice period, whichever is later (the "Date of Termination of Occupancy"). If Resident permanently vacates the Accommodation, Arbor Acres reserves the right to remove Resident's personal property from the Accommodation and store such personal property, and Resident shall be responsible for the reasonable costs of such removal and storage. Unclaimed personal property will become the property of Arbor Acres after thirty (30) days, and Arbor Acres may dispose of such personal property in its sole discretion.

7. Transfer to a Higher Level of Care Within 90 Days.

If within ninety (90) days after the Residency Date, Resident transfers to Arbor Acres' assisted living facility (the "Assisted Living Facility") or Arbor Acres' skilled nursing facility (the "Skilled Nursing Facility"), Resident will be entitled to a refund, which will be calculated as set out in Section 5 above. Resident shall not be required to pay an additional Entrance Fee on transferring to the Assisted Living Facility or the Skilled Nursing Facility.

8. Terms and Conditions of Initial Residency and Continued Residency.

Resident shall have the right to occupy the Accommodation and to reside at Arbor Acres subject to the provisions of this Agreement and subject to the following understandings, terms and conditions:

(a) *Health and Financial Qualification for Residency*

At the time of the execution of this Agreement, Arbor Acres has determined that Resident qualifies for residency both with respect to mental and physical condition and ability to take care of the anticipated Monthly Service Fees and other charges. Resident must continue to meet these qualifications at the time Resident enters Arbor Acres. If Resident is not qualified to occupy the Accommodation, but is qualified (financially and otherwise) to reside in other accommodations at Arbor Acres, Resident shall be entitled to such accommodation when space permits.

(b) *Financial Obligation Including Obligation to Pay Fees and Charges*

In order to operate Arbor Acres on a fiscally sound, nonprofit basis, Arbor Acres has established fees and charges, which are subject to modification from time to time as deemed necessary and appropriate by Arbor Acres. Resident agrees to pay when due all required fees and charges. Resident has received from Arbor Acres a schedule of current fees and charges.

Resident agrees to provide, if requested, periodic financial statements and current financial information for the purpose of demonstrating capacity to meet financial obligations to Arbor Acres. Should Resident experience financial difficulty that might result in Resident's immediate or eventual inability to meet the financial obligations under this Agreement, including any spend down of assets that might result from payment of expected fees and charges to Arbor Acres, Resident will inform Arbor Acres immediately, and submit a current financial statement. Resident and, if appropriate, Resident's responsible party, and Arbor Acres shall discuss and, if possible, agree on a plan by which Resident's financial obligation to Arbor Acres can be met. Residents whose funds are depleted primarily through payment of fees associated with residency, to include costs associated with their medical care, may be eligible for consideration for financial assistance through Arbor Acres. Such assistance, however, is conditional upon demonstration that other options for fulfilling this financial obligation to Arbor Acres have been explored and deemed impracticable by either party. When Resident is deemed eligible for financial assistance through Arbor Acres, Arbor Acres, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of Arbor Acres and of its financial assistance program.

(c) *Rights and Obligations During Temporary Absence*

Temporary absence because of illness, trips or otherwise shall not affect Resident's right to retain the Accommodation as Resident's place of residency. However, Resident shall not be entitled to an adjustment of Arbor Acres' Monthly Service Fee and other charges during such absence, and Resident shall continue to be charged and to pay such Monthly Service Fee and charges during such absence.

(d) *Requirement of Compliance with Recommendations for Additional Services or Care*

If Resident shall incur a physical or mental illness or impairment so that Resident requires additional services or a higher level of care than is available at the Accommodation, Arbor Acres, through its nursing and continuing care staffs ("Nursing and Continuing Care Staffs"), will make recommendations regarding appropriate additional service options and/or options for transfer to a higher level of care. Resident agrees (i) that Arbor Acres is obligated to assure the care and safety of residents and, (ii) that Resident will comply with Nursing and Continuing Care Staffs' recommendations regarding additional services or transfer to a higher level of care. If such additional services or higher level of care can be provided in a different accommodation at Arbor Acres, Resident has a right, and may be required by Arbor Acres, to move to such accommodation. Arbor Acres will recommend and require such a move or additional services when, in the judgment of Arbor Acres, it is necessary and in the best interest of Resident, Arbor Acres and/or the other residents of Arbor Acres. Before any such move or additional services are required, Arbor Acres will discuss the matter with Resident and/or Resident's responsible party in an effort to secure Resident's understanding and cooperation with the required additional services or change of accommodation or level of care. Resident and/or Resident's responsible party shall have the right to appeal a decision to change Resident's accommodation and/or level of care in accordance with the provisions of (i) below.

(e) *Requirement of Compliance With Policies, Rules and Regulations*

In order to operate Arbor Acres in the best interest of the entire Arbor Acres community, Arbor Acres has established policies, rules and regulations relating to residency, which are subject to modification from time to time as deemed appropriate by Arbor Acres. Resident has received information as to the current policies, rules and regulations in the

Disclosure Statement and in other written information provided by Arbor Acres. Arbor Acres reserves the right to make or change policies, rules and regulations, and will use its reasonable efforts to communicate through appropriate means to all residents the substance and content of such additions or changes; also, copies of particular policies, rules and regulations relating to residency will be furnished to Resident on request. Resident agrees to comply with Arbor Acres' policies, rules and regulations applicable to Resident's residency in Arbor Acres.

(f) *Cooperation of Responsible Parties and Other Associates*

Resident understands and agrees that, in order for Arbor Acres to operate in the best interest of both Resident and the entire Arbor Acres community, Arbor Acres must have the cooperation of Resident's family, friends, responsible parties and other associates to comply with Arbor Acres' applicable policies, rules and regulations. Any continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by Arbor Acres that it is no longer feasible for Arbor Acres to accommodate Resident as a resident. Upon such determination, Arbor Acres will have a right to terminate Resident's residency at Arbor Acres.

(g) *Termination of Residency for Health Conditions Beyond Arbor Acres' Capacity to Serve*

If Resident's physical and/or mental condition or needs cannot be legally or adequately served by the facilities or programs available at Arbor Acres, or Resident requires or insists upon receiving care that in the judgment of Arbor Acres exceeds the capacity of Arbor Acres to provide within the limits of its staffing pattern or other available resources, Arbor Acres reserves the right to terminate Resident's residency. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident and/or Resident's responsible party in an effort to determine a course of action in Resident's best interest. Arbor Acres will provide guidance and transitional support to Resident and/or Resident's responsible party to facilitate an orderly transfer of Resident to another, more appropriate facility or setting.

(h) *Termination of Residency for Behavior Deemed Harmful to Arbor Acres*

If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO to be disruptive, hostile, illegal, or otherwise harmful to others or to Arbor Acres, Arbor Acres reserves the right to terminate Resident's residency. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by Arbor Acres. Arbor Acres will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, Arbor Acres will have the right to terminate Resident's residency at Arbor Acres.

(i) *Right of Appeal of Transfer or Termination Decisions*

While Arbor Acres reserves the right to terminate Resident's residency at Arbor Acres for failure to comply with (b), (d), (e), (f), (g) or (h) above, or for failure to comply with any other provision of this Agreement, Arbor Acres shall exercise such right only after first attempting to work out satisfactory solutions with Resident and/or Resident's responsible party. If agreement cannot be reached between the President/CEO and Resident and/or Resident's responsible party, the President/CEO will refer the matter to the Executive Committee of the Board of Directors of Arbor Acres (the "Executive Committee") for hearing and decision. The Executive Committee shall afford Resident an opportunity to be heard, and shall render a decision with respect to the matter referred to it. The decision of the Executive Committee shall be put in writing and shall be signed by the Chair of the Board of Directors of Arbor Acres (the "Chair") or, in the absence of the Chair, the Chair Elect of the Board of Directors of Arbor Acres. It is understood and agreed that the written, signed decision of the Executive Committee shall be final and binding.

(j) *Terms and Conditions of Initial Residency and Continued Residency*

Arbor Acres reserves the right to relocate Resident to another accommodation when deemed necessary in order for Arbor Acres to fulfill its strategic financial and other obligations to the Arbor Acres community. Arbor Acres will exercise this right only when all other reasonable options to avoid relocating Resident have been considered. Arbor Acres will use reasonable efforts to relocate Resident to an accommodation of the same or similar type as Resident's Accommodation. Any such decision to relocate Resident will be discussed thoroughly with Resident in order to enlist Resident's understanding of the need for and cooperation with the relocation. Arbor Acres will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between the Accommodation and any new accommodation to which Resident may be relocated. Any decision to relocate Resident for the sake of enabling Arbor Acres to fulfill its strategic financial and other obligations to the Arbor Acres community may be appealed to the Executive Committee as outlined in (i) above.

(k) *Termination of Residency If Listed on a Sex Offender Registry*

Resident hereby acknowledges that it is the policy of Arbor Acres to conduct sex offender screening for every incoming resident, regardless of independent status or level of care prior to entering into a Residency Agreement. If the screening shows that the prospective resident is identified as a sex offender, Arbor Acres will deny admission of Resident on that basis and not execute a Residency Agreement. In addition, Resident hereby acknowledges and agrees that if, after Arbor Acres and Resident have entered into a Residency Agreement, Arbor Acres becomes aware that Resident is listed on any sex offender registry, Arbor Acres may terminate this Agreement with Resident and remove Resident from Arbor Acres. If there is more than one resident who is a party to this Agreement, the termination of this Agreement in such instance shall only apply to the resident listed on the sex offender registry.

(l) *Healthcare Outside of Arbor Acres*

Arbor Acres assumes no obligation or responsibility for the provision of residential or nursing or health care facilities or services to Resident beyond those facilities and services from time to time established and provided by Arbor Acres.

(m) *Personal Belongings*

Arbor Acres will not be responsible for the loss of or damage to any property belonging to Resident due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that Resident has the responsibility of providing any desired insurance protection covering any such loss.

9. Standard Services to be Provided.

Arbor Acres agrees to provide standard services to Resident at no additional cost beyond the Monthly Service Fee, and has informed Resident of these services and other services through written information available to all residents. At the time of execution of this Agreement, the standard services include:

- (1) Maintenance of buildings and grounds, including maintenance of all standard equipment in the Accommodation;
- (2) Utilities, as described below;
- (3) Basic cable streaming television and internet service;
- (4) Telephone jacks, if requested;
- (5) Emergency call system, nursing assessments and assistance in emergencies;
- (6) Routine consultation regarding health concerns with nursing personnel in the health clinic of Arbor Acres;
- (7) Recreational, educational, cultural, wellness and spiritual life programs, to the extent provided by Arbor Acres;
- (8) Transportation to routine, non-emergency medical appointments within Forsyth County (transportation by ambulance not included);
- (9) In-patient care in the Arbor Acres Health Center for a limited number of days;
- (10) Weekly housekeeping and annual deep cleaning of the Accommodation;
- (11) Laundering of bed and bath linens furnished by Arbor Acres;
- (12) Security personnel on duty in the Arbor Acres Welcome Center; and
- (13) Dining services with meals or a meal allowance, as included in the Monthly Service Fee.

Water and sewer services are included in the Monthly Service Fee. Electricity and gas is also included, except for residents in accommodations that are individually metered who are billed directly by the gas and electricity service providers. Resident has been informed that the Accommodation (is/is not) individually metered. Resident has been informed in writing of the terms applicable to Resident's meal plan.

Other services that are available and included in the Monthly Service Fee are a daily, automatic check-in system, check-cashing services, package shipping, access to washers/dryers and complete kitchens and sitting areas.

Arbor Acres may also make available to Resident additional services, at Resident's request, at the then prevailing rates charged by Arbor Acres, which may be changed from time to time at the discretion of Arbor Acres.

Arbor Acres residents pay Monthly Service Fees and other charges to cover services provided by Arbor Acres. At least annually, during budget preparation, Arbor Acres reviews services and costs of operation, and the need for any changes in services or in Arbor Acres' schedule of fees and charges. Arbor Acres reserves the right to change, when deemed

necessary, the services provided to residents and the associated fees and charges. Arbor Acres will strive to deliver services efficiently and economically.

10. Alterations and Refurbishment.

Resident must obtain the prior written approval of Arbor Acres before making any alterations to the Accommodation. Customary refurbishment costs of the Accommodation that are provided by Arbor Acres in accordance with its policies and procedures are included in the Monthly Service Fee. Any refurbishment costs beyond Arbor Acres' customary refurbishment costs shall be the responsibility of Resident.

11. Transfer to Higher Level of Care.

Resident shall have priority over non-residents for entry into the Assisted Living Facility or the Skilled Nursing Facility. Although Arbor Acres cannot guarantee Resident entry into the Assisted Living Facility or the Skilled Nursing Facility, Arbor Acres will use its reasonable efforts to accommodate Resident's entry. If Resident requires a higher level of care, and the Assisted Living Facility and the Skilled Nursing Facility are fully occupied, Resident shall relocate to an alternate healthcare facility. In the event of such relocation, Arbor Acres will use reasonable efforts to transfer Resident to the Assisted Living Facility or the Skilled Nursing Facility when accommodations become available. Resident shall be responsible for all fees, costs and expenses. If Resident's transfer to the Assisted Living Facility, the Skilled Nursing Facility or an alternate healthcare facility is temporary, Resident shall remain responsible for the Monthly Service Fee; however, Resident shall not be responsible for the Monthly Service Fee if such relocation is permanent. In the event that there are two Residents in the Accommodation, and only one Resident permanently transfers to a higher level of care, the remaining Resident will pay the Monthly Service Fee for single occupancy in addition to all other costs and charges.

12. Application for Benefits; Assignment of Benefits.

Resident shall apply for any federal, state or local benefits for which Resident may be eligible or entitled upon request by Arbor Acres. If requested by Arbor Acres, any or all such benefits will be applied to the Monthly Service Fee or other charges incurred by Resident at Arbor Acres.

13. Health Insurance.

Resident shall maintain eligible Medicare coverage (and supplemental health insurance coverage) or other health insurance coverage that adequately covers hospital, medical, prescriptions and skilled nursing deductibles and co-payments required under Resident's primary insurance policy. Resident's primary and secondary insurance coverage must recognize Arbor Acres as a healthcare provider, or Resident shall be responsible for services rendered that otherwise could be covered by insurance.

If Resident's health insurance coverage lapses, Arbor Acres may require Resident to reapply for suitable insurance coverage. If Resident is unable to obtain suitable insurance coverage, Resident shall be responsible for any healthcare services rendered that otherwise could be covered by insurance. Upon request by Arbor Acres, Resident shall provide evidence of health insurance coverage.

14. Medicare-Certified Skilled Nursing Facility Beds.

Arbor Acres maintains a limited number of Medicare-certified beds in the Skilled Nursing Facility, which are available for use by residents whose skilled nursing care would qualify for Medicare payment on an "if and as available" basis. In the event that Resident needs admission and the admission would qualify for Medicare payment, then Resident's financial responsibility to Arbor Acres will depend upon the type of Medicare coverage that Resident has and whether Arbor Acres is a contractual provider for Resident's coverage.

(a) *Medicare-certified bed is not available.*

In the event that there is not a Medicare-certified bed at Arbor Acres at the time that Resident requires admission, then Resident may either choose to obtain skilled nursing care services at another healthcare facility at Resident's cost until such time as a Medicare-certified bed becomes available at Arbor Acres (presuming that Resident would use a facility that could provide a Medicare-certified bed) or be admitted to a bed in the Skilled Nursing Facility at Resident's cost which is not certified to accept Medicare payment until such time as a Medicare-certified bed becomes available at Arbor Acres.

(b) *Medicare-certified bed is available and Resident has traditional Medicare*

If Resident is admitted to a Medicare-certified bed in the Skilled Nursing Facility and Resident has traditional Medicare coverage, Arbor Acres will accept the Medicare reimbursement amount for such care while Resident shall be responsible for any applicable deductible, co-payment and/or co-insurance amounts that are not paid by Medicare and any supplemental Medicare insurance that Resident maintains.

(c) *Medicare-certified bed is available and Resident has Medicare Advantage coverage for which Arbor Acres is an in-network provider*

In the event that Arbor Acres is an in-network provider for Resident's Medicare Advantage coverage, then Arbor Acres will accept the reimbursement amount from Resident's Medicare Advantage insurance carrier while Resident shall be responsible for any deductible, co-payment and/or co-insurance amounts that are not paid by the Medicare Advantage insurance that Resident maintains.

(d) *Medicare-certified bed is available and Resident has Medicare Advantage coverage for which Arbor Acres is not an in-network provider*

Arbor Acres will charge Resident the full private-payment amount for Resident's admission into a Medicare-certified bed and credit against Resident's financial obligation to Arbor Acres the amount that is paid by Resident's Medicare Advantage insurance if the insurance provides an out-of-network benefit. In the event that Resident's Medicare Advantage insurance will not pay any amount to an out-of-network provider, then Resident will not be admitted to a Medicare-certified bed at Arbor Acres. A full private-pay Resident in a Medicare-certified bed may be required by Arbor Acres to relocate to a bed that is not Medicare certified when such a bed becomes available.

15. United Methodist Affiliation.

Arbor Acres is affiliated with the Western North Carolina Annual Conference of The United Methodist Church, which is not responsible for the financial and contractual obligations of Arbor Acres.

16. Required Documents.

Resident agrees to keep in effect an appropriate Durable Power of Attorney or other designation of responsible party, and agrees to provide copies of the following documents to Arbor Acres by the first day of residency, and deliver any changes to such documents to Arbor Acres during Resident's residency at Arbor Acres: (a) health insurance coverage information; (b) copy of current Durable Power of Attorney for business management; (c) copy of current Health Care Power of Attorney and Living Will; and (d) evidence of the executor or other legally responsible person of Resident's estate, such as a copy of Resident's will documenting the name of the executor of his or her estate.

17. Multiple Residents.

(a) *Joint and Several Liability*

When Resident includes more than one individual, the rights and obligations under this Agreement are joint and several.

(b) *Transfer, Death or Termination by One Resident*

If two Residents occupy a single Accommodation under the terms of this Agreement and one Resident permanently transfers to the Assisted Living Facility or the Skilled Nursing Facility, dies or terminates this Agreement, this Agreement shall continue with respect to the remaining Resident, and such Resident shall have the option to remain in the same Accommodation or relocate to a smaller accommodation, and in such event the remaining Resident shall not be entitled to any refund. The remaining Resident shall be responsible for the Monthly Service Fee for one resident associated with the Accommodation occupied by such Resident.

(c) *Sharing Occupancy After Entry*

If Resident, while occupying the Accommodation, desires to share an accommodation with another resident of Arbor Acres, the two residents may occupy the accommodation of either resident, with the prior written consent of Arbor Acres. In such event, the residents shall surrender the other accommodation and no refund shall be paid for such surrender. Thereafter, Resident and the other resident shall pay the Monthly Service Fee associated with the occupied accommodation for double occupancy.

If Resident, while occupying the Accommodation, desires to share an accommodation with a person who is not a resident of Arbor Acres (the "Non-Resident"), the Non-Resident must meet the then current requirements for admission to Arbor Acres, enter into the then current version of the Residency Agreement, and pay the then current second person entrance

fee. Thereafter, Resident and the new resident shall pay the Monthly Service Fee associated with the occupied accommodation for double occupancy. If the Non-Resident does not meet the requirements contained in this paragraph, Resident may voluntarily terminate this Agreement as provided in this Agreement. If Resident subsequently transfers to the Assisted Living Facility or the Skilled Nursing Facility, dies or terminates this Agreement, the new resident shall be responsible to pay the full, then-current Entrance Fee for the Accommodation occupied by such new resident, less the second person entrance fee previously paid by the new resident.

(d) *Combination of Accommodation*

If Arbor Acres determines that it is desirable to combine the Accommodation with an adjoining accommodation, Resident agrees to surrender occupancy of the Accommodation within a reasonable time after receiving notice from Arbor Acres. In such event, Resident shall have the option to transfer into the combined accommodation when ready for occupancy or transfer to another accommodation, when available, of the same or similar type previously occupied by Resident. If Resident elects to occupy the combined accommodation, Resident shall be responsible for the Monthly Service Fee associated with occupancy of such accommodation.

18. Moving Costs.

Resident is responsible for any and all packing and moving costs incurred by Resident for moves into, within and out of Arbor Acres, except as provided in Section 8(j) above. Arbor Acres may provide assistance at an additional cost. Arbor Acres reserves the right to charge an administrative fee for Resident's move within Arbor Acres.

19. Entire Agreement.

This Agreement, together with any Arbitration Agreement between Resident and Arbor Acres, contain the entire agreement of Arbor Acres and Resident. Arbor Acres will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Arbor Acres, unless such statements, representations, or promises are set forth in this Agreement.

20. Capacity.

This Agreement has been executed on behalf of Arbor Acres by Arbor Acres' duly authorized agent, and no officer, trustee, agent or employee of Arbor Acres shall have any personal liability to Resident under this Agreement.

21. Amendments and Modifications.

This Agreement shall not be modified, amended or changed in any respect except in writing signed by Arbor Acres and Resident. Each waives any right to amend this Agreement in any other way. Notwithstanding the foregoing, Arbor Acres may amend this Agreement to ensure compliance with applicable laws and regulations.

22. Waiver.

Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial waiver of any Right preclude any exercise of the same or of any other Right. No waiver shall be in effect unless in writing and signed by the party asserted to have granted such waiver.

23. Severability.

The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

24. Interpretation.

The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of any provision of this Agreement.

25. Successors and Assigns.

Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Arbor Acres and the heirs, executors, responsible parties, attorneys-in-fact and administrators of Resident.

26. Assignment.

This Agreement may not be assigned by Resident.

27. Indemnity.

Resident agrees to indemnify, defend and hold Arbor Acres harmless from any and all claims, damages or expenses (including reasonable attorneys' fees and court costs) resulting or arising from any injury or death to persons and/or damages caused by, resulting from or attributable to or in any way connected with, directly or indirectly, the act or omission of Resident or Resident's guests, including private duty nurses, companions or others. This Section 27 shall survive termination of this Agreement.

28. Governing Law; Venue; Disputes.

This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Forsyth County or of the United States District Court for the Middle District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.

29. Survival.

Those rights and obligations that have accrued under this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her residency at Arbor Acres that remain unpaid as of such termination.

30. Management of Arbor Acres.

The absolute rights of management are reserved by Arbor Acres and its Board of Directors. Arbor Acres reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.

31. Uncontrollable Interruption of Services.

No breach of Arbor Acres' obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Arbor Acres, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. Arbor Acres shall make reasonable efforts to continue to provide the usual services in such event.

32. Confidentiality.

Arbor Acres has the responsibility to keep all of the personal, medical, and financial information Resident has supplied to Arbor Acres confidential. Resident agrees that Arbor Acres can disclose such information to those who have a need, in Arbor Acres' judgment, or right to know.

33. Rights Subordinate to Mortgage.

Pursuant to the requirements of any lender, Resident agrees that Resident's rights under this Agreement are subordinate to the right of the lender under any mortgage, deed of trust or security interest executed now or in the future by Arbor Acres.

34. Notice Provisions.

Notices required by this Agreement will be in writing and delivered either by personal delivery or mail. If delivered by mail, notices will be sent by certified or registered mail, return receipt requested, with all postage and charges prepaid. Notices and other communications will be deemed to have been given when delivered by personal delivery or if mailed, such notice shall be deemed to have been given on the third business day after being deposited in the United States mail, postage prepaid. All notices and other written communications required under this Agreement will be addressed to Resident or to Resident's personal representative at the address provided to Arbor Acres. Notices shall be sent to us at the following address:

Arbor Acres United Methodist Retirement Community, Inc.
1240 Arbor Road
Winston-Salem, NC 27104
Attention: President and CEO

Resident's address for the purpose of giving notice is the address appearing after Resident's signature below or such other address Resident provides to Arbor Acres in writing.

Resident has executed this Agreement and Arbor Acres has caused this Agreement to be executed in its name by a duly authorized person as of the day and year written above.

Resident Signature: _____ Resident Signature: _____

Resident Address: _____

Street Address

City, State & Zip Code

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.

By: _____
PRESIDENT/CEO

**ADVANTAGE PROGRAM AGREEMENT
ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.**

This ADVANTAGE PROGRAM AGREEMENT (referred to as the “Agreement”) is made this ____ day of _____, 2025 between ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC. (referred to as “Arbor Acres” or “We”, “Our” or “Us”), a North Carolina non-profit corporation, and _____ (referred to as “Resident”, “You” or “Your”). You agree to take financial responsibility for this Agreement on the above date (the “Date of Acceptance”).

WHEREAS, Arbor Acres owns and operates a retirement community located at 1240 Arbor Road, Winston-Salem, North Carolina 27104; and

WHEREAS, the retirement community (referred to as the “Community”) consists of independent living homes and apartments, common areas and amenities, and on-campus facilities for certain outpatient services, assisted living care and skilled nursing care; and

WHEREAS, You desire to enter into this Agreement as an off-campus resident of the Community in connection with Arbor Acres’ offering continuing care without lodging through its “Advantage Program” in order for You to access some of the services provided by Arbor Acres while remaining in Your home and not residing at the Community.

NOW THEREFORE, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, You and Arbor Acres agree as follows:

I. ACCEPTANCE AS ARBOR ACRES RESIDENT WITHOUT LODGING

- A. General.** You have gone through the admission process, and Arbor Acres has accepted You as an off-campus Resident of the Community without lodging through its “Advantage Program” in order for You to access some of the services provided by Arbor Acres while remaining in Your home and not residing at the Community. As a Resident without lodging of Arbor Acres, You will continue to reside in Your own home and not at the Community, and You are hereby entitled to the services specifically set forth in this Agreement. If there is a fee related to particular services provided to You as a Resident, You will be charged the then prevailing fee that corresponds to being a resident of Arbor Acres rather than a guest.

As a Resident of Arbor Acres under this Agreement, if You are already on our wait list for residency on our campus (“Wait List”), You will remain on our Wait List unless You request that We remove You from the Wait List. Your status on our Wait List and Your rights as a member of the Wait List will not change as a result of entering into this Agreement. Your Wait List date for purposes of priority will remain _____, which is the date on which You joined Our Wait List originally. If You are not already on our Wait List, You may join our Wait List, and Your Wait List date for purposes of priority will be the date You are added to the Wait List. As a member of Our Wait List, You will have the same rights as other members of Our Wait List and will be offered on-campus accommodations in accordance with the then current Arbor Acres’ Wait List Policy.

At the time You choose to accept an accommodation on Arbor Acres’ campus, You will be required to go through our admissions process for residing at the Community, including, but not limited to, providing Us updated medical and financial information in order to determine Your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Arbor Acres reserves the right to decline Your admission to the Community for residency if Your medical and financial circumstances have changed so that You are not able to live independently or are not able to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit.

- B. Execution of the Residence Agreement Following Acceptance.** Prior to taking occupancy and financial responsibility for a particular residential unit on Arbor Acres’ campus, You agree to execute Arbor Acres’

Residence Agreement (the “Residence Agreement”) then in effect. Your occupancy of a residence shall be expressly conditioned upon Your execution of such agreement. The executed Residence Agreement shall supersede and replace this Agreement in its entirety.

If the Residence Agreement is subsequently terminated, as outlined in that Residence Agreement, this Agreement may be re-executed upon mutual agreement of the parties, allowing You to remain a Resident of Arbor Acres who does not reside on campus, as long as the reason for termination of the Residence Agreement does not preclude continuation of a contractual relationship with Arbor Acres.

II. GENERAL SERVICES PROVIDED ON CAMPUS

- A. Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all residents. These facilities currently include the main dining room, private dining rooms, lobbies, assembly hall, library, social, and recreational facilities (indoor and outdoor), and craft facilities. Some common areas may require advance reservation. All common areas are smoke-free environments.
- B. Health Center.** Arbor Acres will provide or arrange admission to the facilities necessary for the medical care and services specified in this Agreement at the then prevailing fees charged by Arbor Acres or other facilities, as applicable, and such fees shall be the sole responsibility of Resident. In this Agreement, the term “Health Center” includes the facilities for certain outpatient services, assisted living care (“Assisted Living”) and skilled nursing care. A restraint-free policy is upheld in Arbor Acres’ facilities.
- C. Parking.** Arbor Acres will provide and maintain unassigned parking areas for residents and guests.
- D. Activities.** Social, recreational, educational, and cultural activities are available to residents and are provided through an active staff-directed program. Residents may be required to pay additional fees for certain activities.
- E. Meals.** You may eat in the Arbor Acres dining rooms, and You will be charged the prevailing resident meal charge and will be billed monthly.
- F. Security.** We will use reasonable care in providing security on the premises of Arbor Acres. Arbor Acres will provide twenty-four (24) hour security staffing on site in the Community. You are responsible for taking appropriate security measures to protect yourself and Your personal property at the Community. We are not responsible to provide security to You in Your off-campus residence or for loss, theft or damage to Your personal property at the Community or otherwise.
- G. Other Services.** Arbor Acres may also make available to Resident additional services, at Resident’s request, at the then prevailing rates charged by Arbor Acres, which may be changed from time to time at the discretion of Arbor Acres.
- H. Changes in Services and Fees.** Arbor Acres residents pay Monthly Fees and other charges to cover services provided by Arbor Acres. At least annually, during budget preparation, Arbor Acres reviews services and costs of operation, and the need for any changes in services or in Arbor Acres’ schedule of fees and charges. Arbor Acres reserves the right to change, when deemed necessary, the services provided to residents and the associated fees and charges. Arbor Acres will strive to deliver services efficiently and economically.

III. MEDICAL AND OTHER HEALTH CARE SERVICES PROVIDED OR COORDINATED BY ARBOR ACRES

- A. General.** You hereby acknowledge and agree that Arbor Acres is not responsible for furnishing You or causing to be furnished to You medical services in Your home. In consideration for the Entry Fee and Monthly Fee, Arbor Acres will provide You (i) “Care Management” services, as more specifically

described in Section III.E. of this Agreement, and (ii) nursing care services (but not medical services by a physician or physician assistant) provided in Arbor Acres' on-site clinic.

In addition, Arbor Acres will make available to You or cause to be made available to You the following medical and health care services at the Community that You may choose to receive, and, subject to Sections VI E. and F. of this Agreement, You will be responsible for all costs and expenses of such services at the then prevailing rates of Arbor Acres or such other provider You choose:

- 1) Medical services provided by primary care physicians or physician assistants who are part of Arbor Acres' group practice, and who see You at the Arbor Acres' on-site clinic;
- 2) General nursing and personal care provided in Arbor Acres' Health Center, subject to availability of a bed or accommodation and subject to Arbor Acres' then-prevailing admissions policies and procedures;
- 3) General nursing and personal care provided in a similarly licensed nursing facility when space is not available at Arbor Acres, and when coordinated by Arbor Acres' medical and other care management staff; and
- 4) Physical, occupational, and speech therapy when ordered by Arbor Acres' physicians and provided at Arbor Acres outpatient rehabilitation facilities or in an inpatient setting in the Health Center.

B. Community's Physicians and Physician Assistants/Nurse Practitioners. Arbor Acres will appoint a Medical Director and physicians and physician assistants/nurse practitioners, as needed. They will be responsible for Your medical care, including office visits, medical review, Health Center visits, hospital attendance, and referral to specialists, if You choose to use them.

C. Hospitalization. When one of Arbor Acres' physicians determines that it has become necessary to hospitalize You, the physician will have the authority to arrange such hospitalization. Such determination will be made by Us in consultation with Your attending physician if not an Arbor Acres physician, and You, to the extent possible, and Your personal representative, if appropriate. When the conditions necessitating such hospitalization no longer exist, the physician will have the authority, in consultation with Your attending physician if not an Arbor Acres physician, and You, to the extent possible, and Your personal representative, if appropriate, to arrange for Your discharge and transfer or return to Your home, or to the Health Center at Arbor Acres if that is needed.

D. Medical Referrals. Arbor Acres will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by Arbor Acres, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of Arbor Acres physicians or physician assistants/nurse practitioners for treatment or consultation. Such responsibility will be limited to the specific condition for which referral was made. Arbor Acres will not be responsible for secondary referrals or for follow-up visits unless approved in advance by one of Arbor Acres' physicians or physician assistants/nurse practitioners.

Arbor Acres cannot be responsible for filing for insurance reimbursement for services provided by other providers of Your choice. However, Arbor Acres will supply the referral provider with Your policy information upon request, and, upon request, will assist You in coordinating with other providers to ensure they are filing with Your insurance diligently, in order to help maximize Your Medicare and supplemental insurance benefits.

E. Care Management and Transfer to Assisted Living, the Health Center, a Special Service Facility, or a Hospital.

Arbor Acres shall furnish the following care management services (“Care Management”) to You on site at the Community, unless Your health condition prevents You from being able to leave Your home, in which case such Care Management will be provided to You in Your home, by qualified staff who will (i) assess Your needs; (ii) develop a plan of care with You to address needs that are identified; (iii) help identify reputable providers in the area to whom You can be referred for services to meet those needs; and (iv) follow up to ensure that those services are meeting Your needs and the goals of Your care plan. The assessments shall be conducted annually.

If more frequent assessments are needed, or if any needs are identified that may require subsequent services, Arbor Acres staff will assist You either by providing such services to You in the event Arbor Acres is licensed to provide such services and You choose Arbor Acres to provide such services or by referring You to services that may be available to You in the community outside of the Community. If more frequent assessments are needed beyond the annual assessment, or if any needs are identified that may require subsequent services of Arbor Acres’ staff or other providers, those assessments and services will be provided to You on a fee-for-service basis at Arbor Acres’ or the other providers’ then prevailing rates.

You hereby acknowledge and agree that Arbor Acres is not responsible for furnishing You or causing to be furnished to You medical or other personal care services in Your home, unless recommended and approved by Arbor Acres as part of Your Care Management program and requested by You. All decisions regarding Your Care Management plan, including the prospect of Your need for support services in Your home, temporary or permanent transfer to Assisted Living or Health Center, a special service facility, or to a hospital will be made after consultation with You, to the extent possible, Your attending physician if not an Arbor Acres physician, and with Your personal representative, if appropriate.

If it is determined by Arbor Acres’ Care Management staff that Your needs require temporary or permanent transfer to Arbor Acres’ Assisted Living or Health Center facilities, and if You choose not to make the move to those facilities, then You must agree to sufficient services to provide for appropriate care and safety in Your home. If, in Our sole judgment, the services You elect to receive are insufficient for appropriate care and safety in Your home, You must move to an appropriate care level at Arbor Acres, or We will have the right to terminate this Agreement. Arbor Acres’ decision will be binding.

No Entry Fee adjustment is made with temporary or permanent transfer from Your home to Arbor Acres’ Assisted Living or Health Center facilities or to another special service facility. In the event You make a temporary or permanent transfer from Your home to Arbor Acres’ Assisted Living or Health Center facilities or to another special service facility, You will be charged Arbor Acres’ or other facility’s then prevailing Monthly Fee and/or per diem rates for such services. The new Monthly Fee and/or per diem rates take effect on the date that You make such a temporary or permanent transfer.

IV. MEDICAL, HEALTHCARE, AND OTHER SERVICES EXCLUDED IN THIS AGREEMENT

- A. Use of Medical Practitioners and Facilities Not Referred by Arbor Acres.** You may engage the services of primary care physicians other than those who are part of the Arbor Acres practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom Arbor Acres’ does not have referral relationships. Arbor Acres will not be liable for any expenses relating to such care, including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities. If a healthcare provider should seek payment for such services from Arbor Acres, You will indemnify, defend and hold Arbor Acres harmless from all loss or liability arising from such claims for payment.

In situations when Arbor Acres’ medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish

Arbor Acres, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

You may not engage third parties for medical or other health-related services to be rendered at Arbor Acres without prior notification to and written authorization by Arbor Acres' management.

- B. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community's facilities and services are not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should Arbor Acres determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued stay in Your home or use of the Community facilities is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in Your home or in the Community, then Arbor Acres may transfer You to another facility of Your choosing. You will continue to be responsible for payment of the Monthly Fee as if You were at home. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. Arbor Acres may terminate this Agreement if You refuse to make the recommended transfer.
- C. **Transportation.** Arbor Acres will not be responsible for providing any type of transportation to You during this Agreement, including but not limited to any transportation to or from the Arbor Acres campus or to any medical appointments or other locations and emergency transportation to any hospital or other health care facility.
- D. **Security.** Arbor Acres will not be responsible for providing any type of security, staff emergency response, emergency call devices, smoke detectors or the like to Your home or personal residence during this Agreement.
- E. **Housekeeping, Maintenance and Grounds Keeping.** Arbor Acres will not be responsible for providing any type of laundry or housekeeping services to Your home or personal residence during this Agreement. Arbor Acres will not be responsible for providing any type of home maintenance or grounds keeping care to Your home or personal residence during this Agreement.
- F. **Utilities.** Arbor Acres will not be responsible for furnishing any type of utilities, including, but not limited to, heating, air conditioning, water, electricity and/or gas, sewage disposal, trash removal, television service, internet service and telephone service, to You during this Agreement.
- G. **Taxes.** Arbor Acres will not be responsible for paying any taxes owed by You, including, without limitation, any income taxes or personal or real property taxes assessed on Your personal or real property during this Agreement. You are solely responsible for all taxes, owed by You, including, without limitation, all personal income taxes and all taxes assessed on Your personal and real property.
- H. **Other Excluded Services.** Other excluded services include, but are not limited to, prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.
- I. **Illness or Accident.** If You have an accident or if You are ill, We will have no responsibility to pay for costs resulting from or in connection with such accident or illness.

V. **TERMS OF BEING AN ARBOR ACRES RESIDENT**

- A. **Rights of Resident.** As a Resident, You have the right to use and enjoy the common areas, amenities, programs, and services of Arbor Acres, as provided in this Agreement, during Your lifetime unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or

grant any interest in the real or personal property owned by Arbor Acres other than the rights and privileges as described in this Agreement.

- B. Policies and Procedures.** In order to operate Arbor Acres in the best interest of the Community, Arbor Acres has established policies, rules and regulations relating to residency, which are subject to modification from time to time as deemed appropriate by Arbor Acres. Resident has received information as to the current policies, rules and regulations in the Disclosure Statement and in other written information provided by Arbor Acres. Arbor Acres reserves the right to make or change policies, rules and regulations, and will use its reasonable efforts to communicate through appropriate means to all residents the substance and content of such additions or changes; also, copies of particular policies, rules and regulations relating to residency will be furnished to Resident on request. Resident agrees to comply with Arbor Acres' policies, rules and regulations. Resident understands and agrees that, in order for Arbor Acres to operate in the best interest of both Resident and the Community, Arbor Acres must have the cooperation of Resident's family, friends, responsible parties and other associates to comply with Arbor Acres' applicable policies, rules and regulations. Any continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by Arbor Acres that it is no longer feasible for Arbor Acres to provide services to Resident. Upon such determination, Arbor Acres will have a right to terminate this Agreement.
- C. Relationships Between Residents and Staff.** Arbor Acres is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ Arbor Acres' employees nor hire former Arbor Acres' employees without the prior written consent of the management of Arbor Acres.
- D. Loss of Property.** Arbor Acres will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.
- E. Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by Arbor Acres as the basis for entering into this Agreement. You agree to provide updates of this information in a timely way to Us. As one of those representations, You affirm that You are at least 62 years old.
- F. Behavior Deemed Harmful to Arbor Acres.** If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO to be disruptive, hostile, illegal, or otherwise harmful to others or to Arbor Acres, Arbor Acres reserves the right to terminate this Agreement. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by Arbor Acres. Arbor Acres will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, Arbor Acres will have the right to terminate this Agreement.
- G. Sex Offender Registry.** Resident hereby acknowledges that it is the policy of Arbor Acres to conduct sex offender screening for every incoming resident, regardless of independent status or level of care prior to entering into a Residence Agreement. If the screening shows that the prospective resident is identified as a sex offender, Arbor Acres will deny admission of Resident on that basis and not execute a Residence Agreement. In addition, Resident hereby acknowledges and agrees that if, after Arbor Acres and Resident have entered into a Residence Agreement, Arbor Acres becomes aware that Resident is listed on any sex

offender registry, Arbor Acres may terminate this Agreement with Resident and remove Resident from Arbor Acres.

VI. FINANCIAL ARRANGEMENTS

A. Entry Fee. You agree to pay Arbor Acres an entry fee in the amount of \$12,500.00 per resident (less \$1,000.00 application fee, as applicable) as a condition to this Agreement (the “Entry Fee”). The Entry Fee is a lump sum payment due as of the Date of Acceptance and will not be increased or changed during the term of this Agreement, except for changes required by state or federal programs or execution of a subsequent Residence Agreement should You move to Arbor Acres some time in the future. In the event You decide to move to Arbor Acres and enter into a Residence Agreement, notwithstanding the amortization of the Entry Fee for refund purposes as set forth in Section VIII.D. of this Agreement, the full amount of the Entry Fee (less \$1,000.00 application fee, as applicable) will be applied towards the then prevailing entry fee for the apartment or home at the Community You select. The ability to apply the full amount of the Entry Fee (less \$1,000.00 application fee, as applicable) towards an entry fee for an on-campus living accommodation at Arbor Acres shall survive the termination of this Agreement, subject to the execution of a Residence Agreement between You and Arbor Acres.

B. Monthly Fee and Other Charges. You agree to pay a monthly fee (the “Monthly Fee”) during the term of this Agreement. The current Monthly Fee associated with this Agreement is \$400.00 per resident per month. The Monthly Fee will commence at the Date of Acceptance and will be subject to adjustment in accordance with Section VI.D. below. The Monthly Fee will be paid on a prorated basis for any partial month.

Arbor Acres will furnish Resident a monthly statement with the total amount of the Monthly Fee and other charges, if any, owed by Resident. Resident shall pay such fees and charges around the 15th day of the month. If Resident’s payment is late, Arbor Acres may charge Resident a one and one-half percent (1.5%) interest fee per month, from the first of the month in which the payment is late. Upon thirty (30) days’ advance written notice, Arbor Acres may change the billing date and payment due date. Arbor Acres shall have the right to offset against any Entry Fee repayment any unpaid Monthly Fees or other charges owed by Resident to Arbor Acres. If You fail to comply with the terms of this provision, We may terminate this Agreement.

C. Assisted Living or Health Center Charges. If You need care in Arbor Acres’ Assisted Living or Health Center facilities, You will be charged an additional daily fee based on the particular level of care and type of accommodation at Arbor Acres’ then prevailing rates. This fee is in addition to the Monthly Fee, which You will continue to be charged.

D. Adjustments in the Monthly Fee and Other Charges. Arbor Acres may adjust the Monthly Fee, the Assisted Living and Health Center fees, and any and all other charges from time to time on the basis of experience or to reflect changes in the cost of achieving the mission or purposes of Arbor Acres. Arbor Acres agrees that, in the exercise of its discretion, which will be binding on You, Arbor Acres will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of Arbor Acres, is consistent with sound financial operation and maintenance of the quality of facility, program and service provided.

E. Health Care Insurance Requirements. You shall be responsible for carrying both Medicare Part A and Medicare Part B insurance coverage, or a substitute policy acceptable to Arbor Acres. You shall also carry a supplemental insurance policy acceptable to Arbor Acres, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize Arbor Acres as a health care provider. You assume the financial responsibility for services provided that otherwise could be covered by Medicare or insurance.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide Arbor Acres with evidence of such coverage upon request. If Your health insurance coverage should lapse, Arbor Acres may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, Arbor Acres shall charge You for any costs of medical and other health care services provided to You that otherwise would have been covered by an approved policy.

- F. **Arbor Acres' Filing for and Rights to Insurance Benefits.** Arbor Acres shall be responsible for filing for reimbursement from Your Medicare and supplemental health insurance plans for covered medical, nursing, and outpatient therapy services when provided by Arbor Acres. Arbor Acres has a right to the benefits payable under the insurance You carry for services provided by Arbor Acres as, required in this Agreement, except where costs of care were borne solely by You and not Arbor Acres. You hereby authorize Arbor Acres to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable Arbor Acres to collect or enforce such claims. If, for any reason, Arbor Acres cannot apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay Arbor Acres the proceeds received that are due for services provided by Arbor Acres.

For those services provided by Arbor Acres that are covered by Medicare, We will accept Medicare Assignment, billing Medicare first and accepting Medicare's allowable reimbursement rates as payment in full. You shall be responsible for amounts allowed by Medicare or Your supplemental insurance that are treated as deductibles, co-payments or other cost-sharing amounts imposed by Medicare or Your supplemental insurance. For those services provided by Arbor Acres that are not covered by Medicare or Your supplemental insurance, You shall be responsible for all costs and expenses related to such services at the then prevailing rates. For all services not provided by Arbor Acres but are provided by another provider, You shall be responsible for all costs and expenses related to such services.

- G. **Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.
- H. **Arbor Acres' Rights in Case of Injury Caused by a Third Party.** In the event Arbor Acres has incurred costs, expenses and damages on Your behalf relating to injuries or illnesses caused to You by a third party (including, but not limited to, reasonable costs of care Arbor Acres may furnish You because of such accident or injury), You hereby agree that any amount recovered by You or on Your behalf from any and all sources relating to Your injuries or illnesses shall first be paid to Arbor Acres in an amount to reimburse Arbor Acres for its costs, expenses and damages incurred, with the balance of any amount recovered then paid to You or credited to Your account, or, in the event of Your death, paid to Your estate.
- I. **Application for Benefits; Assignment of Benefits.** Resident shall apply for any federal, state or local benefits for which Resident may be eligible or entitled upon request by Arbor Acres. If requested by Arbor Acres, any or all such benefits will be applied to the Monthly Fee or other charges incurred by Resident at Arbor Acres.

VII. **FINANCIAL ASSISTANCE**

In order to operate Arbor Acres on a fiscally sound, nonprofit basis, Arbor Acres has established fees and charges, which are subject to modification from time to time as deemed necessary and appropriate by Arbor Acres. Resident agrees to pay when due all required fees and charges. Resident has received from Arbor Acres a schedule of current fees and charges.

Resident agrees to provide, if requested, periodic financial statements and current financial information for the purpose of demonstrating capacity to meet financial obligations to Arbor Acres. Should Resident experience financial difficulty that might result in Resident's immediate or eventual inability to meet the financial obligations

under this Agreement, including any spend down of assets that might result from payment of expected fees and charges to Arbor Acres, Resident will inform Arbor Acres immediately, and submit a current financial statement. Resident and, if appropriate, Resident's responsible party, and Arbor Acres shall discuss and, if possible, agree on a plan by which Resident's financial obligation to Arbor Acres can be met. Residents whose funds are depleted primarily through payment of fees associated with this Agreement, to include costs associated with their medical care, may be eligible for consideration for financial assistance through Arbor Acres. Such assistance, however, is conditional upon demonstration that other options for fulfilling this financial obligation to Arbor Acres have been explored and deemed impracticable by either party. When Resident is deemed eligible for financial assistance through Arbor Acres, Arbor Acres, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of Arbor Acres and of its financial assistance program.

VIII. TERMINATION AND REFUNDS

- A. Voluntary Termination After Date of Acceptance.** This Agreement may be terminated by You at any time by providing Arbor Acres sixty (60) days advanced written notice of such termination. You may be entitled to a prorated refund of the Entry Fee pursuant to Section VIII.D.
- B. Termination Upon Death.** In the event of Your death at any time after the Date of Acceptance, this Agreement will terminate upon the date of death. Your estate may be entitled to a pro-rated refund of the Entry Fee pursuant to Section VIII.D.
- C. Termination by Arbor Acres.**¹ Arbor Acres may terminate this Agreement at any time (i) pursuant to Section III.E., Section IV.B., Section V.B., Section V.F. or Section V.G. of this Agreement, (ii) if there has been any material misrepresentation or omission made by You in the application forms, (iii) if You fail to make payment to Arbor Acres and Arbor Acres gives notice provided for in Section VI.B., (iv) if You fail to abide by Arbor Acres' policies and procedures, or (v) if You breach the terms of this Agreement. In such events, You may be entitled to a pro-rated refund of the Entry Fee pursuant to Section VIII.D, subject to the terms of this Agreement. Arbor Acres will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and Arbor Acres' policies. Arbor Acres shall exercise such right of termination only after first attempting to work out satisfactory solutions with Resident and/or Resident's responsible party. If agreement cannot be reached between the President/CEO and Resident and/or Resident's responsible party, the President/CEO will refer the matter to the Executive Committee of the Board of Directors of Arbor Acres (the "Executive Committee") for hearing and decision. The Executive Committee shall afford Resident an opportunity to be heard, and shall render a decision with respect to the matter referred to it. The decision of the Executive Committee shall be put in writing and shall be signed by the Chair of the Board of Directors of Arbor Acres (the "Chair") or, in the absence of the Chair, the Chair Elect of the Board of Directors of Arbor Acres. It is understood and agreed that the written, signed decision of the Executive Committee shall be final and binding.
- D. Calculation for Pro-Rated Refunds.** If termination of this Agreement occurs during the first fifty (50) months of this Agreement, You or Your estate will be entitled to a partial refund of the Entry Fee, subject to the terms and conditions of this Agreement. You will receive a refund in the amount equal to: (i) the Entry Fee less a non-refundable fee in the amount of \$1,000 (the "Net Entry Fee"); less (ii) two percent (2%) of the Net Entry Fee for each month that this Agreement has been in effect for up to fifty (50) months; less (iii) any amounts due to Arbor Acres. After fifty (50) months, there is no refund of the Entry Fee. The fifty (50) month period begins with the Date of Acceptance. Payment, if any, shall be made within sixty (60) days of written notice of termination.

¹ [NTD: Please advise whether an appeal process is contemplated, similar to the other Residence Agreements.]

IX. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to Arbor Acres within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 *et. seq.* of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less a non-refundable application fee of \$100.00. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less a non-refundable fee in the amount of \$1,000. Any such refund will be paid by Arbor Acres within sixty (60) days following receipt of written notice of rescission pursuant to this Section IX.

X. GENERAL

- A. Assignment.** This Agreement and the rights and privileges for You under this Agreement to the common areas, amenities, and services and programs of Arbor Acres are personal to You and may not be transferred or otherwise assigned by You.
- B. Management of the Community.** The absolute rights of management are reserved by Arbor Acres and its Board of Directors. Arbor Acres reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.
- C. Entire Agreement.** This Agreement, together with any Arbitration Agreement between Arbor Acres and You, constitutes the entire Agreement between Arbor Acres and You. Arbor Acres will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Arbor Acres, unless such statements, representations, or promises are set forth in this Agreement.
- D. Capacity.** This Agreement has been executed on behalf of Arbor Acres by Arbor Acres' duly authorized agent, and no officer, trustee, agent or employee of Arbor Acres shall have any personal liability to Resident under this Agreement.
- E. Amendments and Modifications.** This Agreement shall not be modified, amended or changed in any respect except in writing signed by Arbor Acres and Resident. Each waives any right to amend this Agreement in any other way. Notwithstanding the foregoing, Arbor Acres may amend this Agreement to ensure compliance with applicable laws and regulations.
- F. Waiver.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial waiver of any Right preclude any exercise of the same or of any other Right. No waiver shall be in effect unless in writing and signed by the party asserted to have granted such waiver.
- G. Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- H. Interpretation.** The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of any provision of this Agreement.
- I. Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of Arbor Acres and Your heirs, executors, administrators, responsible parties, attorneys-in-fact and permitted assigns.

- J. Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are subordinate to the right of the lender under any mortgage, deed of trust or security interest executed now or in the future by Arbor Acres.
- K. Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to keep in effect an appropriate Durable Power of Attorney designating some competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. Within ninety (90) days of the Date of Acceptance, You will deliver to Arbor Acres copies of the following documents, and will promptly deliver any changes to such documents to Arbor Acres during this Agreement: (a) health insurance coverage information; (b) copy of current Durable Power of Attorney; (c) copy of current Durable Health Care Power of Attorney and Living Will; and (d) evidence of the executor or other legally responsible person of Resident's estate, such as a copy of Resident's will documenting the name of the executor of his or her estate.
- L. Uncontrollable Interruption of Services.** No breach of Arbor Acres' obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Arbor Acres, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. Arbor Acres shall make reasonable efforts to continue to provide the usual services in such event.
- M. Confidentiality.** Arbor Acres has the responsibility to keep all of the personal, medical, and financial information You have supplied to Arbor Acres confidential. You agree that Arbor Acres can disclose such information to those who have a need, in Our judgment, or right to know.
- N. Indemnity.** You agree to indemnify, defend and hold Arbor Acres harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and/or any damages to property caused by, resulting from, attributable to or in any way connected with, directly or indirectly, Your act or omission or those of Your guests, including private duty nurses or any other third party service contracted by You. This Section X.N. shall survive termination of this Agreement.
- O. Affiliations.** Arbor Acres is affiliated with the Western North Carolina Annual Conference of The United Methodist Church, which is not responsible for the financial and contractual obligations of Arbor Acres.
- P. Notice Provisions.** Notices required by this Agreement will be in writing and delivered either by personal delivery or mail. If delivered by mail, notices will be sent by certified or registered mail, return receipt requested, with all postage and charges prepaid. Notices and other communications will be deemed to have been given when delivered by personal delivery or if mailed, such notice shall be deemed to have been given on the third business day after being deposited in the United States mail, postage prepaid. All notices and other written communications required under this Agreement will be addressed to You or to Your personal representative at the address provided to Us. Notices shall be sent to us at the following address:

Arbor Acres United Methodist Retirement Community, Inc.
1240 Arbor Road
Winston-Salem, NC 27104
Attention: President and CEO

Your address for the purpose of giving notice is the address appearing after Your signature below or such other address You provide to Us in writing.

- Q. No Guarantee of Residence.** Arbor Acres' execution of this Agreement does not guarantee that any apartment or home will be available for Your occupancy during Your lifetime or prior to the termination of this Agreement for any reason.
- R. Governing Law; Venue.** This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Forsyth County or of the United States District Court for the Middle District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.

Survival. Those rights and obligations that have accrued under this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses under this Agreement that remain unpaid as of such termination.

Resident hereby acknowledges the receipt of the Arbor Acres' Disclosure Statement dated May 30, 2024. Resident acknowledges that the Disclosure Statement was received prior to the execution of this Agreement and the payment of the Entry Fee to Arbor Acres. Resident understands this matter involves a financial commitment and associated risk, as well as a legally binding contract. Resident has had the opportunity to consult with an attorney and/or financial advisor who could advise Resident concerning this Agreement.

IN WITNESS WHEREOF, Arbor Acres has executed this Agreement and You have read and understand this Agreement and have executed this Agreement.

Resident Signature: _____

Resident Address: _____

Street Address _____

City, State & Zip Code _____

Arbor Acres United Methodist Retirement Community, Inc.

By: _____
PRESIDENT/CEO

**ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
READY LIST RESERVATION AGREEMENT**

The undersigned applicant(s) _____ (“you” – In the event two people enter into this Ready List Reservation Agreement (the “Agreement”), the term “you” shall apply to them jointly and severally, except where the context otherwise applies.) hereby tender(s) this Agreement, together with payment of the Ready List Fee (defined below) to ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC., a North Carolina nonprofit corporation (hereinafter the “Corporation”, “Arbor Acres”, “we”, us” or “our”), for the purpose of reserving a place on Arbor Acres’ Ready List for an independent living accommodation (a “Unit”) at the Corporation’s continuing care retirement community known as “Arbor Acres”, effective _____, 20__ (“Effective Date”).

WHEREAS, the Corporation owns and operates a continuing care retirement community located at 1240 Arbor Road in Winston-Salem, North Carolina, known as “Arbor Acres”; and

WHEREAS, you desire to reserve a residence at Arbor Acres through our Ready List, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the payment of the Application Fee (defined below) and the Ready List Fee (defined below) by you to the Corporation and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and the Corporation hereby agree to the following:

I. APPLICATION FEE AND READY LIST FEE.

- A. **Application Fee.** You have paid to the Corporation a **non-refundable** application fee in the amount of _____ and No/100 Dollars (\$) (if there are two of you, then each of you have paid \$ _____ for a total of \$ _____) (“Application Fee”).
- B. **Ready List Fee.** You agree to pay to the Corporation a “Ready List Fee” in the amount of Twenty-Five Thousand and No/100 Dollars (\$25,000). Subject to the terms and conditions of this Agreement and if you accept the residency offer, are approved for residency at Arbor Acres and sign a Residence and Services Agreement, the Corporation will credit the payment of the Ready List Fee and the Application Fee towards the required deposit due at the time you sign a Residence and Services Agreement with Arbor Acres.

II. READY LIST. The Corporation will assign you a chronologically maintained Ready List priority number.

You agree that by selecting from the following options of Units

- | | |
|---|---|
| A) 1 bedroom Corpening apartment | F) Aldersgate Square 1800-2005 Square Feet |
| B) 1 bedroom Stockton apartment | G) 1 bedroom house |
| C) 2 bedroom Stockton apartment (Type C) | H) 2 bedroom house 1599 square feet & under |
| D) 2 bedroom Stockton apartment (Type D) | I) 2 bedroom house 1600-1999 square feet |
| E) Aldersgate Sq. 1546 sq. feet – 1767 sq. feet | J) 2 bedroom house 2000 square feet & above |

as indicated by your circling of up to three (3) of the corresponding letters below, you have indicated your selected choices (hereinafter “Selected Choices”) for the type of Unit at Arbor Acres you would like to reserve as:

Selected Choices A B C D E F G H I J

The Corporation will notify you by telephone or by voice message or by electronic mail of the availability of a Unit matching one of your Selected Choices. You acknowledge that you will have three (3) business days to accept or refuse the available Unit. You acknowledge that no response by you within three (3) business days will be considered your refusal of the Unit. You further acknowledge and agree that if you accept the Unit, you will pay the required deposit and sign a Residence and Services Agreement within three (3) business days from accepting the Unit (contingent upon Arbor Acres completing its financial and health qualification of you for residency at Arbor Acres), and that failure to pay the required deposit and/or to sign a Residence and Services Agreement within the three (3) business days will be considered your refusal of the Unit.

III. TERMINATION AND REFUND. This Agreement becomes effective when signed by both you and the Corporation, **and** the Corporation has received your Application Fee and Ready List Fee.

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by you giving written notice of such rescission to the Corporation within thirty (30) days following the later of the execution of this Agreement or the receipt of a Disclosure Statement that meets the requirements of Section 58-64-1, et seq. of the North Carolina General Statutes. In the event of such rescission, you shall receive a refund in an amount equal to the entire Ready List Fee. Notwithstanding anything to the contrary in this Agreement, any such refund shall be paid by the Corporation within thirty (30) days following receipt of written notice of rescission pursuant to this paragraph. You also acknowledge and agree that when the refund is paid the Corporation will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

If you (or both of you if co-applicants) die before occupying a living accommodation, or if, on account of illness, injury, or incapacity, you (or both of you if co-applicants) would be precluded from occupying a Unit under the terms of a Residence and Services Agreement, this Agreement is automatically cancelled. In the event of such termination, you shall receive a refund in an amount equal to the Ready List Fee less a non-refundable fee of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500). Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. The Application Fee is non-refundable.

If, on account of illness, injury, or incapacity, you (or both of you if co-applicants) would be precluded from occupying a Unit under the terms of a Residence and Services Agreement but you enter into a residency agreement for an assisted living unit, skilled nursing unit or memory care unit at Arbor Acres, you may apply all or a portion of the non-refundable fee of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500) and the Application Fee towards any entrance fee deposit and/or entrance fee for any such residency agreement for an assisted living unit, skilled nursing unit or memory care unit at Arbor Acres. You also acknowledge and agree that when the refund is paid to you, the Corporation will have no further obligations under the terms of this Agreement.

This Agreement terminates when you sign a Residence and Services Agreement with the Corporation.

This Agreement will terminate upon any of the following occurrences:

- A. You fail to pay the Application Fee and/or the Ready List Fee;
- B. You submit to the Corporation written notice of termination of this Agreement for any reason;
- C. Any instance in which your spouse commences against you, or you are named in, a divorce, annulment, separation or similar proceeding;
- D. You fail to sign a Residence and Services Agreement pursuant to the terms of this Agreement; or
- E. You experience changes in your financial status prior to occupancy at Arbor Acres that cause you to fail to meet the Corporation's financial qualifications for admission to Arbor Acres.

In the event of any such termination, you shall receive a refund in an amount equal to the Ready List Fee less a non-refundable fee of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500). Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. You also acknowledge and agree that when the refund is paid the Corporation will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

You acknowledge and agree that this Agreement will terminate upon the earlier of: (a) three (3) years from the Effective Date, provided that the Corporation has offered at least one (1) Unit matching your Selected Choices, or (b) when you have refused three (3) Units which match one or more of your Selected Choices. Upon termination of this Agreement, the Corporation will refund an amount equal to the Ready List Fee less a non-refundable fee of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500). The Application Fee is non-refundable. Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. You also

acknowledge and agree that when the refund is paid Arbor Acres will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

If after three (3) years from the Effective Date the Corporation has not offered at least one (1) Unit matching one of your Selected Choices, you may elect either Option A or Option B below:

Option A: Terminate this Agreement, and the Corporation will refund the entire Ready List Fee to you. Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. You also acknowledge and agree that when the refund is paid the Corporation will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

Option B: You and the Corporation will agree to a onetime extension of the Agreement for an additional two (2) years, and the Corporation will allow you to modify your Selected Choices, if you want to. You acknowledge and agree that five (5) years from the Effective Date, without regard to the number of Units offered by the Corporation which match one or more of your Selected Choices, this Agreement will terminate. Upon such termination, if no Units have been offered, the Corporation will refund an amount equal to the entire Ready List Fee. Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. Upon such termination, if you have been offered one or more Units during the extension period, you shall receive a refund in an amount equal to the Ready List Fee less a non-refundable fee of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500). Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. You also acknowledge and agree that at the end of the five (5) year period the Corporation will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

You acknowledge that you will have seven (7) calendar days to select either Option A or Option B once you have received notice from the Corporation that you are to select either Option A or Option B. You acknowledge that no response by you within seven (7) calendar days will be considered your refusal to make a selection, and Option A will automatically apply.

The Corporation acknowledges that there is no obligation by you to accept a Unit when offered, subject to the terms and conditions of this Agreement.

You acknowledge that this Agreement is NOT a guarantee of future residency and that your acceptance of a Unit does not guarantee your acceptance for occupancy of a residence by the Corporation. Medical and financial approval by the Corporation is necessary at the time you accept a Unit and prior to the time you sign a Residence and Services Agreement and pay the required Residence and Services Agreement deposit.

IV. **PRELIMINARY AGREEMENT.** This Agreement is preliminary in nature and precedent to the Residence and Services Agreement.

V. **GENERAL.**

A. **Assignment.** Your rights and privileges under this Agreement are personal to you and may not be transferred or assigned by you or otherwise.

B. **Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or deny any person for residency. Residents do not have the right to determine admission or terms of admission of any other Resident. Arbor Acres reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the community in its sole discretion.

C. **United Methodist Affiliation.** Arbor Acres is affiliated with the Western North Carolina Annual Conference of The United Methodist Church, which is not responsible for the financial and contractual obligations of the Corporation and Arbor Acres.

- D. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- E. **Schedule of Fees.** You have been given a current copy of the Schedule of Fees as adopted by the Corporation. You understand that these documents will change from time to time as described in the Disclosure Statement.
- F. **Entire Agreement.** This Agreement, together with all attachments, schedules and addenda attached hereto which are incorporated herein, constitutes the entire contract between the Corporation and you. The Corporation shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations or promises are set forth in this Agreement or in an amendment to this Agreement signed by the Corporation's President/CEO and by you. Electronic (e.g., pdf) versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.
- G. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, responsible parties, powers of attorney, administrators and assigns of you.
- H. **Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent or employee of ours shall have any personal liability hereunder to you under any circumstances.
- I. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles.
- J. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep the Agreement in compliance with applicable laws and regulations; provided, that the changes we make do not substantially reduce your benefits under the Agreement, we provide notice of such change not less than thirty (30) days before the change, and we provide an amendment to this contract for your review and signature. If any provision in this Agreement is invalidated, all other provisions will remain in force.
- K. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- L. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of you to pay costs or expenses of the Corporation that remain unpaid as of such termination.
- M. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- N. **Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively "notices") will be in writing and addressed as follows:

The Corporation/Arbor Acres:
Office of the President/CEO
Arbor Acres
1240 Arbor Road
Winston-Salem, North Carolina 27104

Applicant:
Your address for the purpose of giving notice is the address appearing after your signature below.

You are responsible for notifying us of any changes in address and/or telephone number.

I (we) understand this matter involves a financial commitment and associated risk as well as a legally binding contract. I (we) was (were) encouraged to consult with an attorney and/or financial advisor who could advise me (us) concerning this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, as of the day and year first above written, one duplicate copy of this Agreement being retained by each party.

Your signature below certifies that you have read, understand and accept this Agreement as of this the Effective Date set forth above.

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.	APPLICANT(S) (or Applicant(s)'s Attorney in Fact) (*)
_____ By (signature)	_____ (signature) (SEAL)
_____ Printed Name	_____ (signature) (SEAL)
_____ Title	_____ Current Address: Street
	_____ City, State, Zip Code
	_____ Telephone

(*) If Attorney-in-Fact signs on behalf of the Applicant(s), a Filed Power of Attorney document must be attached to this Agreement.

**ACKNOWLEDGEMENT OF RECEIPT
OF
DISCLOSURE STATEMENT**

**Arbor Acres
1240 Arbor Road
Winston-Salem, N. C. 27104**

As of the day and year above written in this Ready List Reservation Agreement, the undersigned Applicant(s) acknowledges receipt of the Disclosure Statement of Arbor Acres United Methodist Retirement Community, Inc. and its continuing care retirement community known as Arbor Acres (collectively, "Arbor Acres") dated _____, 20____. The Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to Arbor Acres, whichever occurred first.

As a prospective resident, the Arbor Acres' representatives have encouraged me to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand Arbor Acres, like all other continuing care retirement communities in the State of North Carolina, is subject to an act concerning registration and disclosure by continuing care retirement communities (the "Act"). Registration under the Act does not constitute approval, recommendation, or endorsement of the facility by the Department of Insurance or the State of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the Disclosure Statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who could review this document with me.

**ARBOR ACRES UNITED METHODIST
RETIRMENT COMMUNITY, INC.**

**APPLICANT(S)
(or Applicant(s)'s Attorney in Fact) (*)**

By (signature)

(signature)

(SEAL)

Printed Name

(signature)

(SEAL)

Title

(*) If Attorney-in-Fact signs on behalf of the Applicant(s), a Filed Power of Attorney document must be attached to this Agreement.

ADDENDUM A

_____, 20__

Pursuant to Section III of the Ready List Reservation Agreement, _____ hereby agree to the option selected below:

_____ Option A: Terminate this Agreement, and the Corporation will refund the entire Ready List Fee to you. Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. You also acknowledge and agree that when the refund is paid the Corporation will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

_____ Option B: You and the Corporation will agree to a onetime extension of the Agreement for an additional two (2) years, and the Corporation will allow you to modify your Selected Choices, if you want to. You acknowledge and agree that five (5) years from the Effective Date, without regard to the number of Units offered by the Corporation which match one or more of your Selected Choices, this Agreement will terminate. Upon such termination, if no units have been offered, the Corporation will refund an amount equal to the entire Ready List Fee. Any such refund shall be paid by the Corporation within thirty (30) days following the date of termination. Upon such termination, if you have been offered one or more Units during the extension period, you shall receive a refund in an amount equal to the Ready List Fee less a non-refundable fee of Twelve Thousand Five Hundred and No/100 Dollars (\$12,500). You also acknowledge and agree that at the end of the five (5) year period the Corporation will have no further obligations under the terms of this Agreement. The Application Fee is non-refundable.

Capitalized terms referred to in this Addendum A but not defined in this Addendum A shall have the meanings set forth in the Ready List Reservation Agreement.

**ARBOR ACRES UNITED METHODIST
RETIRMENT COMMUNITY, INC.**

**APPLICANT(S)
(or Applicant(s)'s Attorney in Fact) (*)**

By (signature)

(signature)

(SEAL)

Printed Name

(signature)

(SEAL)

Title

NORTH CAROLINA)

)

AGREEMENT

FORSYTH COUNTY)

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and between _____ (“Resident”) and ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC., a North Carolina nonprofit corporation (“Arbor Acres”).

Resident has applied and been approved for residency at Arbor Acres in _____, room number _____ (the “Accommodation”), and has received a copy of Arbor Acres’ Disclosure Statement, dated _____ (the “Disclosure Statement”).

Resident and Arbor Acres agree to the following:

1. Entrance Fee and Daily Fee.

The Entrance Fee established by Arbor Acres for residency in Arbor Acres’ skilled nursing facility (the “Skilled Nursing Facility”), where it is anticipated Resident will reside, is TWO THOUSAND EIGHT HUNDRED DOLLARS AND NO/100 Dollars (\$2,800.00) (the “Entrance Fee”), the amount being paid by Resident herewith in full. (The Entrance Fee is separate and distinct from Arbor Acres’ fees and charges to residents for food, maintenance, medical, nursing and other services.) The Entrance Fee for residency in the Skilled Nursing Facility is a non-refundable fee except as provided in Section 5. If Resident moves to an independent living unit, the Entrance Fee will be applied toward the Entrance Fee for that unit as provided in Section 7(l).

Resident agrees to pay the initial daily fee (the “Daily Fee”), which is the established daily fee as of the date on this Agreement, and which is subject to change from time to time. Rates are typically adjusted January 1st of each year. Gratuities or bequests in addition to the established Daily Fee shall not be accepted. As of the date of this Agreement, the Daily Fee associated with the Accommodation will be:

Daily Fee for Resident (includes meals, laundry and utilities) \$ _____

2. Monthly Statements.

Arbor Acres will furnish Resident a monthly statement with the total amount of the Daily Fee and other charges, if any, owed by Resident. Resident shall pay such fees and charges by the 10th day of the month. If Resident’s payment is late, Arbor Acres may charge Resident a one and one-half percent (1.5%) interest fee per month, from the first of the month in which the payment is late. Upon thirty (30) days’ advance written notice, Arbor Acres may change the billing date and payment due date. Arbor Acres shall have the right to offset against any Entrance Fee repayment any unpaid Daily Fees or other charges owed by Resident to Arbor Acres.

3. Room Assignment.

Resident understands that Resident acquires no ownership interest in any property at Arbor Acres under this Agreement; also, that no particular room or unit in the Skilled Nursing Facility is subject to reservation or permanent assignment, and that Arbor Acres may change Resident’s room assignment in the Skilled Nursing Facility. Though Arbor Acres retains the right to change Resident’s room assignment, Arbor Acres agrees that it will make changes only as Arbor Acres finds such changes to be necessary or advisable.

4. Initial Occupancy.

Arbor Acres anticipates having the Accommodation ready for occupancy by _____. Resident is not required to move into the Accommodation before it is ready for occupancy, or before the expiration of thirty (30) days from the date of this Agreement, whichever is later. Resident plans to move into the Accommodation on or before _____ (the “Occupancy Date”). If Resident should wish to change the

Occupancy Date, Resident will advise Arbor Acres immediately (on or before the Occupancy Date). Upon receipt of Resident's request, and if Arbor Acres determines that another date is feasible, Arbor Acres will undertake to work out with Resident another mutually agreeable Occupancy Date. Resident agrees to pay Arbor Acres' Daily Fees and other charges for use of the Accommodation from the earlier of (a) the date of actual occupancy (the first night of residency or when personal property is moved into the Accommodation) or (b) _____ (the "Residency Date").

5. Resident's Right to Rescind or Cancel Within the First Thirty (30) Days or Resident's Failure to Move to Arbor Acres.

(a) Within thirty (30) days following the later of the execution of this Agreement or delivery of the Disclosure Statement (the "Rescission Period"), Resident may rescind this Agreement by delivering to Arbor Acres a signed, written notice of rescission. Resident is not required to move into the Accommodation during the Rescission Period. If Resident dies before occupying the Accommodation, or if, on account of illness, injury or incapacity Resident should be precluded from occupying the Accommodation, this Agreement shall be automatically cancelled. If this Agreement is neither rescinded nor cancelled and Resident fails to move to Arbor Acres by the Residency Date, this Agreement may be terminated by Arbor Acres or Resident upon written notice to the other.

(b) If Resident rescinds this Agreement, this Agreement is automatically cancelled as described in Section 5(a) above or Resident fails to move to Arbor Acres by the Residency Date and this Agreement is terminated by either Arbor Acres or Resident, Resident or Resident's legal representative will receive a refund of the Entrance Fee, less the following: (i) any Daily Fees or other costs charged for the time Resident shall have resided at Arbor Acres; and (ii) those nonstandard costs specifically incurred by Arbor Acres at the request of Resident and described in a signed addendum to this Agreement. Payment of the refund is to be made from the Entrance Fee received by Arbor Acres from the next occupant of the Accommodation.

6. Notice of Termination of Occupancy.

If after moving to Arbor Acres and the expiration of the Rescission Period, Resident should decide to terminate this Agreement and residency at Arbor Acres, Resident will give Arbor Acres a minimum of fourteen (14) days advance written notice stating the date on which Resident plans to terminate residency. This Agreement, and Resident's obligation to pay the Daily Fee and other charges, shall continue in effect until Resident vacates the Accommodation or until the end of the fourteen (14) day notice period, whichever is later (the "Date of Termination of Occupancy"). If Resident permanently vacates the Accommodation, Arbor Acres reserves the right to remove Resident's personal property from the Accommodation and store such personal property, and Resident shall be responsible for the reasonable costs of such removal and storage. Unclaimed personal property will become the property of Arbor Acres after thirty (30) days, and Arbor Acres may dispose of such personal property in its sole discretion.

7. Terms and Conditions of Initial Residency and Continued Residency.

Resident shall have the right to occupy the Accommodation and to reside at Arbor Acres subject to the provisions of this Agreement and subject to the following understandings, terms and conditions:

(a) *Health and Financial Qualification for Residency*

At the time of the execution of this Agreement, Arbor Acres has determined that Resident qualifies for residency both with respect to mental and physical condition and ability to take care of the anticipated Daily Fees and other charges. Resident must continue to meet these qualifications at the time Resident enters Arbor Acres. If Resident is not qualified to occupy the Accommodation, but is qualified (financially and otherwise) to reside in other accommodations at Arbor Acres, Resident shall be entitled to such accommodation when space permits.

(b) *Financial Obligation Including Obligation to Pay Fees and Charges*

In order to operate Arbor Acres on a fiscally sound, nonprofit basis, Arbor Acres has established fees and charges, which are subject to modification from time to time as deemed necessary and appropriate by Arbor Acres. Resident agrees to pay when due all required fees and charges. Resident has received from Arbor Acres a schedule of current fees and charges.

Resident agrees to provide, if requested, periodic financial statements and current financial information for the purpose of demonstrating capacity to meet financial obligations to Arbor Acres. Should Resident experience financial difficulty that might result in Resident's immediate or eventual inability to meet the financial obligations under this Agreement, including any spend down of assets that might result from payment of expected fees and charges to Arbor Acres, Resident will inform Arbor Acres immediately, and submit a current financial statement. Resident and, if appropriate, Resident's responsible party, and Arbor Acres shall discuss and, if possible, agree on a plan by which Resident's financial obligation to Arbor Acres can be met. Residents whose funds are depleted primarily through payment of fees associated with residency, to include costs associated with their medical care, may be eligible for consideration for financial assistance through Arbor Acres. Such assistance, however, is conditional upon demonstration that other options for fulfilling this financial obligation to Arbor Acres have been explored and deemed impracticable by either party. When Resident is deemed eligible for financial assistance through Arbor Acres, Arbor Acres, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of Arbor Acres and of its financial assistance program.

(c) *Rights and Obligations During Temporary Absence*

Temporary absence because of illness, trips or otherwise shall not affect Resident's right to retain the Accommodation as Resident's place of residency. However, Resident shall not be entitled to an adjustment of Arbor Acres' Daily Fee and other charges during such absence, and Resident shall continue to be charged and to pay such Daily Fee and charges during such absence.

(d) *Requirement of Compliance with Recommendations for Additional Services or Care*

If Resident shall incur a physical or mental illness or impairment so that Resident requires additional services or a higher level of care than is available at the Accommodation, Arbor Acres, through its nursing and continuing care staffs ("Nursing and Continuing Care Staffs"), will make recommendations regarding appropriate additional service options and/or options for transfer to a higher level of care. Resident agrees (i) that Arbor Acres is obligated to assure the care and safety of residents and, (ii) that Resident will comply with Nursing and Continuing Care Staffs' recommendations regarding additional services or transfer to a higher level of care. If such additional services or higher level of care can be provided in a different accommodation at Arbor Acres, Resident has a right, and may be required by Arbor Acres, to move to such accommodation. Arbor Acres will recommend and require such a move or additional services when, in the judgment of Arbor Acres, it is necessary and in the best interest of Resident, Arbor Acres and/or the other residents of Arbor Acres. Before any such move or additional services are required, Arbor Acres will discuss the matter with Resident and/or Resident's responsible party in an effort to secure Resident's understanding and cooperation with the required additional services or change of accommodation or level of care. Resident and/or Resident's responsible party shall have the right to appeal a decision to change Resident's accommodation and/or level of care in accordance with the provisions of (i) below.

(e) *Requirement of Compliance With Policies, Rules and Regulations*

In order to operate Arbor Acres in the best interest of the entire Arbor Acres community, Arbor Acres has established policies, rules and regulations relating to residency, which are subject to modification from time to time as deemed appropriate by Arbor Acres. Resident has received information as to the current policies, rules and regulations in the Disclosure Statement and in other written information provided by Arbor Acres. Arbor Acres reserves the right to make or change policies, rules and regulations, and will

use its reasonable efforts to communicate through appropriate means to all residents the substance and content of such additions or changes; also, copies of particular policies, rules and regulations relating to residency will be furnished to Resident on request. Resident agrees to comply with Arbor Acres' policies, rules and regulations applicable to Resident's residency in Arbor Acres.

(f) *Cooperation of Responsible Parties and Other Associates*

Resident understands and agrees that, in order for Arbor Acres to operate in the best interest of both Resident and the entire Arbor Acres community, Arbor Acres must have the cooperation of Resident's family, friends, responsible parties and other associates to comply with Arbor Acres' applicable policies, rules and regulations. Any continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by Arbor Acres that it is no longer feasible for Arbor Acres to accommodate Resident as a resident. Upon such determination, Arbor Acres will have a right to terminate Resident's residency at Arbor Acres.

(g) *Termination of Residency for Health Conditions Beyond Arbor Acres' Capacity to Serve*

If Resident's physical and/or mental condition or needs cannot be legally or adequately served by the facilities or programs available at Arbor Acres, or Resident requires or insists upon receiving care that in the judgment of Arbor Acres exceeds the capacity of Arbor Acres to provide within the limits of its staffing pattern or other available resources, Arbor Acres reserves the right to terminate Resident's residency. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident and/or Resident's responsible party in an effort to determine a course of action in Resident's best interest. Arbor Acres will provide guidance and transitional support to Resident and/or Resident's responsible party to facilitate an orderly transfer of Resident to another, more appropriate facility or setting.

(h) *Termination of Residency for Behavior Deemed Harmful to Arbor Acres*

If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO to be disruptive, hostile, illegal, or otherwise harmful to others or to Arbor Acres, Arbor Acres reserves the right to terminate Resident's residency. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by Arbor Acres. Arbor Acres will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, Arbor Acres will have the right to terminate Resident's residency at Arbor Acres.

(i) *Right of Appeal of Transfer or Termination Decisions*

While Arbor Acres reserves the right to terminate Resident's residency at Arbor Acres for failure to comply with (b), (d), (e), (f), (g) or (h) above, or for failure to comply with any other provision of this Agreement, Arbor Acres shall exercise such right only after first attempting to work out satisfactory solutions with Resident and/or Resident's responsible party. If agreement cannot be reached between the President/CEO and Resident and/or Resident's responsible party, the President/CEO will refer the matter to the Executive Committee of the Board of Directors of Arbor Acres (the "Executive Committee") for hearing and decision. The Executive Committee shall afford Resident an opportunity to be heard, and shall render a decision with respect to the matter referred to it. The decision of the Executive Committee shall be put in writing and shall be signed by the Chair of the Board of Directors of Arbor Acres (the "Chair") or, in the absence of the Chair, the Chair Elect of the Board of Directors of Arbor Acres. It is understood and agreed that the written, signed decision of the Executive Committee shall be final and binding.

(j) *Terms and Conditions of Initial Residency and Continued Residency*

Arbor Acres reserves the right to relocate Resident to another accommodation when deemed necessary in order for Arbor Acres to fulfill its strategic financial and other obligations to the Arbor Acres community. Arbor Acres will exercise this right only when all other reasonable options to avoid relocating Resident

have been considered. Arbor Acres will use reasonable efforts to relocate Resident to an accommodation of the same or similar type as Resident's Accommodation. Any such decision to relocate Resident will be discussed thoroughly with Resident in order to enlist Resident's understanding of the need for and cooperation with the relocation. Arbor Acres will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between the Accommodation and any new accommodation to which Resident may be relocated. Any decision to relocate Resident for the sake of enabling Arbor Acres to fulfill its strategic financial and other obligations to the Arbor Acres community may be appealed to the Executive Committee as outlined in (i) above.

(k) *Termination of Residency If Listed on a Sex Offender Registry*

Resident hereby acknowledges that it is the policy of Arbor Acres to conduct sex offender screening for every prospective resident, regardless of independent status or level of care, at the time of application for admission to Arbor Acres and again prior to entering into a Residency Agreement. If the screening shows that the prospective resident is identified as a sex offender, Arbor Acres will deny admission of Resident on that basis and not execute a Residency Agreement. In addition, Resident hereby acknowledges and agrees that if, after Arbor Acres and Resident have entered into a Residency Agreement, Arbor Acres becomes aware that Resident is listed on any sex offender registry, Arbor Acres may terminate this Agreement with Resident and remove Resident from Arbor Acres.

(l) *Relocation to Independent Living or Assisted Living*

If Resident's health should improve sufficiently to permit Resident to live in other accommodations at Arbor Acres other than the Skilled Nursing Facility, such a move may be made subject to availability of an appropriate accommodation, payment of the entrance fee established for the accommodation, less the Entrance Fee, and execution of an appropriate Independent Living Residency Agreement or Assisted Living Residency Agreement (as applicable).

(m) *Healthcare Outside of Arbor Acres*

Arbor Acres assumes no obligation or responsibility for the provision of residential or nursing or health care facilities or services to Resident beyond those facilities and services from time to time established and provided by Arbor Acres.

(n) *Personal Belongings*

Arbor Acres will not be responsible for the loss of or damage to any property belonging to Resident due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that Resident has the responsibility of providing any desired insurance protection covering any such loss.

8. Standard Services to be Provided.

Arbor Acres agrees to provide standard services to Resident at no additional cost beyond the Daily Fee, and has informed Resident of these services and other services through written information available to all residents. At the time of execution of this Agreement, the standard services include:

- (1) Nursing supervision (in accordance with regulatory standards; does not include private duty or individual nurse for each resident), prescribed medication administration and assistance with activities of daily living;
- (2) Maintenance of buildings and grounds, including maintenance of all standard equipment in the Accommodation;
- (3) Utilities, as described below;
- (4) Basic cable television and internet service;
- (5) Telephone jacks; emergency call system, and assistance in emergencies;
- (6) Recreational, educational, cultural, wellness and spiritual life programs, to the extent provided by Arbor Acres;
- (7) Transportation to routine, non-emergency medical appointments within Forsyth County (transportation by ambulance not included);
- (8) In-patient care in the Arbor Acres Health Center for a limited number of days;

- (9) Daily housekeeping and annual deep cleaning of the Accommodation;
- (10) Laundering of bed and bath linens furnished by Arbor Acres;
- (11) Laundering of personal clothing (washing, drying and folding, not ironing or dry cleaning);
- (12) Security personnel on duty in the Arbor Acres Welcome Center; and
- (13) Food service (3 meals daily).

Water and sewer services are included in the Daily Fee. Electricity and gas is also included. Arbor Acres may also make available to Resident additional services, at Resident's request, at the then prevailing rates charged by Arbor Acres, which may be changed from time to time at the discretion of Arbor Acres.

Arbor Acres residents pay Daily Fees and other charges to cover services provided by Arbor Acres. At least annually, during budget preparation, Arbor Acres reviews services and costs of operation, and the need for any changes in services or in Arbor Acres' schedule of fees and charges. Arbor Acres reserves the right to change, when deemed necessary, the services provided to residents and the associated fees and charges. Arbor Acres will strive to deliver services efficiently and economically.

9. Transfer to Another Level of Care.

Resident shall have priority over non-residents for entry into the Arbor Acres' assisted living facility (the "Assisted Living Facility"). Although Arbor Acres cannot guarantee Resident entry into the Assisted Living Facility, Arbor Acres will use its reasonable efforts to accommodate Resident's entry. If Resident requires a lower level of care, and the Assisted Living Facility is fully occupied or unable to provide such lower level of care, Resident shall relocate to an alternate healthcare facility. In the event of such relocation, Arbor Acres will use reasonable efforts to transfer Resident to the Assisted Living Facility when accommodations become available. Resident shall be responsible for all fees, costs and expenses. If Resident's transfer to the Assisted Living Facility or an alternate healthcare facility is temporary, Resident shall remain responsible for the Daily Fee; however, Resident shall not be responsible for the Daily Fee if such relocation is permanent. If Resident transfers to the Assisted Living Facility, Resident shall not be required to pay an additional Entrance Fee on transferring to the Assisted Living Facility.

10. Application for Benefits; Assignment of Benefits.

Resident shall apply for any federal, state or local benefits for which Resident may be eligible or entitled upon request by Arbor Acres. If requested by Arbor Acres, any or all such benefits will be applied to the Daily Fee or other charges incurred by Resident at Arbor Acres.

11. Health Insurance.

Resident shall maintain eligible Medicare coverage (and supplemental health insurance coverage) or other health insurance coverage that adequately covers hospital, medical, prescriptions and skilled nursing deductibles and co-payments required under Resident's primary insurance policy. Resident's primary and secondary insurance coverage must recognize Arbor Acres as a healthcare provider, or Resident shall be responsible for services rendered that otherwise could be covered by insurance.

If Resident's health insurance coverage lapses, Arbor Acres may require Resident to reapply for suitable insurance coverage. If Resident is unable to obtain suitable insurance coverage, Resident shall be responsible for any healthcare services rendered that otherwise could be covered by insurance. Upon request by Arbor Acres, Resident shall provide evidence of health insurance coverage.

12. Medicare-Certified Skilled Nursing Facility Beds.

Arbor Acres maintains a limited number of Medicare-certified beds in the Skilled Nursing Facility, which are available for use by residents whose skilled nursing care would qualify for Medicare payment on an "if and as available" basis. In the event that Resident's admission would qualify for Medicare payment, then Resident's financial responsibility to Arbor Acres will depend upon the type of Medicare coverage that Resident has and whether Arbor Acres is a contractual provider for Resident's coverage.

(a) *Medicare-certified bed is not available.*

In the event that there is not a Medicare-certified bed at Arbor Acres at the time that Resident requires admission, then Resident may either choose to obtain skilled nursing care services at another healthcare facility at Resident's cost until such time as a Medicare-certified bed becomes available at Arbor Acres (presuming that Resident would use a facility that could provide a Medicare-certified bed) or be admitted to a bed in the Skilled Nursing Facility at Resident's cost which is not certified to accept Medicare payment until such time as a Medicare-certified bed becomes available at Arbor Acres.

(b) *Medicare-certified bed is available and Resident has traditional Medicare.*

If Resident is admitted to a Medicare-certified bed in the Skilled Nursing Facility and Resident has traditional Medicare coverage, Arbor Acres will accept the Medicare reimbursement amount for such care while Resident shall be responsible for any applicable deductible, co-payment and/or co-insurance amounts that are not paid by Medicare and any supplemental Medicare insurance that Resident maintains.

(c) *Medicare-certified bed is available and Resident has Medicare Advantage coverage for which Arbor Acres is an in-network provider.*

In the event that Arbor Acres is an in-network provider for Resident's Medicare Advantage coverage, then Arbor Acres will accept the reimbursement amount from Resident's Medicare Advantage insurance carrier while Resident shall be responsible for any deductible, co-payment and/or co-insurance amounts that are not paid by the Medicare Advantage insurance that Resident maintains.

(d) *Medicare-certified bed is available and Resident has Medicare Advantage coverage for which Arbor Acres is not an in-network provider.*

Arbor Acres will charge Resident the full private-payment amount for Resident's admission into a Medicare-certified bed and credit against Resident's financial obligation to Arbor Acres the amount that is paid by Resident's Medicare Advantage insurance if the insurance provides an out-of-network benefit. In the event that Resident's Medicare Advantage insurance will not pay any amount to an out-of-network provider, then Resident will not be admitted to a Medicare-certified bed at Arbor Acres. A full private-pay Resident in a Medicare-certified bed may be required by Arbor Acres to relocate to a bed that is not Medicare certified when such a bed becomes available.

13. United Methodist Affiliation.

Arbor Acres is affiliated with the Western North Carolina Annual Conference of The United Methodist Church, which is not responsible for the financial and contractual obligations of Arbor Acres.

14. Required Documents.

Resident agrees to keep in effect an appropriate Durable Power of Attorney or other designation of responsible party, and agrees to provide copies of the following documents to Arbor Acres by the first day of residency, and deliver any changes to such documents to Arbor Acres during Resident's residency at Arbor Acres: (a) health insurance coverage information; (b) copy of current Durable Power of Attorney for business management; (c) copy of current Health Care Power of Attorney and Living Will; and (d) evidence of the executor or other legally responsible person of Resident's estate, such as a copy of Resident's will documenting the name of the executor of his or her estate.

15. Moving Costs.

Resident is responsible for any and all packing and moving costs incurred by Resident for moves into, within and out of Arbor Acres, except as provided in Section 7(j) above. Arbor Acres may provide assistance at an additional cost. Arbor Acres reserves the right to charge an administrative fee for Resident's move within Arbor Acres.

16. Entire Agreement.

This Agreement, together with any Arbitration Agreement between Resident and Arbor Acres, contain the entire agreement of Arbor Acres and Resident. Arbor Acres will not be liable or bound in any manner

by any statements, representations, or promises made by any person representing or claiming to represent Arbor Acres, unless such statements, representations, or promises are set forth in this Agreement.

17. Capacity.

This Agreement has been executed on behalf of Arbor Acres by Arbor Acres' duly authorized agent, and no officer, trustee, agent or employee of Arbor Acres shall have any personal liability to Resident under this Agreement.

18. Amendments and Modifications.

This Agreement shall not be modified, amended or changed in any respect except in writing signed by Arbor Acres and Resident. Each waives any right to amend this Agreement in any other way. Notwithstanding the foregoing, Arbor Acres may amend this Agreement to ensure compliance with applicable laws and regulations.

19. Waiver.

Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial waiver of any Right preclude any exercise of the same or of any other Right. No waiver shall be in effect unless in writing and signed by the party asserted to have granted such waiver.

20. Severability.

The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

21. Interpretation.

The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of any provision of this Agreement.

22. Successors and Assigns.

Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Arbor Acres and the heirs, executors, responsible parties, attorneys-in-fact and administrators of Resident.

23. Assignment.

This Agreement may not be assigned by Resident.

24. Indemnity.

Resident agrees to indemnify, defend and hold Arbor Acres harmless from any and all claims, damages or expenses (including reasonable attorneys' fees and court costs) resulting or arising from any injury or death to persons and/or damages caused by, resulting from or attributable to or in any way connected with, directly or indirectly, the act or omission of Resident or Resident's guests, including private duty nurses, companions or others. This Section 24 shall survive termination of this Agreement.

25. Governing Law; Venue; Disputes.

This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Forsyth County or of the United States District Court for the Middle District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In

the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.

26. Survival.

Those rights and obligations that have accrued under this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her residency at Arbor Acres that remain unpaid as of such termination.

27. Management of Arbor Acres.

The absolute rights of management are reserved by Arbor Acres and its Board of Directors. Arbor Acres reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.

28. Uncontrollable Interruption of Services.

No breach of Arbor Acres' obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Arbor Acres, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. Arbor Acres shall make reasonable efforts to continue to provide the usual services in such event.

29. Confidentiality.

Arbor Acres has the responsibility to keep all of the personal, medical, and financial information Resident has supplied to Arbor Acres confidential. Resident agrees that Arbor Acres can disclose such information to those who have a need, in Arbor Acres' judgment, or right to know.

30. Rights Subordinate to Mortgage.

Pursuant to the requirements of any lender, Resident agrees that Resident's rights under this Agreement are subordinate to the right of the lender under any mortgage, deed of trust or security interest executed now or in the future by Arbor Acres.

31. Notice Provisions.

Notices required by this Agreement will be in writing and delivered either by personal delivery or mail. If delivered by mail, notices will be sent by certified or registered mail, return receipt requested, with all postage and charges prepaid. Notices and other communications will be deemed to have been given when delivered by personal delivery or if mailed, such notice shall be deemed to have been given on the third business day after being deposited in the United States mail, postage prepaid. All notices and other written communications required under this Agreement will be addressed to Resident or to Resident's personal representative at the address provided to Arbor Acres. Notices shall be sent to us at the following address: Arbor Acres United Methodist Retirement Community, Inc., 1240 Arbor Road, Winston-Salem, NC 27104, Attention: President and CEO. Resident's address for the purpose of giving notice is the address appearing after Resident's signature below or such other address Resident provides to Arbor Acres in writing.

Resident has executed this Agreement and Arbor Acres has caused this Agreement to be executed in its name by a duly authorized person as of the day and year written above.

Resident Signature: _____ Resident Name: _____ Resident Address: _____

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.

By: _____, Title _____

NORTH CAROLINA)

)

A G R E E M E N T

FORSYTH COUNTY)

THIS AGREEMENT is made and entered into this ____ day of _____, 20____, by and between _____ (“Resident”) and ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC., a North Carolina nonprofit corporation (“Arbor Acres”).

Resident has applied and been approved for residency at Arbor Acres in _____, room number _____ (the “Accommodation”), and has received a copy of Arbor Acres’ Disclosure Statement, dated _____ (the “Disclosure Statement”).

Resident and Arbor Acres agree to the following:

1. Entrance Fee and Daily Fee.

The Entrance Fee established by Arbor Acres for residency in Arbor Acres’ assisted living facility (the “Assisted Living Facility”), where it is anticipated Resident will reside, is TWO THOUSAND EIGHT HUNDRED DOLLARS AND NO/100 Dollars (\$2,800.00) (the “Entrance Fee”), the amount being paid by Resident herewith in full. (The Entrance Fee is separate and distinct from Arbor Acres’ fees and charges to residents for food, maintenance, medical, nursing and other services.) The Entrance Fee for residency in the Assisted Living Facility is a non-refundable fee except as provided in Section 5. If Resident moves to an independent living unit, the Entrance Fee will be applied toward the Entrance Fee for that unit as provided in Section 7(l).

Resident agrees to pay the initial daily fee (the “Daily Fee”), which is the established daily fee as of the date on this Agreement, and which is subject to change from time to time. Rates are typically adjusted January 1st of each year. Gratuities or bequests in addition to the established Daily Fee shall not be accepted. As of the date of this Agreement, the Daily Fee associated with the Accommodation will be:

Daily Fee for Resident (includes meals, laundry and utilities) \$ _____

2. Monthly Statements.

Arbor Acres will furnish Resident a monthly statement with the total amount of the Daily Fee and other charges, if any, owed by Resident. Resident shall pay such fees and charges by the 10th day of the month. If Resident’s payment is late, Arbor Acres may charge Resident a one and one-half percent (1.5%) interest fee per month, from the first of the month in which the payment is late. Upon thirty (30) days’ advance written notice, Arbor Acres may change the billing date and payment due date. Arbor Acres shall have the right to offset against any Entrance Fee repayment any unpaid Daily Fees or other charges owed by Resident to Arbor Acres.

3. Room Assignment.

Resident understands that Resident acquires no ownership interest in any property at Arbor Acres under this Agreement; also, that no particular room or unit in the Assisted Living Facility is subject to reservation or permanent assignment, and that Arbor Acres may change Resident’s room assignment in the Assisted Living Facility. Though Arbor Acres retains the right to change Resident’s room assignment, Arbor Acres agrees that it will make changes only as Arbor Acres finds such changes to be necessary or advisable.

4. Initial Occupancy.

Arbor Acres anticipates having the Accommodation ready for occupancy by _____. Resident is not required to move into the Accommodation before it is ready for occupancy, or before the expiration of thirty (30) days from the date of this Agreement, whichever is later. Resident plans to move into the Accommodation on or before _____ (the “Occupancy Date”). If Resident should wish to change the Occupancy Date, Resident will advise Arbor Acres immediately (on or before the Occupancy Date). Upon receipt of Resident’s request, and if Arbor Acres determines that another date is feasible, Arbor Acres will undertake to work out with Resident another mutually agreeable Occupancy Date. Resident agrees to pay Arbor Acres’ Daily Fees and other charges for use of the Accommodation from the earlier of (a) the date of actual occupancy (the first night of residency or when personal property is moved into the Accommodation) or (b) _____ (the “Residency Date”).

5. Resident's Right to Rescind or Cancel Within the First Thirty (30) Days or Resident's Failure to Move to Arbor Acres.

(a) Within thirty (30) days following the later of the execution of this Agreement or delivery of the Disclosure Statement (the "Rescission Period"), Resident may rescind this Agreement by delivering to Arbor Acres a signed, written notice of rescission. Resident is not required to move into the Accommodation during the Rescission Period. If Resident dies before occupying the Accommodation, or if, on account of illness, injury or incapacity Resident should be precluded from occupying the Accommodation, this Agreement shall be automatically cancelled. If this Agreement is neither rescinded nor cancelled and Resident fails to move to Arbor Acres by the Residency Date, this Agreement may be terminated by Arbor Acres or Resident upon written notice to the other.

(b) If Resident rescinds this Agreement, this Agreement is automatically cancelled as described in Section 5(a) above or Resident fails to move to Arbor Acres by the Residency Date and this Agreement is terminated by either Arbor Acres or Resident, Resident or Resident's legal representative will receive a refund of the Entrance Fee, less the following: (i) any Daily Fees or other costs charged for the time Resident shall have resided at Arbor Acres; and (ii) those nonstandard costs specifically incurred by Arbor Acres at the request of Resident and described in a signed addendum to this Agreement. Payment of the refund is to be made from the Entrance Fee received by Arbor Acres from the next occupant of the Accommodation.

6. Notice of Termination of Occupancy.

If after moving to Arbor Acres and the expiration of the Rescission Period, Resident should decide to terminate this Agreement and residency at Arbor Acres, Resident will give Arbor Acres a minimum of fourteen (14) days advance written notice stating the date on which Resident plans to terminate residency. This Agreement, and Resident's obligation to pay the Daily Fee and other charges, shall continue in effect until Resident vacates the Accommodation or until the end of the fourteen (14) day notice period, whichever is later (the "Date of Termination of Occupancy"). If Resident permanently vacates the Accommodation, Arbor Acres reserves the right to remove Resident's personal property from the Accommodation and store such personal property, and Resident shall be responsible for the reasonable costs of such removal and storage. Unclaimed personal property will become the property of Arbor Acres after thirty (30) days, and Arbor Acres may dispose of such personal property in its sole discretion.

7. Terms and Conditions of Initial Residency and Continued Residency.

Resident shall have the right to occupy the Accommodation and to reside at Arbor Acres subject to the provisions of this Agreement and subject to the following understandings, terms and conditions:

(a) *Health and Financial Qualification for Residency*

At the time of the execution of this Agreement, Arbor Acres has determined that Resident qualifies for residency both with respect to mental and physical condition and ability to take care of the anticipated Daily Fees and other charges. Resident must continue to meet these qualifications at the time Resident enters Arbor Acres. If Resident is not qualified to occupy the Accommodation, but is qualified (financially and otherwise) to reside in other accommodations at Arbor Acres, Resident shall be entitled to such accommodation when space permits.

(b) *Financial Obligation Including Obligation to Pay Fees and Charges*

In order to operate Arbor Acres on a fiscally sound, nonprofit basis, Arbor Acres has established fees and charges, which are subject to modification from time to time as deemed necessary and appropriate by Arbor Acres. Resident agrees to pay when due all required fees and charges. Resident has received from Arbor Acres a schedule of current fees and charges.

Resident agrees to provide, if requested, periodic financial statements and current financial information for the purpose of demonstrating capacity to meet financial obligations to Arbor Acres. Should Resident experience financial difficulty that might result in Resident's immediate or eventual inability to meet the financial obligations under this Agreement, including any spend down of assets that might result from payment of expected fees and charges to Arbor Acres, Resident will inform Arbor Acres immediately, and submit a current financial statement. Resident and, if appropriate, Resident's responsible party, and Arbor Acres shall discuss and, if possible, agree on a plan by which Resident's financial obligation to Arbor Acres can be met. Residents whose funds are depleted primarily through payment of fees associated with residency, to include costs associated with their medical care, may be eligible for consideration for financial assistance through Arbor Acres. Such assistance, however, is conditional upon demonstration that other options for fulfilling this financial obligation to Arbor Acres have been explored and deemed impracticable by either party. When Resident is

deemed eligible for financial assistance through Arbor Acres, Arbor Acres, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of Arbor Acres and of its financial assistance program.

(c) *Rights and Obligations During Temporary Absence*

Temporary absence because of illness, trips or otherwise shall not affect Resident's right to retain the Accommodation as Resident's place of residency. However, Resident shall not be entitled to an adjustment of Arbor Acres' Daily Fee and other charges during such absence, and Resident shall continue to be charged and to pay such Daily Fee and charges during such absence.

(d) *Requirement of Compliance with Recommendations for Additional Services or Care*

If Resident shall incur a physical or mental illness or impairment so that Resident requires additional services or a higher level of care than is available at the Accommodation, Arbor Acres, through its nursing and continuing care staffs ("Nursing and Continuing Care Staffs"), will make recommendations regarding appropriate additional service options and/or options for transfer to a higher level of care. Resident agrees (i) that Arbor Acres is obligated to assure the care and safety of residents and, (ii) that Resident will comply with Nursing and Continuing Care Staffs' recommendations regarding additional services or transfer to a higher level of care. If such additional services or higher level of care can be provided in a different accommodation at Arbor Acres, Resident has a right, and may be required by Arbor Acres, to move to such accommodation. Arbor Acres will recommend and require such a move or additional services when, in the judgment of Arbor Acres, it is necessary and in the best interest of Resident, Arbor Acres and/or the other residents of Arbor Acres. Before any such move or additional services are required, Arbor Acres will discuss the matter with Resident and/or Resident's responsible party in an effort to secure Resident's understanding and cooperation with the required additional services or change of accommodation or level of care. Resident and/or Resident's responsible party shall have the right to appeal a decision to change Resident's accommodation and/or level of care in accordance with the provisions of (i) below.

(e) *Requirement of Compliance With Policies, Rules and Regulations*

In order to operate Arbor Acres in the best interest of the entire Arbor Acres community, Arbor Acres has established policies, rules and regulations relating to residency, which are subject to modification from time to time as deemed appropriate by Arbor Acres. Resident has received information as to the current policies, rules and regulations in the Disclosure Statement and in other written information provided by Arbor Acres. Arbor Acres reserves the right to make or change policies, rules and regulations, and will use its reasonable efforts to communicate through appropriate means to all residents the substance and content of such additions or changes; also, copies of particular policies, rules and regulations relating to residency will be furnished to Resident on request. Resident agrees to comply with Arbor Acres' policies, rules and regulations applicable to Resident's residency in Arbor Acres.

(f) *Cooperation of Responsible Parties and Other Associates*

Resident understands and agrees that, in order for Arbor Acres to operate in the best interest of both Resident and the entire Arbor Acres community, Arbor Acres must have the cooperation of Resident's family, friends, responsible parties and other associates to comply with Arbor Acres' applicable policies, rules and regulations. Any continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by Arbor Acres that it is no longer feasible for Arbor Acres to accommodate Resident as a resident. Upon such determination, Arbor Acres will have a right to terminate Resident's residency at Arbor Acres.

(g) *Termination of Residency for Health Conditions Beyond Arbor Acres' Capacity to Serve*

If Resident's physical and/or mental condition or needs cannot be legally or adequately served by the facilities or programs available at Arbor Acres, or Resident requires or insists upon receiving care that in the judgment of Arbor Acres exceeds the capacity of Arbor Acres to provide within the limits of its staffing pattern or other available resources, Arbor Acres reserves the right to terminate Resident's residency. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident and/or Resident's responsible party in an effort to determine a course of action in Resident's best interest. Arbor Acres will provide guidance and transitional support to Resident and/or Resident's responsible party to facilitate an orderly transfer of Resident to another, more appropriate facility or setting.

(h) *Termination of Residency for Behavior Deemed Harmful to Arbor Acres*

If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO to be disruptive, hostile, illegal, or otherwise harmful to others or to Arbor Acres, Arbor Acres reserves the right to terminate Resident's residency. If such a circumstance arises, Arbor Acres will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by Arbor Acres. Arbor Acres will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, Arbor Acres will have the right to terminate Resident's residency at Arbor Acres.

(i) *Right of Appeal of Transfer or Termination Decisions*

While Arbor Acres reserves the right to terminate Resident's residency at Arbor Acres for failure to comply with (b), (d), (e), (f), (g) or (h) above, or for failure to comply with any other provision of this Agreement, Arbor Acres shall exercise such right only after first attempting to work out satisfactory solutions with Resident and/or Resident's responsible party. If agreement cannot be reached between the President/CEO and Resident and/or Resident's responsible party, the President/CEO will refer the matter to the Executive Committee of the Board of Directors of Arbor Acres (the "Executive Committee") for hearing and decision. The Executive Committee shall afford Resident an opportunity to be heard, and shall render a decision with respect to the matter referred to it. The decision of the Executive Committee shall be put in writing and shall be signed by the Chair of the Board of Directors of Arbor Acres (the "Chair") or, in the absence of the Chair, the Chair Elect of the Board of Directors of Arbor Acres. It is understood and agreed that the written, signed decision of the Executive Committee shall be final and binding.

(j) *Terms and Conditions of Initial Residency and Continued Residency*

Arbor Acres reserves the right to relocate Resident to another accommodation when deemed necessary in order for Arbor Acres to fulfill its strategic financial and other obligations to the Arbor Acres community. Arbor Acres will exercise this right only when all other reasonable options to avoid relocating Resident have been considered. Arbor Acres will use reasonable efforts to relocate Resident to an accommodation of the same or similar type as Resident's Accommodation. Any such decision to relocate Resident will be discussed thoroughly with Resident in order to enlist Resident's understanding of the need for and cooperation with the relocation. Arbor Acres will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between the Accommodation and any new accommodation to which Resident may be relocated. Any decision to relocate Resident for the sake of enabling Arbor Acres to fulfill its strategic financial and other obligations to the Arbor Acres community may be appealed to the Executive Committee as outlined in (i) above.

(k) *Termination of Residency If Listed on a Sex Offender Registry*

Resident hereby acknowledges that it is the policy of Arbor Acres to conduct sex offender screening for every prospective resident, regardless of independent status or level of care, at the time of application for admission to Arbor Acres and again prior to entering into a Residency Agreement. If the screening shows that the prospective resident is identified as a sex offender, Arbor Acres will deny admission of Resident on that basis and not execute a Residency Agreement. In addition, Resident hereby acknowledges and agrees that if, after Arbor Acres and Resident have entered into a Residency Agreement, Arbor Acres becomes aware that Resident is listed on any sex offender registry, Arbor Acres may terminate this Agreement with Resident and remove Resident from Arbor Acres.

(l) *Relocation to Independent Living*

If Resident's health should improve sufficiently to permit Resident to live in a residential unit at Arbor Acres other than in Arbor Acres' skilled nursing facility (the "Skilled Nursing Facility") or the Assisted Living Facility, such a move may be made subject to availability of a unit, payment of the entrance fee established for the unit, less the Entrance Fee, and execution of an appropriate Independent Living Residency Agreement.

(m) *Healthcare Outside of Arbor Acres*

Arbor Acres assumes no obligation or responsibility for the provision of residential or nursing or health care facilities or services to Resident beyond those facilities and services from time to time established and provided by Arbor Acres.

(n) *Personal Belongings*

Arbor Acres will not be responsible for the loss of or damage to any property belonging to Resident due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that Resident has the responsibility of providing any desired insurance protection covering any such loss.

8. Standard Services to be Provided.

Arbor Acres agrees to provide standard services to Resident at no additional cost beyond the Daily Fee, and has informed Resident of these services and other services through written information available to all residents. At the time of execution of this Agreement, the standard services include:

- (1) Nursing supervision (in accordance with regulatory standards; does not include private duty or individual nurse for each resident), prescribed medication administration and assistance with activities of daily living;
- (2) Maintenance of buildings and grounds, including maintenance of all standard equipment in the Accommodation;
- (3) Utilities, as described below;
- (4) Basic cable television and internet service;
- (5) Telephone jacks; emergency call system, and assistance in emergencies;
- (6) Recreational, educational, cultural, wellness and spiritual life programs, to the extent provided by Arbor Acres;
- (7) Transportation to routine, non-emergency medical appointments within Forsyth County (transportation by ambulance not included);
- (8) In-patient care in the Arbor Acres Health Center for a limited number of days;
- (9) Daily housekeeping and annual deep cleaning of the Accommodation;
- (10) Laundering of bed and bath linens furnished by Arbor Acres;
- (11) Laundering of personal clothing (washing, drying and folding, not ironing or dry cleaning);
- (12) Security personnel on duty in the Arbor Acres Welcome Center; and
- (13) Food service (3 meals daily).

Water and sewer services are included in the Daily Fee. Electricity and gas is also included.

Arbor Acres may also make available to Resident additional services, at Resident's request, at the then prevailing rates charged by Arbor Acres, which may be changed from time to time at the discretion of Arbor Acres.

Arbor Acres residents pay Daily Fees and other charges to cover services provided by Arbor Acres. At least annually, during budget preparation, Arbor Acres reviews services and costs of operation, and the need for any changes in services or in Arbor Acres' schedule of fees and charges. Arbor Acres reserves the right to change, when deemed necessary, the services provided to residents and the associated fees and charges. Arbor Acres will strive to deliver services efficiently and economically.

9. Transfer to Higher Level of Care.

Resident shall have priority over non-residents for entry into the Skilled Nursing Facility. Although Arbor Acres cannot guarantee Resident entry into the Skilled Nursing Facility, Arbor Acres will use its reasonable efforts to accommodate Resident's entry. If Resident requires a higher level of care, and the Skilled Nursing Facility is fully occupied or unable to provide such higher level of care, Resident shall relocate to an alternate healthcare facility. In the event of such relocation, Arbor Acres will use reasonable efforts to transfer Resident to the Skilled Nursing Facility when accommodations become available. Resident shall be responsible for all fees, costs and expenses. If Resident's transfer to the Skilled Nursing Facility or an alternate healthcare facility is temporary, Resident shall remain responsible for the Daily Fee; however, Resident shall not be responsible for the Daily Fee if such relocation is permanent. If Resident transfers to the Skilled Nursing Facility, Resident shall not be required to pay an additional Entrance Fee on transferring to the Skilled Nursing Facility.

10. Application for Benefits; Assignment of Benefits.

Resident shall apply for any federal, state or local benefits for which Resident may be eligible or entitled upon request by Arbor Acres. If requested by Arbor Acres, any or all such benefits will be applied to the Daily Fee or other charges incurred by Resident at Arbor Acres.

11. Health Insurance.

Resident shall maintain eligible Medicare coverage (and supplemental health insurance coverage) or other health insurance coverage that adequately covers hospital, medical, prescriptions and skilled nursing deductibles and co-payments required under Resident's primary insurance policy. Resident's primary and secondary insurance coverage must

recognize Arbor Acres as a healthcare provider, or Resident shall be responsible for services rendered that otherwise could be covered by insurance.

If Resident's health insurance coverage lapses, Arbor Acres may require Resident to reapply for suitable insurance coverage. If Resident is unable to obtain suitable insurance coverage, Resident shall be responsible for any healthcare services rendered that otherwise could be covered by insurance. Upon request by Arbor Acres, Resident shall provide evidence of health insurance coverage.

12. Medicare-Certified Skilled Nursing Facility Beds.

Arbor Acres maintains a limited number of Medicare-certified beds in the Skilled Nursing Facility, which are available for use by residents whose skilled nursing care would qualify for Medicare payment on an "if and as available" basis. In the event that Resident needs admission and the admission would qualify for Medicare payment, then Resident's financial responsibility to Arbor Acres will depend upon the type of Medicare coverage that Resident has and whether Arbor Acres is a contractual provider for Resident's coverage.

(a) *Medicare-certified bed is not available.*

In the event that there is not a Medicare-certified bed at Arbor Acres at the time that Resident requires admission, then Resident may either choose to obtain skilled nursing care services at another healthcare facility at Resident's cost until such time as a Medicare-certified bed becomes available at Arbor Acres (presuming that Resident would use a facility that could provide a Medicare-certified bed) or be admitted to a bed in the Skilled Nursing Facility at Resident's cost which is not certified to accept Medicare payment until such time as a Medicare-certified bed becomes available at Arbor Acres.

(b) *Medicare-certified bed is available and Resident has traditional Medicare.*

If Resident is admitted to a Medicare-certified bed in the Skilled Nursing Facility and Resident has traditional Medicare coverage, Arbor Acres will accept the Medicare reimbursement amount for such care while Resident shall be responsible for any applicable deductible, co-payment and/or co-insurance amounts that are not paid by Medicare and any supplemental Medicare insurance that Resident maintains.

(c) *Medicare-certified bed is available and Resident has Medicare Advantage coverage for which Arbor Acres is an in-network provider.*

In the event that Arbor Acres is an in-network provider for Resident's Medicare Advantage coverage, then Arbor Acres will accept the reimbursement amount from Resident's Medicare Advantage insurance carrier while Resident shall be responsible for any deductible, co-payment and/or co-insurance amounts that are not paid by the Medicare Advantage insurance that Resident maintains.

(d) *Medicare-certified bed is available and Resident has Medicare Advantage coverage for which Arbor Acres is not an in-network provider.*

Arbor Acres will charge Resident the full private-payment amount for Resident's admission into a Medicare-certified bed and credit against Resident's financial obligation to Arbor Acres the amount that is paid by Resident's Medicare Advantage insurance if the insurance provides an out-of-network benefit. In the event that Resident's Medicare Advantage insurance will not pay any amount to an out-of-network provider, then Resident will not be admitted to a Medicare-certified bed at Arbor Acres. A full private-pay Resident in a Medicare-certified bed may be required by Arbor Acres to relocate to a bed that is not Medicare certified when such a bed becomes available.

13. United Methodist Affiliation.

Arbor Acres is affiliated with the Western North Carolina Annual Conference of The United Methodist Church, which is not responsible for the financial and contractual obligations of Arbor Acres.

14. Required Documents.

Resident agrees to keep in effect an appropriate Durable Power of Attorney or other designation of responsible party, and agrees to provide copies of the following documents to Arbor Acres by the first day of residency, and deliver any changes to such documents to Arbor Acres during Resident's residency at Arbor Acres: (a) health insurance coverage information; (b) copy of current Durable Power of Attorney for business management; (c) copy of current Health Care Power of Attorney and Living Will; and (d) evidence of the executor or other legally responsible person of Resident's estate, such as a copy of Resident's will documenting the name of the executor of his or her estate.

15. Moving Costs.

Resident is responsible for any and all packing and moving costs incurred by Resident for moves into, within and out of Arbor Acres, except as provided in Section 7(j) above. Arbor Acres may provide assistance at an additional cost. Arbor Acres reserves the right to charge an administrative fee for Resident's move within Arbor Acres.

16. Entire Agreement.

This Agreement, together with any Arbitration Agreement between Resident and Arbor Acres, contain the entire agreement of Arbor Acres and Resident. Arbor Acres will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Arbor Acres, unless such statements, representations, or promises are set forth in this Agreement.

17. Capacity.

This Agreement has been executed on behalf of Arbor Acres by Arbor Acres' duly authorized agent, and no officer, trustee, agent or employee of Arbor Acres shall have any personal liability to Resident under this Agreement.

18. Amendments and Modifications.

This Agreement shall not be modified, amended or changed in any respect except in writing signed by Arbor Acres and Resident. Each waives any right to amend this Agreement in any other way. Notwithstanding the foregoing, Arbor Acres may amend this Agreement to ensure compliance with applicable laws and regulations.

19. Waiver.

Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial waiver of any Right preclude any exercise of the same or of any other Right. No waiver shall be in effect unless in writing and signed by the party asserted to have granted such waiver.

20. Severability.

The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

21. Interpretation.

The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of any provision of this Agreement.

22. Successors and Assigns.

Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Arbor Acres and the heirs, executors, responsible parties, attorneys-in-fact and administrators of Resident.

23. Assignment.

This Agreement may not be assigned by Resident.

24. Indemnity.

Resident agrees to indemnify, defend and hold Arbor Acres harmless from any and all claims, damages or expenses (including reasonable attorneys' fees and court costs) resulting or arising from any injury or death to persons and/or damages caused by, resulting from or attributable to or in any way connected with, directly or indirectly, the act or omission of Resident or Resident's guests, including private duty nurses, companions or others. This Section 24 shall survive termination of this Agreement.

25. Governing Law; Venue; Disputes.

This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Forsyth County or of the United States District Court for the Middle District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.

26. Survival.

Those rights and obligations that have accrued under this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her residency at Arbor Acres that remain unpaid as of such termination.

27. Management of Arbor Acres.

The absolute rights of management are reserved by Arbor Acres and its Board of Directors. Arbor Acres reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.

28. Uncontrollable Interruption of Services.

No breach of Arbor Acres' obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Arbor Acres, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. Arbor Acres shall make reasonable efforts to continue to provide the usual services in such event.

29. Confidentiality.

Arbor Acres has the responsibility to keep all of the personal, medical, and financial information Resident has supplied to Arbor Acres confidential. Resident agrees that Arbor Acres can disclose such information to those who have a need, in Arbor Acres' judgment, or right to know.

30. Rights Subordinate to Mortgage.

Pursuant to the requirements of any lender, Resident agrees that Resident's rights under this Agreement are subordinate to the right of the lender under any mortgage, deed of trust or security interest executed now or in the future by Arbor Acres.

31. Notice Provisions.

Notices required by this Agreement will be in writing and delivered either by personal delivery or mail. If delivered by mail, notices will be sent by certified or registered mail, return receipt requested, with all postage and charges prepaid. Notices and other communications will be deemed to have been given when delivered by personal delivery or if mailed, such notice shall be deemed to have been given on the third business day after being deposited in the United States mail, postage prepaid. All notices and other written communications required under this Agreement will be addressed to Resident or to Resident's personal representative at the address provided to Arbor Acres. Notices shall be sent to us at the following address:

Arbor Acres United Methodist Retirement Community, Inc.
1240 Arbor Road
Winston-Salem, NC 27104
Attention: President and CEO

Resident's address for the purpose of giving notice is the address appearing after Resident's signature below or such other address Resident provides to Arbor Acres in writing.

Resident has executed this Agreement and Arbor Acres has caused this Agreement to be executed in its name by a duly authorized person as of the day and year written above.

Resident Name: _____

Resident Address:

Street Address

City, State & Zip Code

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.

By: _____

Title: _____

VOLUNTARY ARBITRATION AGREEMENT

This is a voluntary agreement, and it is not a condition for admission to this facility. You may receive care and treatment even if you do not sign this agreement.

This Voluntary Arbitration Agreement (this “Agreement”) is entered into by and between ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC., a North Carolina nonprofit corporation (“Arbor Acres”), and _____ (“Resident”), collectively referred to as the “Parties” and individually as a “Party.” This Agreement is an addendum to the residence and admission agreement between the Parties (the “Residency Agreement”), for which consideration has been given and received by the Parties. In further consideration for this Agreement, the Parties acknowledge they will receive mutual benefits from resolution of any dispute or controversy through efficient arbitration and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties.

1. **Parties Defined.** Arbor Acres includes, but is not limited to, the operator, governing body, officers, directors, members, administrator, employees, managers, agents, and any parent company, subsidiary, or affiliates, and any person or entity alleged to be responsible for the acts or omissions of Arbor Acres. Resident includes, but is not limited to, Resident, Resident’s Representative, guardian, conservator, attorney-in-fact, agent, sponsor, or any other person whose claim is derived through or on behalf of Resident, including, without limitation, his or her spouse, child, parent, executor, administrator, personal representative, heir, survivor, and anyone entitled to bring a wrongful death claim relating to Resident.
2. **Agreement to Arbitrate All Disputes.** This is a voluntary agreement by the Parties to have all disputes resolved through binding arbitration. Arbitration is an out-of-court alternate form of dispute resolution, decided by an impartial third party. Arbitration is different than traditional litigation in the court system, which has a judge, sometimes a jury, and trial. In the event of any dispute or controversy between the Parties, including those arising out of the diagnosis, treatment, or care of Resident by Arbor Acres, the dispute or controversy shall be submitted to binding arbitration.
3. **Application of Federal Arbitration Act.** The Parties agree that the Residency Agreement involves interstate commerce, through Arbor Acres’ Medicare participation and with any purchase of items from outside the state of North Carolina. Accordingly, the Federal Arbitration Act applies to this Agreement.
4. **Duty to Demand Arbitration.** It is the claimant’s responsibility to demand arbitration by giving notice to the other Party describing the nature of the controversy and the remedy sought. If a Party overlooks its obligation to arbitrate all disputes and participates in litigating a matter in the court system, such Party will not be deemed to have waived the right to compel arbitration, as long as the motion to compel arbitration is served before the first day of trial.
5. **Waiver of Judge, Jury, and Trial. No Appeal.** By signing this Agreement, you are waiving the right to have any and all disputes decided by a judge or by a jury trial. The arbitrator’s decision is final and binding. There is no right to an appeal unless permitted by state statute.
6. **Arbitrator.** Within fifteen (15) days after a Party has given written notice to the other Party of demand for arbitration of a dispute or controversy, the Parties to the dispute or

controversy agree that American Healthy Lawyers Association (“AHLA”) will administer the arbitration. In the event AHLA is unavailable, unwilling, or unable to administer the arbitration or appoint an arbitration panel, the Parties will agree on an arbitrator. If the Parties are unable to agree on the arbitrator, a sole arbitrator shall be appointed, upon request of a Party, by the court. The arbitrator shall hold a hearing within a reasonable time from the date of notice of selection of the neutral arbitrator.

7. **Expenses**. The arbitration expenses will be apportioned equally among the Parties, or will be paid as provided in the award.
8. **Representation by Lawyer(s)**. The Parties may be represented by a lawyer prior to, during, and after arbitration.
9. **Grievances and Discharge/Transfers**. Despite this Agreement, Resident may file its grievances directly with Arbor Acres, with the long term care ombudsman, or with any applicable regulatory agency. Appeals of involuntary discharges or transfers will be heard by an administrative law judge as required by state/federal laws and regulations.
10. **Confidentiality**. The discovery, arbitration, and arbitration award are confidential.
11. **Severability**. If any term, phrase, or provision in this Agreement is held to be invalid or unenforceable by law, this Agreement will be deemed amended to conform with such law and will otherwise remain in full force and effect, as it is the Parties’ intent to ensure that any dispute is resolved solely by arbitration.
12. **Survival**. This Agreement applies to Resident’s readmissions to Arbor Acres and survives any termination of the Residency Agreement.
13. **Care Will Be Provided Regardless**. Care, diagnosis, or treatment will be provided whether or not Resident signs this Agreement.
14. **Right to Revoke**. Resident may revoke this Agreement by providing written notice to Arbor Acres within ten (10) days of signature. Any disputes arising prior to revocation will remain subject to this Agreement.

You are strongly encouraged to consult with an attorney or a trusted advisor before signing this Agreement. You have the opportunity to ask questions before signing this document. Please do not hesitate to ask any questions that you may have.

Signature of Resident

Date

Signature of Resident’s Representative (if applicable)

Date

Signature of Arbor Acres Representative*

Date

**Provision of services by Arbor Acres will constitute acceptance in absence of Arbor Acres’ signature.*