



FAITH • FAMILY • FULFILLMENT

**DISCLOSURE STATEMENT
(INFORMATION BOOKLET)**

**Ardenwoods Retirement Community
2400 Appalachian Boulevard
Arden, North Carolina 28704
(828) 684-0041**

The Community must deliver a Disclosure Statement to a prospective Resident prior to or at the time a prospective Resident executes a Residence and Services Agreement to provide Continuing Care, or prior to or at the time a prospective Resident transfers any money or other property to the Community, whichever occurs first.

The Community, like all other Continuing Care facilities in the State of North Carolina, is subject to an act concerning registration and disclosure by Continuing Care facilities (the "Act"). Registration under the Act does not constitute approval, recommendation, or endorsement of the Community by any government agency or representative, nor does such registration evidence the accuracy or completeness of the information in this Disclosure Statement.

February 27, 2026

Unless earlier revised, the Community intends this Disclosure Statement to remain effective until February 27, 2027

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INTRODUCTION

We appreciate the opportunity to provide the many details and finer points of Ardenwoods with you and welcome any questions you may have. Many have made Ardenwoods their home and we welcome you as you are considering a new home.

Ardenwoods (the "Community") is organized and licensed as a Continuing Care Retirement Community. Ardenwoods is part of a larger regional, state and national industry wherein Continuing Care Retirement Communities (CCRC) provide a full range of lifestyle and health planning options. This focus has led to a new name for this industry which is Life Plan Community. We believe both terms fit Ardenwoods and are pleased with the program we provide. The Residents have full opportunity to pursue their personal interests. Ardenwoods provides important components: a private Residence, a wide array of amenities and personal services, and the security of access to Assisted Living services in Heather Glen at Ardenwoods (hereafter "Heather Glen"). In October of 2023, ThriveMore acquired Ardenwoods. As the Provider, we are committed to providing a quality adult community that is fiscally sound and genuinely responsive to Resident needs.

One of the purposes of this Disclosure Statement is to explain to prospective Residents, their families, and their advisors who and what is involved in the operation of the Community. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions and estimates which were believed to be reasonable as of that date. Such information and assumptions are, of course, subject to change, particularly in the areas of economics and design. Ardenwoods can be significantly affected by changes in inflation and interest rates even though our projections are conservative and are formulated to take into account those influences. Because of these and other influences, future changes may be necessary, and we reserve the right to make those changes in the operation of Ardenwoods.

Although we have prepared this Disclosure Statement carefully and tried to use nontechnical language, it is possible there may be some differences between the text of this Disclosure Statement and the language of the Residence and Services Agreement or other documents which are summarized herein. Although this Disclosure Statement details the provisions of the Residence and Services Agreement, the Residence and Services Agreement serves as the sole binding contract between the Resident and us. Copies of the actual documents should be inspected to fully understand all of its terms and provisions. In the event of any differences, the provisions of the language of the Residence and Services Agreement or other documents which are summarized herein shall govern. Capitalized terms used herein shall have the same meaning as the term in the Residence and Services Agreement.

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

THRIVEMORE ORGANIZATION

The name of this corporation is Baptist Retirement Homes of North Carolina, Incorporated, dba ThriveMore. The business address of the organization is:

PO Box 11024
Winston-Salem, North Carolina 27116-1024

ThriveMore is a not-for-profit corporation incorporated under the laws of the State of North Carolina.

In winter 2022, Baptist Retirement Homes of North Carolina engaged with a marketing firm to review our name and brand. This was part of the strategic planning for the organization, which included leadership, board members and residents. The new brand was announced in November of 2022 – ThriveMore. Faith. Family. Fulfillment. The idea of the new brand is to show the growth and positive impact the organization is making on older adults living in our communities and the team members we employ, as well as honoring the history. ThriveMore owns and operates four communities in North Carolina.

ThriveMore has a historical relationship with the Baptist State Convention of North Carolina. ThriveMore is a separate and distinct corporate entity from the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of ThriveMore. ThriveMore is exempt from the payment of federal income tax under Section 501(c)(3) of the Internal Revenue Code.

ThriveMore is an active member in LeadingAge and LeadingAge NC participating in both local and national conferences, leadership academy training and awards recognizing outstanding colleagues.

The names and business addresses of the Trustees and Officers and management staff of the corporation are set forth below. No person has an equitable or beneficial interest in the corporation.

Financial Snapshot: Key Ratios for Baptist Retirement Homes of North Carolina (dba ThriveMore)

Consolidated Ratios for Fiscal Year Ended September 30, 2025, with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY 2025	FY+1	FY+2	FY+3	NC 25th %	NC 50th %	NC 75th %
DCOH	471.21	509.74	475.24	525.00	535.00	550.00	-	-	-
CUSH	20.20	17.03	18.06	18.00	19.00	18.00	-	-	-
OR	111.87%	112.38%	116.30%	110.00%	108.00%	103.00%	-	-	-
NOM	-15.77%	-10.42%	-15.40%	2.03%	5.00%	7.00%	-	-	-
NOM-A	3.83%	10.49%	1.52%	41.19%	19.75%	20.00%	-	-	-
DSCR	N/A	2.47	1.36	1.60	1.75	1.85	-	-	-
CD	202.05%	108.36%	62.56%	41.00%	62.00%	70.00%	-	-	-
CED	26.89%	478.89%	520.11%	520.00%	450.00%	350.00%	-	-	-

*** Taylor Glen IL Expansion and Childcare Center open in FY 2026

From Audit W/P (See 2025 TM Ratio Calcs)

From Audit W/P (See 2025 TM Ratio Calcs)
 From Audit W/P (See 2025 TM Ratio Calcs)
 From Audit W/P (See 2025 TM Ratio Calcs)
 From Audit W/P (See 2025 TM Ratio Calcs)

Liquidity Ratios:

Days Cash On Hand (DCOH). Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
Cushion Ratio (CUSH). Number of times the provider's unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Capital Structure Ratios:

Debt Service Coverage (DSCR). Measures the provider's ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long term debt. Higher values indicate more unrestricted cash and investments related to debt.
Capital Expenditures to Depreciation (CED). Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Board of Trustees

2026 OFFICERS

Mike Taylor, Chair
Phil Feagan, Vice Chair
Betty Lynne Johnson, Immediate Past Chair
Audrey Johnson, Secretary
Bob Watson, Treasurer

Terms Expiring 2026

Perry Bailey	Occupation: Management, Banking
Sammy Gianopoulos	Occupation: Restaurateur
Betty Lynne Johnson	Occupation: Retired Physician Assistant
Nidra Ricks	Occupation: IT Consultant
Nathan Scovens	Occupation: Pastor and Teacher

Terms Expiring 2027

Tamara Caple	Occupation: Director of Nursing
Jo Cleveland	Occupation: Physician
Powell Dew	Occupation: Senior Pastor
Phillip Feagan	Occupation: Attorney
Mike Taylor	Occupation: Community College Administrator
Bob Watson	Occupation: CPA/Businessman

Terms Expiring 2028

Audrey Johnson	Occupation: Investments Leader
Clarence Lambe	Occupation: Commercial Real Estate
Rhonda Lowe	Occupation: Director, Health Care
Wanda Rose	Occupation: Retired Insurance Professional

Terms Expiring 2029

Amber Apple	Occupation: Marketing Professional
Dave Horne	Occupation: Attorney
Mary Beth Johnston	Occupation: Attorney
James Otterberg	Occupation: Finance Executive
Danny Rice	Occupation: Retired

The Trustees and Officers of ThriveMore have the following experience in the operation and management of ThriveMore:

Trustees:

<u>Trustee</u>	<u>Has served as a Trustee since</u>
Amber Apple	2026
Perry Bailey	2019
Tamara Caple	2024
Jo Cleveland	2024
Powell Dew	2024
Phil Feagan	1986
Sammy Gianopoulos	2023
Dave Horne	2021
Audrey Johnson	2025
Betty Lynne Johnson	2019
Mary Beth Johnston	2018
Clarence Lambe	1993
Rhonda Lowe	2020
James Otterberg	2026
Danny Rice	2020
Nidra Ricks	2023
Wanda Rose	2020
Nathan Scovens	2023
Mike Taylor	2007
Bob Watson	2017

Officers:

Mike Taylor has been a member of the Board of Trustees for 19 years and is serving his second term as Chair of the Board.

Phil Feagan has been a member of the Board of Trustees for 40 years and is serving his second term as Vice Chair of the Board.

Betty Lynne Johnson has been a member of the Board of Trustees for 7 years and is serving her first term as Immediate Past Chair of the Board.

Audrey Johnson has been a member of the Board of Trustees for 2 years and is serving her first term as Corporate Secretary.

Bob Watson has been a member of the Board of Trustees for 9 years and is serving his first term as Treasurer.

The Management Staff have the following experience in the operation and management of ThriveMore:

Management Staff:

Reed VanderSlik joined ThriveMore in September of 2019, serving as the President and Chief Executive Officer. Prior to assuming this position, he worked for 30 years in business leadership roles, with 20 years in senior living. His credentials include a CMA and an MBA.

Jessica McCollum was promoted to Chief Operations Officer for ThriveMore in July of 2020. She was hired as Brookridge Retirement Community's Administrator in August 2019. She has over 11 years' experience in the healthcare industry and has a Master's Degree in Healthcare Administration.

Jennifer Bartscht joined ThriveMore in February of 2021, serving as the Chief Marketing Officer. She has over 20 years of sales and marketing experience in the senior living industry. She has a Bachelor of Science degree and a Master's degree in Education and Science.

Michael Brady joined ThriveMore in February of 2024, serving as the Chief Financial Officer. Prior to assuming this position, he has held leadership roles in senior living since the early 1990s. He is a licensed CPA in Maryland and has his BA in Administration from St. Bonaventure University in St. Bonaventure, NY.

Kevin Cook joined ThriveMore in September of 2024, serving as Chief Development Officer. Prior to joining the organization, he served in various fundraising roles at DFTD, a Davidson College, College of Wooster in OH, and Hamilton College in Clinton, NY. He holds a Master's of Public Administration from the Maxwell School at Syracuse University, and a Bachelor's of Science degree from Davidson College.

Allison Vessels joined ThriveMore in September of 2025, serving as the Chief Human Resources Officer. She brings over 30 years of progressive Human Resources experience. Allison holds a B.S. in Psychology from Presbyterian College and both a Master's and Doctorate in Human Resources Development from Clemson University. She also maintains SHRM-SCP and SPHR certifications.

Unless otherwise set forth above, the Trustees, Officers and Management Staff of ThriveMore are not known to have other business experience in the operation or management of similar facilities.

Perry Bailey, Director of Premier Client Solutions of First Citizens Bank is employed by a financial institution with which ThriveMore transacts business. (The "bank" provides commercial banking and investment services to the organization). The Trustee mentioned above is not involved in the provision of those services to the ThriveMore organization. Due to the changing nature of the services provided by those institutions, it is not possible to estimate how much those services cost the organization on an annual basis. None of the other individuals named as Trustees, Officers or Management Staff above are currently providing nor in the foreseeable future shall provide goods, leases or services to the organization or the residents of the organization, of an aggregate value of five hundred dollars (\$500) or more except for services rendered in their respective capacity as a Trustee or Officer or Management Staff member of the corporation. None of the Trustees, Officers or Management Staff named above has ownership in any professional service, association, trust, partnership or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the facility, of an aggregate value of five hundred dollars (\$500) or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility, provider, or residents or a statement that the cost cannot presently be estimated.

None of the individuals named as Trustees, Officers or Management Staff above have been convicted of a felony or pleaded nolo contendere to a felony charge, nor been held liable or enjoined in a civil action by final judgment which involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department related to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility.

ThriveMore presently operates the following existing facilities:

Brookridge Retirement Community, Winston-Salem, North Carolina

Total Occupancy as of September 30, 2025– 92%

Brookridge Retirement Community (Brookridge Health Care Center
77-bed nursing care center

Occupancy as of September 30, 2025 - 84%

Brookridge Retirement Community (Adult Care Home Residence
26 adult care home residences

10 memory-enhanced residences

Occupancy as of September 30, 2025 - 92%

Brookridge Retirement Community (Independent Living Residences

132 independent living residences

Occupancy as of September 30, 2025 - 95%

The Gardens of Taylor Glen Retirement Community, Concord, North Carolina

Total Occupancy as of September 30, 2025 - 92%

The Gardens of Taylor Glen Retirement Community (Gardens of Taylor Glen Health Care Center)

24-bed nursing care center

Occupancy as of September 30, 2025- 54%

The Gardens of Taylor Glen Retirement Community (Adult Care Home Residences)

12 adult care home residences / 12 memory-enhanced residences

Occupancy as of September 30, 2025 - 92%

The Gardens of Taylor Glen Retirement Community (Independent Living Apartments)

130 independent living apartments

Occupancy as of September 30, 2025 - 99%

Ardenwoods Retirement Community, Arden, North Carolina

Total Occupancy as of September 30, 2025 - 97%

Ardenwoods Independent Living

96 independent living apartments

Occupancy as of September 30, 2025 - 99%

Ardenwoods Assisted Living - Heather Glen

47 adult care home residences / assisted living

Occupancy as of September 30, 2025 - 94%

The Taylor House, Albemarle, North Carolina

30 adult care home residences

Occupancy as of September 30, 2025 - 89%

ThriveMore At Home, Raleigh, North Carolina

35 Members

FACILITY INTRODUCTION AND INFORMATION

Ardenwoods is a Continuing Care Retirement Community located on 48 beautiful, wooded acres approximately 12 miles south of Asheville, NC. It is conveniently located halfway between Hendersonville and Asheville. Residences available include one-, two-, and three-bedroom apartments with full kitchens and one or two baths. The community's assisted living facility is referred to as Heather Glen and is licensed for 60 residents. Wi-Fi is available throughout the campus and the residences are equipped with a wireless emergency call system for added safety. The community clubhouse includes an indoor heated pool, fitness center, library with computer center, creative arts studio, beauty/barber salon, casual dining grille, and a dining room with a large stone fireplace and breathtaking views. Outdoor amenities include nature trails, raised gardens, putting green and shuffleboard.

The Brookridge Retirement Community is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in northwest Winston-Salem. It consists of 131 independent living apartments (48 detached residences, 83 congregate residences) and 113 health care beds (26 adult care residences, 10 memory-enhanced residences, and 77 intermediate and skilled nursing care beds). It also contains the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, a swimming pool and exercise area, dining rooms, a café, beauty/barber shops, a convenience store, a mail area, parlors, a kitchen, and service areas for environmental services, maintenance and laundry. Construction began in October 1987, and the project was completed in the summer of 1989. In 1997, construction began on five two-bedroom deluxe apartments, and this project was completed in the summer of 1998. Construction was completed in September 1999 on an indoor swimming pool and exercise area. A special residence for Older Adults with dementia was opened in October 2001. A café dining option was opened for operation in September 2006 for independent living residents. In 2010, the Prince Center main entry area was renovated. In Fall of 2022, renovations of all common spaces in the independent living building were completed. Areas for refresh included dining room, auditorium, sky lights, café, lobby and library. ThriveMore continues to update all apartments and garden homes to new standards, which include solid surface countertops, new cabinets and updated floorplans. In the Fall of 2025, we broke ground on the EverTogether Memory Care building. This model will allow couples to live together providing support for the person with dementia as well as the caregiver. In Winter 2025, we broke ground for the Center for Thriving Children child care center with plans to open in 2026. ThriveMore partnered with Imprints Cares who plan to run the center.

The Gardens of Taylor Glen Retirement Community is a continuing care retirement community that is located on a 124 plus-acre tract of land located in southwest Concord. It includes 130 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. It also incorporates administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a lake and walking paths, dining areas, beauty/barber shops, a mail area, a convenience store, parlors, a café, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance and laundry. Construction began in September 2001, and the Community was opened for residency in November 2002. Winter of 2024 Taylor Glen held a groundbreaking ceremony for 50 new independent cottage and villa apartments as well as a Green House Memory Care Center. In addition to this expansion, common spaces were also refreshed. Starting in September of 2025, cottages in the expansion started to become occupied. All 50 expansion units are reserved and are scheduled to be occupied as they are released from the construction group. The schedule runs through Spring/Summer of 2026.

The Taylor House is a 30-bed Adult Care Home Residence located on a 3-acre tract of land on Palmer Street in Albemarle, North Carolina. It was opened for service to its first resident in 1953. In 2025, interior renovations were started along with adding a second elevator which is due to be completed in February 2026.

In addition to Ardenwoods, ThriveMore owns and operates Brookridge Retirement Community in Winston-Salem, NC and The Gardens of Taylor Glen in Concord, NC, which are the only other communities in its system that offers continuing care contracts. Communities are operational divisions of ThriveMore, not separate legal entities and, therefore, have no officers or Trustees of their own.

I. The People

RESIDENTS FORUM AND RESIDENTS COUNCIL

Residents Forum

The Residents Forum provides a means of communication among all Residents and between Residents and the leadership of the Community. All Residents of the Community are automatically members of the Residents Forum. Meetings are held monthly as scheduled by the Residents and are open to all Residents of the Community. By-laws of the Residents Forum are available through Residents Council members and are located in the library. In addition, semi-annual meetings are held by the managing member with the Residents Forum.

Residents Council

The Residents of the Community have established a Residents Council to advise on such matters and activities that are relevant to the common welfare of the Residents of the Community, as well as maintaining effective communication and cooperation with the leadership of Ardenwoods. The Residents Council serves as a liaison between the Residents Forum (all Residents) and the Leadership Team (Executive Director and Department Directors). The Residents Council is advisory in nature and is intended to consolidate majority opinions and advise on general interest topics related to the quality of life at Ardenwoods, which are presented to the Provider for consideration and action. The Provider retains full decision-making authority for the operations of Ardenwoods. The Residents elect seven members-at-large. The Residents Council members then select a chairman, vice chairman, and secretary. The term of a Residents Council member is two years. Each year, there is an election of three or four members, depending on the rotation of the members. Vacancies between elections are filled as needed according to the by-laws. The Council meets monthly.

Advisory Committees

Resident Advisory Committees have been established to offer feedback to Administration through the Residents Council regarding key operational areas that include: Activities, Food & Beverage, Building & Grounds, and Wellness. Minutes of all Resident meetings are recorded and filed in a Resident notebook that is located in the Clubhouse library.

EXECUTIVE DIRECTOR

Pam Pate is the Executive Director at the Community. Mrs. Pate holds a Bachelor of Science degree in Financial Management from Clemson University. Mrs. Pate has served as the Executive Director of the Community since February 2018. She has previously held the position of Accounting Director at the Community since 2002. Her business address is 2400 Appalachian Boulevard, Arden, NC 28704.

ASSOCIATE EXECUTIVE DIRECTOR

Sarah Marr is the Associate Executive Director at Ardenwoods and the Administrator at Heather Glen Assisted Living. Sarah holds a Bachelor of Arts degree in Sociology and Communications from Roanoke College. She has worked at Ardenwoods since 2014 and been the Administrator since October of 2025. Sarah is a licensed Assisted Living Administrator in North Carolina. Her business address is 103 Appalachian Boulevard, Arden, NC 28704.

II. The Community

THE LOCATION

The Community is located on 48 acres of land and is approximately 12 miles south of downtown Asheville, in Buncombe County. It is situated halfway between Asheville and Hendersonville. The Community has views of the mountains of Western North Carolina.

ARDENWOODS

The Community is a Continuing Care Retirement Community designed to create an environment that will enrich the lives of the people who live and work there. It has two buildings containing Residences and an Adult Care Home known as Heather Glen at Ardenwoods which is licensed for Assisted Living. Ardenwoods has approximately 95 Independent Living units and 48 Assisted Living units with 164 residents.

The types of Residences available include one, two and three-bedroom apartments, with full kitchens and one or two baths. In addition, there is a selection of ground level Residences that have patios. All the residences are equipped with a wireless emergency call system and a motion detector system for added safety.

The Community contains approximately 28,000 square feet of common space. Some of the amenities that Residents can currently enjoy include:

- Main lobby/mail area
- Lounges
- Mountain View Dining Room with a panoramic view of the mountains
- Lunch dining in The Mountain Laurel Grille
- Creative Arts Studio
- Salon and spa services
- Shuffleboard
- Private storage
- Personal laundry facilities
- Conference and meeting room
- Library with computers and printers
- Indoor heated pool
- Fitness room
- Raised beds for outdoor gardening
- Several nature trails
- Putting green
- Wood-working shop

MISSION, VISION AND VALUES

Our Mission: The mission of Ardenwoods is to enrich the lives of those who live and work here.

Our Vision: Our vision is to be a vibrant, friendly mountain community with a small-town atmosphere well known as the best value in Western North Carolina.

Our Values: Ardenwoods strives for excellence by:

- Respecting the integrity and dignity of our Residents and employees through recognizing individual differences and needs and delivering services in a personalized fashion.
- Designing and providing services which are Resident-centered and by promoting choices which are Resident-directed in all aspects of senior living.
- Delivering our services in a consistent, dependable, and fiscally responsible manner.
- Building lasting relationships with our Residents and their families, our employees, and our surrounding community with an eye toward future generations.

THE PERSONNEL

With approval of the Provider, Ardenwoods, a ThriveMore Community employs all staff at Ardenwoods. These employees include the Executive Director and all other personnel including a nurse and other caregivers, Marketing and Sales Staff, Receptionists, Wellness Director, Community Life Services Director, Food & Beverage Director, Maintenance Staff, Security Personnel, Housekeeping Personnel, Kitchen Staff, Dining Room Personnel, Office Manager, Human Resources Director, and Transportation Personnel.

The Leadership Team of the Community carries out the day-to-day activities of the Community under the direction of the Executive Director. The Leadership Team includes all Department directors.

THE SERVICES

The decision to move into a senior living community demands careful consideration of many factors, including the services to be provided. The services to be provided to Residents are listed in the Residence and Services Agreement, which governs all such obligations. Briefly, in accordance with the terms of the Residence and Services Agreement, the Community will provide the following: (1) A number of meals equal to the number of days in the month; (2) Air conditioning, heating, electricity, water and sewer; (3) Wiring and jack for telephone service;

Residents are responsible for providing their own telephones and telephone service; (4) Basic cable television and wireless internet; (5) Basic building and grounds maintenance; (6) Bi-weekly housekeeping services; (7) Bi-weekly flat linen service; (8) Availability of laundry facilities so that you can wash and dry personal laundry; (9) Planned activities; social, cultural, spiritual and recreational - for those who wish to participate; (10) Full-time Wellness Director to oversee and coordinate all health related services for Residents residing at Ardenwoods; (11) Scheduled security services; (12) Parking for Residents and their guests; (13) Carpeting (except in kitchen and bath where there is alternate floor covering) and light fixtures; (14) A kitchen including refrigerator, stove, microwave and dishwasher; (15) Scheduled local transportation, as well as transportation to medical offices; and (16) Use of residential common areas.

Services Available for an Extra Charge

Additional services are provided to Residents for an extra charge, added to the monthly billing statement. Such services include guest accommodations, dining & beverage services in excess of the monthly dining allocation, guest meals, salon/spa services, additional housekeeping, maintenance, personal transportation, and other reasonable services as requested.

ASSISTED LIVING SERVICES

Assisted Living services are provided through Heather Glen at Ardenwoods, the licensed Assisted Living portion of the Community. Under the Residence and Services Agreement, Residents are given priority admission to Heather Glen and do not pay an additional Entrance Payment.

A Resident may be recommended to Heather Glen if the Resident is determined to need such care either on a short-term or long-term basis. Assisted Living accommodations may be in a private or semi-private suite, depending on the availability of suites at the stated per diem charge.

Payment for care for an Ardenwoods Independent Living Resident moving to Heather Glen is outlined as follows:

1. Residents may retain their Residence, continue the Residence and Services Agreement, and relocate to Heather Glen. The Monthly Fee for the Residence will continue less a meal credit for the absence. The Resident will also pay the per diem charge for care in Heather Glen; or
2. Residents may release their Residence, cancel the Residence and Services Agreement, and relocate to Heather Glen. The Monthly Fee for the Residence will cease when all furniture and other property are removed from the Residence and the keys have been returned. The Resident will pay the per diem charge for care in Heather Glen. The Resident will receive Entrance Fee refund as set forth in the Residence and Services Agreement. If the Resident moves from Heather Glen and Ardenwoods, the Resident shall no longer have access to the benefits, services and amenities granted under the Residence and Services Agreement.

3. Health Service: If required by Resident's health status, ThriveMore will provide without additional charge a cumulative total of fourteen (14) days residential care in its Heather Glen Assisted Living while the Residence and Services Agreement is in force. Such care, as appropriate, will be at the assisted living level. If for any reason such care is temporarily unavailable when required by the Resident, it will be provided at the expense of ThriveMore at other comparable facilities. During provision of such care, the Resident will be charged for medicines, physician's services, and for supplies not normally included in the base fee for such services. The Resident will pay for assisted living services in excess of the fourteen (14) day cumulative total provided by this Agreement at the rate established for such care by ThriveMore at the time such care is required. All other medical care, services and supplies provided to the Resident by ThriveMore will be at the Resident's expense.

If there are two Residents occupying the Residence, and one Resident relocates to Heather Glen, the other Resident may continue to occupy the Residence under the terms of the Residence and Services Agreement and the Second Person Monthly Fee shall cease. In addition, the Residents will pay the per diem charge for Assisted Living services at Heather Glen at Ardenwoods. If both Residents are relocated to Heather Glen at Ardenwoods, the Monthly Charges for the Residents shall depend on whether the Residents choose to retain or release the Residence.

RESIDENT HANDBOOK

A copy of all of the Community's policies and procedures can be found in the Resident Handbook (Your Guide to Living at Ardenwoods), which is provided following execution of the Residence and Services Agreement or upon request.

III. The Proposal

THE CONTINUING CARE CONCEPT

The Continuing Care concept provides an individual lifetime use of a private Residence for as long as he or she is capable of living in a Residence, a wide array of support services, and access to on-site Assisted Living. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional senior living. Continuing Care ensures a Resident of lifetime access to Heather Glen at Ardenwoods, while enjoying the comfort and security of a familiar environment, surrounded by friends, family, neighbors, and a highly trained, supportive staff. With the Continuing Care program at Ardenwoods, the Resident has peace of mind, knowing that long-term health care needs will be met with unparalleled quality and service. For those services and accommodations, a Resident pays an Entry Fee to the Provider in accordance with the terms of the Residence and Services Agreement.

RETURN OF ENTRY FEE PLAN

Under the Residence and Services Agreement, a Resident pays an Entry Fee.

In anticipation of meeting the needs of Residents over time, the Provider recognizes the need to be able to modify and develop new forms of Residence and Services Agreements. To meet those needs, the Community reserves the right to offer new prospective Residents alternative forms of Residence and Services Agreements from time to time, without said change being applied to existing Residents.

ThriveMore offers three (3) options for entrance fee payments to the Residents. The Resident may choose between a Traditional Payment Program, a Fifty Percent Program, and a Ninety Percent Refund Program. The Traditional program provides for a twenty-four (24) month amortization of the Resident's entrance fee (after twenty-four (24) months, there is no remaining equity). The Fifty Percent Refund Program provides for a fifty percent refund of the entrance fee paid at admission and the Ninety Percent Refund Program provides for a ninety percent refund of the entrance fee paid at admission. The Fifty Percent Refund Program is offered to Resident at the Brookridge Retirement Community at a cost of 1.4 times the Traditional Program entrance fees. The Ninety Percent Refund Program is offered to Residents at the Brookridge Retirement Community at a cost of 1.8 times the Traditional Program entrance fees. ThriveMore, at its discretion, may offer a Promissory Note for a term period not to exceed thirty (30) days.

The Residence and Services Agreements is attached to this Disclosure Statement as Exhibit A. We reserve the right to offer to new prospective Residents alternative forms of Residence and Services Agreements from time to time.

SUMMARY OF RESIDENCE AND SERVICES AGREEMENT

Upon deciding to become a Resident of the Community, a future Resident will execute a Residence and Services Agreement to reserve the Residence selected. Residence and Services Agreements are subject to acceptance by the Community. At the time of executing a Residence and Services Agreement, a determination will be made as to whether a prospective Resident meets the residency criteria: age, financial qualifications, and the ability to live in a Residence with or without reasonable accommodation or reasonable modification. To determine if the prospective Resident meets these residency guidelines: an Application for Residency and Medical Data Form will be completed. A memory health assessment and a check of the National Sex Offenders' Registry may be conducted. The Application requires the prospective Resident's birth date as well as a summary of assets and monthly income, and information regarding the Resident's ability to live in a Residence with or without reasonable accommodation or reasonable modification. The prospective Resident's signature on the Application for Residency and Medical Data Form is an acknowledgment that the information provided is correct.

A summary of the Residence and Services Agreement and terms of residency are set forth below.

This summary explanation of the Residence and Services Agreement contained herein is qualified by reference to the Residence and Services Agreements (Exhibit A) which shall prevail in any conflict. The basic terms and conditions of the Residence and Services Agreement are summarized as follows:

1. **Payment of the Entry Fee.** The Resident is required to pay an Entry Fee to provider. The Entry Fee is comprised of two payments (which is 10% deposit of the Entry Fee and is repayable before occupancy) and the final payment (which is equal to 90% of the Entry Fee and balance due and is repayable after occupancy as set forth in the Residence and Services Agreement). A listing of current and historical Entrance Payments can be found under Section 4, Payment of the Monthly Fee on page 17 of this Disclosure Statement.
 - 1.1 **Payment of the Deposit.** At the time the Residence and Services Agreement is executed, the Resident is required to pay the deposit in an amount currently equal to 10 percent of the total Entrance Payment. After occupancy, the deposit is not repayable and will be the unrestricted property of the Provider and may be used for any purpose related or unrelated to the Community. More information can be found in Section III.B. of the Residence and Services Agreement.
 - 1.2 **Payment of the Balance.** A Resident is required to pay balance of Entry Fee to Provider on the earlier of the date the Resident moves into Ardenwoods or within 90 days of the date the Resident executed the Residence and Services Agreement. In exchange for paying the deposit, Second Person (Entrance Fee if applicable, making the Entry Fee, and paying the Monthly Fee (Second Person Monthly Fee if applicable, the Residence and Services Agreement grants Resident a license to the lifetime use of a Residence and to the facilities and services provided at the Community. The Entry Fee is repayable, without interest, at the times set forth in the Residence and Services Agreement. Further information can be found in Section III.B in the Residence and Services Agreement. ThriveMore, at its discretion, may offer a Promissory Note for a term period not to exceed six months (6) months.
 - 1.3 **Second Person Entrance Fee.** A Second Person Entrance Fee is required to be paid at the time the Residents make the Entry Fee described in Paragraph 1.2 above. After occupancy, the Second Person Fee is repayable 90% and will be the unrestricted property of the Provider and may be used for any purpose related or unrelated to the Community. Information about the Second Person Entrance Fee can be found in Section III.B. of the Residence and Services Agreement.
2. **Repayment of the deposit.**
 - 2.1 **Prior to Occupancy.** You may rescind this Agreement prior to the Date of

Occupancy, or after occupancy, by giving written notice to ThriveMore within thirty (30) days following the later of the execution of this Agreement or of the date that you received the Disclosure Statement as required by Section 58-64-1, et. seq. of the North Carolina General Statutes. You will receive a full refund equal to the funds paid toward the Entry Fee without interest, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate. You are not required to take occupancy before the end of the thirty (30) day rescission period.

After the thirty (30) day rescission period and prior to the Date of Occupancy, if you terminate this Agreement, you will receive a refund equal to the funds paid toward the Entry Fee without interest, less an administrative fee equal to two percent (2%) of the Entry Fee for the independent living residence selected, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate. More information can be found in Sections VI.A and VI.B of the Residence and Services Agreement.

2.2 After Occupancy. The Agreement will be terminated upon your death, or the death of the surviving resident in the case of co-residency. A permanent move to the Health Care Center is not considered a contract termination, and therefore a refund is not applicable. Refunds may only apply upon the termination of the Agreement. The Termination Date will be determined in accordance with Section VII.C. below. Except in the case of death, you must give ThriveMore sixty (60) days written notice of your intent to terminate the Agreement. You must leave the Residence in a condition satisfactory to ThriveMore. ThriveMore may charge you for the cost of work required to restore the Residence to its standard condition, with the exception of reasonable wear and tear. Refunds to you shall be reduced by the amount of your outstanding fees and charges due to ThriveMore. Sections VII.A and VII.B of the Residence and Services Agreement have more details on deposit repayments.

3. Payment of a Monthly Fee. The Resident is required to pay a Monthly Fee, which is determined annually by the Provider. The amount of the Monthly Fee in effect at the time the Residence and Services Agreement is executed will be clearly stated in the Agreement. If there are two Residents, a Second Person Monthly Fee will also be paid. For a more complete description of the Monthly Fee, see the section title "Monthly Fee" in this Disclosure Statement and Section III.B of the Residence and Services Agreement, "Monthly Charges."

A listing of current and historical Entry Payments and Monthly Fees follows:

ENTRY FEES

<u>Type of Residence</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
One Bedroom	\$181,000	\$189,000	\$197,000	\$217,000	\$271,000
One Bedroom w/ Patio	\$211,000	\$221,000	\$229,000	\$252,000	\$306,000
Two Bedroom	\$255,000	\$267,000	\$277,000	\$297,000	\$371,000
Two Bedroom w/ Patio	\$285,000	\$299,000	\$309,000	\$332,000	\$406,000
Three Bedroom	\$313,000	\$327,000	\$339,000	\$359,000	\$449,000
Three Bedroom w/ Patio	\$343,000	\$359,000	\$371,000	\$394,000	\$484,000
Second Person	\$9,000	\$9,200	\$9,400	\$20,000	\$25,000

MONTHLY FEES

<u>Type of Residence</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
One Bedroom	\$2,812	\$2,969	\$3,085	\$3,150	\$3,310
One Bedroom w/ Patio	\$2,812	\$2,969	\$3,085	\$3,150	\$3,310
Two Bedroom	\$3,318	\$3,504	\$3,641	\$3,710	\$3,900
Two Bedroom w/ Patio	\$3,318	\$3,504	\$3,641	\$3,710	\$3,900
Three Bedroom	\$3,552	\$3,751	\$3,897	\$3,980	\$4,180
Three Bedroom w/ Patio	\$3,552	\$3,751	\$3,897	\$3,980	\$4,180
Second Person	\$883	\$900	\$935	\$950	\$1,000

AVERAGE INCREASE MONTHLY FEES

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
First Person	\$110	\$183	\$133	\$65	\$183
Second Person	\$30	\$17	\$35	\$15	\$50

ASSISTED LIVING MONTHLY FEES

<u>Type of Residence</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Base Level, Private	\$4,989	\$5,251	\$5,508	\$5,670	\$6,070
Level 1 Care	\$500	\$500	\$525	\$525	\$560
Level 2 Care	\$750	\$750	\$787	\$787	\$840
Second Person Fee	\$1,529	\$1,529	\$1,604	\$1,650	\$1,770
One Time Community Fee	\$2,500	\$2,500	\$2,500	\$5,000	\$2,500

AVERAGE INCREASE IN ASSISTED LIVING MONTHLY FEES (BASE LEVEL)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Base Level, Private	\$122	\$262	\$257	\$162	\$400
Level 1 Care	\$0	\$0	\$25	\$0	\$35
Level 2 Care	\$0	\$0	\$37	\$0	\$53
Second Person Fee	\$37	\$0	\$75	\$46	\$120

5. **Services and Features.** Section I of the Residence and Services Agreement describes the services and features provided to the Residents for the Monthly Fees. Additional services and amenities may be provided for an extra charge and are listed in Section I.C.13 of the Residence and Services Agreement. The current list of items available for an extra charge, including the fees for such items, is included in the Residents and Services Agreement.
6. **Assisted Living.** The Residence and Services Agreement grants the Resident priority access to Heather Glen at Ardenwoods. The terms governing care in Heather Glen are outlined in Sections IV and V-4 of the Residence and Services Agreement.
7. **Criteria for Resident Acceptance.** Residency in the Community is governed by the Community's current Residency Policy and Residence and Services Agreements are subject to acceptance by us. At the time of the execution of a Residence and Services Agreement, the Resident must be 62 years of age or older, capable of living in a Residence with or without reasonable accommodation or modification, able to pay the Entrance Payment and the Monthly Fees. The Resident must also have sufficient financial resources to permit payment of these amounts, plus other personal expenses which may reasonably be expected and to meet anticipated increases in the cost of living and increases in the Monthly Fee.
8. **Financial Difficulty.** It is the intent of ThriveMore to admit only those persons who are able to pay its current and projected Entry Fee, Monthly Fee and any additional fees and charges. Resident agrees to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by ThriveMore under this Agreement or otherwise. Resident agrees to provide ThriveMore thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident shall promptly notify ThriveMore of any material change in Resident's medical or financial condition, including but not limited to Resident's qualification for and intention to seek assistance from any public assistance benefit program, as hereinafter defined.

Upon verification satisfactory to ThriveMore funds or programs through which benefits ("public assistance benefits") may be available for payment of services required by Resident. ThriveMore's ability to subsidize residents who have encountered financial hardship is expressly limited by its obligation to meet its commitments to all residents, and to operate on a sound financial basis. If it is apparent to ThriveMore that you have voluntarily divested assets and resources or have used resources in a manner other than to meet ordinary and customary living expenses, ThriveMore may refuse to subsidize your

fees and charges, and may elect to terminate this Agreement if payments for all fees and charges are not received in a timely manner. The use of ThriveMore's funds to subsidize residents who have encountered financial hardship is at the sole discretion of ThriveMore.

You agree to provide, if requested, financial statements and current financial information and copies of your tax returns for the purpose of demonstrating capacity to meet financial obligations to ThriveMore and other providers arising out of or in connection with this Agreement.

Resident agrees that he or she have not and will not make gifts of real or personal property for the purpose of evading his or her financial obligations to ThriveMore. Details of financial hardship can be found in Section III.E of the Residence and Services Agreement.

- 9. Provisions for New Second Resident.** If, after the Date of Occupancy indicated on Exhibit A, you choose to have a second resident share your residence, ThriveMore may charge the second resident an Entry Fee equal to the current applicable Single Occupancy Entry Fee for such living accommodation, or such lesser amount as ThriveMore may determine in its discretion. Thereafter, you are responsible for paying the applicable Double Occupancy Monthly Fee for the residence. Second residents are subject to the same review and entrance requirements as initial residents and must sign a Residence and Services Agreement. If the second resident is an existing resident, the second resident is subject to the same entrance requirements as initial residents, except in regard to health status evaluation.
- 10. Resident's Cancellation Rights.** The Resident may rescind the contract both prior to and following occupancy of the unit according to the following: Resident may rescind the contract by giving written notice to ThriveMore within thirty (30) days following the latter of the execution of the contract or the receipt of a disclosure statement that meets the requirements of this section. The Resident is not required to move into the facility during the thirty (30) day automatic rescission period. If such action is taken, the Resident shall receive a full refund of any Entry fees paid within sixty (60) days following the receipt of the written notice. The Resident to whom the contract pertains is not required to move into the community before the expiration of the thirty (30) day period. After the initial (30) day period following the payment of the full Entry Fee but prior to occupancy, the Resident may cancel the Agreement by giving thirty (30) days written notice to the Homes and receive a refund of the Entry Fee paid less five percent (5%). The

refund will be paid within sixty (60) days following receipt of the written notice. Should a Resident die before occupying an independent living unit in the facility, or if, on account of illness, injury, or incapacity, a Resident would be precluded from occupying an independent living unit in the facility under the terms of the contract for continuing care, the contract is automatically canceled and the Resident is entitled to a full refund of the Entry fee paid. During the first 24 months of occupancy, the Resident may cancel his/her "Agreement" with the organization by giving thirty (30) days written notice to ThriveMore. ThriveMore will refund to the Resident all amounts paid to the organization as an entrance fee less four percent (4%) of the "fee" for each month of occupancy, or part thereof, which will be retained by the organization. The Resident will receive his/her Entry Fee "refund" when Resident's unit has been occupied by another Resident or within two (2) years of his/her termination of their Agreement, whichever event occurs sooner. Ninety-Percent Refund has a ninety percent refund option for life. ThriveMore may cancel the Apartment Residence Agreement prior to or following occupancy by the Resident, upon determining that the Resident has either become incapable of independent living or has failed to comply with the obligations assumed pursuant to the Agreement. In the event of such cancellation, the Resident shall receive a full refund if cancellation occurs prior to occupancy; a partial refund if cancellation occurs during the first twenty-four (24) months of occupancy. If a Resident dies, a refund of the unamortized Entry Fee will be made to the estate of the Resident. If a Resident dies, a refund of ninety percent of the Entry Fee will be paid to his/her estate. The refund will be made upon re-occupancy of the unit and the receipt and unrestricted use of the Entry Fee proceeds from the successor Resident. A Resident contract with ThriveMore can be terminated if the Resident being provided service requires a higher level of care than can be provided in the Resident's current setting. In such a case, every effort will be made to place the Resident at an appropriate level of care within the ThriveMore system. If a contract is terminated by ThriveMore, a refund of the unamortized Entry Fee will be made to the Resident as soon as the Resident's residence has been re-occupied. More information on Resident cancellation rights can be found in Sections VI and VII of the Residence and Services Agreement.

11. **Our Cancellation Rights.** We may cancel a Residence and Services Agreement after it has been accepted only for just cause, as set forth in the Residence and Services Agreement. Just cause shall exist if (i) the Resident does not comply with the terms of the Residence and Services Agreement including payment of fees; (ii) the Resident fails to comply with the reasonable published operating procedures, covenants, rules, regulations or policies established for Residents of the Community; (i) there is a change in Resident's health status or behavior which constitutes a substantial threat to the health or safety of the Resident, other Residents, or others or would result in the physical damage of property; and/or (iv) the Resident is not capable of living in a Residence in the Community with or without in home services.

Ardenwoods is not licensed to provide long-term licensed skilled nursing care, therefore a Resident requiring such care will be required to relocate.

Before canceling a Residence and Services Agreement, we will give the Resident written notice of the reasons and will give the Resident 30 days to respond or correct the reason for cancellation. However, if it is determined that the 30 days is detrimental to the Resident or other Residents or staff of the Community, this waiting period will not be required. The terms defining the Community's cancellation rights can be found in Sections VI and VII of the Residence and Services Agreement.

12. **Tax Considerations.** Each person considering executing a Residence and Services Agreement should consult with his or her tax advisor regarding any tax considerations associated with the Residence and Services Agreement.

TRANSFERS TO ANOTHER ARDENWOODS RESIDENCE

1. Move to a Larger Independent Living Residence – Should you desire to transfer to a larger independent living residence, an internal move request should be made in writing according to the Internal Move Policy in the Resident Handbook, which may be subject to change from time to time. An internal move fee may apply as noted in the policy. An additional Entry Fee equal to the difference between the then current Entry Fee for the larger residence and the Entry Fee you originally paid for the smaller residence will be due to ThriveMore prior to your move to the larger residence.

Occupancy of the original residence (Exhibit A) for purposes of calculating any refund. You will also be responsible for the Monthly Fee associated with the larger residence from the Date of Occupancy for the larger residence, or the actual date of move-in, whichever is earlier. The Monthly Fee for the smaller residence is still in effect and will be charged until all personal belongings have been removed, and a final walk-through has been completed as per the Internal Move Policy.

2. Move to a Smaller Independent Living Residence – Should you desire to transfer to a smaller independent living residence, an internal move request should be made in writing according to the Internal Move Policy in the Resident Handbook. You will not be due any refund at the time of your transfer. Your refund, if any, shall be calculated and paid in accordance with the provisions of this Agreement based on the independent living residence you initially occupied under this Agreement.

You will be responsible for the Monthly Fee associated with the smaller residence beginning on the Date of Occupancy of the smaller residence, or the actual date of move-in, whichever is earlier. You will also be responsible for the Monthly Fee for the larger residence until all personal belongings have been removed from the larger residence, and a final walk-through has been completed as per the Internal Move Policy.

MONTHLY FEE

On the earlier of the date the Resident moves into Ardenwoods, or within 90 days of the date of the Provider's approval of the Residence and Services Agreement, the Resident is required to pay the Second Person Fee, if applicable, make the Entry Fee, and begin paying the Monthly Fee (due upon receipt of a billing statement), as explained in Section III.B of the Residence and Services Agreement. The amount of the Monthly Fee in effect at the time the Residence and Services Agreement is executed will be clearly stated in the Residence and Services Agreement. The total Monthly Fee is higher when a Second Person also shares a Residence. The Monthly Fee is adjusted upon 30 days' written notice to the Residents.

IV. Regulatory Matters

REGISTRATION

North Carolina law requires registration of Continuing Care facilities pursuant to an act to continue registration and disclosure by Continuing Care facilities, and to provide for financial evaluation of Continuing Care facilities (the "Act". The Community is subject to the provisions of this Act and has received a license to provide Continuing Care thereunder. Pursuant to North Carolina General Statute ("G.S." 58-64-20(a, the Community is required to deliver a Disclosure Statement to a prospective Resident upon the earlier of the execution of a Residence and Services Agreement to provide Continuing Care or the transfer of any money or other property to the Community. Pursuant to G.S. 58-64-30(a, within 150 days following the end of each fiscal year, the Community is required to file with the Department of Insurance an annual Disclosure Statement, which includes updated financial information.

RESERVES

An Operating Reserve exists to ensure funds are available during periods of unforeseen financial need. North Carolina General Statute ("G.S." 58-64-33 sets forth minimum operating reserve requirements. The GS requires an operating reserve in the amount of 25% of annual operating expenses, less depreciation and amortization, at an occupancy level of 90% or higher. The operating reserve requirement increases to 50% of annual operating expenses, less depreciation and amortization, when occupancy is below 90%. Such operating reserves may only be released upon approval by the North Carolina Commission of Insurance.

At September 30, 2025 the Company's occupancy was above 90 percent. The amount of the operating reserve at September 30, 2025 was \$1,751,435.

Amounts deposited to the Operating Reserve may be invested in permitted investments consisting of certificates of deposit, United States Treasury obligations, or other investment obligations selected by us. The Operating Reserve Account is held at First Citizens, which will be investing the amounts deposited in accordance with instructions received from ThriveMore.

V. Financial

FINANCIAL STATEMENTS

Consolidated financial statements and supplementary information for ThriveMore for the years ended September 30, 2024 and 2023 are found here. Interim Financial Statement for ThriveMore (year ending December 31, 2024 can be found in Exhibit D.

EXPLANATION OF MATERIAL DIFFERENCES

Pursuant to Section 58-64-30(a) of the North Carolina General Statutes, we are required to provide a narrative explaining any material differences between the previous forecasted financial statements and the actual results of operations. All differences between forecasted results and actual results of \$100,000 or more are deemed material and the Provider has provided an explanation of each line item herein.

RESERVES, ESCROW, AND TRUSTS

ThriveMore is the income beneficiary of various trusts administered by the North Carolina Baptist Foundation. These trusts have a market value of approximately \$5,532,751. Income received from these trusts is approximately \$192,403 per year.

ThriveMore is the income beneficiary of a trust under the Will of John Alonzo Bolich, Jr. The trust, being administered by First Citizens Bank, has a market value of approximately \$2,261,213. Annual income from the trust is approximately \$115,000.

In 1994, ThriveMore established an endowment fund for the benefit of supplementing the cost of care for residents who do not have the financial resources to pay for their care. The funds have a balance of \$3,935,567. Annual income from the fund is approximately \$147,658.

The forecasted financial statements will reflect ThriveMore's funding of an operating reserve as required by N.C.G.S. §58-64. The operating reserve must be an amount at least equal to fifty percent (50% or (25% of operating expenses (net of depreciation and amortization plus debt service for all facilities considered to be continuing care retirement communities. As only the Brookridge Retirement Community, Ardenwoods Retirement Community, and The Gardens of Taylor Glen Retirement Community qualify as continuing care retirement communities, only the operating expenses related to the Brookridge Retirement Community, Ardenwoods Retirement Community, and to The Gardens of Taylor Glen Retirement Community are used to calculate the reserve. The forecast will also assume an interest rate between one to five percent (1-5% will be earned on these funds based on the average balance during the year.

The Foundation funds on deposit with First Citizens Bank are invested seventy percent (70% in equities and thirty percent (30% in fixed income funds.

The long-term reserve funds on deposit with First Citizens are invested sixty percent (60% in equities and forty percent (40% in fixed income funds. The short-term time horizon funds on deposit with First Citizens are invested approximately twenty percent (20% in equities and eighty percent (80% in fixed income funds/cash.

Below are the First Citizens Bank investment management professionals overseeing investment decisions for the Baptist Retirement Homes portfolios and their professional investment experience:

Name	Years of Experience
Brent Ciliano	29
Thaddeua Yasunaga	14
Craig Letendre	16
Justin Marcinkiewicz	11

VI. Exhibits

- A. Residence and Services Agreement
- B. List of Extra Charges
- C. Life Expectancy Table
- D. Pro-Forma Financial Statements
- E. Interim Financial Statements as of December 2025
- F. Financial Data - Actual Compared to Forecasted
- G. 9/30/25 Audit Report

Exhibit A
Residence and Services Agreement

THRIVEMORE

FAITH • FAMILY • FULFILLMENT

RESIDENCE AND SERVICES AGREEMENT

This Residence and Services Agreement (together with all exhibits and schedules that are attached and are hereby incorporated herein, the “Agreement”) is entered into between BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED dba THRIVEMORE (“ThriveMore”) located in Forsyth County at P O Box 11024, Winston-Salem, NC 27116 and _____, (“you” or “Resident”) effective this ___ day of _____ 202__ (“Effective Date”). If two persons enter into this Agreement as co-residents, the word “you” will apply to both unless the context requires otherwise. All residents that are parties to this Agreement shall be jointly and severally responsible for all fees, charges and obligations under this Agreement. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “ThriveMore” refer to ThriveMore, and the words “you”, “your”, and “Resident(s)” refer to _____.

Under the laws of the State of North Carolina, ThriveMore is organized as a nonprofit corporation and operates a continuing care retirement community commonly referred to as _____ (the “Community”) created to provide housing, recreation, health care and other services to people sixty-two (62) years of age or older.

ThriveMore is pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. ThriveMore encourages, supports, and is committed to operating a community where there are no barriers or discrimination because of race, color, religion, sex, handicap, familial status or national origin.

Your residence in the Community (“Residence”) and your “Date of Occupancy” of your Residence is as set forth on Exhibit A attached hereto.

All references in this Agreement to skilled nursing or skilled nursing facility shall only apply in the event the Community provides skilled nursing care or services or a skilled nursing facility on their campus.

THEREFORE, in consideration of the deposits, entrance fee, monthly fee and other fees and charges paid or payable by Resident stated hereafter, and in further consideration of the mutual covenants and agreements herein cited, the sufficiency of said consideration being hereby acknowledged, the parties hereto agree as follows:

I. Pledge of Service

ThriveMore will provide you the following services and facilities upon occupancy. Unless otherwise specified in this Agreement, there will be no additional charge made for any of these services and facilities other than payment of the Entry Fee and Monthly Fees, each of which is described in this Agreement, and outlined in Exhibit A. A “Schedule of Ancillary Charges” for certain services and items not covered by the Entry

Fee and Monthly Fees is included as Exhibit B. This schedule is updated periodically and will be made available to you each time it is updated.

A. Community Facilities:

You may use, along with other residents, the common facilities of the Community including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreation rooms and designated outdoor activity areas.

B. Living Accommodations:

1. **Right to Reside** – You have a non-transferable right to reside in the independent living residence described in Exhibit A, subject to the terms and conditions of this Agreement.
2. **Furnishings** – ThriveMore provides standard carpeting, window coverings, refrigerator, range, garbage disposal, microwave, and dishwasher. A washer and dryer are provided for in cottages and may be included in some apartments. The Community will make available to residents outside of their residences washers and dryers for Resident's use. All other furnishings and personal property shall be provided by Resident.
3. **Changes to Your Residence** – ThriveMore allows limited, non-structural changes to personalize your residence. Any such changes must have prior written approval by ThriveMore.

In addition, you are responsible for the cost of any custom changes and are required to use installers and contractors approved or provided by ThriveMore. You may select certain options and custom features in your residence for an additional charge. ThriveMore will present you with a written quote detailing the prices specific to your options and custom features requested. The cost of options and custom features selected will be paid by you at the time of selection and will become part of the Residence and the property of ThriveMore. The value of such improvements will not be considered in computing Entry Fee refunds, unless specifically agreed to in an Addendum to this Agreement. All options and custom features must be approved by ThriveMore administration in advance of the changes made. All such changes become the property of ThriveMore.

You may be responsible for costs associated with restoring the residence to its standard condition prior to occupancy by a subsequent resident. You may also be responsible for the cost of repairing or replacing finishes or appliances damaged as the result of extraordinary wear and tear.

C. Services:

1. **Dining Services** - ThriveMore will provide a variety of meal plan options, which are subject to change from time to time, in the Community's dining venues, which are subject to change from time to time. Each meal plan will

specify those costs that are the responsibility of ThriveMore and those costs that are the responsibility of Resident.

2. **Utilities** – Water, sewer service, trash disposal, electricity, heat, air conditioning, basic cable television and wireless internet services are provided. Although telephone access is provided, if you elect to have telephone service, you are responsible for the establishment of telephone hook-up and ongoing service. Individual thermostatic control for heating and air conditioning, cable television outlets, telephone outlets, and smoke alarms are also provided.
3. **Housekeeping** – Housekeeping services (“Housekeeping Services”) are provided twice monthly in apartments based upon the Housekeeping Services schedule. These services include vacuuming, dusting and cleaning of bathrooms and kitchens.
4. **Maintenance and Repairs** – ThriveMore performs the necessary repairs, maintenance, and reasonable replacement of its own property, common facilities and equipment. You will be responsible for the cost of repairing damage to property of ThriveMore caused by you, your pets or any of your guests, ordinary wear and tear excepted.
5. **Security** – ThriveMore will use reasonable care in providing security on the premises of the Community. Smoke detectors are provided in all residences. Twenty-four (24) hour security staffing, including regular security patrols, is provided. You are responsible for taking appropriate security measures to protect yourself and your property at the Community. Each residence will be provided with emergency response protocols, monitored twenty-four (24) hours a day. There may be a charge to Resident for certain emergency response protocols.
6. **Medical Emergency Response** - Follow community protocol or call 911.
7. **Groundskeeping** – Basic groundskeeping service, including lawn, tree, and shrubbery care, is provided. You may plant and maintain certain areas designated and approved by ThriveMore.
8. **Activities** – ThriveMore provides scheduled social, recreational, spiritual, educational and cultural activities, creative arts, exercise and wellness programs, and other activities designed to meet the interest of the residents. There may be a charge to the Resident associated with certain activities.
9. **Transportation** – Scheduled transportation is provided to shopping centers, public events, and other destinations as determined by the Community. Should transportation be desired at times or to places not included in the standard schedule, the Community will assist with those transportation needs to the degree staff and equipment are available, and an additional charge may apply.

10. Storage – Limited storage space is provided.

11. Parking – One automobile parking space per independent residence is provided. Additional limited parking may be available.

12. Wellness and Health Services – ThriveMore offers assisted living and skilled nursing services (no skilled nursing services provided on Ardenwoods campus) and may provide oversight by a licensed physician serving as the Clinical Team in accordance with and subject to the provision of Section V of this Agreement. The Community may provide assisted living services to residents through different levels of care with different fees and costs charged by the Community for each level. The Community, through regular assessments of residents, will determine which level of care Resident shall reside in, and Resident shall be responsible for all fees and costs charged by the Community for any such level of care. In addition, the Community may determine that Resident should be moved out of assisted living and into the Community's skilled nursing level of care, and Resident shall be responsible for all fees and costs charged by the Community for such level of care. All levels of care and associated fees and costs remain subject to change from time to time at the discretion of the Community.

13. Insurance – ThriveMore maintains insurance on all of its property and its operations to include general public liability insurance, property insurance, including coverage for acts of God, vandalism and theft, professional liability insurance and worker's compensation. You are encouraged to maintain a personal insurance policy for coverage of your personal belongings.

14. Taxes – Any real estate taxes are paid by ThriveMore.

- D. Optional Services** ThriveMore will make available to the Resident on an optional basis, at an additional cost to the Resident or Resident's insurance:
- i. One or two additional meals per day in a dining venue at the Community;
 - ii. In case of temporary illness, tray service of meals in the Resident's residence;
 - iii. Additional housekeeping services as required;
 - iv. Transportation to certain extra-curricular events and locations;
 - v. Beauty and barber services;
 - vi. Regularly scheduled access to the on-site Health Clinic maintained by the Community. This is not available at Ardenwoods.

II. Terms of Residency

A. Resident's Application

The Resident's Application for Residency is attached to this Agreement as Exhibit C and incorporated by reference herein. Resident represents and warrants that Exhibit

C is true, complete and accurate in all material respects. Resident further certifies the continuing accuracy and completeness of the factual representations contained in the application. Resident understands and agrees that the representations contained in the Application for Residency, and in particular the financial representations, were made by Resident to induce ThriveMore to enter into this Agreement. Any material misrepresentations or omissions in the Application for Residency shall render this Agreement voidable or terminable, including, the right to terminate the Resident's residency, at the option of ThriveMore.

Resident may be asked to provide ThriveMore accurate and complete financial and health care statements periodically when requested by ThriveMore.

B. Rights of Resident:

You have the right to occupy, use, and enjoy your assigned residence, together with the common areas, amenities, programs, and services of the Community during your lifetime, subject to the terms and conditions of this Agreement, unless this Agreement is terminated as provided herein. It is understood that this Agreement is not a lease and does not transfer or grant any interest in the real or personal property owned by ThriveMore other than the rights and privileges as described in this Agreement.

C. Policies, Rules and Regulations:

You agree to abide by the policies, rules, and regulations of ThriveMore including such changes as may be adopted from time to time. These policies, rules, and regulations will be made available to you prior to the execution of this Agreement, and at any time when they are updated.

D. Business and Health Care Directives:

You agree to execute and maintain in effect a North Carolina Durable Power of Attorney valid and enforceable in accord with the provisions of Chapter 32C of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact, a bank, a lawyer, relative or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as if you would be acting personally. It shall be in a form which survives your incapacity or disability and otherwise be satisfactory to ThriveMore. You will deliver a fully executed copy of this Power of Attorney to ThriveMore prior to the Date of Occupancy. Additionally, you further agree to provide ThriveMore with a copy of any Living Will, or Durable Power of Attorney for health care decisions which may be in existence, and to provide such documentations which may develop subsequent to the execution of this Agreement. ThriveMore strongly encourages all residents to designate a Health Care Attorney in Fact capable of making health care decisions in the case of incapacity or emergency.

E. Property:

To the maximum extent permitted by law, ThriveMore will not be responsible for the loss or damage of any property not belonging to ThriveMore due to any cause. It is understood by both parties that you will have the responsibility for providing insurance protection covering any such loss or damage of personal property. Upon termination of this Agreement, ThriveMore has the right to promptly (within thirty (30) days) remove from the residence any and all of your property that remains therein or that is stored elsewhere on the property of ThriveMore, and ThriveMore may store such property either on or off the premises. You or your estate will be obligated for the payment of moving and storage charges and will reimburse ThriveMore for its incurred expenses.

Should such belongings remain stored for longer than ninety (90) days, ThriveMore shall have the right to sell such belongings and pay the proceeds from such sale to you or your estate, net of all expenses incurred to move, store and sell such property. If the proceeds are not adequate to fully reimburse ThriveMore for all such costs, you or your estate shall be responsible to ThriveMore for the deficiency.

F. Insurance:

1) Application for Benefits: Assignment of Benefits

You shall apply for any federal, state or local benefits for which you may be eligible or entitled upon request by ThriveMore. If requested by ThriveMore, any or all such benefits will be applied to the daily or monthly fee, as applicable, or other fees or charges incurred by you at ThriveMore.

You agree to assign to ThriveMore all insurance benefits received from third party payers for health services provided by ThriveMore. You agree to grant to ThriveMore a limited Power of Attorney for the purpose of permitting ThriveMore to act as your agent or attorney in fact in all matters relating to any such benefit.

2) Health Insurance:

You shall maintain eligible Medicare coverage (and supplemental health insurance coverage) and health insurance coverage that adequately covers hospital, medical, prescriptions and skilled nursing deductibles and co-payments required under your primary insurance policy. Your primary and secondary insurance coverage must recognize ThriveMore as a healthcare provider, or you shall be responsible for the cost of services rendered that otherwise could be covered by insurance. You agree to furnish ThriveMore with evidence of such coverage prior to the Date of Occupancy as stated in Exhibit A and also upon request.

If your health insurance coverage lapses, ThriveMore may require you to reapply for suitable insurance coverage. If you are unable to obtain suitable insurance coverage, you shall be responsible for the cost of any healthcare services rendered that otherwise could be covered by insurance. Upon request by ThriveMore, you shall provide evidence of health insurance coverage.

If Resident is ineligible for Medicare, Resident shall maintain equivalent health insurance in full force and effect, unless Resident demonstrates to ThriveMore's satisfaction that Resident is financially able to pay for those services that otherwise would be paid for by Medicare. Resident shall take such action and execute such forms as are reasonable and necessary to secure the payment to any hospital, nursing facility or other provider of health care services (including to ThriveMore for services provided by it), or to any physician, of any and all amounts payable in respect of services rendered to Resident and for which insurance is available.

However, notwithstanding any other provision in this Agreement, and to the extent allowed by law, Resident's failure to qualify for, obtain benefits under, or be reimbursed for any or all services set forth herein under a federal, state, or local grant, aid, benefit, or health care program or under any private health care insurer shall not effect Resident's and Responsible Party's direct obligation to pay the fees, costs and charges set forth herein.

3) Medicare-Certified Skilled Nursing Facility Beds, except at Ardenwoods:

The Community 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 you need admission and the admission would qualify for Medicare payment, then your financial responsibility to ThriveMore will depend upon the type of Medicare coverage you have and whether ThriveMore is a contractual provider for your coverage.

a) *Medicare-certified bed is not available*

In the event that there is not a Medicare-certified bed at the Community at the time you require admission, you may either choose to obtain skilled nursing care services at another healthcare facility at your cost until such time as a Medicare-certified bed becomes available at the Community (presuming you would use a facility that could provide a Medicare-certified bed) or be admitted to a bed in the skilled nursing facility at your cost which is not certified to accept Medicare payment until such time as a Medicare-certified bed becomes available at the Community.

b) *Medicare-certified bed is available and you have traditional Medicare*

If you are admitted to a Medicare-certified bed in the skilled nursing facility and you have traditional Medicare coverage, ThriveMore will accept the Medicare reimbursement amount of such care while you 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 you maintain.

c) *Medicare-certified bed is available and you have Medicare Advantage coverage for which ThriveMore is an in-network provider*

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

d) *Medicare-certified bed is available and you have Medicare Advantage coverage for which ThriveMore is not an in-network provider*

ThriveMore will charge you the full private-payment amount for your admission into a Medicare-certified bed and credit against your financial obligation to ThriveMore the amount that is paid by your Medicare Advantage insurance if the insurance provides an out-of-pocket network benefit. A full private-pay resident in a Medicare-certified bed may be required by ThriveMore to relocate to a bed that is not Medicare-certified when such a bed becomes available.

G. Resident's Medical Examination:

You agree to be examined by a physician when there is reasonable cause for concern for your health and well-being.

H. Subrogation Rights:

In case of injury to you by a third party, ThriveMore shall have the right to subrogation for all of its costs and expenses incurred by reason of such injuries, and shall have the right, in your name or otherwise, to take all necessary steps and procedures to enforce the payment of the same by the person responsible for the injury. You agree to cooperate fully and to assist ThriveMore in recovering any such costs and expenses.

I. Resident Representation:

Residents have the right of self-organization through a residents' association which may convene to arrange social and recreational programs and to review the interests of the resident population.

J. Right of Entry:

ThriveMore recognizes your right to privacy, and ThriveMore shall limit entry to your Residence to legitimate emergencies and to scheduled work, including housekeeping, repairs, maintenance, and inspections. You hereby expressly authorize employees or agents of ThriveMore to enter your Residence upon reasonable notice for all such purposes.

K. Appliances:

ThriveMore is not obligated to determine your ability to safely utilize the appliances in your Residence. However, should ThriveMore determine that you have demonstrated an inability to safely operate the range, microwave, refrigerator, disposal unit, or any other appliances in your Residence, ThriveMore will have the right to turn off the power serving such appliance(s) and/or to remove any and all such appliances. In any such instance, you shall remain obligated to pay for any extra meals that you may incur due to the unavailability of any appliance.

L. Guests:

Guests are welcome at the Community subject to the Community's guest policies. Guests may also use the Community's guest room accommodations, subject to availability and based upon the Guest Room Reservation Policy in the Resident Handbook. At all times, you will be responsible for any injury to others, or damage to the property of others or of ThriveMore, caused by your guest(s). ThriveMore reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.

M. Emergency Notification:

You agree to provide ThriveMore with the following information prior to the Date of Occupancy:

- Names, addresses, and phone numbers of persons to notify in an emergency, or death
- Copy of current Durable Power of Attorney
- Copy of current Health Care Power of Attorney
- Copy of any Advance Directives
- Copy of current Insurance Coverages

ThriveMore shall not be responsible for funeral or burial arrangements or costs.

N. Compliance with Applicable Laws:

ThriveMore will operate in full compliance with all laws, rules, regulations, and ordinances promulgated by lawful governmental authorities. Notwithstanding any other provisions of this Agreement, ThriveMore shall have the right to change your Residence, and the terms of this Agreement, to meet the requirements of any law or regulation.

O. Relocation:

ThriveMore reserves the right to relocate you to another accommodation when deemed necessary in order for ThriveMore to fulfill its strategic plans, financial obligations or other obligations. ThriveMore will use reasonable efforts to relocate you to a similar or better accommodation. Any such decision to relocate you will be discussed thoroughly with you in order to enlist your understanding of the need for

and cooperation with the relocation. ThriveMore will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between your accommodation and any new accommodation to which you may be relocated.

III. Financial Provisions

A. Deposits:

Funds paid toward the Entry Fee may be refundable as outlined in Sections VI and VIII of this Agreement.

B. Entry Fee and Monthly Fee:

You agree to pay ThriveMore an Entry Fee (as indicated below) and the Monthly Fee for the selected residence as outlined in Exhibit A. Within five (5) days of the Effective Date of this Agreement, you agree to pay a ten percent (10%) deposit to secure the Residence as outlined in Exhibit A. You are then required to make the final balance payment of the Entry Fee at least fourteen (14) days prior to the Date of Occupancy, as stated on Exhibit A. You agree to pay all fees and charges as set forth in this Agreement.

You agree to pay ThriveMore one of the following Entry Fees (selected option checked below) as a condition of becoming a Resident of ThriveMore. This Entrance Fee is refundable in whole or in part as described below and in Section VI of this Agreement, subject to the terms and conditions of this Agreement.

Entrance Fee Option	Entry Fee Option	Amount of Entry Fee	Amortization Schedule
_____	Standard Refund Entry Fee	\$ _____ 2 nd Person _____	4% a month for 24 months less 4% non-refundable fee.
_____	50% Refund Entry Fee	\$ _____ 2 nd Person _____	2% per month for 23 months less 4% non-refundable fee. Refund never less than 50% of original entrance fee.
_____	90% Refund Entry Fee	\$ _____ 2 nd Person _____	1% per month for 6 months less 4% non-refundable fee. Refund never less than 90% of original entrance fee.

The Monthly Fee varies depending upon the type of residence. A Double Occupancy Monthly Fee is charged for Co-Residency. The Monthly Fee and costs for additional services are billed by the fifth (5th) business day of each calendar month, with payment due from you upon receipt. ThriveMore reserves the right, with thirty (30) days' notice, to change the billing date and the payment due date. For a partial first month, the Monthly Fee is pro-rated on a per diem basis. Thereafter, Monthly Fees are paid in advance and are not pro-rated at termination. If you fail to pay the Monthly Fee, ThriveMore reserves the right to terminate the Agreement. ThriveMore may add a service charge of one percent (1%) per month to fees and charges not paid. ThriveMore requires an automatic bank draft for the monthly charges.

C. Delayed Residency:

If you choose to defer occupancy, later than the Date of Occupancy as stated in Exhibit A, both the Entry Fee and the applicable Monthly Fee must still be paid as if you moved into ThriveMore on the Date of Occupancy. You will be credited as appropriate, with the Away Allowance as described in Section III. I. until such time that you move to ThriveMore. Additionally, any refund will be calculated as of the Date of Occupancy as stated in Exhibit A.

D. Fee Increases:

It is understood by both parties that ThriveMore is a nonprofit corporation dedicated to providing high quality services, facilities, and care at the lowest feasible cost. The parties also recognize the uncertain nature of future costs and expenses for goods and services and their mutual need to maintain a sound financial basis for the continued operation of the facility. You agree that ThriveMore may adjust the Monthly Fee and any and all other fees and charges upon a thirty (30) day written notice to you, as may be reasonably necessary according to the economic requirements and conditions, and the level of services offered. The decision to adjust the Monthly Fee and all other fees and charges is made, in its sole discretion, by the Board of Trustees of ThriveMore.

E. Financial Hardship:

It is the intent of ThriveMore to admit only those persons who are able to pay its current and projected Entry Fee, Monthly Fee and any additional fees and charges. Resident agrees to prudently conserve and maintain Resident's current and future income, resources, and assets in order to provide for payment of services to be provided by ThriveMore under this Agreement or otherwise. Resident agrees to provide ThriveMore thirty (30) days prior written notice of any material transfer of Resident's income, assets or resources, including the creation of any trust, any material expenditure of Resident's income, assets, or resources, or any change in Responsible Party. Resident shall promptly notify ThriveMore of any material change in Resident's medical or financial condition, including but not limited to Resident's qualification for and intention to seek assistance from any public assistance benefit program, as hereinafter defined.

Upon verification satisfactory to ThriveMore that Resident has complied with the foregoing obligations and that Resident's income, resources, and assets are insufficient to pay for services required, ThriveMore will endeavor to provide financial assistance to Resident, by prudent use of finite funds available to it for such purposes. ThriveMore has no legal obligation to provide such assistance and is unable to represent or guarantee with certainty that such assistance will be available to Resident. In any event, such assistance as may be available will be provided only after Resident has applied for and taken all necessary steps to qualify for Medicaid, public assistance, any public benefit program, or private funds or programs through which benefits ("public assistance benefits") may be available for payment of services required by Resident. ThriveMore's ability to subsidize residents who have encountered financial hardship is expressly limited by its obligation to meet its commitments to all residents, and to operate on a sound financial basis. If it is apparent to ThriveMore that you have voluntarily divested assets and resources, or have used resources in a manner other than to meet ordinary and customary living expenses, ThriveMore may refuse to subsidize your fees and charges, and may elect to terminate this Agreement if payments for all fees and charges are not received in a timely manner. The use of ThriveMore's funds to subsidize residents who have encountered financial hardship is at the sole discretion of ThriveMore.

You agree to provide, if requested, financial statements and current financial information and copies of your tax returns for the purpose of demonstrating capacity to meet financial obligations to ThriveMore and other providers arising out of or in connection with this Agreement.

Resident agrees that he or she have not and will not make gifts of real or personal property for the purpose of evading his or her financial obligations to ThriveMore.

F. Subsidy by ThriveMore:

Should ThriveMore elect to subsidize your fees and charges, or any other cost for services or care which ThriveMore under this Agreement is not obligated to pay on your behalf, the accumulated amount of any such subsidy shall be offset against any refund that might become due to you, and any unrecovered balance shall also be a valid claim against your estate. This paragraph shall apply whether or not you reside at ThriveMore at the time of death or termination of this Agreement.

G. Occupancy by Two Residents:

When two (2) Residents occupy a Residence and one of them is no longer domiciled in the Residence, whether as a result of death or otherwise, or in the event of the termination of this Agreement with respect to one of the Residents, this Agreement shall continue in effect for the remaining Resident. The remaining Resident will thereafter pay the Single Occupancy Monthly Fee associated with the Residence. No Entry Fee refunds shall be paid to the remaining Resident until the Residence is vacated as described in this Agreement. Section V.B.7. addresses Resident's obligations when Resident(s) is transferred to the Health Care Center.

H. Addition of a Second Resident to Share a Living Accommodation with a Current Resident:

If, after the Date of Occupancy indicated on Exhibit A, you choose to have a second resident share your residence, ThriveMore may charge the second resident an Entry Fee equal to the current applicable Single Occupancy Entry Fee for such living accommodation, or such lesser amount as ThriveMore may determine in its discretion. Thereafter, you are responsible for paying the applicable Double Occupancy Monthly Fee for the residence.

Second residents are subject to the same review and entrance requirements as initial residents and must sign a Residence and Services Agreement. If the second resident is an existing resident, the second resident is subject to the same entrance requirements as initial residents, except in regard to health status evaluation.

I. Away From the Community:

If Resident is away from the Community for thirty (30) consecutive days, Resident will receive a credit for up to 30 days based on Resident's meal plan selection. If Resident takes advantage of the away rate, no meal credits are accrued during the away time. If for any reason Resident returns to the Community for an overnight stay, he or she will be ineligible to take advantage of the away rate. The away rate can be taken for a maximum of three (3) months.

IV. Resident Moves and Transfers

It is understood that when you move from one independent living residence to another, or if you move from one level of care to another, your status or rights as a ThriveMore resident do not change. You may transfer and/or move on a temporary or a permanent basis, at the determination of ThriveMore.

A. Independent Internal Moves:

- 1. Move to a Larger Independent Living Residence** – Should you desire to transfer to a larger independent living residence, an internal move request should be made in writing according to the Internal Move Policy in the Resident Handbook, which may be subject to change from time to time. An internal move fee may apply as noted in the policy. An additional Entry Fee equal to the difference between the then current Entry Fee for the larger residence and the Entry Fee you originally paid for the smaller residence will be due to ThriveMore prior to your move to the larger residence.

Occupancy of the original residence (Exhibit A) for purposes of calculating any refund. You will also be responsible for the Monthly Fee associated with the larger residence from the Date of Occupancy for the larger residence, or the actual date of move-in, whichever is earlier. The Monthly Fee for the smaller residence is still in

effect and will be charged until all personal belongings have been removed, and a final walk-through has been completed as per the Internal Move Policy.

- 2. Move to a Smaller Independent Living Residence** – Should you desire to transfer to a smaller independent living residence, an internal move request should be made in writing according to the Internal Move Policy in the Resident Handbook. You will not be due any refund at the time of your transfer. Your refund, if any, shall be calculated and paid in accordance with the provisions of this Agreement based on the independent living residence you initially occupied under this Agreement.

You will be responsible for the Monthly Fee associated with the smaller residence beginning on the Date of Occupancy of the smaller residence, or the actual date of move-in, whichever is earlier. You will also be responsible for the Monthly Fee for the larger residence until all personal belongings have been removed from the larger residence, and a final walk-through has been completed as per the Internal Move Policy.

B. Moves to the Health Care Center:

ThriveMore expressly reserves the right to move you to an accommodation that can best provide for your safety and care. If your physical or mental condition deteriorates so that, in the best judgment of ThriveMore and upon the recommendation of ThriveMore's Clinical Team, you are unable to live independently, or if you cannot live in an independent living residence without endangering yourself or the health or safety of others, ThriveMore may move you to a more appropriate accommodation. Such changes (if not at your request) shall be made only to protect your health or safety, or the general welfare of the residents of ThriveMore or others. Residents may request a meeting with ThriveMore for the discussion and consideration of any actions taken by ThriveMore. Should you fail or refuse to cooperate with any such move, ThriveMore has the right to terminate this Agreement and require you to leave the Community altogether. The Community may provide assisted living services to residents through different levels of care with different fees and costs charged by the Community for each level. The Community, through regular assessments of residents, will determine which level of care Resident shall reside in, and Resident shall be responsible for all fees and costs charged by the Community for any such level of care. In addition, the Community may determine that Resident should be moved out of assisted living and into the Community's skilled nursing level of care, and Resident shall be responsible for all fees and costs charged by the Community for such level of care. All levels of care and associated fees and costs remain subject to change from time to time at the discretion of the Community

If in the sole discretion of ThriveMore, it determines that your transfer is permanent, ThriveMore may assign your independent living residence to another resident. Should your condition subsequently improve to a point that you are able to live independently, you may apply for an independent living residence upon the same basis as existed before the transfer. You shall bear all costs of moving and storing your furniture and belongings in the case of such transfer. In addition, if ThriveMore determines that you

can resume occupancy in an independent living residence, you will have priority for a similar residence as soon as one is available.

C. Limitations of Care/Transfer:

ThriveMore'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 ThriveMore determine that your physical and/or mental condition becomes such that your continued presence at ThriveMore is dangerous or detrimental to your health or safety, or to others, ThriveMore may arrange for such transfer to a special service facility as may be required, and this Agreement will be terminated.

If you or your designee prefers a different institution or special service facility than that selected by ThriveMore, arrangements will be made to accommodate such preference with the understanding that ThriveMore is relieved of any financial responsibility associated with such transfer, or the costs of such a transfer.

V. Health Care Services

During the process of applying to ThriveMore, you have disclosed a true and correct health status and history, and have been approved by ThriveMore for independent living. You have disclosed any significant changes in your health status since your initial review. It is understood by both parties that your health condition may change and that you will inform ThriveMore of any significant changes. If there is reasonable cause for concern, you agree that a ThriveMore physician may examine you.

A. Health Care Center:

The Community's Health Care Center includes a primary care clinic, assisted living residences, skilled nursing residences, and residences offering special care/dementia services.

B. Continuing Care Services:

ThriveMore agrees to provide the health care services outlined below. These services are included in the Monthly Fee, except for those requiring additional payment as described below. ThriveMore will seek reimbursement from any and all third party payers to the fullest extent available.

1. Wellness and Exercise Programs – ThriveMore staff will conduct wellness and exercise programs for residents who wish to participate. Some special programs may require extra charges.

2. Other Health Care Services:

a) Primary Care – ThriveMore will make available primary care services to you in the Health Care Center during regularly scheduled office hours. Trained

health care personnel will be on-site twenty-four (24) hours a day. A physician will be available for scheduled office visits and is on call for Community residents twenty-four (24) hours a day, seven (7) days a week. The ThriveMore physician will refer you to specialists as needed. You will be responsible for the cost of care rendered by physicians not reimbursed by Medicare or other third party payer.

- b) Laboratory Tests and Other Procedures** – Limited laboratory testing services and diagnostic procedures will be provided in the Health Care Center according to the Health Care Center’s fee schedule. You will be responsible for the costs of such services and procedures not reimbursed by Medicare or other third party payer.
 - c) Visiting Nursing Services** – Visiting nursing services may be available for consultation and assistance to you in your residence on a short-term basis. Such services may require an additional charge.
 - d) Special Services** – ThriveMore will provide facilities to accommodate some special services such as Dentistry, Physical Therapy, Occupational Therapy, Speech Therapy, and Pharmacy Services. You will be responsible for the cost of these, and other special services not reimbursed by Medicare or any other third party payer. You are responsible for the costs of medications procured through ThriveMore pharmacy service or elsewhere.
- 3. Assistance with Insurance Claims** – ThriveMore will assist you with the filing of health care insurance claims for services rendered by ThriveMore. Whenever ThriveMore files insurance claims for you, you agree to promptly and fully cooperate in the filing of all such claims. Resident shall be responsible for all fees, costs and expenses should Resident’s insurance be denied for any reason.
 - 4. Personal Assistants** – You may arrange for limited assistance to accomplish activities of daily living. Personal assistants may be required to be approved by ThriveMore before they are allowed access to ThriveMore facilities. You are responsible for any costs related to the services of any personal assistant. You are responsible for any injury to others or damage to the property of others or of ThriveMore by your assistant(s). ThriveMore may limit or terminate the services of any assistant and may refuse access to the grounds or facilities of ThriveMore by such assistant. You understand that arranging and receiving care from a personal assistant does not take the place of care that may best be provided in the Health Care Center (See Section IV.B).
 - 5. Hospitalization** – ThriveMore may assist you in arranging your inpatient hospital care when ordered by a physician. You will be responsible for all hospital charges not covered by Medicare or other third party payer.
 - 6. Health Care Services in ThriveMore Health Care Center** – ThriveMore will provide temporary or permanent assisted living services, skilled nursing services, and respite care services to you when ordered by a physician. The Community

may provide assisted living services to residents through different levels of care with different fees and costs charged by the Community for each level. The Community, through regular assessments of residents, will determine which level of care Resident shall reside in, and Resident shall be responsible for all fees and costs charged by the Community for any such level of care. In addition, the Community may determine that Resident should be moved out of assisted living and into the Community's skilled nursing level of care, and Resident shall be responsible for all fees and costs charged by the Community for such level of care. All levels of care and associated fees and costs remain subject to change from time to time at the discretion of the Community. Health care services are provided based upon a specific fee structure as outlined below and subject to the foregoing:

- a) **Pre-Paid Days:** You are eligible for fourteen (14) "free" days in the Health Care Center beginning with the initial Date of Occupancy at ThriveMore. Pre-paid days may also be used for a stay in an alternative health care facility. While residing in the Health Care Center or in an alternative health care facility (but only if such alternative health care facility is due to the Community's inability to provide the necessary care to Resident and not for an alternative health care facility that Resident has chosen) when pre-paid days are available, you continue to pay the current Monthly Fee. After the accrued pre-paid days have been used, the rates as outlined in paragraphs 7.b through 7.h below apply or the rates actually charged by the alternative health care facility.
- b) **Single Occupancy, Temporary Health Care Center:** When it is deemed by ThriveMore that you are a temporary resident of the Health Care Center, and after pre-paid days have been used, you will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore in addition to the regular Monthly Fee. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.
- c) **Single Occupancy, Permanent Health Care Center:** When it is deemed by ThriveMore that you are a permanent resident of the Health Care Center and after pre-paid days have been used, you will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Once you become a permanent resident of the Health Care Center, all personal belongings have been removed from your independent living residence and a final walk-through has been completed, you will relinquish the independent living residence, and the Monthly Fee for the independent living residence will no longer be paid.
- d) **Double Occupancy, One Resident Temporarily in Health Care Center:** After pre-paid days have been used, the resident temporarily transferred to the Health Care Center and the resident remaining in the independent living residence will continue to pay the Double Occupancy Monthly Fee, plus One Hundred Percent (100%) of the per diem rate for health care services

published by ThriveMore. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.

- e) **Double Occupancy, One Resident Permanently in Health Care Center:** After pre-paid days have been used, the resident permanently transferred to the Health Care Center and the resident remaining in the independent living residence will continue to pay the Single Occupancy Monthly Fee plus One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore.
- f) **Double Occupancy, Both Residents Temporarily in Health Care Center:** After pre-paid days have been used, if both residents are temporarily transferred to the Health Care Center, each will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. In addition, the resident temporarily transferred to the Health Care Center and the resident remaining in the independent living residence will continue to pay the Double Occupancy Monthly Fee. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.
- g) **Double Occupancy, Both Residents Permanently in Health Care Center:** After pre-paid days have been used, if both residents are permanently transferred to the Health Care Center, each will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Once all personal belongings have been removed from the independent living residence, and a final walk-through has been completed, you will relinquish the independent living residence and the Monthly Fee will no longer be paid for the independent living residence.
- h) **Double Occupancy, One Resident Temporarily in Health Care Center and One Resident Permanently in Health Care Center:** After pre-paid days have been used, if one resident is temporarily transferred to the Health Care Center, and the other resident is permanently transferred to the Health Care Center, the rates outlined in Section V.B.7.e will apply. In addition, the resident temporarily transferred to the Health Care Center will pay One Hundred Percent (100%) of the per diem rate for health care services published by ThriveMore. Resident that is temporarily transferred to the Health Care Center will receive a meal credit for up to 30 days based on Resident's meal plan selection.

If appropriate accommodations suited to meet your needs are not available, ThriveMore will be responsible for identifying alternative health care facilities for you, until such time as an appropriate accommodation is available in ThriveMore's Health Care Center.

Resident is responsible for the costs of care at the alternative health care facility. During the period of stay in an alternative health care facility, all

costs of care will be billed to the Resident by the alternative health care facility. If such costs are not covered by Medicare or other third party payer, the Resident is responsible for the costs of care at the alternative health care facility and, the Resident may elect to use any available pre-paid days as described in paragraph 7.a above. Should you elect to use any available pre-paid days, ThriveMore will either reimburse you or credit your account for the scope of services that would otherwise be included in the per diem rate, provided that ThriveMore's obligation shall not exceed the current prevailing per diem rate.

C. Direct Admission to the Health Care Center:

After the execution of this Agreement and prior to the Date of Occupancy, you may be admitted directly to the Health Care Center should it be determined that your physical or mental condition precludes you from living independently. Under this circumstance, health care services will be delivered as outlined below. Financial support as described in Section III.E. will not apply unless a co-resident takes occupancy of an independent living residence. Should independent living status as determined by ThriveMore be regained, you will have a priority right to an independent living residence equivalent to the independent accommodation previously contracted, and you may move to the independent living residence by paying the balance of the current Entry Fee and the applicable Monthly Fee.

- 1. Direct Admission to Skilled Nursing** – If after execution of this Agreement and prior to the Date of Occupancy, it is determined that you require skilled nursing services, you may be admitted directly to a skilled nursing residence if accommodations are available. You will pay the current daily skilled nursing rate, instead of the Entry Fee and Monthly Fees. Should you subsequently move to an independent living residence after having paid the remaining portion of the Entry Fee and again require Health Care Center services, you would be eligible for the reduced rates outlined in Section V.B.7 of this Agreement, after an agreed upon, pre-determined time of independent residency has been established and met.
- 2. Direct Admission to Assisted Living** – If after execution of this Agreement and prior to the Date of Occupancy it is determined that assisted living services are required, you may be admitted directly to an assisted living residence if accommodations are available. You will pay the then current monthly assisted living rate for the level of care in assisted living the Community determines you need instead of the Entry Fee and Monthly Fee. You may transfer to skilled nursing if more intensive care is needed and accommodations are available, and would then be charged the then current daily skilled nursing rate. Should you move to an independent living residence after having paid the remaining portion of the Entry Fee and again require Health Care Center services, you would be eligible for the reduced rates outlined in Section V.B.7. of this Agreement, after an agreed upon, pre-determined time of independent residency has been established and met.

3. **Double Occupancy and Direct Admission** – In the case of double occupancy, a resident entering an independent living residence with a co-resident directly admitted to the Health Care Center will pay the Single Occupancy Entry Fee and Single Occupancy Monthly Fee for the independent living residence.

VI. Termination Prior to Occupancy and Terms of Refund

A. Termination by the Resident:

1. **Termination Within the Thirty (30) Day Right of Rescission Period** – You may rescind this Agreement prior to the Date of Occupancy, or after occupancy, by giving written notice to ThriveMore within thirty (30) days following the later of the execution of this Agreement or of the date that you received the Disclosure Statement as required by Section 58-64-1, et. seq. of the North Carolina General Statutes. You will receive a full refund equal to the funds paid toward the Entry Fee without interest, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate. You are not required to take occupancy before the end of the thirty (30) day rescission period.
2. **Termination After the Thirty (30) Day Right of Rescission Period** – After the thirty (30) day rescission period and prior to the Date of Occupancy, if you terminate this Agreement, you will receive a refund equal to the funds paid toward the Entry Fee without interest, less an administrative fee equal to two percent (2%) of the Entry Fee for the independent living residence selected, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of receipt of your written notice to terminate.

B. Termination by ThriveMore:

The Agreement may be terminated by ThriveMore if it is determined by ThriveMore that you have misrepresented or omitted medical, financial, or other information given to ThriveMore during the application process, or if your financial status changes prior to the Date of Occupancy such that you no longer meet ThriveMore's financial requirements for admission. In such event, you will be due a refund equal to the total amount of funds paid toward the Entry Fee without interest, less an administrative fee equal to two percent (2%) of the Entry Fee based on the independent living residence selected, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. Your refund will be paid within sixty (60) days of written notice to terminate.

C. Termination as a Result of Death or Illness of Resident:

Prior to the Date of Occupancy, should you die, become ill, be injured or otherwise incapacitated such that ThriveMore determines that independent living is not possible,

this Agreement will automatically be terminated and a refund shall be due to you within sixty (60) days, equal to the funds paid toward the Entry Fee without interest, less any non-standard costs incurred by ThriveMore at your request and less any other costs and expenses incurred by you but not paid. In lieu of terminating this Agreement, you may elect to enter the Community's Health Care Center under the terms of the direct admissions policy outline in Section V.C.

D. Termination of Residency If Listed on a Sex Offender Registry

Resident hereby acknowledges that it is the policy of ThriveMore 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 ThriveMore and again prior to entering into a Residence and Services Agreement. If the screening shows that the prospective resident is identified as a sex offender, ThriveMore will deny admission of Resident on that basis and not execute a Residence and Services Agreement. In addition, Resident hereby acknowledges and agrees that if, after ThriveMore and Resident have entered into a Residence and Services Agreement, ThriveMore becomes aware that Resident is listed on any sex offender registry, ThriveMore may terminate this Agreement with Resident and remove Resident from the Community. 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.

VII. Conditions of Termination After Occupancy

- A. Termination by the Resident:** In addition to Section VI., this Agreement may be terminated by you in accordance with the following conditions:
1. The Agreement will be terminated upon your death, or the death of the surviving resident in the case of co-residency.
 2. A permanent move to the Health Care Center is not considered a contract termination, and therefore a refund is not applicable. Refunds may only apply upon the termination of the Agreement. The Termination Date will be determined in accordance with Section VII.C. below.
 3. Except in the case of death, you must give ThriveMore sixty (60) days written notice of your intent to terminate the Agreement.
 4. You must leave the Residence in a condition satisfactory to ThriveMore. ThriveMore may charge you for the cost of work required to restore the Residence to its standard condition, with the exception of reasonable wear and tear.
 5. Refunds to you shall be reduced by the amount of your outstanding fees and charges due to ThriveMore.

- B. Termination by ThriveMore:** ThriveMore may terminate the Agreement with you if you breach this Agreement, or if you fail to pay the Monthly Fee and any other ancillary charges, or fail to follow the standard policies or procedures of ThriveMore, or refuse to relocate as required by this Agreement, or engage in activities or conduct disruptive to the Community, or if you interfere with the health and safety of the Community, or if you have misrepresented or omitted medical, financial or other information given to ThriveMore during the application process. ThriveMore will be required to give you at least sixty (60) days written notice to vacate your residence.

You must leave the Residence in condition satisfactory to ThriveMore. ThriveMore may charge you for the cost of work required to restore the Residence to its standard condition, with the exception of reasonable wear and tear.

Refunds to you shall be reduced by the amount of your outstanding fees and charges due to ThriveMore.

- C. Termination Date:** The “Termination Date” of this Agreement will be the date on which your personal property has been removed from the residence or sixty (60) days following written notice, whichever is later. You will be required to continue paying the Monthly Fee until the Termination Date or until your personal belongings have been removed and a walk-through has been completed by you or your designee and management, whichever is later.

VIII. Conditions for Refund After Occupancy

- A. Termination of Standard Agreement by Resident or by Death:** You may be entitled to a refund of the Entry Fee. If Resident dies or terminates this Agreement during the first twenty-four (24) months of this Agreement, you or your estate may be entitled to a partial refund of the Entry Fee. You or your estate will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) of the Entry Fee on the Occupancy Date and then four percent (4%) of the Entry Fee for each month that this Agreement has been in effect for up to twenty-four (24) months; less (iii) any amounts due to ThriveMore. After twenty-four (24) months, there is no refund of the Entry Fee. Entry Fees will not be pro-rated for a period less than one month.
- B. Termination of Standard Agreement by ThriveMore:** If ThriveMore terminates this Agreement pursuant to Section VII.B, you may be entitled to a refund of the Entry Fee. If termination of this Agreement occurs during the first twenty-four (24) months of this Agreement, you or your estate may be entitled to a partial refund of the Entry Fee. You or your estate will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) four percent (4%) of the Entry Fee on the Occupancy Date and then four percent (4%) of the Entry Fee for each month that this Agreement has been in effect for up to twenty-four (24) months; less (iii) any amounts due to ThriveMore. After twenty-four (24) months, there is no refund of the Entry Fee. Entry Fees will not be pro-rated for a period less than one month.

- C. Payment of Refunds:** Any refund of the Entry Fee will be paid after all outstanding fees and charges due to ThriveMore by you have been paid, your personal belongings have been removed, and a final walk-through has been completed. Such payment shall be deferred until the earlier of (i) thirty (30) days after the independent living residence formerly occupied by you is re-occupied and a full Entry Fee is received by ThriveMore for the residence and (ii) the Twenty-Four (24) month anniversary of the effective date of the termination of this Agreement. Refunds will be paid to you, or in the event of your death, to your estate or if this Agreement has been amended to provide that the refund will be paid to trustee(s) of the revocable trust(s) of Resident, the refund shall be paid to the trustee(s) rather than to Resident's estate. ThriveMore shall have the right to offset any fees and charges owed to ThriveMore with any refund due to you or your estate.
- D. Release upon Termination:** Upon termination of this Agreement, ThriveMore is released from any further obligations to you except for the payment of any refund which may be due under Sections VI and VIII of this Agreement.

IX. Miscellaneous

- A. ThriveMore's Disclosure Requirements:** In keeping with North Carolina requirements for disclosure of financial information to the public and to ThriveMore's residents, ThriveMore will file an annual disclosure statement with the North Carolina Department of Insurance ("Disclosure Statement"). A copy of the most recent Disclosure Statement will be delivered to you prior to the execution of this Agreement and a copy of each subsequent Disclosure Statement shall be made available to you so long as you reside at ThriveMore.
- B. The Resident's Disclosure Requirements:** During the process of applying for admission, you have disclosed your complete health status and history, and your complete financial position to ThriveMore as of the date of this Agreement. ThriveMore will not be responsible for any financial support, or for the cost of your care if the true and correct nature of your financial position and/or medical condition has not been revealed to ThriveMore as of the date of this Agreement or subsequent to the date of this Agreement based upon information you provided to ThriveMore, at its request. Upon the request of ThriveMore, you are obligated to provide us the current status of your health and/or financial position so long as you remain a resident of ThriveMore.
- C. Rights, Privileges and Limitations:** The rights and privileges to you under this Agreement for living accommodations, facilities, and services are personal and non-transferable and do not include any proprietary interest in the properties or assets of ThriveMore.

Your rights shall at all times be subordinate to any obligations of ThriveMore. Upon request by ThriveMore, you agree to execute and deliver a subordination agreement to establish the priority of such obligations as a lien or liens against the property.

- D. Management of The Community:** The absolute rights of management are reserved by ThriveMore and its Board of Trustees. ThriveMore 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.
- E. Assignment:** This Agreement and the rights and privileges of Resident under this Agreement to a residence, facilities and services, and any other rights and privileges hereunder, are personal to Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise.
- F. Successors and Assigns:** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of ThriveMore and your heirs, executors, administrators and permitted assigns.
- G. Uncontrollable Interruption of Service:** No breach of ThriveMore's obligations under this Agreement and no liability for injury to you shall result from an interruption of, or failure to provide, contracted service due to an act of God or other cause beyond the reasonable control of ThriveMore, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, pandemic or epidemic, shortages of labor or materials, fire, flood, earthquake, inclement weather or acts of the resident. ThriveMore shall make reasonable efforts to continue to provide the usual services in such event.
- H. Confidentiality:** ThriveMore has the responsibility to keep all of the personal, medical and financial information you have supplied confidential. You agree that ThriveMore can disclose such information to those who have a need, in ThriveMore's judgment, or the right to know.
- I. Indemnity:** You agree to indemnify, defend and hold ThriveMore harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your acts or omissions or those of your guests, including private duty nurses or any other third party service contracted by you. This Section shall survive termination of this Agreement.
- J. Affiliation:** ThriveMore has an historical relationship to the Baptist State Convention of North Carolina. The Baptist State Convention of North Carolina is not responsible for the financial or contractual obligations of ThriveMore. ThriveMore holds membership in LeadingAge and LeadingAge NC.
- K. Subordination to Financing:** The rights of Resident are limited to those rights and privileges expressly granted by the terms of this Agreement. The Community or other ThriveMore facilities, properties, assets or revenues are or may be subject to a first deed of trust or other security instrument or serve as security for various financing arrangements. Certain legal rights of the lender, including any right of foreclosure in the event of default, are superior to the rights and privileges granted the Resident by this Agreement.

- L. Waiver of Breach:** The failure of ThriveMore in any one or more instances to insist upon the strict performance, observance, or compliance by you with any of the terms or provisions of this Agreement, or its waiver of a breach by you of any terms or provisions of this Agreement, shall not be construed as a waiver or relinquishment by ThriveMore of its right to insist upon strict compliance by you with all terms or provisions of this Agreement.
- M. Rules Adopted by ThriveMore:** ThriveMore reserves the right to adopt policies, procedures and rules regarding the Community, ThriveMore, residents, residency, and/or services. You agree to observe the policies, procedures and rules adopted by ThriveMore for the convenience, comfort, and safety of all.
- N. Amendment of Residence and Services Agreement and General Conditions:** ThriveMore reserves the right, upon thirty (30) days prior written notice to all residents, to modify or amend the Residence and Services Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to ThriveMore, in particular, or to residential life care communities, in general, or whenever doing so is deemed by the Board of Directors of ThriveMore to be in the best interest of ThriveMore and the residents in light of changes in health insurance laws and coverages and/or local, state or federal tax laws or regulations.
- O. Entire Contract in this Agreement:** This Agreement, Exhibit A, Exhibit B, Exhibit C and any attached Exhibits, Schedules, Addenda, Application Forms, and Requests for Changes to the Living Residence constitute the entire contract between ThriveMore and you. ThriveMore is not liable for, not bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent ThriveMore unless such statements, representations, or promises are set forth in this Agreement. Except as set forth in Section IX. N., this Agreement may not be amended or modified except by written agreement signed by the parties hereto and incorporated herein by reference.
- P. 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 the United States District Court for the Western 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.

- Q. Notice Provisions:** Any notices, consents, or other communications to ThriveMore shall be in writing and addressed as follows:

President and CEO
Baptist Retirement Homes of North Carolina, Incorporated dba ThriveMore
1912 Bethabara Road
Winston-Salem, NC 27106

Your address for the purpose of giving notice prior to your move to ThriveMore is the address appearing after your signature on the following page or other such address you provide to ThriveMore in writing.

- R. Counterparts:** This Agreement may be executed in two or more counterparts, and by the different parties in separate counterparts, and executed and delivered by facsimile, .pdf, DocuSign, Senior Sign or any other electronic means, each of which when executed will be deemed to be an original, but all of which taken together will constitute on and the same agreement.

[Signature page follows.]

NOTICE

BECAUSE THE AUTHORITY TO ENTER CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.

Acknowledgements

Your signature below certifies that you have received, read, understand, and accept this Residence and Services Agreement and the current Disclosure Statement for ThriveMore.

Resident's Signature

Current Address: Street/P.O. Box

City, State, Zip Code

Telephone

Co-Resident's Signature

Current Address: Street/P.O. Box

City, State, Zip Code

Telephone

By _____
President/CEO

EXHIBIT A

Your signature below certifies that you understand and accept the following terms:

DATE OF OCCUPANCY: _____

RESIDENCE NUMBER/TYPE: _____

REFUND PLAN: () Standard Amortized () 50% Refundable () 90% Refundable

RESIDENCY: () Single Occupancy () Double Occupancy

TOTAL ENTRY FEE: _____

LESS: WAITLIST DEPOSIT: _____

LESS: RESERVATION DEPOSIT: _____

LESS: 10% DEPOSIT: _____

CURRENT MONTHLY FEE: _____

ADDENDA: _____

Resident's Signature **Date**

Co-Resident's Signature **Date**

By _____
President/CEO **Date**

EXHIBIT B

Schedule of Ancillary Charges
[Date]

EXHIBIT C

Resident's Application

See attached.

Exhibit B
List of Extra Charges

Fee Schedule

Dining Services

Guest Meals

- Lunch and Dinner - Adult (13 years of age & older).....\$13.00
 - Child (5 to 12 years of age).....\$8.00
 - Child (Under 5 years of age).....Free
- Sunday Brunch
 - Adult.....\$16.00
 - Child.....\$8.00
- Special Event Meals –
 - Adult.....\$18.00
 - Child.....\$8.00
- Additional Resident Meals.....\$11.00
- Meal Delivery Service (delivery per apartment).....\$3.00
 - Complimentary 3 meal deliveries per month.
 - Inclement weather deliveries not charged.
- For private parties of more than 8 an additional service fee will apply
Catering available upon request

Maintenance/Housekeeping

- Maintenance/Housekeeping.....\$25.00/hour

Business Office

- Book of stamps (20).....USPS regulation
- Greeting Cards.....\$2.00 each

Guest Apartment (includes tax)

- Guest apartment (1 Bedroom).....\$100.00/Night
- Guest apartment (2 Bedroom).....\$110.00/Night
- Guest apartment (3 Bedroom).....\$120.00/Night

Transportation

- Private driving (30 min. increments).....Mileage plus \$20.00/hr.
- Asheville Airport Flat Rate (To or From).....\$15.00

Replacement Costs

- Pendants.....\$245.00
- Cable TV Remote.....\$25.00
- Gate Remote.....\$50.00
- Keys.....\$5.00
- Key Rings.....\$3.00
- Name Badges.....\$10.00
- Storage Unit Lock.....\$15.00

Exhibit C
Life Expectancy Table

LIFE EXPECTANCY IN YEARS

<u>AGE</u>	<u>MALE</u>	<u>FEMALE</u>
60	24.60	27.40
61	23.70	26.50
62	22.90	25.60
63	22.10	24.80
64	21.30	23.90
65	20.40	23.00
66	19.60	22.20
67	18.90	21.30
68	18.10	20.50
69	17.30	19.60
70	16.60	18.80
71	15.90	18.00
72	15.20	17.20
73	14.50	16.40
74	13.80	15.60
75	13.20	14.90
76	12.50	14.10
77	11.90	13.40
78	11.30	12.70
79	10.80	12.00
80	10.20	11.30
81	9.70	10.70
82	9.20	10.10
83	8.70	9.50
84	8.20	8.90
85	7.80	8.40
86	7.30	7.90
87	6.90	7.40
88	6.50	6.90
89	6.20	6.50
90	5.80	6.10
91	5.50	5.70
92	5.20	5.40
93	4.90	5.10
94	4.60	4.80
95	4.30	4.50
96	4.10	4.20
97	3.80	4.00
98	3.60	3.80
99	3.40	3.50
100	3.10	3.30

LIFE EXPECTANCY IN YEARS

<u>AGE</u>	<u>MALE</u>	<u>FEMALE</u>
60	24.60	27.40
61	23.70	26.50
62	22.90	25.60
63	22.10	24.80
64	21.30	23.90
65	20.40	23.00
66	19.60	22.20
67	18.90	21.30
68	18.10	20.50
69	17.30	19.60
70	16.60	18.80
71	15.90	18.00
72	15.20	17.20
73	14.50	16.40
74	13.80	15.60
75	13.20	14.90
76	12.50	14.10
77	11.90	13.40
78	11.30	12.70
79	10.80	12.00
80	10.20	11.30
81	9.70	10.70
82	9.20	10.10
83	8.70	9.50
84	8.20	8.90
85	7.80	8.40
86	7.30	7.90
87	6.90	7.40
88	6.50	6.90
89	6.20	6.50
90	5.80	6.10
91	5.50	5.70
92	5.20	5.40
93	4.90	5.10
94	4.60	4.80
95	4.30	4.50
96	4.10	4.20
97	3.80	4.00
98	3.60	3.80
99	3.40	3.50
100	3.10	3.30

Exhibit D
Pro-Forma Financial Statements

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA,
INCORPORATED DBA THRIVEMORE
AND ITS CONSOLIDATED AFFILIATE**

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

**FOR THE YEARS ENDING
SEPTEMBER 30, 2026 THROUGH SEPTEMBER 30, 2030**



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Trustees
Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore
Winston-Salem, North Carolina

Management is responsible for the accompanying projected consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore and its consolidated affiliate (collectively, the "Organization"), which comprise the projected consolidated balance sheets as of September 30, 2026, 2027, 2028, 2029, and 2030 and the related projected consolidated statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these projected consolidated financial statements or the assumptions. Furthermore, even if the Organization is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 5 (the "Hypothetical Assumptions"), the projected results may not be achieved as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying supplementary information contained in the Supplemental Projected Consolidating Statements of Operations and Changes in Net Assets without Donor Restrictions is presented for purposes of additional analysis and is not a required part of the projection. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

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

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

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

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 23, 2026

See Accompanying Independent Accountants' Compilation Report

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT					
Resident Service Revenue	\$ 40,749	\$ 45,441	\$ 48,778	\$ 50,487	\$ 52,260
Net Resident Service Revenue - ThriveMore at Home	317	465	624	805	990
Amortization of Deferred Revenue from Nonrefundable Advance Fees	4,853	5,941	6,849	7,549	8,225
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	59	177	301	430	563
Gifts, Including Gifts from Churches and Special Day Offerings	1,750	1,768	1,785	1,803	1,821
Investment Income	3,065	3,377	3,416	3,423	3,468
Other	602	669	717	739	761
Other - At Home Program	26	48	79	118	164
Total Revenues, Gains, and Other Support	51,421	57,886	62,549	65,354	68,252
OPERATING EXPENSES					
Resident Care	20,219	22,002	23,172	24,098	25,063
Dietary	6,957	7,505	7,878	8,223	8,550
Maintenance and Housekeeping	7,555	8,011	8,404	8,749	9,099
General and Administrative	8,460	8,772	9,154	9,519	9,900
ThriveMore at Home	479	844	1,135	1,442	1,775
Depreciation	10,489	11,246	11,177	11,177	11,177
Amortization	1,694	1,694	1,694	1,694	1,694
Interest Expense	2,825	5,655	5,797	5,640	5,466
Total Operating Expenses	58,678	65,728	68,411	70,542	72,725
OPERATING LOSS	(7,257)	(7,842)	(5,862)	(5,188)	(4,473)
NON-OPERATING LOSS					
Accreted Interest	(752)	(752)	(752)	(752)	(752)
Total Non-Operating Loss	(752)	(752)	(752)	(752)	(752)
DEFICIT OF REVENUES OVER EXPENSES AND DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
	(8,009)	(8,594)	(6,614)	(5,940)	(5,225)
OTHER CHANGES IN NET ASSES WITHOUT DONOR RESTRICTIONS					
Net Assets Released from Restrictions for Property and Equipment	673	-	-	-	-
Total Other Changes in Net Assets Without Donor Restrictions	673	-	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(7,336)	(8,594)	(6,614)	(5,940)	(5,225)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	673	-	-	-	-
Net Assets Released from Restrictions for Property and Equipment	(673)	-	-	-	-
Change in Net Assets with Donor Restrictions	-	-	-	-	-
Decrease in Net Assets	(7,336)	(8,594)	(6,614)	(5,940)	(5,225)
Net Assets - Beginning of Year	75,168	67,832	59,237	52,623	46,683
Net Assets - End of Year	\$ 67,832	\$ 59,237	\$ 52,623	\$ 46,683	\$ 41,458

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Decrease in Net Assets	\$ (7,336)	\$ (8,594)	\$ (6,614)	\$ (5,940)	\$ (5,225)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	10,489	11,246	11,177	11,177	11,177
Amortization of Goodwill	1,694	1,694	1,694	1,694	1,694
Amortization of Deferred Revenue from Advance Fees	(4,853)	(5,941)	(6,849)	(7,549)	(8,225)
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	(59)	(177)	(301)	(430)	(563)
Amortization of Deferred Issuance Costs	211	84	86	87	85
Accreted Interest	752	752	752	752	752
Advance Fees Received	14,255	13,802	15,192	17,091	18,716
Advance Fees Refunded	(4,508)	(5,105)	(5,680)	(6,389)	(6,976)
Advance Fees Received - At Home Program	1,402	1,458	1,516	1,577	1,640
(Increase) Decrease in Current Assets					
Accounts Receivable	(593)	(375)	(266)	(143)	(147)
Prepaid Expenses and Other Current Assets	10	(54)	(45)	(46)	(46)
Increase (Decrease) in Current Liabilities					
Accounts Payable	(2,724)	400	159	134	140
Accrued Expenses	(2,827)	309	84	59	59
Accrued Employee Compensation	(376)	54	54	56	59
Net Cash Provided by Operating Activities	5,537	9,552	10,959	12,130	13,141
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Change in Investments	(13,457)	(78)	2,995	60	(83)
Net Change in Assets Limited as to Use	842	(2,316)	(2,429)	(920)	(1,212)
Change in Note Receivable - Western	2,500	-	-	-	-
Purchase of Property and Equipment	(40,928)	(10,784)	(6,819)	(7,023)	(7,234)
Net Cash Used in Investing Activities	(51,043)	(13,178)	(6,253)	(7,883)	(8,529)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(17,309)	(5,341)	(5,738)	(3,953)	(4,122)
Proceeds from Issuance of Long-Term Debt	38,635	5,553	-	-	-
Payment of Financing Costs	(241)	-	-	-	-
Initial Entrance Fees Received	24,697	3,785	1,363	-	-
Net Cash Provided (Used in) Investing Activities	45,782	3,997	(4,375)	(3,953)	(4,122)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH					
	276	371	331	294	490
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,871	2,147	2,518	2,849	3,143
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 2,147	\$ 2,518	\$ 2,849	\$ 3,143	\$ 3,633
Supplementary Disclosure: Cash Paid for Interest, Net of Capitalized Interest	\$ 2,544	\$ 4,737	\$ 4,629	\$ 4,392	\$ 4,247

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND ITS CONSOLIDATED AFFILIATE
PROJECTED CONSOLIDATED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
AT SEPTEMBER 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,147	\$ 2,518	\$ 2,849	\$ 3,143	\$ 3,633
Accounts Receivable, Net	2,368	2,743	3,009	3,152	3,299
Investments	69,650	69,728	66,734	66,674	66,756
Contributions Receivable	708	708	708	708	708
Prepaid Expenses and Other Assets	1,012	1,066	1,111	1,157	1,203
Total Current Assets	75,885	76,763	74,411	74,834	75,599
ASSETS LIMITED AS TO USE					
Internally Designated for Statutory Operating Reserve	9,792	11,258	12,687	12,607	13,019
Internally Designated for ThriveMore at Home	3,109	4,109	5,109	6,109	6,909
Entrance Fee Deposits	400	250	250	250	250
Total Assets Limited as to Use	13,301	15,617	18,046	18,966	20,178
INVESTMENTS AND OTHER ASSETS					
Investments Under Split-Interest Agreements:					
Charitable Remainder Trusts	1,775	1,775	1,775	1,775	1,775
Beneficial Interest in Perpetual Trust	7,759	7,759	7,759	7,759	7,759
Other Assets	15	15	15	15	15
Total Investments and Other Assets	9,549	9,549	9,549	9,549	9,549
PROPERTY AND EQUIPMENT, NET	158,928	158,466	154,108	149,953	146,010
GOODWILL, NET	12,050	10,356	8,662	6,968	5,274
Total Assets	\$ 269,713	\$ 270,752	\$ 264,775	\$ 260,270	\$ 256,610
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 2,141	\$ 2,738	\$ 3,953	\$ 4,122	\$ 4,302
Line of Credit	6,111	6,111	6,111	6,111	6,111
Accounts Payable	2,862	3,263	3,421	3,555	3,696
Accrued Expenses	1,181	1,490	1,574	1,633	1,692
Accrued Employee Compensation	1,129	1,183	1,237	1,293	1,352
Other Current Liabilities	10	10	10	10	10
Current Portion of Refundable Advance Fees	736	736	736	736	736
Total Current Liabilities	14,170	15,531	17,042	17,460	17,899
LONG-TERM DEBT, LESS CURRENT MATURITIES, NET OF ISSUANCE COSTS	103,596	103,295	96,428	92,393	88,175
DEFERRED REVENUE AND OTHER LIABILITIES					
Entrance Fee and Waitlist Deposits	336	336	336	336	336
Deferred Revenue from Advance Fees	35,042	39,697	41,673	42,313	42,960
Refundable Advance Fees On Occupied Units, Net of Current Portion	45,645	48,283	51,085	54,350	57,970
Deferred Revenue from Advance Fees - ThriveMore at Home	2,031	3,309	4,520	5,663	6,736
Refundable Advance Fees On Occupied Units, Net of Current Portion - ThriveMore at Home	1,061	1,064	1,068	1,072	1,076
Total Deferred Revenue and Other Liabilities	84,115	92,689	98,682	103,734	109,078
Total Liabilities	201,881	211,515	212,152	213,587	215,152
NET ASSETS					
Net Assets Without Donor Restrictions	41,974	33,379	26,765	20,825	15,600
Net Assets With Donor Restrictions	25,858	25,858	25,858	25,858	25,858
Total Net Assets	67,832	59,237	52,623	46,683	41,458
Total Liabilities and Net Assets	\$ 269,713	\$ 270,752	\$ 264,775	\$ 260,270	\$ 256,610

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND AND INFORMATION

Basis of Presentation

This financial projection presents, to the best of management's knowledge and belief, the Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore (the "Homes") and its consolidated affiliate, Baptist Retirement Homes Foundation (the "Foundation") (collectively, the "Organization"), expected consolidated balance sheets, statements of operations and changes in net assets and cash flows as of September 30, 2026, 2027, 2028, 2029, and 2030 (the "Projection Period") and for each of the years then ending. As used herein, management of the Organization is referred to as "Management."

Accordingly, the projection reflects Management's judgment as of February 23, 2026, the date of this projection, of the expected conditions and its expected course of action during the Projection Period. The financial projection is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the projection or are key factors upon which the financial results of the Organization depend.

The projected results may not be achieved as there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. Management does not intend to revise this projection to reflect changes in present circumstances or the occurrence of unanticipated events.

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

Management has prepared its financial projection with the following Hypothetical Assumptions:

- Management is able to achieve the operating revenue inflationary rate increases and operating expense inflationary increases as projected;
- Management is able to achieve the net entrance fees from turnover, as projected;
- Interest rates related to variable debt remain as projected;
- Management is able to achieve the projected fill-up of the "ThriveMore at Home Program" or "TMAHP", as defined hereinafter, at the projected pricing, entrance fee plan selection and service plan selection mix, and operates the TMAHP as projected;
- The Taylor Glen Project, as defined hereinafter, is completed at the projected costs and timing, and achieves the projected fill-up and entrance fee plan mix selection;
- The Day Care Project, as defined hereinafter, is completed at the timing and costs, as projected, and is operated, as projected;
- The Adult Memory Care Project, as defined hereinafter, is completed at the timing and costs, as projected;
- The Adult Memory Care Project achieves the demand and fill, as projected, at the assumed projected pricing; and
- Management is able to operate the Adult Memory Care Project, as projected.

Summary of Significant Projection Assumptions and Accounting Policies

Background of the Organization

Homes is a church-related, not-for-profit corporation organized under the laws of the state of North Carolina. Baptist Retirement Homes of North Carolina, Incorporated dba Thrivemore is governed by a Board of Trustees (the "Board"). The Board of Trustees nominates and elects its own members, each serving a four-year term.

The Foundation was established primarily to raise funds for the benevolent ministries of the Homes.

The board of directors of the Foundation are elected by the board of trustees of the Homes.

Homes owns, maintains, and operates facilities throughout North Carolina for the purpose of providing for the care of older adults. The facilities consist of independent living homes and apartments, and freestanding and combination facilities that include assisted living residences and skilled and intermediate nursing care rooms. Homes receives direct support from North Carolina Baptist churches, special church offerings, grants from foundations and through gifts and bequests from individuals and businesses to assist with capital projects and the benevolent ministries of the Homes.

Principles of Consolidation

The projected consolidated financial statements include the accounts of the Homes and the Foundation. All material related party balances and transactions have been eliminated in consolidation.

The Homes' Facilities

Brookridge Retirement Community: Brookridge Retirement Community ("Brookridge") is a continuing care retirement community located on a 44-acre tract of land on Bethabara Road in Winston-Salem, North Carolina. The community consists of 132 independent living units, 26 adult care home residences, 10 memory-enhanced residences, and a 77-unit nursing care center. Brookridge also contains the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, arts and crafts rooms, a library, a guestroom, physical therapy rooms, recreation areas, dining rooms, a cafe, beauty/barber shops, a convenience store, a mail area, parlors, pool and exercise area, a kitchen, and several areas for environmental services, maintenance and laundry. The facility originally opened in 1989, with additions made in 1998, 1999, 2001, 2006 and 2012-2014. The facility also underwent significant updating to its common areas in 2022 that was completed by October 2022. In addition, over the last five years, a significant amount of capital reinvestment has occurred with the garden homes and apartments being upgraded to current market standards which has led to significant growth in occupancy and a waitlist for the apartments and garden homes at Brookridge.

Summary of Significant Projection Assumptions and Accounting Policies

The Gardens of Taylor Glen Retirement Community: The Gardens of Taylor Glen Retirement Community (“Gardens”) is a continuing care retirement community that opened in November 2002. It is located on a 134-plus-acre tract of land located in Concord, North Carolina. As of October 1, 2025, the community currently consists of 130 independent living apartments, 12 adult care home residences, 12 memory-enhanced residences, and 24 nursing care beds. The Taylor Glen Project, as described herein, is projected to open in phases during fiscal year 2026. With the opening of the Taylor Glen Project, Management is projecting renovations to the existing memory-enhanced assisted living residences to convert them to traditional assisted living residences. See Table 2 for the unit configuration at the Garden before and after completion of the Taylor Glen Project and assisted living renovations. The Gardens also incorporates the following support facilities: administrative offices, a bank, a chapel, a multi-purpose room, a swimming pool, an exercise area, arts and crafts rooms, a wood-working shop, a library, a guest cottage, physical therapy rooms, recreation/social areas to include a pond and walking paths, dining areas, beauty/barber shops, a convenience store, a mail area, parlors, a cafe, a kitchen, a training area for health care employees, and several areas for environmental services, maintenance and laundry. A renovation of the entrance was completed in January 2024. In addition, over the last five years, a significant amount of capital reinvestment has occurred with the apartments being upgraded to current market standards which has lead to significant growth in occupancy, creating essentially a full independent living setting with a growing waitlist.

Taylor House: The Taylor House (“Taylor”) is a licensed 30-bed adult care home residence located on a 3-acre tract of land on Palmer Street in Albemarle, North Carolina. It was opened for service to its first resident in 1953. As of the date of this report, Taylor is operating 28 adult care home residences.

Ardenwoods: The Ardenwoods community is located on approximately 48 acres in Arden, North Carolina and provides a continuum of resident accommodations that currently include 95 independent living apartments and 47 assisted living units. The community includes two campuses that separately house the independent living units (the “Upper Campus”) and the assisted living units (the “Lower Campus”), and a main common area (the “Clubhouse”). Ardenwoods was acquired by the Homes effective October 2, 2023.

Summary of Significant Projection Assumptions and Accounting Policies

The following table shows the current unit configurations for each of the Homes' facilities as of October 1, 2025.

	Brookridge	Gardens	Taylor ⁽¹⁾	Ardenwoods
Independent Living Units:				
Studio	7	-	-	-
One Bedroom	42	36	-	23
Two Bedroom	35	94	-	48
Three Bedroom		-	-	24
Garden Homes, Single Units	6	-	-	-
Garden Homes, Duplex	42	-	-	-
Total Independent Living Units	132	130	-	95
Assisted Living Units:				
Traditional Residence	26	12	28	47
Memory-Enhanced Residence	10	12	-	-
Total Assisted Living Units	36	24	28	47
Total Nursing Units	77	24	-	-
Total Units	245	178	28	142

Source: Management

Note:

(1) Taylor is licensed for 30 adult care home residences but is operating 28 adult care home residences.

The following table summarizes the unit configurations at the Gardens before and after completion of the Taylor Glen Project and assisted living renovations (the "AL Renovations").

	Existing Units	Taylor Glen Project		Units after Project
		Additions ⁽¹⁾	AL Renovations ⁽²⁾	
Independent Living Units:				
Studio	-	-	-	-
One Bedroom	36	3	-	39
Two Bedroom	94	44	-	138
Three Bedroom	-	3	-	3
Garden Homes, Single Units	-	-	-	-
Garden Homes, Duplex	-	-	-	-
Total Independent Living Units	130	50	-	180
Assisted Living Units:				
Traditional Residence	12	-	12	24
Memory-Enhanced Residence	12	12	(12)	12
Total Assisted Living Units	24	12	-	36
Total Nursing Units	24	-	-	24
Total Units	178	62	-	240

Source: Management

Notes:

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Summary of Significant Projection Assumptions and Accounting Policies

- (1) The first of the New Independent Living Units, as hereinafter defined, are projected to open in phases, beginning in October 2025, with the final units opening in May 2026. The memory-enhanced residences are expected to open in February 2026.
- (2) Management has projected that once the new memory-enhanced residences open, the existing units will close for renovations and are projected to reopen as traditional residences in July 2026.

ThriveMore at Home Program

In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the state to offer “continuing care services without lodging.” The Organization received approval from the North Carolina Department of Insurance effective June 6, 2023 to offer its Without Walls Program (hereinafter the “ThriveMore at Home Program” or “TMAHP”) that will offer such services, as more fully described hereinafter.

The Organization offers older adults of North Carolina its Continuing Care at Home program in addition to its current “brick and mortar” campuses. This is a life care membership program for independent adults, without major health concerns, ages 62 and older who have expressed a desire to “age in place” in their own homes. Members are covered by a comprehensive package of long-term care services designed to enable them to remain independent and live at home as their care needs increase.

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

The core elements of the TMAHP are as follows:

- Eligible applicants will be independent with activities of daily living and without major health concerns at time of acceptance as well as able to demonstrate the financial ability to afford the program.
- Acceptance is based upon a review of the potential member’s medical records by the program’s Medical Advisor and a review of provided financial information by the Organization’s Chief Financial Officer.
- Upon acceptance, the person becomes a “Member” of the TMAHP and remains living in their current home. Members accept the ThriveMore at Home Services Agreement (the “TMAHP Agreement”, or “Agreement” for this Supplemental Disclosure section) providing them with support services as described in the Agreement and the ability to project and plan for the cost of future health care.
- Members do not reserve a residential unit on any campus nor are they planning to move to a campus in the immediate future.
- Members pay a TMAHP a “membership fee” (entrance fee) and agree to a TMAHP monthly service fee that covers the costs of support services and future access to long-term care services subject to the agreed upon Published Cost of Care described hereafter.
- If the member subsequently moves to an independent living residence in one of Baptist Retirement Homes campuses, a portion of the membership fee (fee less cost of care paid by program) they paid originally for the TMAHP will be applied to the entrance fee for the residence to which they are moving.
- Member’s individual needs and goals will be reviewed initially and updated on an annual basis and as needed from time to time.
- In-home services that might be needed over time may be provided either by the Organization, a Provider Preferred Vendor, or other area providers, and will be limited to the agreed upon pricing for such services at the Published Cost of Care.

See Accompanying Independent Accountants’ Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

The TMAHP offers five plan types based on an annual Published Cost of Care that is provided by the Organization, without any lifetime maximum benefit as noted below:

Table 3
ThriveMore at Home Program
2026 Plan and Coverage Levels ⁽¹⁾

Type of Service	Diamond	Platinum	Gold	Silver	Bronze
Wellness / Coordination Support	100%	100%	100%	100%	100%
Residence-Based Services:					
Home Care Aides	100%	75%	50%	50%	0%
Companion / Homemaker	100%	75%	50%	50%	0%
Live-in Assistance	100%	75%	50%	50%	0%
In-Home Hospice	100%	75%	50%	50%	0%
Facility-Based Services:					
Assisted Living / Memory Care	100%	75%	50%	0%	0%
Skilled Nursing / Rehabilitation Services	100%	75%	50%	0%	0%
Inpatient Hospice	100%	75%	50%	0%	0%

Source: Management

Notes:

- (3) Maximum Daily Benefit Amount means the amount equal to the lesser of: (i) the actual fees, costs and charges to Member by the Provider for the services provided to Member in a day; and (ii) the maximum dollar amount limit of fees, costs and charges covered per day by the Provider as published by Provider from time to time ("Published Cost of Care") for services provided by Provider with both (i) and (ii) subject to the Member Plan (and corresponding percentages thereunder) selected by Member, including co-payments, deductibles and limitations, and subject to fees, costs and charges that are covered by any governmental payor program and/or insurance. The 2026 Published Cost of Care is \$420.

The plans provide the following benefits:

- Relationship with a Wellness Coordinator
 - Creation of individualized wellness plan with expressed goals
 - Coaching support to achieve goals of the wellness plan
 - Ready access to knowledgeable professionals to navigate health care systems
 - Monthly "check-in" to assess any needs and monitoring of agreed upon individualized wellness plan
- Access to Provider and Preferred Vendors for Home Health, Home Care and additional services to the extent available in a particular market area
- In-home safety assessment with attention to fall prevention and aging in place upon enrollment
- Access to the Organization's Medical Advisor
- Provision of educational opportunities addressing healthy aging and safety
- Provision of opportunities for social connection with other members

Revenue and expenses related to the TMAHP are reported separately on the projected consolidated financial statements for this projection, as is required by the North Carolina Department of Insurance.

Summary of Significant Projection Assumptions and Accounting Policies

THE TAYLOR GLEN PROJECT

Management has projected an expansion at the Gardens. The “Taylor Glen Project” will consist of 50 New Independent Living Units and 12 New Assisted Living Units with memory-enhanced services. The New Independent Living Units will consist of 33 cottages (the “IL Cottages”) and 17 apartments (the “IL Villas”).

The following table shows the current unit configurations, monthly service fees and entrance fees for the Taylor Glen Project.

Table 4
The Taylor Glen Project
Unit Configuration, Monthly Fees and Entrance Fees
(in 2026 Dollars)

Unit Name	Unit Type	Number of Units / Beds	Square Footage	Monthly Service Fees	Entrance Fee	
					90% Refund Plan	Standard Plan - 60 Month
New Independent Living Units						
Daisy	1 Bedroom, 1 Bath	3	1,112	\$3,700	\$417,000	\$213,000
Lily	2 Bedroom, 2 Bath	4	1,508	5,000	565,000	289,000
Peony	2 Bedroom. 2.5 Bath. Den	6	1,800	5,980	675,000	345,000
Dahlia	2 Bedroom. 2.5 Bath. Den. Sunroom	4	2,006	6,630	750,000	384,000
Dogwood	2 Bedroom, 2 Bath	9	1,700	5,650	690,000	353,000
Lupine	2 Bedroom. 2 Bath. Den	17	1,842	6,090	745,000	382,000
Iris	2 Bedroom. 2.5 Bath. Den. Sunroom	4	2,085	6,850	845,000	432,000
Iris Two- Story	3 Bedroom. 3.5 Bath. Sunroom. Bonus	3	2,962	8,150	1,200,000	614,000
Total / Weighted Average - New Independent Living Units		50	1,663	\$ 5,506	\$ 656,320	\$ 336,000
Second Person Fees				\$960	\$21,300	\$21,300
New Assisted Living Units		12		\$ 9,000	N/A	N/A

Source: Management

The following table summarizes Management’s projected utilization of the entrance fee plans for first generation independent living residents and by subsequent residents of the Taylor Glen Project during the Projection Period.

Table 5
The Taylor Glen Project
Projected Utilization of Entrance Fee Plans

Resident Entrance Fee Plan Type	Number	Percent of Total	First Generation Residents of the New Independent Living Units ⁽¹⁾	Future Residents ⁽²⁾
				Percent of Total
90% Refund Plan	24	50%		50%
Standard Plan - 60 Month	24	50%		50%
Total / Percentage	48	100%		100%

Source: Management

Notes:

(1) Represents the projected allocation of entrance fee plan types selected by initial residents of the New Independent Living Units.

(2) Represents the projected allocation of entrance fee plan types selected by subsequent residents of the New Independent

See Accompanying Independent Accountants’ Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Living Units during the Projection Period.

Taylor Glen Project Timeline

The following table presents the projected timeline, as provided by Management, for the Taylor Glen Project.

**Table 6
The Taylor Project
Development Timeline**

Date	Milestone
October-25	Construction of the IL Cottages is Complete and Occupancy Commences
February-26	Resident Transfers to the New Assisted Living Units is Complete
May-26	IL Cottages Achieve Stabilized Occupancy (95%)
May-26	Construction of the IL Villas is Complete and Occupancy Commences
August-26	IL Villas Achieve Stabilized Occupancy (95%)

Source: Management

Projected occupancy for the Taylor Glen Project is based upon Management's assumed move-in schedule for the New Independent Living Units as depicted in the following tables.

**Table 7
Taylor Glen Project Move-In Schedule
New Independent Living Units**

Month	Total Units	Net Move-Ins	Cumulative Occupancy	
			Number of Units	Percentage
Fiscal Year 2026				
October	50.0	11.0	11.0	22%
November	50.0	3.0	14.0	28%
December	50.0	0.0	14.0	28%
January	50.0	3.0	17.0	34%
February	50.0	3.0	20.0	40%
March	50.0	6.0	26.0	52%
April	50.0	3.0	29.0	58%
May	50.0	7.4	36.4	73%
June	50.0	5.0	41.4	83%
July	50.0	3.1	44.5	89%
August	50.0	3.1	47.6	95%
Thereafter	50.0		47.6	95%

Source: Management

Management expects double occupancy for the New Independent Living Units to be 75% in 2026, decreasing by 5% annually until reaching 55% during the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

With the opening of the New Assisted Living Units, Management has projected that the 12 memory-enhanced existing assisted living units at the Gardens will be closed for renovations, and all residents will be relocated to the New Assisted Living Units. As a result, the New Assisted Living Units will not have a fill-up period. Instead, the table below outlines the projected move-in schedule for the assisted living units after renovations are completed these units open.

**Table 8
Gardens
Move-In Schedule
AL Renovation Units**

Month	Total Units ⁽¹⁾	Net Move-Ins	Cumulative Occupancy	
			Number of Units	Percentage
Fiscal Year 2026				
July	12.0	2.0	2.0	17%
August	12.0	2.0	4.0	33%
September	12.0	2.0	6.0	50%
Fiscal Year 2027				
October	12.0	2.0	8.0	67%
November	12.0	2.0	10.0	83%
December	12.0	1.0	11.0	92%
Thereafter	12.0		11.0	92%

Source: Management

Notes:

(1) As previously mentioned, Management has projected that the existing memory-enhanced residences at the Gardens would be renovated and reopen as assisted living units that offer traditional assisted living services.

Summary of Significant Projection Assumptions and Accounting Policies

THE DAY CARE PROJECT

Management has projected an expansion to the Brookridge Retirement Community through the construction of a Day Care Center (the "Day Care Project"). Construction is anticipated to be completed with child enrollment beginning in March 2026. Effective February 12, 2025, Management has entered into a lease agreement whereby the day care facility will be leased to another nonprofit organization, which will be responsible for managing all daily operations, including all matters related to personnel management and certain operating costs.

PLAN OF FINANCE – DAY CARE PROJECT

Management has assumed the following sources and uses of funds in preparing its financial projection. A summary of the projected sources and uses of funds for the Organization's financing is provided in the following table:

Table 9
Day Care Project
Projected Sources and Uses of Funds
(In Thousands of Dollars)

Sources of Funds:		
Day Care Loan	\$	3,891 (1)
Equity		1,439 (2)
Total Sources of Funds	\$	5,330
Uses of Funds:		
Project Costs:		
Design and Engineering	\$	478 (3)
Construction		4,605 (4)
Furniture and Equipment		25 (5)
Owner's Contingency		126 (6)
Total Project Costs		5,234
Cost of Issuance		96 (7)
Total Uses of Funds	\$	5,330

Source: Management

Notes to Table 9:

- 1) Management has projected that the Day Care Project would be financed through the issuance of commercial promissory note with First-Citizens Bank & Trust Company (the "Day Care Loan"), bearing interest at 6.39 percent, subject to monthly principal and interest payments, with interest only payments beginning December 2025 and monthly principal and interest payments beginning December 2026 through November 2036.
- 2) Management has projected an equity contribution of approximately \$1,439,000.
- 3) Management has projected design and engineering costs of approximately \$478,000.
- 4) Management has projected construction costs of approximately \$4,605,000.
- 5) Management has projected furniture and equipment costs of approximately \$25,000
- 6) Management has projected a project contingency of approximately \$126,000.
- 7) Management has projected issuance costs of approximately \$96,000.

Summary of Significant Projection Assumptions and Accounting Policies

THE COUPLES MEMORY CARE PROJECT

Management has projected the “Couples Memory Care Project” to be constructed as part of the Brookridge Retirement Community. The Couples Memory Care Project will include 12 units (24 beds) designed specifically for couples where one resident requires memory enhanced assisted living services and the other is able to live independently (the “Couples Memory Care Units”).

The following table shows the current unit configurations, monthly service fees and entrance fees for the Couples Memory Care Project.

Table 10
The Couples Memory Care Project
Unit Configuration, Monthly Fees and Entrance Fees
(in 2026 Dollars)

Unit Name	Unit Type	Number of Beds	Square Footage	Monthly Service Fees	Entrance Fee ⁽¹⁾
					Standard Plan - 60 Month
Independent Living	1 Bedroom, 1 Bath with Garage	12	2,332	\$5,220	\$432,640
Memory Enhanced Assisted Living	1 Bedroom, 1 Bath with Garage	12	2,332	9,426	N/A
Total / Weighted Average - Couples Memory Care Units		24	2,332	\$ 7,323	\$432,640

Source: Management

Notes:

(1) Each couple pays a joint entrance fee.

Management has projected that the Couples Memory Care Units will offer only the Standard Plan – 60 Month as the entrance fee option.

Couples Memory Care Project Timeline

The following table presents the projected timeline, as provided by Management, for the Couples Memory Care Project.

Table 11
The Couples Memory Care Project
Development Timeline

Date	Milestone
October-25	Construction of the Couples Memory Care Project Commences
January-27	Construction is Completed and Move-ins Begin
December-27	Couples Memory Care Units Achieve Stabilized Occupancy (90%)

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

PLAN OF FINANCE – COUPLES MEMORY CARE PROJECT

Management has assumed the following sources and uses of funds in preparing its financial projection. A summary of the projected sources and uses of funds for the Organization's financing is provided in the following table:

Sources of Funds:		
Long-Term Loan	\$	15,689 (1)
Entrance Fee Loan		3,200 (1)
Equity		35 (2)
Total Sources of Funds	\$	18,924
Uses of Funds:		
Project Costs:		
Design and Engineering	\$	908 (3)
Construction		16,850 (4)
Furniture and Equipment		595 (5)
Marketing		38 (6)
Owner's Contingency		388 (7)
Total Project Costs		18,779
Cost of Issuance		145 (8)
Total Uses of Funds	\$	18,924

Source: Management

Notes to Table 12:

- 1) The Organization projected proceeds from financing arrangements with First-Citizens Bank & Trust Company in the amount of \$18,889,000 are planned to be generated utilizing the following structure and terms:
 - Management has projected that a portion of the Couples Memory Care Project would be financed through the issuance of a \$15,689,000 fixed rate promissory note (the "Long-Term Loan"), bearing interest at 5.98 percent, subject to monthly principal and interest payments, with interest only payments beginning February 2026 and monthly principal and interest payments beginning February 2028 through January 2038.
 - Management has projected that a portion of the Couples Memory Care Project would be financed through the issuance of a \$3,200,000 fixed rate promissory note (the "Entrance Fee Loan"), bearing interest at 5.00 percent, with monthly interest only payments beginning February 2026 with a maturity date of December 19, 2027 at which time all principal will be repaid. The Entrance Fee Loan is expected to be repaid from initial entrance fees from first generation residents of the Couples Memory Care Units in advance of the stated maturity.
- 2) Management has projected an equity contribution of approximately \$35,000.
- 3) Management has projected design and engineering costs of approximately \$908,000.
- 4) Management has projected construction costs of approximately \$16,850,000.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

- 5) Management has projected furniture and equipment costs of approximately \$595,000
- 6) Management has projected marketing costs of approximately \$38,000.
- 7) Management has projected a project contingency of approximately \$388,000.
- 8) Management has projected issuance costs of the proposed loans of approximately \$145,000.

Projected occupancy for the Couples Memory Care Project is based upon Management's assumed move-in schedule for the Couples Memory Care Units as depicted in the following table.

Table 13
Couples Memory Care Project Move-In Schedule
Couples Memory Care Units

Month	Total Units	Net Move-Ins	Cumulative Occupancy	
			Number of Units	Percentage
Fiscal Year 2027				
January	12.0	0.9	0.9	8%
February	12.0	0.9	1.8	15%
March	12.0	0.9	2.7	23%
April	12.0	0.9	3.6	30%
May	12.0	0.9	4.5	38%
June	12.0	0.9	5.4	45%
July	12.0	0.9	6.3	53%
August	12.0	0.9	7.2	60%
September	12.0	0.9	8.1	68%
October	12.0	0.9	9.0	75%
November	12.0	0.9	9.9	83%
December	12.0	0.9	10.8	90%
Thereafter	12.0		10.8	90%

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization classifies its funds for accounting and reporting purposes as either without donor restrictions or with donor restrictions:

Net Assets without Donor Restrictions

Resources of the Organization 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 carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified for which the restrictions are satisfied by the passage of time or by actions of the Organization. These resources may also include amounts restricted by the donor in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets. As restrictions are met, the contributions are released from net assets with donor restrictions and are transferred to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less from the date of acquisition which are not included in assets limited as to use or investments.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be expected credit losses are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts. Accounts receivable are reported net of an allowance for credit losses to represent the Organization's estimate of expected losses at the projected state of financial position date. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Contributions and Support

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their future cash flows.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Summary of Significant Projection Assumptions and Accounting Policies

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated balance sheets. Management has not projected any contribution income from cost-reimbursable based grants during the Projection Period.

Assets Limited as to Use

Assets limited as to use include amounts set aside for the TMAHP, entrance fee deposits, and amounts set aside to meet the operating reserve requirements of North Carolina General Statute Chapter 58, Article 64A or those items required as part of Trustee agreements. The statutory operating reserve balance can only be released upon the submittal of a detailed request and approval of the Commissioner of the North Carolina Department of Insurance.

Investments

Investments in debt and equity securities are measured at fair value based on quoted market prices. In determining realized gains and losses, the cost of investments is determined using the first-in, first-out method. Donated investments are reported at fair value at the date of gift.

The Organization's investments are classified as trading securities. The investments are managed by brokers who actively buy and sell investments within the Organization's Investment Policy Statement. Investment income (including realized gains and losses on investments, interest, and dividends) is included in excess of revenues over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments, if any, are included in excess of revenues over expenses on the projected consolidated statement of operations and changes in net assets. Management has not projected any unrealized gains or losses on investments during the Projection Period.

Assets in Split-Interest Agreements

The Organization is a beneficiary to several irrevocable split-interest agreements. These split-interest agreements are categorized as charitable remainder trusts and beneficial interests in perpetual trusts, both of which are included in net assets with donor restrictions. Assets in split-interest agreements are stated at fair value net of discounted future contractual payment obligations.

Summary of Significant Projection Assumptions and Accounting Policies

Property and Equipment

Property and equipment are recorded at cost or, if donated, at market value at date of contribution. Property and equipment are capitalized if it has a cost over \$2,000 and an estimated useful life of at least 2 years. Depreciation is computed over the estimated useful lives of the related assets, ranging from 3 to 31.5 years, using the straight-line method. All additions are depreciated beginning on the date of acquisition.

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

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

Deferred Financing Costs

Deferred financing costs represent expenses incurred in connection with the permanent financing of the Organization and are deferred and amortized over the life of the related indebtedness using the straight-line method, which approximates the effective interest method. Deferred financing costs are net of accumulated amortization. Deferred financing costs are presented as a reduction of the related borrowings and the amortization is presented as a component of interest expense.

Deferred Revenue from Advance Fees

Advance fees paid by a resident, net of the estimated portion that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. Advance fees are refundable pro-rata over the first 24 or 60 months of residency depending on the contract type.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. There was no liability recognized at September 30, 2025. Management has not projected any obligation to provide future services liability during the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

Deficit of Revenue Over Expenses

The projected consolidated statements of operations and changes in net assets include deficit of revenues over expenses. Changes in net assets without donor restrictions, that are included in excess (deficit) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments in trading securities. Changes that are excluded include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets), transfers of net assets, and net assets released from restrictions for property and equipment.

Net Resident and Health Care Service Revenue

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

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

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

Summary of Significant Projection Assumptions and Accounting Policies

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

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

Medicare

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

In addition, PDPM introduces variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

Medicaid

The Organization's licensed nursing facilities participate in the Medicaid program which is administered by the North Carolina Division of Health Benefits. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined per diem rates as defined for each Medicaid provider in North Carolina. Annual cost report filings are required for Medicaid providers, which include the completion of the North Carolina Division of Health Benefit's supplemental schedules. For Continuing Care Retirement Facilities, the Supplemental Schedules do not contain a cost settlement.

Other

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

Summary of Significant Projection Assumptions and Accounting Policies

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

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

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

The Organization maintains records, and the board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. These include reduced rates for Medicare, Medicaid, and other governmental programs.

The Organization has estimated the costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculates a ratio by comparing the charges foregone to total operating revenue and applying this ratio to expenses to estimate the costs of providing benevolent assistance.

Contract Costs

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

Summary of Significant Projection Assumptions and Accounting Policies

Income Taxes

The Homes and the Foundation are not-for-profit organizations that are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

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

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

Allowance for Credit Losses

At the beginning of 2024, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Homes adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Homes' consolidated financial statements but did change how the allowance for credit losses is determined.

Resident receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Homes separates resident receivables into risk pools based on payors and aging. In determining the amount of the allowance as of the consolidated balance sheets date, the Homes develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Management has not projected any change in the allowance for credit losses during the Projection Period.

Goodwill

The Organization accounts for business acquisitions using the acquisition method of accounting. Goodwill is recognized as a result of a business combination when the purchase price paid for the acquired business exceeds the fair value of its intended net assets. Identified intangible assets are recognized at their fair value when acquired. The Organization has elected the alternative accounting for goodwill as its accounting policy. The Organization has elected to amortize goodwill on a straight-line basis over 10 years and to test for impairment at the entity level. Goodwill is amortized on a straight-line basis. At September 30, 2025, goodwill was approximately \$16,941,000 and amortization expense was approximately \$1,598,000. At September 30, 2025, accumulated amortization was approximately \$3,196,000. Organizations making the election test goodwill for impairment only when a triggering event occurs and perform the goodwill impairment evaluation as of the end of each reporting period, instead of annually. When impairment is likely, the Organization calculates goodwill impairment as the Organization's carrying value including goodwill that exceeds its fair value. There was no impairment of goodwill during 2025. Management has not projected any impairment of goodwill during the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

Business Combination Accounting for Contract Assets and Contract Liabilities

In 2024, the Organization early adopted FASB ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires an acquirer to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606 rather than adjust them to fair value at the acquisition date.

Use of Estimates

The preparation of the projected consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the projected consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue

Revenue for the Organization is generated primarily from monthly service fees for the independent living units, amortization of entrance fees, and monthly service fees and per diem charges from the assisted living residents, nursing residents, and individuals receiving home health services.

Revenue for the independent living units is based on the monthly service fees assumed by Management to be charged to the residents and the assumed utilization of the independent living units. Health care revenues consist of funds generated from services provided to residents transferring from the independent living units, and those services provided to residents admitted directly to the Health Center.

Management's projected occupancy assumptions are presented in Table 14.

Health Center Free Days

At the date of occupancy, each resident whose residence is an independent living unit at the Gardens, Brookridge, or Ardenwoods (for Ardenwoods, only with a contract effective October 2, 2023 or later), is granted 30 Health Center Free Days (Free Days). Free Days are non-transferable, must be used only as defined in the Resident Agreements and in the Organization's policy, and have no value if not used. No new Free Days are granted after the resident moves to either assisted living or nursing, collectively the Health Center. Free Days will not be applied if the resident is receiving Medicare benefits.

For each day a resident occupies or holds an accommodation in the Health Center, whether or not that accommodation is the primary residence, Free Days will be credited until all such accumulated days are used. When Free Days are exhausted, the resident will be charged the private pay rate for their Health Center unit. While the resident uses Free Days, service fees continue based on the independent living residence from which the resident moved or transferred, and the resident will be charged for medicines, physician's services, and for supplies not normally included in the base fee for Health Center services.

The 30 Free Days benefit is not available for residents who were admitted directly to an assisted living unit or a skilled nursing bed.

Projected Occupancy Levels

Projected occupancy for the Organization's independent living units is based upon the historical experience of Management as well as marketing efforts and strategies aimed at improving occupancy through a build-up of brand awareness of the Organization and upgrades to the product standards within the Organization.

Occupancy of the assisted living units and nursing beds are projected to be from transfers from independent living units, when available at the particular community, as well as direct admissions from the local market areas. Nursing bed occupancy for Gardens is based solely on internal transfers primarily from both independent living units and assisted living units. Projected resident transfers from independent living to assisted living or nursing have been provided by Management, and are based on the Organization's historical experience.

Summary of Significant Projection Assumptions and Accounting Policies

The following table shows projected occupancy for each of the Homes' facilities existing units for the Projection Period, as projected by Management based in part on the Organization's historical experience.

	2026	2027	2028	2029	2030
Brookridge ⁽¹⁾					
Independent Living Units	93.9%	93.9%	93.9%	93.9%	93.9%
Assisted Living Units	88.9%	88.9%	88.9%	88.9%	88.9%
Nursing Units	76.6%	76.6%	76.6%	76.6%	76.6%
Gardens ⁽²⁾ :					
Independent Living Units	95.4%	95.4%	95.4%	95.4%	95.4%
Assisted Living Units	91.7%	91.7%	91.7%	91.7%	91.7%
Nursing Units	66.7%	66.7%	66.7%	66.7%	66.7%
Ardenwoods:					
Independent Living Units	94.7%	94.7%	94.7%	94.7%	94.7%
Assisted Living Units	93.6%	93.6%	93.6%	93.6%	93.6%
Taylor:					
Assisted Living Units	96.4%	96.4%	96.4%	96.4%	96.4%

Source: Management

Note:

(1) Does not include the Couples Memory Care Units. See Table 13 for Couples Memory Care Project fill schedule and projected occupancy.

(2) Does not include the New Independent Living Units and New Assisted Living Units. See Table 7 and Table 8 for Taylor Glen Project fill schedules and projected occupancy.

The projected double occupancy percentages in the independent living units of Gardens, Brookridge, and Ardenwoods are approximately 31 percent, 29 percent, and 26 percent, respectively, based upon historical operating experience and the assumptions provided by Management.

Summary of Significant Projection Assumptions and Accounting Policies

ThriveMore at Home Program Fill Schedule

Projected usage of the TMAHP is based upon Management's assumed fill schedule for the program. The following table reflects Management's anticipated fill schedule for the TMAHP, as well as the projected usage assumption.

Table 15
ThriveMore at Home Program
Projected Fill Schedule

Month	Fiscal Year									
	2026	2026	2027	2027	2028	2028	2029	2029	2030	2030
	New	Cumulative								
	Enrollees									
October	1.5	36.5	1.5	54.5	1.5	72.5	1.5	90.5	1.5	108.5
November	1.5	38.0	1.5	56.0	1.5	74.0	1.5	92.0	1.5	110.0
December	1.5	39.5	1.5	57.5	1.5	75.5	1.5	93.5	1.5	111.5
January	1.5	41.0	1.5	59.0	1.5	77.0	1.5	95.0	1.5	113.0
February	1.5	42.5	1.5	60.5	1.5	78.5	1.5	96.5	1.5	114.5
March	1.5	44.0	1.5	62.0	1.5	80.0	1.5	98.0	1.5	116.0
April	1.5	45.5	1.5	63.5	1.5	81.5	1.5	99.5	1.5	117.5
May	1.5	47.0	1.5	65.0	1.5	83.0	1.5	101.0	1.5	119.0
June	1.5	48.5	1.5	66.5	1.5	84.5	1.5	102.5	1.5	120.5
July	1.5	50.0	1.5	68.0	1.5	86.0	1.5	104.0	1.5	122.0
August	1.5	51.5	1.5	69.5	1.5	87.5	1.5	105.5	1.5	123.5
September	1.5	53.0	1.5	71.0	1.5	89.0	1.5	107.0	1.5	125.0

Source: Management

Projected Entrance and Monthly Service Fees

The following tables summarize the entrance fees, monthly service fees and daily rates for the Organization's facilities. Note that these fees became effective during fiscal year 2026.

Brookridge Retirement Community offers three options for entrance fee payments for residents living in the garden home units. The resident may choose between a traditional entrance fee plan (the "Standard Plan – 24 Month"), a Fifty Percent Refund Plan, and a Ninety Percent Refund Plan. The Standard Plan – 24 Month provides for a twenty-four-month amortization of the resident's entrance fee, and after 24 months, no refund balance remains. The Fifty Percent Refund Plan provides for a fifty-percent refund of the entrance fee paid at admission and the Ninety Percent Refund Plan provides for a ninety percent refund of the entrance fee paid at admission.

The Gardens of Taylor Glen Retirement Community offers three options for entrance fee payments for residents. The traditional entrance fee plan (the "Standard Plan – 60 Month") provides for a sixty-month amortization of the resident's entrance fee, and after 60 months, no refund balance remains. The Gardens of Taylor Glen also offers the Fifty Percent Refund Plan and the Ninety Percent Refund Plan.

Ardenwoods offers one entrance fee payment for residents, a Ninety Percent Refund Plan. Under the Ardenwoods Ninety Percent Refund Plan, the resident is entitled to a refund of 90 percent upon (1) the termination of the residency agreement or vacancy of the independent living unit and transfer to an assisted living unit or (2) the earlier of reoccupancy of the independent living unit or 36 months from the date of termination of the residency agreement.

The Standard Plan – 24 Month and Standard Plan – 60 Month are collectively referred to as the Standard Plan.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Management assumes that all units sold are under the Standard Refund Plan – 24 Month for Brookridge Retirement Community, the Standard Plan – 60 Month for The Gardens of Taylor Glen Retirement Community and the Ninety Percent Refund Plan for Ardenwoods, based on historical experience.

The following table summarizes the monthly service fees and daily rates for those facilities that comprised the Homes as of October 1, 2025:

Table 16
Homes
Monthly Fees / Daily Fees - 2026

	Brookridge	Gardens	Taylor ⁽¹⁾	Ardenwoods ⁽²⁾
Independent Living Units (Monthly Rates):				
Single Rates:				
Studio	\$ 1,750	\$ -	\$ -	\$ -
One Bedroom	2,280	2,520	-	3,310
One Bedroom, Deluxe	2,900	2,910	-	3,310
Two Bedrooms	2,900	4,220	-	3,900
Two Bedrooms, Deluxe	3,650	4,660	-	3,900
Two Bedrooms, Classic	3,190	4,860	-	-
Two Bedroom, Combo	-	5,280	-	-
Three Bedrooms				4,180
Three Bedrooms, Deluxe				4,180
Garden Homes, Single Unit (Willow)	5,220	-	-	-
Garden Homes, Single Unit (Cypress)	3,320			
Garden Homes, Duplex	3,320	-	-	-
Second Person Fees	1,050	960	550	1,000
Assisted Living Units (Monthly Rates):				
Large Room	\$ -	\$ -	\$ 4,020	\$ -
Studio	-	-	-	6,070
Regular Room	7,780	6,940	3,880	-
Regular Room, Entrance Fee	6,560	-	-	-
Suites	8,560	-	4,720	-
Suites, Entrance Fee	7,220	-	-	-
Memory-Enhanced Residence	9,690	9,000	-	-
Nursing Beds (Daily Rates):				
Semi-Private	\$ 420	\$ -	\$ -	N/A
Private	475	400	-	N/A

Source: Management

Notes:

(1) Taylor does not provide independent living or nursing services.

(2) Ardenwoods does not provide nursing services.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

As previously noted, Management has projected all units sold under the Standard Plan for both Brookridge and for the Gardens. For Ardenwoods, the entrance fee presented in the table below is the 90 Percent Refund Plan. The below table reflects those respective entrance fee pricings:

Table 17
Homes
Entrance Fees – 2026

	Brookridge ⁽¹⁾	Gardens ⁽¹⁾	Ardenwoods ⁽²⁾
Independent Living Units:			
Studio	\$ 54,700	\$ -	\$ -
One Bedroom	86,600	150,300	271,000
One Bedroom, Deluxe	144,600	162,800	306,000
Two Bedrooms	144,600	207,800	371,000
Two Bedrooms, Deluxe	234,000	281,400	406,000
Two Bedrooms, Classic	156,000	335,900	-
Two Bedroom Combo	-	376,400	-
Three Bedrooms	-	-	449,000
Three Bedrooms, Deluxe	-	-	484,000
Garden Homes, Single Unit (Willow)	475,000	-	-
Garden Homes, Single Unit (Cypress)	-	-	-
Garden Homes, Duplex	243,800	-	-
Second Person Fees	15,000	15,000	25,000
Assisted Living Units:			
Studio	\$ -	\$ -	\$ 2,500

Source: Management

Notes:

(1) Entrance fee pricing noted above for Brookridge and Gardens is for the Standard Plan.

(2) Entrance fee pricing noted above for Ardenwoods is for the 90 Percent Refund Plan.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table summarizes the monthly service fees and membership fees for the program in 2026 dollars.

Table 18
ThriveMore at Home Program
Fee Schedule 2026 ⁽¹⁾

Age	Individual Membership Fee ⁽²⁾		Individual Monthly Service Fee ⁽²⁾		Couple Membership Fee ⁽³⁾		Couple Monthly Service Fee ⁽³⁾	
Diamond								
62	\$	63,135	\$	807	\$	50,715	\$	767
65	\$	72,450	\$	807	\$	60,030	\$	767
70	\$	86,940	\$	807	\$	73,485	\$	767
75	\$	103,500	\$	807	\$	82,800	\$	767
80	\$	115,920	\$	807	\$	93,150	\$	767
85	\$	116,955	\$	807	\$	93,668	\$	767
90	\$	117,990	\$	807	\$	94,185	\$	767
Platinum								
62	\$	51,750	\$	699	\$	38,399	\$	664
65	\$	57,960	\$	699	\$	45,540	\$	664
70	\$	70,380	\$	699	\$	55,890	\$	664
75	\$	75,555	\$	699	\$	64,170	\$	664
80	\$	89,010	\$	699	\$	72,450	\$	664
85	\$	92,115	\$	699	\$	72,968	\$	664
90	\$	93,150	\$	699	\$	73,485	\$	664
Gold								
62	\$	50,094	\$	538	\$	38,295	\$	511
65	\$	53,820	\$	538	\$	41,400	\$	511
70	\$	60,030	\$	538	\$	47,610	\$	511
75	\$	63,135	\$	538	\$	53,303	\$	511
80	\$	68,310	\$	538	\$	53,820	\$	511
85	\$	69,345	\$	538	\$	54,338	\$	511
90	\$	70,380	\$	538	\$	54,855	\$	511
Silver								
62	\$	48,438	\$	435	\$	31,878	\$	413
65	\$	51,750	\$	435	\$	35,190	\$	413
70	\$	53,820	\$	435	\$	39,330	\$	413
75	\$	54,855	\$	435	\$	40,883	\$	413
80	\$	55,890	\$	435	\$	41,400	\$	413
85	\$	57,960	\$	435	\$	41,918	\$	413
90	\$	58,995	\$	435	\$	42,435	\$	413
Bronze ⁽⁴⁾								
62	\$	7,000	\$	400	\$	3,750	\$	380
65	\$	8,500	\$	400	\$	4,500	\$	380
70	\$	11,500	\$	400	\$	6,000	\$	380
75	\$	13,500	\$	400	\$	7,000	\$	380
80	\$	15,500	\$	400	\$	8,000	\$	380
85	\$	16,500	\$	400	\$	8,500	\$	380
90	\$	17,000	\$	400	\$	8,750	\$	380

Source: Management

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Notes:

- (1) The membership fee assumes a 0 percent refundable amount. The membership fee will be amortized at a rate of 2 percent per month, over a period of 50 months. After which, it will be non-refundable.
- (2) Membership fee and monthly service fee presented are for a single individual.
- (3) Membership fee and monthly service fee presented are on a per-person basis amount for a couple.
- (4) Represents fees available to non-medically qualifying members in the same residence as a qualifying member only.

The Participant agrees to pay to the Homes a membership fee as a condition of becoming a Participant in the TMAHP. The membership fee is non-refundable, except as previously described in Table 18. In the event that the Participant elects to and is granted residency to a Homes accommodation, the membership fee paid for the TMAHP will be applied to the entrance fee required for the selected accommodation at one of the Homes' communities.

The ThriveMore at Home Agreement can be terminated by the Participant for any reason prior to receiving membership by giving written notice. However, if the Participant dies before receiving membership or becomes incapable of meeting the physical, mental or financial requirements for admission, the ThriveMore at Home Agreement shall be cancelled and the membership fee shall be refunded. In the event of such termination, the Participant shall receive a refund of the membership fee within sixty (60) days following receipt of written notification of termination.

The following table presents the projected occupancy for the TMAHP and the projected average monthly service fees during the Projection Period.

Table 19
ThriveMore at Home Program
Projected Average Occupancy and Average Monthly Service Fees

For the Years Ending September 30,	2026	2027	2028	2029	2030
Average Participant Occupancy	44.0	62.0	80.0	98.0	116.0
Weighted Average Monthly Service Fees ⁽¹⁾	\$ 600	\$ 624	\$ 650	\$ 684	\$ 711

Source: Management

Note:

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table reflects projected rate increases. Increases in fees are generally anticipated to approximate increases in operating expenses during the Projection Period. However, fee increases may be adjusted to reflect actual changes in expenses.

	2026	2027	2028	2029	2030
Independent Living Rate Increases					
Monthly Fee	**	5.00%	5.00%	4.00%	4.00%
Entrance Fee	**	8.00%	8.00%	8.00%	5.00%
Assisted Living Rate Increases					
Monthly Fee	**	5.00%	5.00%	4.00%	4.00%
Nursing Rate Increases					
Private	**	5.00%	5.00%	4.00%	4.00%
Medicare	**	2.00%	2.00%	2.00%	2.00%
Medicaid	**	1.00%	1.00%	1.00%	1.00%
Thrivemore at Home Rate Increases					
Monthly Service Fee	**	4.00%	4.00%	4.00%	4.00%
Membership Fee	**	4.00%	4.00%	4.00%	4.00%

Source: Management

* Annual pricing increases are effective on October 1 of the fiscal year.

** The 2026 pricing is noted in Table 16, Table 17 and Table 18.

Entrance Fee Receipts

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

	2026	2027	2028	2029	2030
Advance Fees / Deposits Received from Initial Residents	\$24,697	\$ 3,785	\$ 1,363	\$ -	\$ -
Advance Fees from Turnover	14,255	13,802	15,192	17,091	18,716
Advance Fees Refunded	(4,508)	(5,105)	(5,680)	(6,389)	(6,976)
Total Advance Fees, Net	\$34,444	\$12,482	\$10,875	\$10,702	\$11,740

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table summarizes Management's projected utilization of the membership fee plans by the ThriveMore at Home Participants' during the Projection Period.

Membership Fee Plan Mix ⁽¹⁾	Distribution Mix
0% Refundable Plan	100%
50% Refundable Plan	0%
90% Refundable Plan	0%
Total Membership Fee Plan Mix	100%
Service Package Mix ⁽²⁾	Distribution Mix
Diamond	5%
Platinum	32%
Gold	56%
Silver	7%
Total Service Package Mix	100%

Source: Management

Notes:

- (1) Represents the projected allocation of membership fee plan types selected by the TMAHP Participants during each year of the Projection Period.
- (2) Represents the projected allocation of service package types selected by the TMAHP Participants during each year of the Projection Period.

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

	2026	2027	2028	2029	2030
Total Membership Fees, Net	\$ 1,402	\$ 1,458	\$ 1,516	\$ 1,577	\$ 1,640
Number of Membership Fees Received	18.0	18.0	18.0	18.0	18.0
Number of Membership Fees Refunded	(1.4)	(2.5)	(3.7)	(4.9)	(6.2)
Total Number of Membership Fees Received, Net	16.6	15.5	14.3	13.1	11.8

Source: Management and the Actuary

Notes:

- (1) Management has assumed membership fee receipts for the TMAHP based upon the membership fee pricing as summarized in Table 18 and the utilization of the membership fee contract types as summarized in Table 22.

Investment Income

Investment income consists of interest earnings on cash, cash equivalents, investments, and assets limited as to use, as provided by Management. Management has assumed investment returns on certain assets as noted in Table 24. Management does not project unrealized gains or losses during the Projection Period.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

The following table reflects Management’s assumed realized (net of expenses) investment earning rates during the Projection Period for funds invested by the Organization.

	2025	2026	2027	2028	2029
Cash and Cash Equivalents	0.50%	0.50%	0.50%	0.50%	0.50%
Investments	4.00%	4.00%	4.00%	4.00%	4.00%
Assets Limited as to Use	4.00%	4.00%	4.00%	4.00%	4.00%

Source: Management

Other Revenue Items

Management projects income from gifts, including gifts from churches and special day offerings, and trusts based upon past experience. Management projects that income from gifts, including gifts from churches and special day offerings, and trusts will be approximately \$1,750,000 in 2026 and an assumed a 1.0 percent increase throughout the remainder of the Projection Period.

Other revenue items include food service income from additional meals, guest meals, guest house, catering, etc., for the Organization and interest earnings from the notes receivable. Management assumes that charges for other revenues will increase approximately 4.0 percent annually throughout the remainder of the Projection Period. Also included in other revenue is interest earnings from the Note Receivable – Western, as described hereinafter, which is projected to be \$155,000 in 2026 and then \$0 for the remainder of the Projection Period. Other revenue also includes rental income from the Day Care Project, which is projected to be approximately \$223,000 in 2026 and \$392,000 in 2027, with an anticipated annual increase of approximately 2.0 percent throughout the remainder of the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OPERATING EXPENSES

Operating Expenses

Management has projected operating expenses based upon Management's operating plans, as well as historical operations, and has increased expenses in part based on inflationary increases as well as increases from increased occupancy levels.

Management has projected inflationary increases for all organizations of the Homes on both wage and non-wage expenses of 4.0 percent annually during the Projection Period.

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

Salaries and Related Benefits

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, retirement plan, incentives and other miscellaneous benefits for the entire facility. These salaries and related benefit costs are assumed to vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

Resident Care

Nonsalary related costs of resident care include costs for care and support of residents. These costs are anticipated to vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience. These costs include activities and other similar costs.

Dietary

Nonsalary related costs of the dietary department include costs for raw food and dietary supplies and other such costs and are based on the historical operating experience of Management. Management projects that these costs would vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

Maintenance and Housekeeping

Nonsalary related costs in these departments include housekeeping and all activities of maintenance for the campuses. Management assumes that these costs would vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

General and Administrative

Nonsalary related costs of general and administrative include costs for supplies, professional fees, insurance, and other miscellaneous costs. Management projects that these costs would vary with changes in occupancy levels as well as increase at the inflationary increases previously described, during Projection Period, based on Management's historical experience.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF OTHER ITEMS

Assets Limited as to Use

A narrative description of the assets limited as to use follows:

Internally Designated for Statutory Operating Reserve

North Carolina Statutory Operating Reserve – Section 58-64A-245 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64A-245) for the 12-month period related to the calculation. Once a continuing care facility achieves a 12-month daily average independent living unit occupancy rate of ninety percent (90% or higher) a provider shall only be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by the Commission.

<u>Independent Living Unit Occupancy Rate:</u>	<u>Operating Reserve Percentage Requirement</u>
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent (93%) and has no long-term debt or a debt service coverage ratio in excess of 2.00 as of the provider’s most recent fiscal year-end shall only be required to maintain an operating reserve equal to twelve and one-half percent (12.5%) of total operating costs of the continuing care retirement community, unless otherwise instructed by the NCDOL.

Management has projected an operating reserve of 25.0% of the total operating costs of each of the continuing care retirement communities during the Projection Period.

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. Management has projected, based on its projected occupancies, meeting the 25 percent operating reserve requirement for all years of the Projection Period

Internally Designated for ThriveMore at Home

Management has projected an Internally Designated for ThriveMore at Home account to increase throughout the Projection Period based upon projected cash flows from TMAHP.

Entrance Fee Deposits

Management has projected the resident deposits collected related to the Taylor Glen Project will be released upon the move-in and payment of the required entrance fees for the units, which is projected to occur during 2026 once the Taylor Glen Project opens. The remaining amount of entrance fee deposits in the Projection are those deposits not related to the Taylor Glen Project. Management has not projected any change during the Projection Period.

The following reflects the operating reserve requirements, as projected by Management:

Summary of Significant Projection Assumptions and Accounting Policies

Table 25
Projected Operating Reserve Requirements - Brookridge
For The Years Ending September 30,

Brookridge	2026	2027	2028	2029	2030
Total Operating Expenses ⁽¹⁾	\$ 21,430	\$ 23,362	\$ 24,756	\$ 25,569	\$ 26,306
Include:					
Loan Principal Payments	952	4,265	1,299	1,447	1,506
Exclude:					
Depreciation	(4,010)	(4,188)	(4,184)	(4,184)	(4,184)
Amortization of Issuance Costs included in Interest Expense	(17)	(30)	(32)	(33)	(32)
Debt Payment Funded by Initial Entrance Fees	-	(3,200)	-	-	-
Total Operating Costs	\$ 18,355	\$ 20,209	\$ 21,838	\$ 22,798	\$ 23,596
Operating Reserve Percentage	25%	25%	25%	25%	25%
Operating Reserve at 9/30	\$ 4,589	\$ 5,052	\$ 5,460	\$ 5,700	\$ 5,899
Total Average Occupied Independent Living Units					
Existing Independent Living Units	124.0	124.0	124.0	124.0	124.0
Couples Memory Care Units	-	3.4	10.6	10.8	10.8
Total Average Occupied Independent Living Units	124.0	127.4	134.6	134.8	134.8
Total Average Available Independent Living Units	132.0	141.0	144.0	144.0	144.0
Projected Occupancy Level ⁽²⁾	93.9%	90.3%	93.5%	93.6%	93.6%

Source: Management

Notes:

(1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community.

(2) The occupancy noted above is the projected occupancy of the independent living occupants as of September 30 of each respective year presented, for Brookridge, which also includes the Couples Memory Care Project starting in fiscal year 2027.

Table 26
Projected Operating Reserve Requirements - Gardens
For The Years Ending September 30,

Gardens	2026	2027	2028	2029	2030
Total Operating Expenses ⁽¹⁾	\$ 17,123	\$ 21,050	\$ 21,448	\$ 21,807	\$ 22,236
Include:					
Loan Principal Payments	16,358	1,076	4,439	2,505	2,617
Exclude:					
Depreciation	(4,060)	(4,421)	(4,387)	(4,387)	(4,387)
Amortization of Issuance Costs included in Interest Expense	(190)	(54)	(54)	(54)	(53)
Debt Payment Funded by Initial Entrance Fees	(15,315)	-	-	-	-
Total Operating Costs	\$ 13,916	\$ 17,651	\$ 21,446	\$ 19,871	\$ 20,413
Operating Reserve Percentage	25%	25%	25%	25%	25%
Operating Reserve at 9/30	\$ 3,479	\$ 4,413	\$ 5,362	\$ 4,968	\$ 5,103
Total Average Occupied Independent Living Units					
Existing Independent Living Units	124.0	124.0	124.0	124.0	124.0
New Independent Living Units	29.0	47.5	47.5	47.5	47.5
Total Average Occupied Independent Living Units	153.0	171.5	171.5	171.5	171.5
Total Average Available Independent Living Units	161.8	180.0	180.0	180.0	180.0
Projected Occupancy Level ⁽²⁾	94.5%	95.3%	95.3%	95.3%	95.3%

Source: Management

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Notes:

(1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community, which includes the Taylor Glen Project.

(2) The occupancy noted above is the projected occupancy of the independent living occupants as of September 30 of each respective year presented for the Gardens, which also includes the Taylor Glen Project.

Table 27
Projected Operating Reserve Requirements - Ardenwoods
For The Years Ending September 30,

Ardenwoods	2026	2027	2028	2029	2030
Total Operating Expenses ⁽¹⁾	\$ 10,832	\$ 11,105	\$ 11,367	\$ 11,663	\$ 11,975
Include:					
Loan Principal Payments	-	-	-	-	-
Exclude:					
Depreciation	(2,244)	(2,241)	(2,215)	(2,215)	(2,215)
Amortization of Goodwill	(1,694)	(1,694)	(1,694)	(1,694)	(1,694)
Total Operating Costs	\$ 6,894	\$ 7,170	\$ 7,458	\$ 7,754	\$ 8,066
Operating Reserve Percentage	25%	25%	25%	25%	25%
Operating Reserve at 9/30	\$ 1,724	\$ 1,793	\$ 1,865	\$ 1,939	\$ 2,017
Average Occupied Independent Living Units	90.0	90.0	90.0	90.0	90.0
Average Available Independent Living Units	95.0	95.0	95.0	95.0	95.0
Projected Occupancy Level ⁽²⁾	94.7%	94.7%	94.7%	94.7%	94.7%
Total Operating Reserve - All	\$ 9,792	\$ 11,258	\$ 12,687	\$ 12,607	\$ 13,019

Source: Management

Notes:

(1) Total operating expenses include all line items as presented on the consolidated statements of operations and changes in net assets for the respective community.

(2) The occupancy noted above is the projected occupancy of the independent living and assisted living occupants as of September 30 of each respective year presented, for Ardenwoods.

The following table reflects the total operating reserve requirements, as projected by Management:

Table 28
Total Projected Operating Reserve Requirements
For The Years Ending September 30,

	2026	2027	2028	2029	2030
Operating Reserve - Brookridge	\$ 4,589	\$ 5,052	\$ 5,460	\$ 5,700	\$ 5,899
Operating Reserve - Gardens	3,479	4,413	5,362	4,968	5,103
Operating Reserve - Ardenwoods	1,724	1,793	1,865	1,939	2,017
Total Operating Reserve	\$ 9,792	\$ 11,258	\$ 12,687	\$ 12,607	\$ 13,019

Source: Management

Note Receivable - Western

On September 8, 2023, the Organization closed on the sale of the Western North Carolina Home for a transaction price of approximately \$13,050,000, resulting in cash proceeds and a note receivable (the Note Receivable) from the buyer for approximately \$2,500,000.

The terms of the Note Receivable state the Organization shall receive monthly interest payments based upon an interest rate of 6.2 percent. The maturity date of the Note Receivable shall be the earlier of the

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

third anniversary of the Note Receivable, the date on which the outstanding principal balance of the Note Receivable becomes due and payable, whether by declaration or acceleration upon the occurrence and continuance of an event of default, as defined in the agreement, the refinancing of the existing senior mortgage encumbering the real property or a sale, or any other disposition of all or substantially all of the assets of the entity. Management has projected the notes receivable to be collected in 2026.

Property and Equipment

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

Management has projected the following major property and equipment categories:

Table 29
Projected Property and Equipment Major Categories
For The Years Ending September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Land and Land Improvements	\$ 12,697	\$ 12,697	\$ 12,697	\$ 12,697	\$ 12,697
Buildings and Improvements	206,467	228,117	230,845	233,654	236,548
Furniture, Fixtures, and Equipment	16,346	20,318	24,409	28,623	32,963
Vehicles	1,125	1,125	1,125	1,125	1,125
Total	236,635	262,257	269,076	276,099	283,333
Less: Accumulated Depreciation	(92,544)	(103,790)	(114,968)	(126,145)	(137,323)
Add: Construction in Process	14,837	-	-	-	-
Property and Equipment, Net	\$ 158,928	\$ 158,466	\$ 154,108	\$ 149,953	\$ 146,010

Source: Management

Assets in Split-Interest Agreements

Management has not projected any change in balance of the assets in split-interest agreements nor any gains or losses arising from changes in the value of assets in split-interest agreements during the Projection Period.

Line of Credit

The Organization holds a line of credit with a maximum borrowing limit of \$7,500,000. Interest on the line of credit is based upon SOFR plus 1.90%, with a max of 18.00% and a floor of 2.00%. As of October 1, 2025, the line of credit carried a balance of approximately \$6,111,000. Management has not projected any repayment of the line of credit during the Projection Period. Management has projected monthly interest expense on the line of credit at an assumed fixed rate of 6.25%.

Long-Term Debt and Interest Expense

Projected interest expense and long-term debt for 2026 and subsequent years were based on the construction loan and the commercial loan associated with the improvements at Brookridge and Gardens, the 2024 Note Payable associated with the acquisition of Ardenwoods, the Series 2024 Bonds, as well as the 2025 commercial and construction loans designated for the development of the Day Care Center and Couples Memory Care on the Brookridge campus. The terms of the Day Care Center Loan and Couples Memory Care Loan are more fully described in the notes to Table 9 and Table 12, respectively. In 2013, the Homes entered into a Term Loan Agreement for \$34,650,000 to refinance North Carolina Medical Care Commission term bonds outstanding. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of

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Summary of Significant Projection Assumptions and Accounting Policies

\$142,416. The refinanced term loan carries an interest rate of 3.22%.

Management made draws under a Construction and Permanent Loan Agreement that closed in 2012 for the purpose of improvements at the Homes' Brookridge Retirement Community. The total amount financed was \$16,018,000. The financing required interest-only payments until March 2013 when the Homes began making principal payments on this loan. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$81,065. The refinanced permanent loan carries an interest rate of 3.22%.

In 2024, the Organization entered into a Master Credit Agreement to finance construction and renovations for the Taylor Glen Project, Ardenwoods' loan payoff and reimbursement for capital expenditures. Total proceeds from the Series 2024 Bonds are expected to total approximately \$86,000,000. The responsibility for the payment of the debt service on the Series 2024 Bonds is expected to be solely that of the Homes. The Series 2024 Bonds are being financed through the issuance of direct bank placed fixed rate draw down structure and is comprised of the following:

- \$67,685,000 in direct bank placed fixed rate term draw-down bonds (the "Series 2024A Bonds"), bearing interest at a bank-bought fixed rate of 5.28 percent, subject to monthly principal and interest payments, with interest only payments beginning July 2024 and monthly principal and interest payments beginning July 2028 through June 2053. The balance of the Series 2024A Bonds was \$60,044,000 as of September 30, 2025.
- \$15,315,000 in direct bank placed short term fixed rate draw-down debt (the "Series 2024B Bonds"). This debt is anticipated to be repaid from the availability of "Initial Entrance Fees" received from the Taylor Glen Project. The debt has a 5 year maturity, with monthly interest payments due beginning July 2024, and the principal amount due in full on June 2029. The Series 2024B Bonds will qualify as qualified intermediate term indebtedness for purposes of covenant consideration. Management has projected the repayment of the Series 2024B Bonds with Initial Entrance Fees from the Taylor Glen Project to occur within 3 years. Annual interest on the Series 2024B Bonds is at a bank-bought fixed rate of 4.95 percent. The balance of the Series 2024B Bonds was \$181,000 as of September 30, 2025.
- \$3,000,000 in direct bank placed fixed rate term draw-down bonds (the "Series 2024C Bonds"), bearing interest at a bank bought fixed rate of 5.28 percent, with monthly interest only payments beginning July 2024 with a maturity date of June 2028 at which time all principal will be repaid. The balance of the Series 2024C Bonds was \$3,000,000 as of September 30, 2025.

Projected principal payments on the Organization's debt are as follows:

Summary of Significant Projection Assumptions and Accounting Policies

Table 30
Projected Principal Payments on the Organization's Debt
(In Thousands of Dollars)

Year Ending September 30,	Permanent Loan	Term Loan	Series 2024A Bonds	Series 2024B Bonds	Series 2024C Bonds	Day Care Loan	Couples Memory Care		Total Debt
							LT Loan	EF Loan	
2026	\$ 723	\$ 1,271	\$ -	\$ 15,315	\$ -	\$ -	\$ -	\$ -	\$ 17,309
2027	747	1,312	-	-	-	82	-	3,200	5,341
2028	771	1,355	328	-	3,000	103	181	-	5,738
2029	796	1,400	1,358	-	-	111	288	-	3,953
2030	822	1,446	1,431	-	-	118	306	-	4,123
2031	849	1,492	1,509	-	-	126	326	-	4,302
2032	877	1,541	1,590	-	-	134	343	-	4,485
2033	906	1,591	1,676	-	-	143	367	-	4,683
2034	935	1,643	1,767	-	-	153	390	-	4,888
2035	653	1,147	1,862	-	-	163	414	-	4,239
Thereafter	724	1,268	56,164	-	-	2,758	13,074	-	73,988
Total Projected Long-Term Debt	\$ 8,803	\$ 15,466	\$ 67,685	\$ 15,315	\$ 3,000	\$ 3,891	\$ 15,689	\$ 3,200	\$ 133,049

Source: Management

Refundable Advance Fees and Accreted Interest

The residency agreements acquired upon acquisition of Ardenwoods were recorded at their estimated fair value at the time of acquisition. The fair value of those refundable advance fees are accreted to face value using the effective interest method over the estimated life expectancy of the residents at acquisition. The discount rate assumed by Management in its projection was 4.25%. At September 30, 2025, the net unamortized discount was approximately \$4,512,000. Accreted interest upon amortization of these agreements is projected as accreted interest on the projected consolidated statements of operations and changes in net assets.

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalents balances for the Projection Period are projected based on historical levels throughout the Projection Period.

Accounts Receivable, Net

Accounts receivable, net is projected based on historical levels throughout the Projection Period.

Contributions Receivable, Net

Contributions receivable, net is projected based on historical levels throughout the Projection Period.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets have been projected based on historical levels.

Accounts Payable

Accounts payable has been projected based on historical levels.

Accrued Expenses

Accrued expenses have been projected based on historical levels.

Accrued Employee Compensation

Accrued employee compensation has been projected based on historical levels.

Other Current Liabilities

Other current liabilities have been projected based on historical levels.

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED DBA THRIVEMORE AND ITS CONSOLIDATED
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DONOR RESTRICTIONS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEAR ENDING SEPTEMBER 30, 2026
(In Thousands of Dollars)**

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Pointe	Corporate	Foundation	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Service Revenue	\$ 18,636	\$ 765	\$ 13,724	\$ -	\$ 7,624	\$ -	\$ -	\$ -	\$ 40,749
Net Resident Service Revenue - ThriveMore at Home	-	-	-	317	-	-	-	-	317
Amortization of Deferred Revenue from Nonrefundable Advance Fees	1,945	-	2,546	-	362	-	-	-	4,853
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	-	-	-	59	-	-	-	-	59
Gifts, Including Gifts from Churches and Special Day Offerings	-	-	-	-	-	-	-	1,750	1,750
Investment Income ⁽¹⁾	-	-	-	-	-	-	-	-	3,065
Other	293	-	109	-	45	-	155	-	602
Other - At Home Program	-	-	-	26	-	-	-	-	26
Total Revenue, Gains, and Other Support	20,874	765	16,379	402	8,031	-	155	1,750	51,421
OPERATING EXPENSES									
Health Care	10,711	976	5,168	-	3,364	-	-	-	20,219
Dietary	2,393	123	2,415	-	2,026	-	-	-	6,957
Maintenance, Housekeeping and Laundry	3,167	115	3,122	-	1,151	-	-	-	7,555
General and Administrative	700	33	364	-	353	537	5,859	614	8,460
At Home Program	-	-	-	479	-	-	-	-	479
Depreciation	4,010	47	4,060	-	2,244	5	120	3	10,489
Amortization of Goodwill	-	-	-	-	1,694	-	-	-	1,694
Interest Expense	449	-	1,994	-	-	-	382	-	2,825
Total Operating Expenses	21,430	1,294	17,123	479	10,832	542	6,361	617	58,678
Operating Income (Loss)	(556)	(529)	(744)	(77)	(2,801)	(542)	(6,206)	1,133	(7,257)
NON-OPERATING LOSS									
Accreted Interest	-	-	-	-	(752)	-	-	-	(752)
Total Non-Operating Loss	-	-	-	-	(752)	-	-	-	(752)
Excess (Deficit) of Revenues over Expenses and Increase (Decrease) in Net Assets without Donor Restrictions	\$ (556)	\$ (529)	\$ (744)	\$ (77)	\$ (3,553)	\$ (542)	\$ (6,206)	\$ 1,133	\$ (8,009)

Source: Management

Note:

(1) Management has projected investment income at the consolidated level.

See Accompanying Independent Accountants' Compilation Report

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED DBA THRIVEMORE AND ITS CONSOLIDATED
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SUPPLEMENTAL PROJECTED CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEAR ENDING SEPTEMBER 30, 2027
(In Thousands of Dollars)**

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Pointe	Corporate	Foundation	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Service Revenue	\$ 19,958	\$ 803	\$ 16,674	\$ -	\$ 8,006	\$ -	\$ -	\$ -	\$ 45,441
Net Resident Service Revenue - ThriveMore at Home	-	-	-	465	-	-	-	-	465
Amortization of Deferred Revenue from Nonrefundable Advance Fees	2,355	-	3,152	-	434	-	-	-	5,941
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	-	-	-	177	-	-	-	-	177
Gifts, Including Gifts from Churches and Special Day Offerings	-	-	-	-	-	-	-	1,768	1,768
Investment Income ⁽¹⁾	-	-	-	-	-	-	-	-	3,377
Other	509	-	113	-	47	-	-	-	669
Other - At Home Program	-	-	-	48	-	-	-	-	48
Total Revenue, Gains, and Other Support	22,822	803	19,939	690	8,487	-	-	1,768	57,886
OPERATING EXPENSES									
Health Care	11,327	1,015	6,161	-	3,499	-	-	-	22,002
Dietary	2,572	128	2,698	-	2,107	-	-	-	7,505
Maintenance, Housekeeping and Laundry	3,358	120	3,336	-	1,197	-	-	-	8,011
General and Administrative	754	34	325	-	367	559	6,094	639	8,772
At Home Program	-	-	-	844	-	-	-	-	844
Depreciation	4,188	85	4,421	-	2,241	154	154	3	11,246
Amortization of Goodwill	-	-	-	-	1,694	-	-	-	1,694
Interest Expense	1,164	-	4,109	-	-	-	382	-	5,655
Total Operating Expenses	23,362	1,382	21,050	844	11,105	713	6,630	642	65,728
Operating Income (Loss)	(540)	(579)	(1,111)	(154)	(2,618)	(713)	(6,630)	1,126	(7,842)
NON-OPERATING LOSS									
Accreted Interest	-	-	-	-	(752)	-	-	-	(752)
Total Non-Operating Loss	-	-	-	-	(752)	-	-	-	(752)
Excess (Deficit) of Revenues over Expenses and Increase (Decrease) in Net Assets without Donor Restrictions	\$ (540)	\$ (579)	\$ (1,111)	\$ (154)	\$ (3,370)	\$ (713)	\$ (6,630)	\$ 1,126	\$ (8,594)

Source: Management

Note:

(1) Management has projected investment income at the consolidated level.

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**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED DBA THRIVEMORE AND ITS CONSOLIDATED
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DONOR RESTRICTIONS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEAR ENDING SEPTEMBER 30, 2028
(In Thousands of Dollars)**

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Pointe	Corporate	Foundation	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Service Revenue	\$ 22,115	\$ 844	\$ 17,413	\$ -	\$ 8,406	\$ -	\$ -	\$ -	\$ 48,778
Net Resident Service Revenue - ThriveMore at Home	-	-	-	624	-	-	-	-	624
Amortization of Deferred Revenue from Nonrefundable Advance Fees	2,758	-	3,625	-	466	-	-	-	6,849
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	-	-	-	301	-	-	-	-	301
Gifts, Including Gifts from Churches and Special Day Offerings	-	-	-	-	-	-	-	1,785	1,785
Investment Income ⁽¹⁾	-	-	-	-	-	-	-	-	3,416
Other	550	-	118	-	49	-	-	-	717
Other - At Home Program	-	-	-	79	-	-	-	-	79
Total Revenue, Gains, and Other Support	25,423	844	21,156	1,004	8,921	-	-	1,785	62,549
OPERATING EXPENSES									
Health Care	12,042	1,056	6,435	-	3,639	-	-	-	23,172
Dietary	2,756	133	2,797	-	2,192	-	-	-	7,878
Maintenance, Housekeeping and Laundry	3,565	124	3,470	-	1,245	-	-	-	8,404
General and Administrative	815	36	338	-	382	581	6,337	665	9,154
At Home Program	-	-	-	1,135	-	-	-	-	1,135
Depreciation	4,184	84	4,387	-	2,215	152	152	3	11,177
Amortization of Goodwill	-	-	-	-	1,694	-	-	-	1,694
Interest Expense	1,394	-	4,021	-	-	-	382	-	5,797
Total Operating Expenses	24,756	1,433	21,448	1,135	11,367	733	6,871	668	68,411
Operating Income (Loss)	667	(589)	(292)	(131)	(2,446)	(733)	(6,871)	1,117	(5,862)
NON-OPERATING LOSS									
Accreted Interest	-	-	-	-	(752)	-	-	-	(752)
Total Non-Operating Loss	-	-	-	-	(752)	-	-	-	(752)
Excess (Deficit) of Revenues over Expenses and Increase (Decrease) in Net Assets without Donor Restrictions	\$ 667	\$ (589)	\$ (292)	\$ (131)	\$ (3,198)	\$ (733)	\$ (6,871)	\$ 1,117	\$ (6,614)

Source: Management

Note:

(1) Management has projected investment income at the consolidated level.

See Accompanying Independent Accountants' Compilation Report

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED DBA THRIVEMORE AND ITS CONSOLIDATED
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**SUPPLEMENTAL PROJECTED CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEAR ENDING SEPTEMBER 30, 2029
(In Thousands of Dollars)

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Pointe	Corporate	Foundation	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Service Revenue	\$ 22,831	\$ 877	\$ 18,037	\$ -	\$ 8,742	\$ -	\$ -	\$ -	\$ 50,487
Net Resident Service Revenue - ThriveMore at Home	-	-	-	805	-	-	-	-	805
Amortization of Deferred Revenue from Nonrefundable Advance Fees	2,977	-	4,076	-	496	-	-	-	7,549
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	-	-	-	430	-	-	-	-	430
Gifts, Including Gifts from Churches and Special Day Offerings	-	-	-	-	-	-	-	1,803	1,803
Investment Income ⁽¹⁾	-	-	-	-	-	-	-	-	3,423
Other	565	-	123	-	51	-	-	-	739
Other - At Home Program	-	-	-	118	-	-	-	-	118
Total Revenue, Gains, and Other Support	26,373	877	22,236	1,353	9,289	-	-	1,803	65,354
OPERATING EXPENSES									
Health Care	12,523	1,098	6,693	-	3,784	-	-	-	24,098
Dietary	2,866	138	2,940	-	2,279	-	-	-	8,223
Maintenance, Housekeeping and Laundry	3,717	129	3,609	-	1,294	-	-	-	8,749
General and Administrative	847	37	352	-	397	604	6,591	691	9,519
At Home Program	-	-	-	1,442	-	-	-	-	1,442
Depreciation	4,184	84	4,387	-	2,215	152	152	3	11,177
Amortization of Goodwill	-	-	-	-	1,694	-	-	-	1,694
Interest Expense	1,432	-	3,826	-	-	-	382	-	5,640
Total Operating Expenses	25,569	1,486	21,807	1,442	11,663	756	7,125	694	70,542
Operating Income (Loss)	804	(609)	429	(89)	(2,374)	(756)	(7,125)	1,109	(5,188)
NON-OPERATING LOSS									
Accreted Interest	-	-	-	-	(752)	-	-	-	(752)
Total Non-Operating Loss	-	-	-	-	(752)	-	-	-	(752)
Excess (Deficit) of Revenues over Expenses and Increase (Decrease) in Net Assets without Donor Restrictions	\$ 804	\$ (609)	\$ 429	\$ (89)	\$ (3,126)	\$ (756)	\$ (7,125)	\$ 1,109	\$ (5,940)

Source: Management

Note:

(1) Management has projected investment income at the consolidated level.

See Accompanying Independent Accountants' Compilation Report

**BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED DBA THRIVEMORE AND ITS CONSOLIDATED
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**SUPPLEMENTAL PROJECTED CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT
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ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEAR ENDING SEPTEMBER 30, 2030
(In Thousands of Dollars)

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Pointe	Corporate	Foundation	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Service Revenue	\$ 23,573	\$ 912	\$ 18,683	\$ -	\$ 9,092	\$ -	\$ -	\$ -	\$ 52,260
Net Resident Service Revenue - ThriveMore at Home	-	-	-	990	-	-	-	-	990
Amortization of Deferred Revenue from Nonrefundable Advance Fees	3,140	-	4,561	-	524	-	-	-	8,225
Amortization of Deferred Revenue from Nonrefundable Advance Fees - ThriveMore at Home	-	-	-	563	-	-	-	-	563
Gifts, Including Gifts from Churches and Special Day Offerings	-	-	-	-	-	-	-	1,821	1,821
Investment Income ⁽¹⁾	-	-	-	-	-	-	-	-	3,468
Other	580	-	128	-	53	-	-	-	761
Other - At Home Program	-	-	-	164	-	-	-	-	164
Total Revenue, Gains, and Other Support	27,293	912	23,372	1,717	9,669	-	-	1,821	68,252
OPERATING EXPENSES									
Health Care	13,025	1,142	6,960	-	3,936	-	-	-	25,063
Dietary	2,979	143	3,057	-	2,371	-	-	-	8,550
Maintenance, Housekeeping and Laundry	3,865	135	3,753	-	1,346	-	-	-	9,099
General and Administrative	881	38	366	-	413	629	6,854	719	9,900
At Home Program	-	-	-	1,775	-	-	-	-	1,775
Depreciation	4,184	84	4,387	-	2,215	152	152	3	11,177
Amortization of Goodwill	-	-	-	-	1,694	-	-	-	1,694
Interest Expense	1,371	-	3,713	-	-	-	382	-	5,466
Total Operating Expenses	26,306	1,542	22,236	1,775	11,975	781	7,388	722	72,725
Operating Income (Loss)	987	(630)	1,136	(58)	(2,306)	(781)	(7,388)	1,099	(4,473)
NON-OPERATING LOSS									
Accreted Interest	-	-	-	-	(752)	-	-	-	(752)
Total Non-Operating Loss	-	-	-	-	(752)	-	-	-	(752)
Excess (Deficit) of Revenues over Expenses and Increase (Decrease) in Net Assets without Donor Restrictions	\$ 987	\$ (630)	\$ 1,136	\$ (58)	\$ (3,058)	\$ (781)	\$ (7,388)	\$ 1,099	\$ (5,225)

Source: Management

Note:

(1) Management has projected investment income at the consolidated level.

See Accompanying Independent Accountants' Compilation Report



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Exhibit E
Interim Financials for ThriveMore
As of December 2025



Unaudited Financial Statements as of December 31, 2025

Attached please find the ThriveMore unaudited financial statements as of December 31, 2025. I have also continued to include (in a separate document) steps ThriveMore has and is taking to further improve our margin performance.

The commentary below will be focused on a few specific areas within the December 2025 statements:

- An update on the financial performance for ThriveMore over the first three months of FY 2026 versus both the budget as well as our FY 2025 performance.
- Financial Metrics of ThriveMore compared to the Commission on Accreditation of Rehabilitation Facilities (CARF) – this is the “Gold Standard” in the industry. Year to Date (YTD) metrics with comparison to prior months and CARF (or debt requirements) are as follows:

Financial Metrics History as of December 2025:

Measurement	YTD Results as of 10/31/2025	YTD Results as of 11/30/2025	YTD Results as of 12/31/2025	FY 2025 Multi-site Benchmark	Multi-site Benchmark Source
Days in Accounts Receivable	17.72	16.75	17.81	18.00	CARF
Days of Cash on Hand	568.85	556.64	562.75	291.00	CARF
Net Operating Margin Ratio - Adjusted	60.48%	47.14%	39.24%	43.32%	Budget
Net Operating Margin Ratio - Adjusted (no Taylor Glen Expansion Dollars)	10.22%	1.88%	5.41%	19.76%	CARF
Average Age of Community Ratio (Years)	7.34	7.30	7.40	11.87	CARF

Note 1: Consolidated including Foundation Operations

Note 2: Includes Brice Pointe and ThriveMore at Home start-up expenses

- Net Operating Margin – Adjusted (NOM-A) measures the operations of ThriveMore including the independent living (IL) entrance fee turnovers for the year. YTD NOM-A through December including Taylor Glen IL expansion move-ins are reported at 47.14%. This ratio will be high for this year as we continue to see IL expansion move-ins at Taylor Glen throughout FY 2026. Without the entrance fee expansion dollars from Taylor Glen the NOM-A ratio for ThriveMore is 5.41%. As a note there were no IL expansion move-ins during December, but we have 5 scheduled for January 2026.

Highlights through December:

- ThriveMore’s census continues to be higher than the budgeted census across each campus. YTD census is exceeding expectations for Brookridge IL (93.35% occupied), Taylor Glen IL (97.22% occupied) and Ardenwoods IL (99.00% occupied) campuses.
- Process improvements for Brookridge – with much of the focus and work completed to improve the Net Operating Margins (NOM) across each campus – Brookridge has recorded a NOM improvement of close to +10% so far in FY 2026 over FY 2025.
- Expansion updates:
 - The Taylor Glen IL expansion (14 of 50 units occupied) remains ahead of schedule, under budget and with all 50 units being scheduled for move-in.
 - The Child Care Center construction is nearing completion with a Grand opening planned for late February 2026.
 - The Couples Memory Care construction at Brookridge remains on budget with a projected move-in date of January 2027.

Lowlights through December:

- ThriveMore’s overall operating expenses for FY 2026 still have some room for improvement. The budget prepared for FY 2026 is in a better comparative spot to where we were in FY 2025, but there are still a few improvements we can make (or have implemented).
 - For FY 2026 the largest variances are in third-party (therapy) revenues, Salaries & Benefits and Professional Fees (more details below).

Statement of Financial Position:

- **Assets**
 - Total Assets for ThriveMore are now \$236.8 million and have increased by \$63.4 million compared to December 2024. Predominant areas of increase are:
 - Investment portfolios have grown since December 2025 by \$10.0 million.
 - Investment in ThriveMore property and equipment have increased by a net of \$52.7 million since December 2024. Note that this reinvestment in each campus has helped to decrease the “Age of Community” ratio to 7.40 years currently from 18.20 years as of 2021.
- **Liabilities**
 - Total Long-Term Debt now has a balance of \$90.5 million and is \$50.6 million higher than the December 2024 Long-Term debt balance.
 - This increase in Long-Term debt is directly attributed to the Taylor Glen campus expansion. Note: As the Taylor Glen expansion opens, we are paying down (per the bond documents) an initial \$15.3 million from new entrance fees. To date ThriveMore has remitted \$6.8 million towards this balance and I project the full amount will be paid off in the March/April timeframe.

Statement of Activities:

ThriveMore is currently \$318,710 over budget as of December 2025. We have seen changes in our financial position over the last 12-14 months, but revenues and expenses still have areas and line items where we can improve our process. Note: expenses related to Child Care, Couples Memory Care, Brice Pointe Development and ThriveMore at Home are captured within the operating expenses (excluding marketing costs) reported.

- **Revenues**

- Total revenues to date are \$443,934 under budget due to a higher than budget as of December 2025 due mainly to Third-party payors (Medicare, NC Medicaid, Commercial Insurance and Managed Care) are a combined \$377,550 below budget. This is predominantly therapy services at Brookridge and is under review as the census for third party payors has been on budget for the year.

- **Expenses**

- Overall operating expenses are \$125,224 under budget.
- Salaries, wages & benefits are currently \$254,067 over budget as of December. This is on the Taylor Glen and Brookridge campuses in the resident care services (clinical).
 - Brookridge I attribute to the skilled nursing being over the census budget by eight residents per day.
 - Taylor Glen is currently being reviewed for the impact of the opening of the Greenhouse as well as new Dining venue.
- Contract Nursing services are under budget for the year. To date the utilization of contract staffing by campus:
 - Brookridge: 0.00% agency usage as of December
 - Taylor Glen: 3.68% agency usage as of December
 - Ardenwoods: 10.55% agency usage as of December
 - Consolidated: 2.14% agency usage as of December
- Food costs are \$34,519 under budget for the year. This number will move around some as Taylor Glen IL continues to fill and the new assisted living units come online later in 2026.
- Professional Fees are currently \$159,486 over budget as of December – these are mostly legal fees which are \$195,307 as of December (many one-time costs, some unbudgeted):
 - Legal Fees of \$87,261 including title work for the Childcare property, financing costs for Childcare and Couples Memory Care financings, Board matters, and review of changes to community IL and Dining agreements.
 - Legal Fees of \$60,163 attached to a contract for foreign nurses that ThriveMore needed to be negotiated out of.
 - CON consultant to assist for Brice Pointe CON of \$26,607.

ThriveMore Consolidated Statements
Financial Benchmark Results
For the Three Months Ending December 31, 2025

Measurement	Performance Indicator	FY 2026 Benchmark	Results (5.0% Delta)	Benchmark Source
Liquidity Ratios				
Days in Account Receivable	17.81	18.00	⇒	CARF
Days Cash on Hand	562.75	291.00	↑	CARF
Margin (Profitability) Ratios				
Net Operating Margin Ratio - Adjusted YTD	39.24%	43.32%	⇒	Budget
Net Operating Margin Ratio - Adjusted YTD <i>(no Taylor Glen Expansion Dollars)</i>	5.41%	19.76%	↓	CARF
Capital Ratios				
Cash & Investments to LT Debt Ratio	77.57%	78.93%	⇒	CARF
Long-Term Debt to Total Asset Ratio	38.19%	33.70%	↓	CARF
Average Age of Community Ratio (Years)	7.40	11.87	↑	CARF

ThriveMore Consolidated Statements
Statement of Financial Position
For the Three Months Ending December 31, 2025

	December FY 2026	December FY 2025	Variance
CURRENT ASSETS			
Cash and Cash Equivalents	3,456,883	3,552,535	(95,652)
Resident Accounts Receivable	1,856,022	3,456,879	(1,600,857)
Contributions Receivable	492,125	-	492,125
Prepaid Expenses and Other Assets	1,309,022	1,081,151	227,871
Investments	57,852,892	47,783,871	10,069,021
Other Current Assets	2,500,000	2,500,000	-
-	-	-	-
Total Current Assets	67,466,945	58,374,436	9,092,509
ASSETS WHOSE USE IS LIMITED			
Taylor Glen Escrow Deposits	2,721,436	-	2,721,436
Designated for State Operations	8,867,000	9,344,000	(477,000)
-	-	-	-
Total Assets Whose Use is Limited	11,788,895	9,344,000	2,439,895
DEFERRED COSTS AND OTHER ASSETS			
Charitable Remainder Trusts	1,776,092	1,070,815	705,277
Beneficial Interest in Perpetual Trusts	7,810,015	7,204,443	605,572
Other Assets	14,254,386	16,377,833	(2,123,447)
-	-	-	-
Total Deferred Costs and Other Assets	23,840,493	24,653,091	(812,598)
PROPERTY, PLANT AND EQUIPMENT			
Property & Equipment	218,303,410	147,223,617	71,079,793
Accumulated Depreciation	(84,511,744)	(66,160,646)	(18,351,098)
-	-	-	-
Total Property, Plant and Equipment (Net)	133,791,666	81,062,971	52,728,695
OTHER ASSETS			
-	-	-	-
-	-	-	-
Total Other Assets	-	-	-
TOTAL ASSETS	236,883,000	173,434,498	63,448,502

ThriveMore Consolidated Statements
Statement of Financial Position
For the Three Months Ending December 31, 2025

	December FY 2026	December FY 2025	Variance
CURRENT LIABILITIES			
Accounts Payable	2,694,882	1,442,870	1,252,012
Accrued Expenses	289,996	562,340	(272,344)
Accrued Employee Compensation	2,160,135	578,501	1,581,634
Other Current Liabilities	(4,016)	17,600	(21,616)
Line of Credit	5,660,900	5,000,000	660,900
Current Maturities of LT Debt	1,993,728	1,869,540	124,188
Refundable Fees	229,073	229,073	0
-	-	-	-
Total Current Liabilities	13,024,698	9,699,924	3,324,774
LONG-TERM DEBT			
Long Term Debt less Current Maturities	6,969,744	24,668,263	(17,698,519)
Long Term Debt Payable	83,499,850	15,164,324	68,335,526
-	-	-	-
Total Long-Term Liabilities	90,469,594	39,832,587	50,637,007
DEFERRED REVENUE AND OTHER LIABILITIES			
Deffered Revenues & Other Liabilities	46,470,644	34,958,822	11,511,822
Deposits on Occupied Units	13,357,964	7,141,003	6,216,961
-	-	-	-
Total Deferred Revenues and Other Liabilities	59,828,608	42,099,825	17,728,783
TOTAL LIABILITIES	163,322,899	91,632,336	71,690,563
NET ASSETS			
Unrestricted	50,938,456	55,210,069	(4,271,613)
Temporarily Restricted	10,297,555	9,579,778	717,777
Permanently Restricted	13,927,573	13,111,816	815,757
Net Income (Loss)	(1,603,483)	3,900,499	(5,503,982)
-	-	-	-
TOTAL NET ASSETS	73,560,101	81,802,162	(8,242,061)
TOTAL LIABILITIES AND NET ASSETS	236,883,000	173,434,498	63,448,502

ThriveMore Consolidated Statements
Statement of Activities
For the Three Months Ending December 31, 2025

	Current Month			Year to Date			Percentage Variance	
	Actual	Budget	Variance	Actual	Budget	Variance		
OPERATING REVENUES								
Private Pay	2,628,705	2,628,500	206	7,891,183	7,816,254	74,930	0.96%	→
Medicare Services	203,851	224,739	(20,888)	598,590	674,218	(75,627)	-11.22%	↓
NC Medicaid Services	315,960	314,060	1,900	918,572	942,179	(23,607)	-2.51%	↓
Commercial Insurance	173,665	191,483	(17,818)	418,427	574,450	(156,023)	-27.16%	↓
Managed Care Services	54,214	102,151	(47,937)	184,160	306,452	(122,293)	-39.91%	↓
Other Ancillary	68,532	46,008	22,524	199,939	138,025	61,914	44.86%	↑
Less: Contractual Adjustments	(155,004)	(108,107)	(46,897)	(375,893)	(324,322)	(51,571)	15.90%	↓
Less: Benevolent Care	(79,792)	(31,731)	(48,061)	(246,851)	(95,194)	(151,657)	159.31%	↓
-	-	-	-	-	-	-	0.00%	
Total Operating Revenues	3,210,131	3,367,102	(156,971)	9,588,128	10,032,062	(443,934)	-4.43%	↓
Operating Revenues Per Day	103,553	108,616	(5,064)	104,219	109,044	(4,825)		
OPERATING EXPENSES								
Salaries, Wages & Benefits	2,232,591	2,210,391	(22,200)	6,885,241	6,631,174	(254,067)	-3.83%	↓
Contract Services	171,042	246,737	75,695	522,226	740,210	217,984	29.45%	↑
Food	184,577	163,543	(21,034)	525,148	490,629	(34,519)	-7.04%	↓
Medical Supplies & Ancillary Services	60,128	72,119	11,991	161,500	216,357	54,858	25.36%	↑
Insurance	41,566	37,720	(3,846)	125,226	113,160	(12,066)	-10.66%	↓
Leases & Minor Equipment	20,045	29,616	9,570	85,817	88,847	3,030	3.41%	↑
Auto & Travel	17,625	31,336	13,711	67,605	94,008	26,403	28.09%	↑
Repairs & Maintenance	138,935	177,618	38,682	450,466	532,853	82,387	15.46%	↑
Telephone	14,838	19,058	4,220	53,133	57,174	4,041	7.07%	↑
Utilities	137,069	132,985	(4,084)	359,654	398,955	39,301	9.85%	↑
Professional Fees	178,446	161,960	(16,486)	645,366	485,880	(159,486)	-32.82%	↓
Office & Other Supplies	28,878	29,520	642	83,974	88,560	4,586	5.18%	↑
Paper Products	20,992	17,884	(3,107)	61,878	53,653	(8,226)	-15.33%	↓
Chemicals	15,579	10,249	(5,330)	38,707	30,747	(7,960)	-25.89%	↓
Advertising	61,767	89,621	27,854	171,197	268,862	97,665	36.33%	↑
Other Expenses	113,298	98,414	(14,884)	223,950	295,242	71,292	24.15%	↑
Provision for Bad Debt	29,900	29,900	-	89,700	89,700	-	0.00%	→
Home Office Allocation	-	-	-	-	-	-	0.00%	→
-	-	-	-	-	-	-		
Total Operating Expenses	3,467,277	3,558,671	91,394	10,550,789	10,676,013	125,224	1.17%	→
Operating Expenses Per Day	111,848	114,796	2,948	114,682	116,044	1,361		
NET OPERATING INCOME (LOSS)	(257,146)	(191,569)	(65,577)	(962,662)	(643,951)	(318,710)		

ThriveMore Consolidated Statements
Statement of Activities
For the Three Months Ending December 31, 2025

	Current Month			Year to Date			Percentage Variance
	Actual	Budget	Variance	Actual	Budget	Variance	
NON-OPERATING REVENUES							
Deferred Revenue Earned - Entrance Fees	360,969	360,428	541	906,509	1,053,444	(146,935)	
Contributions, Grants & Pledges	441,179	145,833	295,346	643,945	437,500	206,445	
Net Investment Income (Loss)	457,827	108,333	349,494	1,626,726	325,000	1,301,726	
Other Income	49	14,791	(14,742)	71,002	44,372	26,630	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
Total Non-Operating Revenues	1,260,024	629,385	630,639	3,248,181	1,860,316	1,387,865	
NON-OPERATING EXPENSES							
-	-	-	-	-	-	-	
Interest Expense	170,322	198,194	27,872	503,505	594,582	91,078	
Loan Fee/Acquisition Cost Expense	147,126	2,184	(144,942)	151,408	6,553	(144,856)	
Depreciation & Amortization	962,814	905,579	(57,235)	2,877,331	2,716,737	(160,594)	
Other Expenses	29,281	69,937	40,656	206,773	209,810	3,037	
-	-	-	-	-	-	-	
Total Non-Operating Expenses	1,402,191	1,175,894	(226,297)	3,889,001	3,527,682	(361,319)	
NET INCOME (LOSS)	\$ (399,313)	\$ (738,078)	338,765	\$ (1,603,481)	\$ (2,311,317)	707,836	

ThriveMore Consolidated Statements
Statement of Activities Comparative Years
2024 vs. 2025 Comparison as of December

	Monthly Comparison			Year to Date Comparison			Percentage Variance
	December	December	Variance	FY 2026	FY 2025	Variance	
	FY 2026	FY 2025		FY 2026	FY 2025		
OPERATING REVENUES							
Private Pay	2,628,705	2,326,414	302,291	7,891,183	6,971,663	919,520	13.19%
Medicare Services	203,851	255,226	(51,374)	598,590	775,086	(176,496)	-22.77%
NC Medicaid Services	315,960	308,654	7,306	918,572	858,924	59,648	6.94%
Commercial Insurance	173,665	144,733	28,932	418,427	467,376	(48,949)	-10.47%
Managed Care Services	54,214	100,372	(46,158)	184,160	321,770	(137,610)	-42.77%
Other Ancillary	68,532	74,934	(6,402)	199,939	205,873	(5,934)	-2.88%
Less: Contractual Adjustments	(155,004)	(114,271)	(40,733)	(375,893)	(303,131)	(72,762)	24.00%
Less: Benevolent Care	(79,792)	(43,809)	(35,983)	(246,851)	(94,168)	(152,684)	162.14%
-	-	-	-	-	-	-	0.00%
Total Operating Revenues	3,210,131	3,052,254	157,877	9,588,128	9,203,393	384,735	4.18%
Operating Revenues Per Day	103,553	98,460	5,093	104,219	100,037	4,182	
OPERATING EXPENSES							
Salaries, Wages & Benefits	2,232,591	2,024,983	(207,608)	6,885,241	6,116,851	(768,390)	-12.56%
Contract Services	171,042	317,658	146,616	522,226	954,159	431,933	45.27%
Food	184,577	166,991	(17,587)	525,148	520,957	(4,191)	-0.80%
Medical Supplies & Ancillary Services	60,128	71,180	11,051	161,500	236,903	75,404	31.83%
Insurance	41,566	32,382	(9,184)	125,226	97,438	(27,788)	-28.52%
Leases & Minor Equipment	20,045	15,238	(4,808)	85,817	62,304	(23,513)	-37.74%
Auto & Travel	17,625	14,618	(3,007)	67,605	59,693	(7,912)	-13.25%
Repairs & Maintenance	138,935	164,557	25,622	450,466	485,431	34,966	7.20%
Telephone	14,838	(20,537)	(35,375)	53,133	32,245	(20,889)	-64.78%
Utilities	137,069	121,901	(15,168)	359,654	332,929	(26,725)	-8.03%
Professional Fees	178,446	173,949	(4,497)	645,366	546,938	(98,428)	-18.00%
Office & Other Supplies	28,878	23,014	(5,864)	83,974	76,665	(7,309)	-9.53%
Paper Products	20,992	13,236	(7,755)	61,878	47,765	(14,113)	-29.55%
Chemicals	15,579	9,528	(6,051)	38,707	38,574	(133)	-0.35%
Advertising	61,767	85,550	23,782	171,197	269,648	98,450	36.51%
Other Expenses	113,298	142,874	29,576	223,950	261,414	37,463	14.33%
Provision for Bad Debt	29,900	43,410	13,510	89,700	130,230	40,530	31.12%
Home Office Allocation	-	-	-	-	-	-	0.00%
-	-	-	-	-	-	-	0.00%
Total Operating Expenses	3,467,277	3,400,531	(66,746)	10,550,789	10,270,142	(280,647)	-2.73%
Operating Expenses Per Day	111,848	109,695	2,153	114,682	111,632	3,051	
NET OPERATING INCOME (LOSS)	(257,146)	(348,277)	91,131	(962,662)	(1,066,749)	104,087	

ThriveMore Consolidated Statements
Statement of Activities Comparative Years
2024 vs. 2025 Comparison as of December

	Monthly Comparison			Year to Date Comparison			Percentage Variance
	December	December	Variance	FY 2026	FY 2025	Variance	
	FY 2026	FY 2025		FY 2026	FY 2025		
NON-OPERATING REVENUES							
Deferred Revenue Earned - Entrance Fees	360,969	290,188	70,781	906,509	1,003,805	(97,296)	-9.69%
Contributions, Grants & Pledges	441,179	175,709	265,470	643,945	304,705	339,240	111.33%
Net Investment Income (Loss)	457,827	(1,498,782)	1,956,609	1,626,726	(623,662)	2,250,388	-360.83%
Other Income	49	74,000	(73,951)	71,002	111,454	(40,452)	-36.29%
-	-	-	-	-	-	-	0.00%
-	-	-	-	-	-	-	0.00%
-	-	-	-	-	-	-	0.00%
-	-	-	-	-	-	-	0.00%
-	-	-	-	-	-	-	0.00%
Total Non-Operating Revenues	1,260,024	(958,885)	2,218,909	3,248,181	796,302	2,451,880	307.91%
NON-OPERATING EXPENSES							
-	-	-	-	-	-	-	0.00%
Interest Expense	170,322	135,304	(35,018)	503,505	412,329	(91,175)	-22.11%
Loan Fee/Acquisition Cost Expense	147,126	2,141	(144,985)	151,408	6,423	(144,985)	-2257.17%
Depreciation & Amortization	962,814	903,316	(59,498)	2,877,331	2,682,309	(195,022)	-7.27%
Other Expenses	29,281	711,435	682,154	206,773	844,520	637,747	75.5%
-	-	-	-	-	-	-	0.00%
Total Non-Operating Expenses	1,402,191	1,752,196	350,005	3,889,001	3,945,581	56,580	1.43%
NET INCOME (LOSS)	\$ (399,313)	\$ (3,059,358)	\$ 2,660,045	\$ (1,603,481)	\$ (4,216,029)	\$ 2,612,548	

ThriveMore
Statement of Cash Flows
For the Three Months Ending December 31, 2025

Cash Flows from Operating Activities	
Net Income	(1,603,483.03)
Depreciation	2,477,102.52
Amortization of Goodwill	399,559.71
Increase in Net Unrealized (Gains)/Losses	550,306.65
Decrease in Net Realized (Gains)/Losses	(1,415,115.42)
Increase in Change in Unrealized (Gains)/Losses on B	(50,965.01)
Decrease in Amortization of Deferred Revenue from Ad	(906,508.63)
Increase in Advanced Fees Received (Net of Refunds)	7,776,245.50
Increase in Accounts Receivable	(107,852.87)
Decrease in Contributions Receivable	216,000.00
Increase in Prepaid Expenses and Other Current Asset	(270,357.78)
Increase in Charitable Remainder Trust	(1,430.06)
Decrease in Accounts Payable, Accrued Exp, Accrued C	<u>(6,401,504.22)</u>
Net cash provided by Operating Activities	\$ 661,997.36
Cash Flows from Investing Activities	
Increase in Purchases of Property & Equipment	(7,775,476.50)
Decrease in Investments	<u>1,565,016.29</u>
Net cash used by Investing Activities	\$ (6,210,460.21)
Cash Flows from Financing Activities	
Increase in Long-term Debt	<u>7,132,095.59</u>
Net cash provided by Financing Activities	\$ 7,132,095.59
Net increase in cash	1,583,632.74
Cash at the beginning of the Year	1,873,250.75
Cash at December 31, 2025	<u><u>\$ 3,456,883.49</u></u>

Exhibit F

Financial Data - Actual Compared to Forecasted

Pursuant to Section 58-64-30(a) of the North Carolina General Statutes, we are required to provide a narrative explaining any material differences between the previous forecast financial statements and the actual results of operations. All differences between forecasted results and actual results of \$100,000 or more are deemed material and the Provider has provided an explanation of each line item herein.

Notes to the Comparison of Actual Net Income Results to Forecasted Projections

For the Statement of Operations, any variances greater than 5% and \$1,150,000 (.5% of assets) are highlighted on the comparison and explained below. For the Balance Sheet and Statement of Cash Flows, any variances greater than 5% and \$2,300,000 (1% of assets) are highlighted on the comparison and explained below.

Statement of Operations:

A – Investment Income and Realized Gains are \$1.23 M or 44.28% over the forecast. The variance is primarily due to investment performance in the forecasted projections being more conservative than actual investment returns for FY 2025.

B – General & Administrative are \$1.45 M or 23.09% over the forecast. The variance is due primarily due to the addition of staffing FTE's and a reduced turnover within the corporate office. In total this represented nearly 5 staffing positions plus benefits not accounted for in the forecast.

Balance Sheet:

C – Cash is \$2.78 M or 59.78% under the forecast. This variance (predominantly) is a timing issue of when independent living entrance fees were projected to be received and released across each campus.

D – Accounts Payable is \$2.98 M or 114.55% over the forecast. This variance is due to the timing of when construction pay applications are being received and paid for the Taylor Glen expansion versus the forecast. Within the forecast a longer construction schedule was assumed than is occurring on the Taylor Glen campus.

E – Accrued Expenses are \$3.20 M or 395.43% over the forecast. Again, this is due to construction projects (including design and planning) within ThriveMore for the Brookridge campus (Couples Memory Care and Childcare Center) that had begun but had yet to be financed.

F – Entrance Fees, for both lines this again tie to Taylor Glen and when the forecast had projected entrance fee dollars being received on the expansion and construction beginning as opposed to what has occurred.

Statement of Cash Flows:

G – Increase/(Decrease) in Investments are \$2.97 M or 495.82% over the forecasted projection. The variance is primarily due to investment performance in the forecasted projections being more conservative than actual investment returns for FY 2025.

H – Net Change in Assets Limited in Use are \$4.55 M or 178.66% off from the forecast due to the timing and construction of the Taylor Glen expansion.

I – Proceeds from Long-Term Debt are \$5.94 M or 13.45% under the forecast. This is due to the original forecast having Taylor Glen take more funds out in construction draws than has been needed. To date the Taylor Glen construction is ahead of schedule and below budget.

Baptist Retirement Homes of North Carolina, Inc. (dba ThriveMore)
Comparison of Actual Net Income Results to Forecasted Projected February 2025
Statement of Operations and Changes in Net Assets
FYE 09/30/2025 (In Thousands of Dollars)

	2025 Actual (Audited)	2025 Forecasted	Variance	%	
Revenues, gains and other support:					
Net resident service revenue	36,090	36,927	(837)	-2.27%	
Amortization of Entrance Fees	3,680	4,141	(461)	-11.13%	
Income from Gifts and Grants	590	419	171	40.81%	
Income from Estates and Trusts	249	394	(145)	-36.80%	
Investment Income and Realized Gains	4,008	2,778	1,230	44.28%	A
Net Assets Released from Restrictions	830	-	830		
Other	337	474	(137)	-28.90%	
Total Revenues, gains and other support	45,784	45,133	651	1.44%	
Operating expenses:					
Resident care	19,925	19,337	588	3.04%	
ThriveMore at Home	593	566	27	4.77%	
Dietary	6,117	5,830	287	4.92%	
Maintenance & Housekeeping	7,268	7,157	111	1.55%	
General & administrative	7,747	6,294	1,453	23.09%	B
Depreciation and Amortization	11,221	10,101	1,120	11.09%	
Interest	1,713	1,383	330	23.86%	
Total operating expenses	54,584	50,668	3,916	7.73%	
	(8,800)	(5,535)	(3,265)	58.99%	
Nonoperating Gain/(Loss):					
Gain/(Loss) on Sale of Property	(32)	-	(32)		
Unrealized Gain/(Loss) on Investments	2,687	-	2,687		
Accreted Interest	(781)	(882)	101	-11.45%	
Total Nonoperating Gain/(Loss)	1,874	(882)	2,756	-312.47%	
Excess (Deficit) of Revenues Over Expenses	(6,926)	(6,417)	(509)	7.93%	
Net Asset Changes:					
Net Assets Released without Donor Restriction	190	-	190		
Net Assets with Donor Restriction	1,633	-	1,633		
Change in Net Assets	1,823	-	1,823		
Net Assets - Beginning of Year	80,271	80,271	-	0.00%	
Net Assets - End of Year	75,168	73,854	1,314	1.78%	

Baptist Retirement Homes of North Carolina, Inc. (dba ThriveMore)
Comparison of Actual Net Income Results to Forecasted Projected February 2025
Balance Sheet
FYE 09/30/2025 (In Thousands of Dollars)

2025 Actual (Audited)	2025 Forecasted	Variance	%
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Assets

Current Assets

Cash	1,871	4,652	(2,781)	-59.78%	C
Accounts Receivable (Net)	1,775	3,330	(1,555)	-46.70%	
Investments	56,193	56,640	(447)	-0.79%	
Contributions receivable	405	158	247	156.33%	
Prepaid Expenses	1,020	898	122	13.59%	
Deposit	2	-	2		
Note Receivable	2,500	2,500	-	0.00%	
Total Current Assets	63,766	68,178	(4,412)	-6.47%	

Assets Limited as to Use

Entrance Fee Deposits	3,168	3,919	(751)	-19.16%
Internally Designated ThriveMore at Home	2,109	856	1,253	146.38%
Internally Designated for Statutory Operating Reserve	8,867	8,867	-	0.00%
Total Assets Limited as to Use	14,144	13,642	502	3.68%

Investments, Deferred Costs and Other Assets

Assets in Split-Interest Agreements	9,534	8,824	710	8.05%
Other Assets	15	-	15	
Goodwill, Net	13,744	13,648	96	0.70%
Note Receivable, Net of Current	-	-	-	
Contributions Receivable, Net of Current	303	15	288	1920.00%
Total Investments, Deferred Costs and Other Assets	23,596	22,487	1,109	4.93%

Property and equipment (Net)

Total assets

Property and equipment (Net)	128,490	124,153	4,337	3.49%
Total assets	229,996	228,460	1,536	0.67%

Baptist Retirement Homes of North Carolina, Inc. (dba ThriveMore)
Comparison of Actual Net Income Results to Forecasted Projected February 2025
Balance Sheet
FYE 09/30/2025 (In Thousands of Dollars)

2025 Actual (Audited)	2025 Forecasted	Variance	%
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Liabilities and Net Assets

Current Liabilities

Current Maturities of Long-Term Debt	1,994	1,994	-	0.00%	
Lines of Credit	6,111	5,750	361	6.28%	
Accounts Payable	5,589	2,605	2,984	114.55%	D
Accrued Expenses	4,008	809	3,199	395.43%	E
Accrued Employee Compensation	1,504	847	657	77.57%	
Other Current Liabilities	10	11	(1)	-9.09%	
Entrance Fee Deposits	-	3,919	(3,919)	-100.00%	F
Current Portion Of Refundable Advance Funds	736	713	23	3.23%	

Total Current Liabilities

19,952	16,648	3,304	19.85%
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Long-Term Debt, Less Current Maturities

82,448	88,421	(5,973)	-6.76%
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Deferred Revenue and Other Liabilities

Entrance Fee and Waitlist Deposits	2,659	84	2,575	3065.48%	F
Deferred Revenue from Advance of Funds	22,855	24,108	(1,253)	-5.20%	
Refundable Advance Fees, Net of Current	26,914	25,345	1,569	6.19%	

Total Deferred Revenue and Other Liabilities

52,428	49,537	2,891	5.84%
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Total Liabilities

154,828	154,606	222	0.14%
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Net Assets

Without Donor Restrictions	49,310	49,629	(319)	-0.64%
With Donor Restrictions	25,858	24,225	1,633	6.74%

Total Net Assets

75,168	73,854	1,314	1.78%
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Total Liabilities and Net Assets

229,996	228,460	1,536	0.67%
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Baptist Retirement Homes of North Carolina, Inc. (dba ThriveMore)
Comparison of Actual Net Income Results to Forecasted Projected February 2025
Statement of Cash Flows
FYE 09/30/2025 (In Thousands of Dollars)

	2025 Actual (Audited)	2025 Forecasted	Variance	%	
Cash Flows From Operating Activities					
Increase/(Decrease) in Net Assets	(5,103)	(6,417)	1,314	-20.48%	
Depreciation	9,623	8,407	1,216	14.46%	
Unrealized Gains/(Losses) on Investments	(3,779)	-	(3,779)		
Change in Value of Charitable Remainder Trusts	(179)	-	(179)		
Change in Value of Perpetual Trusts	(525)	-	(525)		
Amortization Deferred Revenues	(3,680)	(4,141)	461	-11.13%	
Accreted Interest	781	882	(101)	-11.45%	
Amortization of Deferred Costs	26	72	(46)	-63.89%	
Amortization of Goodwill	1,598	1,694	(96)	-5.67%	
Credit Loss Expense	618	-	618		
Advanced Fees Received	9,740	9,744	(4)	-0.04%	
Advanced Fees Refunded	(3,537)	(3,520)	(17)	0.48%	
Change in Entrance Fees	(452)	-	(452)		
Realized Gains/(Losses) on Investments	(2,132)	-	(2,132)		
(Gain)/Loss on Disposal of Assets	32	-	32		
(Increase)/Decrease in Accounts Receivable	666	(270)	936	-346.67%	
(Increase)/Decrease in Contributions Receivable	(550)	-	(550)		
(Increase)/Decrease in Prepaids and Other Assets	(1)	123	(124)	-100.81%	
Increase/(Decrease) in Liabilities	(1,488)	(501)	(987)	197.01%	
Change in Entrance Fee Deposits	452	-	452		
Net Cash Flows from Operations	2,110	6,073	(3,963)	-65.26%	
Cash Flows From Investing Activities					
Increase/(Decrease) in Investments	2,367	(598)	2,965	-495.82%	G
Net Change in Assets Limited in Use	2,001	(2,544)	4,545	-178.66%	H
Purchase of Property and Equipment	(42,494)	(44,735)	2,241	-5.01%	
Purchase of Ardenwoods	-	-	-		
Net Change on Escrow Deposits for Acquisition	-	-	-		
Net Cash Flows from Investing Activities	(38,126)	(47,877)	9,751	-20.37%	
Cash Flows From Financing Activities					
Proceeds from Long-Term Debt	38,219	44,157	(5,938)	-13.45%	I
Payments of Long-Term Debt	(1,920)	(1,931)	11	-0.57%	
Proceeds from Line of Credit	420	-	420		
Payments of Line of Credit	(1,059)	(1,000)	(59)	5.90%	
Initial Entrance Fees	-	1,796	(1,796)	-100.00%	
Net Cash Flows from Financing Activities	35,660	43,022	(7,362)	-17.11%	
Net Change in Cash	(356)	1,218	(1,574)	-129.23%	
Cash and Cash Equivalents at Beginning of Year	5,673	3,434	(1,574)	-45.84%	
Cash and Cash Equivalents at End of Year	5,317	4,652	(3,148)	-67.67%	

Exhibit G

9/30/54 Audit

Report

ThriveMore is subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, days cash on hand and restrictions on borrowing.

As of September 30, 2025, ThriveMore was in full compliance with all covenants contained in debt agreements.

**BAPTIST RETIREMENT HOMES OF
NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2025 AND 2024



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BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
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YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Baptist Retirement Homes of North Carolina, Incorporated
dba ThriveMore
Winston-Salem, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Baptist Retirement Homes of North Carolina, Incorporated dba ThriveMore and Affiliate (collectively, the Organization), which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the results of their operations, and changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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 Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 37 to 44 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
January 16, 2026

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,870,914	\$ 3,434,031
Accounts Receivable	2,004,148	4,501,618
Allowance for Credit Losses	(228,998)	(1,441,893)
Accounts Receivable, Net	1,775,150	3,059,725
Investments	56,193,225	56,041,825
Contributions Receivable, Net	405,307	157,500
Prepaid Expenses and Other Assets	1,020,176	1,020,641
Deposit	1,971	169
Note Receivable	2,500,000	-
Total Current Assets	63,766,743	63,713,891
ASSETS LIMITED AS TO USE		
Entrance Fee Deposits	3,167,748	2,123,063
Internally Designated for ThriveMore at Home	2,109,385	856,220
Internally Designated for Statutory Operating Reserve	8,867,000	8,119,000
Total Assets Limited as to Use	14,144,133	11,098,283
INVESTMENTS AND OTHER ASSETS		
Assets in Split-Interest Agreements:		
Charitable Remainder Trusts	1,774,662	1,590,144
Beneficial Interest in Perpetual Trusts	7,759,050	7,234,216
Other Assets	15,000	15,000
Goodwill, Net	13,744,215	15,342,454
Note Receivable, Net of Current	-	2,500,000
Contributions Receivable, Net of Current	302,818	-
Total Investments and Other Assets	23,595,745	26,681,814
PROPERTY AND EQUIPMENT, NET		
	128,489,803	87,826,351
Total Assets	\$ 229,996,424	\$ 189,320,339

See accompanying Notes to Consolidated Financial Statements.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2025 AND 2024

LIABILITIES AND NET ASSETS	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,993,728	\$ 1,930,636
Lines of Credit	6,110,900	6,750,000
Accounts Payable	5,588,528	2,641,313
Accrued Expenses	4,008,428	1,061,899
Accrued Employee Compensation	1,504,210	1,059,716
Other Current Liabilities	10,486	11,295
Current Portion of Refundable Advance Fees	<u>736,179</u>	<u>713,207</u>
Total Current Liabilities	19,952,459	14,168,066
LONG-TERM DEBT, LESS CURRENT MATURITIES	82,447,768	46,186,381
DEFERRED REVENUE AND OTHER LIABILITIES		
Entrance Fee and Waitlist Deposits	2,659,451	2,207,051
Deferred Revenue from Advance Fees	22,855,320	21,984,947
Refundable Advance Fees on Occupied Units, Net of Current Portion	<u>26,913,611</u>	<u>24,502,823</u>
Total Deferred Revenue and Other Liabilities	<u>52,428,382</u>	<u>48,694,821</u>
Total Liabilities	154,828,609	109,049,268
NET ASSETS		
Without Donor Restrictions	49,309,991	56,045,943
With Donor Restrictions	<u>25,857,824</u>	<u>24,225,128</u>
Total Net Assets	<u>75,167,815</u>	<u>80,271,071</u>
Total Liabilities and Net Assets	<u>\$ 229,996,424</u>	<u>\$ 189,320,339</u>

See accompanying Notes to Consolidated Financial Statements.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
REVENUES, GAINS, AND OTHER SUPPORT		
Resident Services:		
On Campus	\$ 35,927,427	\$ 35,535,382
ThriveMore at Home	163,528	42,444
Amortization of Advance Fees:		
On Campus	3,582,232	3,577,823
ThriveMore at Home	97,680	30,333
Income from Grants and Gifts, Including Gifts from Churches	589,763	731,521
Income from Estates and Trusts	249,122	342,842
Investment Income and Realized Gains	4,007,510	3,157,499
Net Assets Released from Restrictions	830,276	901,201
Other	336,661	262,884
Total Revenues, Gains, and Other Support	45,784,199	44,581,929
OPERATING EXPENSES		
Resident Care	19,924,603	19,751,985
ThriveMore at Home	592,737	473,611
Dietary	6,117,269	5,592,797
Maintenance and Housekeeping	7,268,172	6,950,098
General and Administrative	7,747,154	6,515,488
Depreciation and Amortization	11,221,325	10,192,185
Interest	1,713,049	2,039,679
Total Operating Expenses	54,584,309	51,515,843
OPERATING LOSS	(8,800,110)	(6,933,914)
NONOPERATING INCOME (LOSS)		
Loss on Sale of Property and Equipment	(32,010)	(51,473)
Unrealized Gains on Investments	2,686,963	8,315,929
Accreted Interest	(780,996)	(883,204)
Total Nonoperating Income	1,873,957	7,381,252
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(6,926,153)	447,338
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Assets Released from Restrictions for Property and Equipment	190,201	291,781
Total Other Changes in Net Assets Without Donor Restrictions	190,201	291,781
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,735,952)	739,119
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	851,657	198,557
Change in Value of Charitable Remainder Trusts	184,519	523,736
Unrealized Gain on Investments	1,092,163	1,753,857
Change in Value of Beneficial Interest in Perpetual Trusts	524,834	347,293
Net Assets Released from Restrictions	(1,020,477)	(1,192,982)
Increase in Net Assets With Donor Restrictions	1,632,696	1,630,461
CHANGE IN NET ASSETS	(5,103,256)	2,369,580
Net Assets - Beginning of Year	80,271,071	77,901,491
NET ASSETS - END OF YEAR	\$ 75,167,815	\$ 80,271,071

See accompanying Notes to Consolidated Financial Statements.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (5,103,256)	\$ 2,369,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,623,086	8,593,950
Unrealized Gains on Investments	(3,779,126)	(10,069,786)
Change in Value of Charitable Remainder Trusts	(178,740)	(486,983)
Change in Value of Beneficial Interest in Perpetual Trusts	(524,834)	(347,292)
Amortization of Deferred Revenue from Advance Fees	(3,582,232)	(3,577,823)
Amortization of Deferred Revenue from ThriveMore at Home	(97,680)	(30,333)
Accreted Interest	780,996	883,204
Amortization of Deferred Costs	25,693	25,693
Amortization of Goodwill	1,598,239	1,598,235
Credit Loss Expense	618,329	1,184,334
Advance Fees Received	9,739,792	11,996,315
Advance Fees Refunded	(3,536,743)	(3,686,682)
Change in Entrance Fee and Waitlist Deposits	(452,400)	(2,091,591)
Realized Gains on Investments	(2,132,281)	(1,503,939)
Loss on Disposal of Asset	32,010	51,473
(Increase) Decrease in Assets:		
Accounts Receivable	666,246	(1,622,176)
Contributions Receivable	(550,625)	-
Prepaid Expenses and Other Current Assets	(1,337)	(125,373)
Increase (Decrease) in Liabilities:		
Accounts Payable, Accrued Expenses, Accrued Compensation, and Other Current Liabilities	(1,487,606)	(668,044)
Change in Entrance Fee Deposits	452,400	2,089,051
Net Cash Provided by Operating Activities	2,109,931	4,581,813
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	2,366,887	4,742,418
Net Change of Assets Limited as to Use	2,001,165	(368,780)
Purchases of Property and Equipment	(42,493,513)	(18,481,497)
Purchase of ArdenWoods	-	(21,875,000)
Net Change on Escrow Deposit for Acquisition	-	8,258,264
Net Cash Used by Investing Activities	(38,125,461)	(27,724,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	38,219,111	25,003,949
Payments of Long-Term Debt	(1,920,325)	(1,852,777)
Proceeds from Line of Credit	420,142	2,975,000
Payments on Line of Credit	(1,059,242)	-
Payment of Financing Costs	-	(889,731)
Net Cash Provided by Financing Activities	35,659,686	25,236,441
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(355,844)	2,093,659
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	5,672,544	3,578,885
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 5,316,700	\$ 5,672,544

See accompanying Notes to Consolidated Financial Statements.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash and Cash Equivalents	\$ 1,870,914	\$ 3,434,031
Restricted Cash and Cash Equivalents Included in Assets Limited as to Use	3,445,786	2,238,513
Total Cash, Cash Equivalents, and Restricted Cash	\$ 5,316,700	\$ 5,672,544
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest, Net of Interest Capitalized	\$ 3,259,379	\$ 2,039,679
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchases of Equipment Included in Accounts Payable and Accrued Expenses	\$ 7,825,035	\$ 1,666,268

See accompanying Notes to Consolidated Financial Statements.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Baptist Retirement Homes of North Carolina, Incorporated dba ThriveMore (the Homes) is a church-related nonprofit corporation organized under the laws of the state of North Carolina. The trustees of the Homes are nominated and elected by the board. The Homes has a historical relationship with the Baptist State Convention of North Carolina.

The Baptist Retirement Homes Foundation (the Foundation) was established primarily to raise funds for the benevolent ministries of the Homes.

The board of directors of the Foundation is elected by the board of trustees of the Homes.

Homes owns, maintains, and operates facilities throughout North Carolina for the purpose of providing for the care of older adults. The facilities consist of independent living homes and apartments, with freestanding and combination facilities that include assisted living residences, memory-care residences, and skilled nursing care rooms. The Homes receives direct support from North Carolina Baptist churches, special church offerings, grants from foundations, and through gifts and bequests from individuals and businesses to assist with capital projects and the benevolent ministries of the Homes.

Principles of Consolidation

The consolidated financial statements include the accounts of the Homes and the Foundation (collectively, the Organization). All material related party balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization classifies its funds for accounting and reporting purposes as either with or without donor restrictions:

Net Assets Without Donor Restrictions – Resources of the Organization 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 carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified for which the restrictions are satisfied by the passage of time or by actions of the Organization. These resources may also include amounts restricted by the donor in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets. As restrictions are met, the contributions are released from net assets with donor restrictions and are transferred to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less from the date of acquisition, which are not included in investments.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance, less an allowance for credit losses. The Organization determines past due status based on the billing dates, and charges a late fee on overdue accounts. The Organization provides an allowance for credit losses using management's judgment. Accounts past due are individually analyzed for collectability. Accounts receivable that management determines will be uncollectible are written off upon such determination. It is the Organization's policy to seek collection on all overdue accounts. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. The Organization estimated the allowance for credit losses at September 30, 2025 and 2024 to be approximately \$229,000 and \$1,442,000, respectively.

Contributions and Support

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their fair value, which is measured at the present value of their future cash flows. Contributions receivable was approximately \$708,000 and \$158,000 at September 30, 2025 and 2024, respectively.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Contributions and Support (Continued)

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated balance sheets. The Organization received no advance payments for the years ended September 30, 2025 and 2024.

Assets Limited as to Use

Assets limited as to use include amounts set aside to meet the operating reserve requirements of NC General Statute Chapter 58, Article 64, entrance fee deposits, and amounts internally designated for future capital development. The board retains control over amounts held for future capital expenditures and may, at its discretion, subsequently use them for other purposes. The statutory operating reserve balance can only be released upon the submittal of a detailed request and approval of the Commissioner of the North Carolina Department of Insurance.

Investments

Investments in debt and equity securities are measured at fair value based on quoted market prices. In determining realized gains and losses, the cost of investments is determined using the first-in, first-out method. Donated investments are recorded at fair value at the date of gift.

The Organization's investments are classified as trading securities. The investments are managed by brokers who actively buy and sell investments within the Organization's Investment Policy Statement. As trading securities, the investments are not subject to other than temporary impairment as the unrealized gains and losses on the investments are shown above the performance indicator of increase in net assets without donor restrictions on the consolidated statements of activities and changes in net assets.

Assets in Split-Interest Agreements

The Organization is a beneficiary to several irrevocable split-interest agreements. These split-interest agreements are categorized as charitable remainder trusts and beneficial interests in perpetual trusts, both of which are included in net assets with donor restrictions. Assets in split-interest agreements are stated at fair value net of discounted future contractual payment obligations.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Deferred Financing Costs

Deferred financing costs represent expenses incurred in connection with the permanent financing of the Homes and are deferred and amortized over the life of the related indebtedness using the straight-line method, which approximates the effective interest method. Deferred financing costs are net of accumulated amortization. Amortization expense was approximately \$26,000 for the years ended September 30, 2025 and 2024 and is included as a component of interest expense on the consolidated statements of activities and changes in net assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at market value at the date of contribution. All items with a cost over \$2,000 and an estimated useful life of 2 years or more are capitalized. Depreciation is computed over the estimated useful lives of the related assets, ranging from 3 to 31.5 years, using the straight-line method. All additions are depreciated beginning on the date of acquisition.

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

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

Deferred Revenue from Advance Fees

Advance fees paid by a resident, net of the estimated portion that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. Advance fees are refundable pro-rata over the first 24 or 60 months of residency depending on the contract type.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income (obligation to provide future services and use of facilities). There was no liability recognized at September 30, 2025 and 2024. The discount rate used in calculating the present value of the net cost of future services was 4.67% and 8.02% for 2025 and 2024, respectively, and was based on the expected long-term rate of return on governmental obligations.

Resident Service Revenue

The Organization has agreements with third-party payors that provide for payments at amounts different from its established rates. Resident service revenue is reported at the estimated realizable amounts from residents, third-party payors, and others for services rendered.

Excess of Revenues Over Expenses

The consolidated statements of activities and changes in net assets include excess of revenues over expenses. Changes in net assets without donor restrictions, that are included in excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments in trading securities. Changes that are excluded include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets), transfers of net assets, and net assets released from restrictions for property and equipment.

Income Taxes

The Homes and the Foundation are nonprofit organizations exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3).

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

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

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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SEPTEMBER 30, 2025 AND 2024

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

Functional Expenses

The costs of program, management and general, and fundraising activities have been summarized on a functional basis in Note 12. Expenses not associated with a specific functional classification are allocated to program services, support services, and fundraising based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

Fair Value of Financial Instruments

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

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

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

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

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

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Assets valued using Level 2 inputs include gift annuity funds and real estate investment trusts. Assets valued using Level 3 inputs include charitable remainder trusts and beneficial interests in perpetual trusts.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Fair Value of Financial Instruments (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. The Organization may elect to measure newly acquired financial instruments at fair value in the future.

Risks and Uncertainties

The Organization holds investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments, either positively or negatively, will continue to occur in the near-term and those changes could materially affect the Organization's investment and net asset balances, and the amounts reported in the consolidated balance sheets of the Organization.

Allowance for Credit Losses

At the beginning of 2024, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Homes adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Homes' consolidated financial statements but did change how the allowance for credit losses is determined.

Resident receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Homes separates resident receivables into risk pools based on payors and aging. In determining the amount of the allowance as of the consolidated balance sheets date, the Homes develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

Changes in the allowance for credit losses for the years ended September 30, were as follows:

	<u>2025</u>	<u>2024</u>
Balance - Beginning of the Year	\$ 1,441,893	\$ 2,047,195
Provision	618,329	1,184,334
Write-Offs, Net of Recoveries	<u>(1,831,224)</u>	<u>(1,789,636)</u>
Balance - End of the Year	<u>\$ 228,998</u>	<u>\$ 1,441,893</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

ThriveMore at home

In 2023 the Organization received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become members of the Homes while not taking residence at the Homes initially. Management has named this program the ThriveMore at Home program. Under the ThriveMore at Home contract, members who are living off-campus receive the same access to the Homes’ campus amenities and the same health care services and future benefits afforded residents who are living on campus. North Carolina General Assembly Statute §58-64-7(c) stipulates that the Homes must account for the revenue and expenses related to the ThriveMore at Home program separate from revenue and expenses for on-campus services on financial statements. The ThriveMore at Home Program began operations in 2024, and had 35 and 10 members under contract in the ThriveMore at Home program as of September 30, 2025 and 2024, respectively.

Reclassifications

Certain amounts in the 2024 consolidated financial statements have been reclassified to conform to the 2025 presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

Goodwill

The Organization accounts for business acquisitions using the acquisition method of accounting. Goodwill is recognized as a result of a business combination when the purchase price paid for the acquired business exceeds the fair value of its intended net assets. Identified intangible assets are recognized at their fair value when acquired. The Organization has elected the alternative accounting for goodwill as its accounting policy. The Organization has elected to amortize goodwill on a straight-line basis over 10 years and test for impairment at the entity level. Goodwill is amortized on a straight-line basis. At September 30, 2025 and 2024 goodwill was approximately \$16,941,000 and amortization expense was approximately \$1,598,000 for the fiscal years ending September 30, 2025 and 2024. At September 30, 2025 and 2024, accumulated amortization was approximately \$3,196,000 and \$1,598,000, respectively. Organizations making the election test goodwill for impairment only when a triggering event occurs and perform the goodwill impairment evaluation as of the end of each reporting period, instead of annually. When impairment is likely, the Organization calculates goodwill impairment as the Organization’s carrying value including goodwill that exceeds its fair value. There was no impairment of goodwill during 2025 and 2024.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Subsequent Events

The Organization has evaluated its subsequent events through January 16, 2026, the date the consolidated financial statements were available to be issued.

NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS

Assets limited as to use at September 30, are summarized in the following table. Assets limited as to use are stated at fair value.

	<u>2025</u>	<u>2024</u>
Internally Designated for Entrance Fee Deposits:		
Cash and Cash Equivalents	\$ 3,167,748	\$ 2,123,063
Internally Designated for Thrivemore at Home:		
Cash and Cash Equivalents	183,783	9,926
Mutual Funds and Equities	1,186,090	519,680
Mutual Funds, Corporate Obligations, and Fixed Income Securities	<u>739,512</u>	<u>326,614</u>
Total	<u>2,109,385</u>	<u>856,220</u>
Internally Designated for Statutory Operating Reserve:		
Cash and Cash Equivalents	94,255	105,524
Mutual Funds and Equities	5,983,666	5,308,445
Mutual Funds, Corporate Obligations, and Fixed Income Securities	<u>2,789,079</u>	<u>2,705,031</u>
Total	<u>8,867,000</u>	<u>8,119,000</u>
Total Assets Limited as to Use	<u><u>\$ 14,144,133</u></u>	<u><u>\$ 11,098,283</u></u>

Three of Homes' facilities are required by NC General Statute Chapter 58, Article 64 to fund an operating reserve account. The operating reserve must be an amount at least equal to 25% or 50% (depending on occupancy) of the forecasted operating expenses (net of depreciation and amortization) of the forecasted year, plus annual debt service. The operating reserve requirement for Brookridge Retirement Community was approximately \$4,489,000 and \$3,844,000 as of September 30, 2025 and 2024, respectively. The operating reserve requirement for The Gardens of Taylor Glen was approximately \$2,862,000 and \$2,518,000 as of September 30, 2025 and 2024, respectively. The operating reserve requirement for Ardenwoods was approximately \$1,516,000 and \$1,757,000 as of September 30, 2025 and 2024, respectively.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 ASSETS LIMITED AS TO USE AND INVESTMENTS (CONTINUED)

Other investments, stated at fair value, at September 30, include:

	2025	2024
Other Investments:		
Cash and Cash Equivalents	\$ 992,145	\$ 728,394
Mutual Funds and Equities	37,651,249	33,936,597
Mutual Funds, Corporate Obligations, and Fixed Income Securities	17,549,831	21,376,834
Total	\$ 56,193,225	\$ 56,041,825

Investment income and unrealized and realized gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30:

	2025	2024
Investment Income and Realized and Unrealized Gains:		
Interest and Dividend Income	\$ 1,875,229	\$ 1,653,560
Net Realized Gains on Sales of Securities	2,132,281	1,503,939
Total	\$ 4,007,510	\$ 3,157,499
Unrealized Gains on Investments	\$ 3,779,126	\$ 10,069,786

The Organization has assessed the classification of its investments and determined the investments should be classified as trading securities. The investments are managed by two different investment brokers who have the ability to buy and sell investments within the parameters set forth by the Organization's investment policies. The brokers are not expressly limited to any number of transactions they can execute to achieve investment goals. Due to this, the investments are classified as trading securities. As trading securities, the investments are not subject to other-than-temporary impairment.

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS

The irrevocable split-interest agreements in which the Organization has a beneficial interest are categorized as follows:

Charitable Remainder Trusts

A charitable remainder trust provides for payments to the grantor or other designated beneficiaries over the trust's term. The terms of most of the charitable remainder trusts which name the Organization as a remainder beneficiary are the lifetimes of the respective distribution recipients. At the end of the respective trust's terms, the remaining assets in which Homes has an interest will be distributed to the Organization.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 ASSETS IN SPLIT-INTEREST AGREEMENTS (CONTINUED)

Charitable Remainder Trusts (Continued)

Upon receipt of a beneficial interest in a charitable remainder trust, the present value of such interest is recorded as contribution revenue. The annual change in the present value of the beneficial interest is recorded as a change in value of charitable remainder trusts on the consolidated statements of activities and changes in net assets. Such valuations are based on estimated mortality rates and other assumptions that could change in the near-term. The discount rates used in the calculations were 4.16% and 3.81% for the fiscal years 2025 and 2024, respectively.

Beneficial Interest in Perpetual Trust

Beneficial interest in perpetual trusts represents assets held in trust and administered by a third party, from which the Organization has the irrevocable right to receive a share of income from the trust's assets in perpetuity. These assets are stated at the fair value of the Organization's share of trust assets, which is an approximation of the present value of the estimated future distributions from this trust.

Upon receipt of an irrevocable interest in the income of a perpetual trust administered by a third party, the Organization records the fair value of estimated future distributions from the trust as permanently restricted contribution revenue. Over the term of the perpetual trust, income distributions to the Organization are included in investment income. Annual changes in the fair value of trust assets are recorded as permanently restricted gains or losses on the consolidated statements of activities and changes in net assets. Such valuations are based on estimated mortality rates and other assumptions that could change in the near-term.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2025</u>	<u>2024</u>
Land and Land Improvements	\$ 12,697,238	\$ 12,736,238
Buildings and Improvements	134,806,185	129,296,375
Furniture, Fixtures, and Equipment	5,454,810	5,170,532
Vehicles	1,124,590	978,129
Total	<u>154,082,823</u>	<u>148,181,274</u>
Less: Accumulated Depreciation	82,054,536	72,667,533
Total	<u>72,028,287</u>	<u>75,513,741</u>
Construction in Progress	56,461,516	12,312,610
Property and Equipment, Net	<u>\$ 128,489,803</u>	<u>\$ 87,826,351</u>

Construction in progress as of September 30, 2025 and 2024, related mainly to renovations at the Taylor Glen and Brookridge locations. The remaining cost associated with the Taylor Glen project is approximately \$14,448,000 and is expected to be completed in fiscal year 2026.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

In fiscal year 2023, the Organization closed on the sale of the Western North Carolina Home resulting in cash proceeds and a note receivable (the Note Receivable) from the buyer for approximately \$2,500,000.

The terms of the Note Receivable note the Organization shall receive monthly interest payments based upon an interest rate of 6.2%. The maturity date of the Note Receivable shall be the earlier of the third anniversary of the Note Receivable, the date on which the outstanding principal balance of the Note Receivable becomes due and payable, whether by declaration or acceleration upon the occurrence and continuance of an event of default, as defined in the agreement, the refinancing of the existing senior mortgage encumbering the real property or a sale, or any other disposition of all or substantially all of the assets of the entity. The note is set to mature on September 8, 2026.

NOTE 5 LONG-TERM DEBT

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

<u>Description</u>	<u>2025</u>	<u>2024</u>
Term Loan at 3.22%, Maturing in 2035	\$ 14,241,818	\$ 15,466,273
Term Loan at 3.22%, Maturing in 2035	8,106,653	8,802,526
Series 2024A Bonds	60,043,845	21,833,482
Series 2024B Bonds	181,337	172,587
Series 2024C Bonds	<u>3,000,000</u>	<u>3,000,000</u>
Total	85,573,653	49,274,868
Less: Current Maturities	1,993,728	1,930,636
Less: Unamortized Deferred Financing Costs	<u>1,132,157</u>	<u>1,157,851</u>
Long-Term Debt, Net	<u>\$ 82,447,768</u>	<u>\$ 46,186,381</u>

In 2013, the Organization entered into a Term Loan Agreement for \$34,650,000 to refinance the remaining balances on the Organization's North Carolina Medical Care Commission term bonds. During the year ended September 30, 2020 the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$142,416. The refinanced term loan carries an interest rate of 3.22%.

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NOTE 5 LONG-TERM DEBT (CONTINUED)

In 2012, the Organization entered into a Construction and Permanent Loan Agreement to finance construction and renovations at Brookridge Retirement Community with a maximum borrowing of \$16,500,000. Interest only was due and payable for the first 12 months under the agreement and then principal and interest based on the bank's amortization schedule. On October 25, 2014, the Loan Agreement was finalized upon the completion of the construction project to adjust the principal and interest payments based on the actual borrowings. During the year ended September 30, 2020, the Organization refinanced this loan. Under the terms of the new agreement, the Organization is responsible for monthly payments consisting of interest and principal through maturity in June 2035 in the amount of \$81,065. The refinanced term loan carries an interest rate of 3.22%.

Security for the debt agreements consist of a pledge and assignment to the lender of all rights, title, interest in, and first priority deeds of trust on all property of Brookridge and The Gardens of Taylor Glen.

In 2024, the Organization entered into a Master Credit Agreement to finance construction and renovations for the "Taylor Glen Project", Ardenwoods' loan payoff, and New Bern loan payoff and reimbursement for capital expenditures. Total proceeds from the Series 2024 Bonds are expected to total approximately \$86,000,000 and will be generated utilizing the following structure and terms.

The Series 2024 Bonds are being financed through the issuance of direct bank placed fixed rate draw down structure.

The "Series 2024A Bonds" are expected to be fully drawn down to an amount totaling approximately \$67,685,000, bearing interest at bank-bought fixed rate of 5.28%, subject to monthly principal and interest payments, with interest only payments beginning July 2024 and monthly principal and interest payments beginning July 2028 through June 2053. The balance on the 2024A Bonds is approximately \$60,044,000 and \$21,833,000 as of September 30, 2025 and 2024, respectively.

The "Series 2024B Bonds" are expected to be fully drawn down to an amount totaling approximately \$15,315,000. This debt is anticipated to be repaid from the availability of "Initial Entrance Fees" received from the Taylor Glen Project. The debt has a five-year maturity, with monthly interest payments due beginning July 2024, and the principal amount due in full on June 2029. The Series 2024B Bonds will qualify as qualified intermediate term indebtedness for purposes of covenant consideration. Annual interest on the Series 2024B Bonds is at bank-bought fixed rate of 4.95%. The balance on the Series 2024B Bonds is approximately \$181,000 and \$173,000 as of September 30, 2025 and 2024, respectively.

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NOTE 5 LONG-TERM DEBT (CONTINUED)

The “Series 2024C Bonds” are fully drawn down to an amount totaling approximately \$3,000,000. The debt has a four-year maturity, with monthly interest payments due beginning July 2024, and the principal amount due in full on June 2028. Annual interest on the Series 2024C Bonds is at bank-bought fixed rate of 5.28%. The balance on the Series 2024C Bonds is approximately \$3,000,000 as of September 30, 2025 and 2024, respectively. The responsibility for the payment of the debt service on the Series 2024 Bonds is expected to be solely that of the Homes.

The debt agreements contain certain payments and covenants, which include the maintenance of a long-term debt service coverage ratio, cash-to-debt ratio and restricts, among other things, incurrence of indebtedness, existence of liens on property, consolidations and mergers, disposition of assets, and changes in members of the obligated group. At September 30, 2025 and 2024, management is not aware of any noncompliance with these requirements.

Aggregate maturities required on long-term debt as of September 30, 2025, are due in future years as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2026	\$ 1,993,728
2027	2,058,882
2028	5,454,563
2029	3,725,946
2030	3,707,309
Thereafter	68,633,225
Total	<u>\$ 85,573,653</u>

NOTE 6 DEFERRED REVENUE FROM ADVANCE FEES AND REFUNDABLE ADVANCES

The Gardens of Taylor Glen and Brookridge Retirement Community offers contract options to new residents on a 90%, 50%, and 0% refundable basis. Ardenwoods offers contract options to new residents on a 90% refundable basis.

At September 30, 2025 and 2024, the portion of advance fees subject to refund provisions was approximately \$27,650,000 and \$25,216,000, respectively. The amount expected to be refunded to current residents within the next year, based on the Organization’s experience, is approximately \$736,000.

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NOTE 7 RESIDENT SERVICE REVENUE

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

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

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

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

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NOTE 7 RESIDENT SERVICE REVENUE (CONTINUED)

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

Medicare

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

In addition, PDPM introduces variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

Medicaid

The Organization's licensed nursing facilities participate in the Medicaid program which is administered by the North Carolina Division of Health Benefits. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined per diem rates as defined for each Medicaid provider in North Carolina. Annual cost report filings are required for Medicaid providers, which include the completion of the North Carolina Division of Health Benefit's supplemental schedules. For Continuing Care Retirement Facilities, the Supplemental Schedules do not contain a cost settlement.

Other

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

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NOTE 7 RESIDENT SERVICE REVENUE (CONTINUED)

Approximately 7% and 9% of the Homes' resident service revenue for the years ended September 30, 2025 and 2024, respectively, was derived from Medicare. Approximately 8% and 6% of Homes' resident service revenue for the years ended September 30, 2025 and 2024, respectively, was derived from Medicaid.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2025 or 2024.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

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

The Organization maintains records, and the board has oversight, to identify and monitor the amount of charges foregone for services and supplies furnished under its benevolent assistance policy and to identify and monitor the level of benevolent assistance it provides. The total amount of charges forgone and direct benevolence assistance provided amounted to approximately, \$1,734,000 and \$3,419,00 during the years ended September 30, 2025 and 2024, respectively.

The Medicare, Medicaid, and other governmental programs' charges foregone, based on established rates, were approximately \$1,108,000 and \$2,726,000 during the years ended September 30, 2025 and 2024, respectively.

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NOTE 7 RESIDENT SERVICE REVENUE (CONTINUED)

The Organization has estimated the costs of providing assistance under its benevolent assistance policy. In order to estimate the cost of providing such assistance, management calculated a ratio by comparing the charges foregone to total operating revenue and applying this ratio to expenses to estimate the costs of providing benevolent assistance. Using this methodology, the Organization has estimated the costs for services under the Organization’s benevolent assistance policy to be approximately \$392,000 and \$515,000 for the years ended September 30, 2025 and 2024, respectively. The amount of direct benevolent assistance provided by Homes was approximately \$626,000 and \$693,000 during the years ended September 30, 2025 and 2024, respectively.

Contract Costs

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

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue from Advanced Fees
Balance as of October 1, 2023	\$ 2,621,883	\$ 18,289,457
Balance as of September 30, 2024	4,501,618	21,984,947
Balance as of September 30, 2025	2,004,148	22,855,320

NOTE 8 RETIREMENT PLAN

The Organization has a defined contribution annuity plan (the Plan) with Guidestone Financial Resources. The Plan has a contributory feature and participation in the Plan is optional at the election of the employees. To qualify for the employer matching contribution, employees must have been employed with the Organization for two years and must contribute 3% of their compensation to the Plan. Employer contributions to the Plan are made after each pay period at an amount equal to 100% match of the first 3% of employees’ contributions and a 50% match of the next 2% contributed by employees. Employer contributions to the Plan were approximately \$196,000 and \$185,000 for the years ended September 30, 2025 and 2024, respectively.

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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisting of contributions restricted as to purpose, the passage of time, or in perpetuity consist of the following at September 30:

	2025	2024
Restricted for Purpose:		
Charitable Remainder Trusts	\$ 1,774,662	\$ 1,590,144
Geneva Stroupe Support	229,432	219,503
Employee Benefit Account	-	7,010
New Residential Development	2,311,447	2,501,648
Taylor House Benevolence and Operating Support	6,232,244	5,767,738
Medicine from the Heart	52,903	33,772
Life at Home	177,740	177,740
Immeasurable More	626,989	-
Total Restricted for Purpose	11,405,417	10,297,555
Restricted in Perpetuity:		
Beneficial Interest in Perpetual Trusts	7,759,050	7,234,216
Endowments	6,693,357	6,693,357
Total Restricted in Perpetuity	14,452,407	13,927,573
Total Net Assets With Donor Restrictions	\$ 25,857,824	\$ 24,225,128

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and/or by occurrence of other events specified by donors.

	2025	2024
New Residential Development	\$ 190,200	\$ 291,782
Taylor House Benevolence and Operating Support	809,277	880,200
Medicine from the Heart	21,000	21,000
Total	\$ 1,020,477	\$ 1,192,982

NOTE 10 ENDOWMENT FUNDS

Interpretation of Relevant Law

The state of North Carolina adopted the North Carolina Prudent Management of Institutional Funds Act (the Act). The board of trustees of the Organization has interpreted 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 Organization classifies as net assets with donor restrictions, restricted in perpetuity, (1) the original value of gifts donated to the permanent endowment and (2) the original value of subsequent gifts to the permanent endowment.

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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted for purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Funds with Deficiencies

It is the Organization's policy to maintain the corpus amounts of each individual donor-restricted endowment fund received. If the fair value of assets associated with individual donor-restricted endowment funds were to fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration, in accordance with GAAP, then such deficiencies would be reported in net assets with donor restrictions.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standards to minimize the risk of large losses.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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). Management targets a diversified asset allocation that meets the Organization's long-term rate of return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

At September 30, 2025 and 2024, the Organization had approximately \$14,452,000 and \$13,928,000 in net assets with donor restrictions-restricted in perpetuity, respectively. Of these respective totals, approximately \$7,759,000 and \$7,234,000 relates to split-interest agreements that are administered and managed by third parties as trustees at September 30, 2025 and 2024, respectively. The remaining \$6,693,000 of net assets restricted in perpetuity at September 30, 2025 and 2024, are managed by two different investment brokers within the Organization's Investment Policy Statement. The Organization had no board-designated endowment funds as of September 30, 2025 or 2024.

The following is the change in endowment net assets for the years ended September 30, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment Net Assets, September 30, 2023	\$ -	\$ 1,303,053	\$ 6,693,357	\$ 7,996,410
Unrealized Losses on Investments	-	1,721,917	-	1,721,917
Net Assets Released from Restrictions	-	(291,781)	-	(291,781)
Endowment Net Assets, September 30, 2024	-	2,733,189	6,693,357	9,426,546
Unrealized Gain on Investments	-	1,076,998	-	1,076,998
Net Assets Released from Restrictions	-	(291,781)	-	(291,781)
Endowment Net Assets, September 30, 2025	<u>\$ -</u>	<u>\$ 3,518,406</u>	<u>\$ 6,693,357</u>	<u>\$ 10,211,763</u>

NOTE 11 CONCENTRATIONS OF CREDIT RISK

The Organization maintains demand deposits with financial institutions, the balances of which exceed the federally insured amount. Included in demand deposits are Advance Fee Escrow Accounts, which are mandated by State Statute. The Organization has not experienced any loss as a result of these holdings.

The Organization accepts residents based on strict financial verifications of assets, which become part of their residency contracts. No Medicare or Medicaid residents are accepted without approval from federal, state, and/or county agencies.

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NOTE 11 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The mix of accounts receivable from residents and third-party payors at September 30, was as follows:

	<u>2025</u>	<u>2024</u>
Medicare	14 %	24 %
Medicaid	9	4
Other Third-Party Payers	25	55
Self-Pay	52	17
Total	<u>100 %</u>	<u>100 %</u>

NOTE 12 FUNCTIONAL EXPENSES

The functional classification of expenses for the years ended September 30, consist of the following:

	<u>2025</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 16,090,004	\$ 5,191,358	\$ 224,088	\$ 21,505,450
Benefits	2,593,293	734,708	49,731	3,377,732
Advertising	762,773	279,637	-	1,042,410
Insurance	-	494,936	-	494,936
Professional Services	3,721,130	966,894	-	4,688,024
Dues and Subscriptions	17,456	112,439	-	129,895
Occupancy	1,425,289	141,272	-	1,566,561
Meals and Entertainment	1,947,585	76,430	-	2,024,015
Interest	1,713,049	-	-	1,713,049
IT	18,255	776,178	-	794,433
Travel	26,232	85,850	-	112,082
Medical Supplies	350,756	-	-	350,756
Supplies	1,048,958	329,154	-	1,378,112
Pharmaceuticals	31,495	-	-	31,495
Equipment	61,165	3,361	-	64,526
Maintenance and Repair	1,654,636	159,010	-	1,813,646
Depreciation and Amortization	9,609,781	1,611,544	-	11,221,325
Development	240,203	152,732	51,022	443,957
Other	769,947	378,736	64,893	1,213,576
Credit Loss	593,729	24,600	-	618,329
Total	<u>\$ 42,675,736</u>	<u>\$ 11,518,839</u>	<u>\$ 389,734</u>	<u>\$ 54,584,309</u>

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NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)

	2024			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$14,903,895	\$4,158,869	\$168,278	\$ 19,231,042
Benefits	2,402,923	604,736	19,060	3,026,719
Advertising	657,108	369,362	-	1,026,470
Insurance	-	533,459	-	533,459
Professional Services	3,533,286	1,396,722	-	4,930,008
Dues and Subscriptions	18,531	90,530	-	109,061
Occupancy	1,426,372	155,871	-	1,582,243
Meals and Entertainment	1,858,294	57,524	-	1,915,818
Interest	2,039,679	-	-	2,039,679
IT	12,987	552,561	-	565,548
Travel	15,649	86,494	-	102,143
Medical Supplies	324,532	-	-	324,532
Supplies	1,200,573	298,002	-	1,498,575
Pharmaceuticals	29,174	-	-	29,174
Equipment	68,216	8,028	-	76,244
Maintenance and Repair	1,617,881	195,856	-	1,813,737
Depreciation and Amortization	8,583,116	1,609,069	-	10,192,185
Development	143,393	130,310	35,670	309,373
Other	697,325	309,300	18,874	1,025,499
Credit Loss	1,184,334	-	-	1,184,334
Total	<u>\$ 40,717,268</u>	<u>\$ 10,556,693</u>	<u>\$ 241,882</u>	<u>\$ 51,515,843</u>

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Nature of Organization and Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the consolidated balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of September 30:

	Assets at Fair Value as of September 30, 2025			
	Level 1	Level 2	Level 3	Total
ASSETS				
Investments and Assets Limited as to Use:				
Mutual Funds:				
Equities	\$ 44,821,005	\$ -	\$ -	\$ 44,821,005
Bonds	21,078,422	-	-	21,078,422
Total Investments	65,899,427	-	-	65,899,427
Charitable Remainder Trusts	-	-	1,724,788	1,724,788
Charitable Gift Annuities Fund	-	49,874	-	49,874
Beneficial Interest in Perpetual Trusts	-	-	7,759,050	7,759,050
Total	<u>\$ 65,899,427</u>	<u>\$ 49,874</u>	<u>\$ 9,483,838</u>	<u>\$ 75,433,139</u>

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

ASSETS	Assets at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments and Assets Limited as to Use:				
Mutual Funds:				
Equities	\$ 39,764,722	\$ -	\$ -	\$ 39,764,722
Bonds	24,408,479	-	-	24,408,479
Total Investments	64,173,201	-	-	64,173,201
Charitable Remainder Trusts	-	-	1,553,102	1,553,102
Charitable Gift Annuities Fund	-	37,042	-	37,042
Beneficial Interest in Perpetual Trusts	-	-	7,234,216	7,234,216
Total	\$ 64,173,201	\$ 37,042	\$ 8,787,318	\$ 72,997,561

The Organization had approximately \$4,438,000 and \$2,967,000 of cash and cash equivalents included with investments as of September 30, 2025 and 2024, respectively, which is not included in the fair value hierarchy.

Following is a description of the valuation methodologies used for assets measured at fair value subsequent to initial recognition. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation 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.

Mutual Funds and Equity Securities – Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Other Various Investments – Bond securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the date of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. The remainder of investments included in this classification is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, or market price quotations (where observable) and are, therefore, categorized in Level 2 of the fair value hierarchy.

Beneficial Interest in Perpetual Trusts – The value of Beneficial Interest in Perpetual Trusts represents an irrevocable right to receive distributions in perpetuity from a trust that is managed by a third-party. The Organization does not have variance power over the trust's portfolio. The value of Beneficial Interest in Perpetual Trusts uses a market approach and is estimated based on the fair value of the underlying investments held by the trust.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Charitable Remainder Trusts – Valued using the income approach based on estimated mortality and discount rates. The discount rates used in the valuation calculations were 4.16% and 3.81% for fiscal years 2025 and 2024, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

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

Self-Insured Health Insurance

The Organization was previously self-insured for its employees' health plan. The Organization contracted with an administrative service company to supervise and administer the program and act as its representative. Provisions for expected future payments were accrued based on the Organization's experience and included amounts for claims filed and claims incurred but not reported. The Organization held stop loss insurance for excessive and unexpected health claims with an individual deductible of \$75,000 and an aggregate deductible of approximately \$1,255,000. The Organization reserved approximately \$321,000 related to its self-insured health insurance at September 30, 2024. The Organization now has a fully insured employees' health plan and is no longer self-insured.

NOTE 15 LINES OF CREDIT

The Organization obtained a revolving line of credit (LOC) with a maximum borrowing limit of \$800,000. In 2024, the line was extended to expire April 4, 2026. Interest on the LOC is based upon the 30-Day Average Secured Overnight Financing Rate (SOFR) plus 1.90%, with a max of 18.00% and a floor of 2.00%. As of September 30, 2025, the interest rate on the LOC was 7.21%. As of September 30, 2025 and 2024, there were no outstanding balances.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 15 LINES OF CREDIT (CONTINUED)

The Organization obtained an additional LOC with a maximum borrowing limit of \$2,000,000. In 2024, the line was extended to April 5, 2025 and the limit increased to \$7,500,000. In 2025, the line was extended to April 5, 2026. Interest on the LOC is based upon SOFR plus 1.90%, with a max of 18.00% and a floor of 2.00%. As of September 30, 2025, the interest rate on the LOC was 6.254%. As of September 30, 2025 and 2024, the balance on the LOC was approximately, \$6,111,000 and \$6,750,000, respectively.

NOTE 16 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating, capital, and benevolence needs. With a focus on maintaining adequate liquid funds to meet these needs, the Organization strives to maximize the return on the investment of its available funds, while adhering to the Investment Committee and Board Investment Policy Statement. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing care of its residents, campuses, and community outreach. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization currently has a policy that allows for the transfer up to 5% of the investment portfolio to support operations and ongoing projects. The statement of cash flows, which identifies the sources and uses of the Organization's cash, reflects positive cash generated by operations.

The following table reflects the Organization's liquid financial assets as of September 30:

	2025	2024
Cash and Cash Equivalents	\$ 1,870,914	\$ 3,434,031
Accounts Receivable	1,775,150	3,059,725
Investments	56,193,225	56,041,825
Contributions Receivable	405,307	157,500
Assets Limited as to Use:		
Internally Designated for ThriveMore at Home	2,109,385	856,220
Internally Designated for Statutory Operating Reserve	8,867,000	8,119,000
Total	<u>71,220,981</u>	<u>71,668,301</u>
Less: Net Assets with Donor Restrictions (Not Included in Charitable Remainder Trusts or Beneficial Interest in Perpetual Trusts)	<u>(16,324,112)</u>	<u>(15,400,768)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 54,896,869</u>	<u>\$ 56,267,533</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 17 ACQUISITION

On October 2, 2023, the Organization completed an acquisition transaction to acquire the Ardenwoods Retirement Community (Ardenwoods) with the purpose being to acquire their operations and further the overall mission of the organization of providing health care services. All activity of the consolidated subsidiary since the date of acquisition is included in the operating results presented for the year ended September 30, 2024, on the accompanying consolidated statement of operations and changes in net assets. The acquisition was funded through consideration transferred in the form of a cash payment with an acquisition date fair value of \$21,875,000.

The Organization accounted for the acquisition using the purchase method of accounting. The purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the underlying net assets acquired over the consideration transferred was reported on the accompanying consolidated statement of operations and changes in net assets as goodwill. The goodwill received from this acquisition totaled approximately \$16,941,000 and reported on the consolidated balance sheet.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at their estimated fair values as of October 3, 2024:

Inventory	\$ 25,605
Property and Equipment	21,100,000
Total Assets Acquired	<u>\$ 21,125,605</u>
Accrued Liabilities	\$ (183,300)
Deferred Revenue	(1,530,575)
Current Portion of Refundable Entrance Fees	(961,200)
Refundable Entrance Fees, Net Present Value	<u>(13,516,218)</u>
Total Liabilities Assumed	<u>\$ (16,191,293)</u>
Consideration Exchanged	<u>\$ (21,875,000)</u>
Goodwill - Acquisition	<u>\$ (16,940,689)</u>

The allocation of purchase price for the acquisition is preliminary determined by management based on various market and income analyses and recent asset appraisals. The tangible assets and liabilities were valued by management. The fair value of the assumed debt was determined using an option-adjusted discounted cash flows analysis. Transaction costs related to the acquisition amounted to approximately \$137,000 and were expensed as incurred in the Company's statement of operations. There was no contingent consideration included in this transaction. There were no contingent assets acquired, or liabilities assumed in this transaction.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 18 CONTRIBUTIONS RECEIVABLE

The following is a summary of contributions receivable as of September 30:

	2025	2024
Due in Less than One Year	\$ 405,307	\$ 157,500
Due in One to Five Years	307,193	-
Subtotal	<u>712,500</u>	<u>157,500</u>
Less: Allowance for Uncollectible Accounts	(4,375)	-
Contributions Receivable, Net	<u>\$ 708,125</u>	<u>\$ 157,500</u>

NOTE 19 SUBSEQUENT EVENTS

Subsequent to September 30, 2025, the Organization completed the financing for a childcare center located adjacent to the Brookridge campus with a total construction project budget of approximately \$5,100,000. The childcare center is anticipated to be paid for with a promissory note with a financial institution in the amount of approximately \$3,891,000 and equity from the Organization. Construction began March 2025 and is anticipated to be completed by April 2026. Interest on the note is fixed at 6.39 percent and monthly principal and interest payments of approximately \$29,000 will begin December 2026 with all unpaid principal due November 2036.

Subsequent to September 30, 2025, the Organization began construction on a 12-unit couples memory care project with each unit consisting of both independent living and assisted living space attached to a clubhouse for clinical services. The total construction project budget is estimated to be approximately \$18,780,000. The couples memory care project is anticipated to be paid for with two promissory notes with a financial institution in the amount of approximately \$18,889,000 and equity from the Organization. Construction began October 2025 and is anticipated to be completed by January 2027. The short-term note of \$3,200,000 is anticipated to be repaid using first-generation entrance fees from the couples memory care project. Interest on the short-term note is fixed at 5.00 percent. Interest payments will begin February 2026 and consecutively each month thereafter. All outstanding principal and interest shall be due December 2027. The long-term note is for approximately \$15,689,000. Interest on the long-term note is fixed at 5.98 percent with monthly principal and interest payments of approximately \$101,800 will begin February 2028 with all unpaid principal due January 2038.

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2025

ASSETS	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,870,914	\$ -	\$ -	\$ 1,870,914
Accounts Receivable	2,004,148	-	-	2,004,148
Allowance for Credit Losses	(228,998)	-	-	(228,998)
Accounts Receivable, Net	<u>1,775,150</u>	<u>-</u>	<u>-</u>	<u>1,775,150</u>
Investments	11,503,025	44,690,200	-	56,193,225
Contributions Receivable, Net	-	405,307	-	405,307
Prepaid Expenses and Other Assets	1,014,795	5,381	-	1,020,176
Deposit	1,971	-	-	1,971
Note Receivable	2,500,000	-	-	2,500,000
Due from Foundation	-	2,123,491	(2,123,491)	-
Total Current Assets	<u>18,665,855</u>	<u>47,224,379</u>	<u>(2,123,491)</u>	<u>63,766,743</u>
ASSETS LIMITED AS TO USE				
Entrance Fee Deposits	3,167,748	-	-	3,167,748
Internally Designated for ThriveMore at Home	2,109,385	-	-	2,109,385
Internally Designated for Statutory Operating Reserve	<u>8,867,000</u>	<u>-</u>	<u>-</u>	<u>8,867,000</u>
Total Assets Limited as to Use	<u>14,144,133</u>	<u>-</u>	<u>-</u>	<u>14,144,133</u>
INVESTMENTS AND OTHER ASSETS				
Assets in Split-Interest Agreements:				
Charitable Remainder Trusts	1,704,991	69,671	-	1,774,662
Beneficial Interest in Perpetual Trust	5,497,837	2,261,213	-	7,759,050
Other Assets	15,000	-	-	15,000
Goodwill, Net	13,744,215	-	-	13,744,215
Contribution Receivable, Net of Current	-	302,818	-	302,818
Total Investments and Other Assets	<u>20,962,043</u>	<u>2,633,702</u>	<u>-</u>	<u>23,595,745</u>
PROPERTY AND EQUIPMENT, NET	127,521,615	968,188	-	128,489,803
INVESTMENT IN AFFILIATE	<u>50,812,389</u>	<u>-</u>	<u>(50,812,389)</u>	<u>-</u>
Total Assets	<u>\$ 232,106,035</u>	<u>\$ 50,826,269</u>	<u>\$ (52,935,880)</u>	<u>\$ 229,996,424</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025

LIABILITIES AND NET ASSETS	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 1,993,728	\$ -	\$ -	\$ 1,993,728
Line of Credit	6,110,900	-	-	6,110,900
Accounts Payable	\$5,586,244	2,284	-	5,588,528
Accrued Expenses	4,002,037	6,391	-	4,008,428
Accrued Employee Compensation	1,499,005	5,205	-	1,504,210
Due to Related Party	2,123,491	-	(2,123,491)	-
Other Current Liabilities	10,486	-	-	10,486
Current Portion of Refundable Advance Fees	736,179	-	-	736,179
Total Current Liabilities	<u>22,062,070</u>	<u>13,880</u>	<u>(2,123,491)</u>	<u>19,952,459</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES				
	82,447,768	-	-	82,447,768
DEFERRED REVENUE AND OTHER LIABILITIES				
Entrance Fee and Waitlist Deposits	2,659,451	-	-	2,659,451
Deferred Revenue from Advance Fees	22,855,320	-	-	22,855,320
Refundable Advance Fees on Occupied Units, Net of Current Portion	26,913,611	-	-	26,913,611
Total Deferred Revenue and Other Liabilities	<u>52,428,382</u>	<u>-</u>	<u>-</u>	<u>52,428,382</u>
Total Liabilities	156,938,220	13,880	(2,123,491)	154,828,609
NET ASSETS				
Without Donor Restrictions	49,309,991	35,770,737	(35,770,737)	49,309,991
With Donor Restrictions	25,857,824	15,041,652	(15,041,652)	25,857,824
Total Net Assets	<u>75,167,815</u>	<u>50,812,389</u>	<u>(50,812,389)</u>	<u>75,167,815</u>
Total Liabilities and Net Assets	<u>\$ 232,106,035</u>	<u>\$ 50,826,269</u>	<u>\$ (52,935,880)</u>	<u>\$ 229,996,424</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2025

	Homes	Foundation	Eliminations	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Services:				
On Campus	\$ 35,927,427	\$ -	\$ -	\$ 35,927,427
ThriveMore at Home	163,528	-	-	163,528
Amortization of Advance Fees:				
On Campus	3,582,232	-	-	3,582,232
ThriveMore at Home	97,680	-	-	97,680
Income from Grants and Gifts, Including Gifts from Churches	-	2,134,763	(1,545,000)	589,763
Income from Estates and Trusts	-	249,122	-	249,122
Investment Income and Realized Gains	3,671,031	336,479	-	4,007,510
Net Assets Released from Restrictions	-	830,276	-	830,276
Other	311,661	25,000	-	336,661
Total Revenues, Gains, and Other Support	43,753,559	3,575,640	(1,545,000)	45,784,199
OPERATING EXPENSES				
Resident Care	19,924,603	-	-	19,924,603
ThriveMore at Home	592,737	-	-	592,737
Dietary	6,117,269	-	-	6,117,269
Maintenance and Housekeeping	7,268,172	-	-	7,268,172
General and Administrative	8,054,076	1,238,078	(1,545,000)	7,747,154
Depreciation and Amortization	11,214,019	7,306	-	11,221,325
Interest	1,713,049	-	-	1,713,049
Total Operating Expenses	54,883,925	1,245,384	(1,545,000)	54,584,309
OPERATING INCOME (LOSS)	(11,130,366)	2,330,256	-	(8,800,110)
NONOPERATING INCOME (LOSS)				
Loss on Sale of Property and Equipment	(13,962)	(18,048)	-	(32,010)
Unrealized Gain on Investments	400,156	2,286,807	-	2,686,963
Accreted Interest	(780,996)	-	-	(780,996)
Total Nonoperating Income (Loss)	(394,802)	2,268,759	-	1,873,957
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(11,525,168)	4,599,015	-	(6,926,153)
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net Assets Released from Restrictions for Property and Equipment	-	190,201	-	190,201
Change in Investment in Affiliate	4,789,216	-	(4,789,216)	-
Total Other Changes in Net Assets Without Donor Restrictions	4,789,216	190,201	(4,789,216)	190,201
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,735,952)	4,789,216	(4,789,216)	(6,735,952)

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	<u>Homes</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	\$ -	\$ 851,657	\$ -	\$ 851,657
Change in Value of Charitable Remainder Trusts	178,740	5,779	-	184,519
Change in Unrealized Gains on Investments	164,515	927,648	-	1,092,163
Change in Value of Beneficial Interest in Perpetual Trusts	430,456	94,378	-	524,834
Net Assets Released from Restrictions	-	(1,020,477)	-	(1,020,477)
Decrease in Investment in Affiliate	858,985	-	(858,985)	-
Increase (Decrease) in Net Assets With Donor Restrictions	<u>1,632,696</u>	<u>858,985</u>	<u>(858,985)</u>	<u>1,632,696</u>
CHANGE IN NET ASSETS	(5,103,256)	5,648,201	(5,648,201)	(5,103,256)
Net Assets - Beginning of Year	<u>80,271,071</u>	<u>45,164,188</u>	<u>(45,164,188)</u>	<u>80,271,071</u>
NET ASSETS - END OF YEAR	<u>\$ 75,167,815</u>	<u>\$ 50,812,389</u>	<u>\$ (50,812,389)</u>	<u>\$ 75,167,815</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
COMBINING BALANCE SHEET OF HOMES
SEPTEMBER 30, 2025

ASSETS	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Point	Corporate	Eliminations	Total Homes
CURRENT ASSETS									
Cash and Cash Equivalents	\$ (155,981)	\$ 3,159	\$ 5,687	\$ -	\$ 5,232	\$ 4	\$ 2,012,813	\$ -	\$ 1,870,914
Accounts Receivable	1,545,512	29,993	367,232	234	61,177	-	-	-	2,004,148
Allowance for Credit Losses	(150,672)	(17,464)	(36,262)	-	(24,600)	-	-	-	(228,998)
Accounts Receivable, Net	1,394,840	12,529	330,970	234	36,577	-	-	-	1,775,150
Investments	-	-	-	-	-	-	11,503,025	-	11,503,025
Prepaid Expenses and Other Assets	132,737	5,652	448,671	1,326	53,506	3,377	369,526	-	1,014,795
Deposit	-	-	-	-	-	-	1,971	-	1,971
Note Receivable	-	-	-	-	-	-	2,500,000	-	2,500,000
Total Current Assets	1,371,596	21,340	785,328	1,560	95,315	3,381	16,387,335	-	18,665,855
ASSETS LIMITED AS TO USE									
Entrance Fee Deposits	-	-	3,009,977	-	-	157,771	-	-	3,167,748
Internally Designated for ThriveMore at Home	-	-	-	-	-	-	2,109,385	-	2,109,385
Internally Designated for Statutory Operating Reserve	-	-	-	-	-	-	8,867,000	-	8,867,000
Total Assets Limited as to Use	-	-	3,009,977	-	-	157,771	10,976,385	-	14,144,133
INVESTMENTS AND OTHER ASSETS									
Assets in Split-Interest Agreements:									
Charitable Remainder Trusts	-	-	-	-	-	-	1,704,991	-	1,704,991
Beneficial Interest in Perpetual Trust	-	-	-	-	-	-	5,497,837	-	5,497,837
Other Assets	-	-	-	-	-	-	15,000	-	15,000
Goodwill, Net	-	-	-	-	-	-	13,744,215	-	13,744,215
Note Receivable	-	-	-	-	-	-	-	-	-
Total Investments and Other Assets	-	-	-	-	-	-	20,962,043	-	20,962,043
PROPERTY AND EQUIPMENT, NET	29,958,376	1,428,171	61,345,764	-	19,492,318	32,679	15,264,307	-	127,521,615
INVESTMENT IN AFFILIATE	-	-	-	-	-	-	50,812,389	-	50,812,389
Total Assets	<u>\$ 31,329,972</u>	<u>\$ 1,449,511</u>	<u>\$ 65,141,069</u>	<u>\$ 1,560</u>	<u>\$ 19,587,633</u>	<u>\$ 193,831</u>	<u>\$ 114,402,459</u>	<u>\$ -</u>	<u>\$ 232,106,035</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
COMBINING BALANCE SHEET OF HOMES (CONTINUED)
SEPTEMBER 30, 2025

LIABILITIES AND NET ASSETS	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Point	Corporate	Eliminations	Total Homes
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	\$ 723,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,270,526	\$ -	\$ 1,993,728
Line of Credit	-	-	-	-	-	-	6,110,900	-	6,110,900
Accounts Payable	908,713	904,759	3,408,007	2,695	155,034	82,287	124,749	-	5,586,244
Accrued Expenses	3,886	2,609	3,681,457	215	12,883	13,907	287,080	-	4,002,037
Accrued Employee Compensation	266,786	18,350	132,629	11,664	83,036	5,890	980,650	-	1,499,005
Due to Related Party	18,575,405	6,962,073	66,761,428	(746,741)	6,719,259	542,305	(96,690,238)	-	2,123,491
Other Current Liabilities	1,062	2,159	6,692	-	-	-	573	-	10,486
Current Portion of Refundable Advance Fees	109,667	-	99,512	-	527,000	-	-	-	736,179
Total Current Liabilities	<u>20,588,721</u>	<u>7,889,950</u>	<u>74,089,725</u>	<u>(732,167)</u>	<u>7,497,212</u>	<u>644,389</u>	<u>(87,915,760)</u>	<u>-</u>	<u>22,062,070</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	7,303,969	-	-	-	-	-	75,143,799	-	82,447,768
DEFERRED REVENUE AND OTHER LIABILITIES									
Entrance Fee and Waitlist Deposits	94,000	-	2,410,451	-	-	155,000	-	-	2,659,451
Deferred Revenue from Advance Fees	8,632,682	-	10,775,809	1,749,167	1,697,662	-	-	-	22,855,320
Refundable Advance Fees on Occupied Units, Net of Current Portion	5,218,298	-	5,231,611	-	16,463,702	-	-	-	26,913,611
Total Deferred Revenue and Other Liabilities	<u>13,944,980</u>	<u>-</u>	<u>18,417,871</u>	<u>1,749,167</u>	<u>18,161,364</u>	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>52,428,382</u>
Total Liabilities	41,837,670	7,889,950	92,507,596	1,017,000	25,658,576	799,389	(12,771,961)	-	156,938,220
NET ASSETS									
Without Donor Restrictions	(10,507,698)	(6,440,439)	(27,366,527)	(1,015,440)	(6,070,943)	(605,558)	101,316,596	-	49,309,991
With Donor Restrictions	-	-	-	-	-	-	25,857,824	-	25,857,824
Total Net Assets	<u>(10,507,698)</u>	<u>(6,440,439)</u>	<u>(27,366,527)</u>	<u>(1,015,440)</u>	<u>(6,070,943)</u>	<u>(605,558)</u>	<u>127,174,420</u>	<u>-</u>	<u>75,167,815</u>
Total Liabilities and Net Assets	<u>\$ 31,329,972</u>	<u>\$ 1,449,511</u>	<u>\$ 65,141,069</u>	<u>\$ 1,560</u>	<u>\$ 19,587,633</u>	<u>\$ 193,831</u>	<u>\$ 114,402,459</u>	<u>\$ -</u>	<u>\$ 232,106,035</u>

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS OF HOMES
YEAR ENDED SEPTEMBER 30, 2025

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Point	Corporate	Eliminations	Homes
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Services:									
On Campus	\$ 17,555,567	\$ 680,463	\$ 10,235,186	\$ (9,195)	\$ 7,465,406	\$ -	\$ -	\$ -	\$ 35,927,427
ThriveMore at Home	-	-	-	163,528	-	-	-	-	163,528
Amortization of Advance Fees:									
On Campus	1,794,156	-	1,442,724	-	345,352	-	-	-	3,582,232
ThriveMore at Home	-	-	-	97,680	-	-	-	-	97,680
Investment Income and Realized Gains	-	-	-	-	-	-	3,671,031	-	3,671,031
Other	128,912	-	138,043	-	43,683	-	1,023	-	311,661
Total Revenues, Gains, and Other Support	19,478,635	680,463	11,815,953	252,013	7,854,441	-	3,672,054	-	43,753,559
OPERATING EXPENSES									
Resident Care	11,068,842	973,220	4,923,034	-	2,957,938	-	1,569	-	19,924,603
ThriveMore at Home	-	-	-	592,737	-	-	-	-	592,737
Dietary	2,492,446	75,993	1,718,002	-	1,830,841	-	(13)	-	6,117,269
Maintenance and Housekeeping	3,035,966	114,086	2,715,773	-	1,402,347	-	-	-	7,268,172
General and Administrative	3,722,751	144,806	2,395,530	-	1,272,654	599,559	(81,224)	-	8,054,076
Depreciation and Amortization	4,020,468	87,790	3,019,854	-	2,322,546	5,999	1,757,362	-	11,214,019
Interest	354,435	-	407,049	-	388,699	-	562,866	-	1,713,049
Total Operating Expenses	24,694,908	1,395,895	15,179,242	592,737	10,175,025	605,558	2,240,560	-	54,883,925
OPERATING INCOME (LOSS)	(5,216,273)	(715,432)	(3,363,289)	(340,724)	(2,320,584)	(605,558)	1,431,494	-	(11,130,366)
NONOPERATING INCOME (LOSS)									
Loss on Sale of Property and Equipment	-	-	2,000	-	-	-	(15,962)	-	(13,962)
Unrealized Gain on Investments	-	-	-	-	-	-	400,156	-	400,156
Accreted Interest	-	-	-	-	(780,996)	-	-	-	(780,996)
Total Nonoperating Income	-	-	2,000	-	(780,996)	-	384,194	-	(394,802)
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(5,216,273)	(715,432)	(3,361,289)	(340,724)	(3,101,580)	(605,558)	1,815,688	-	(11,525,168)
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
Change in Investment in Affiliate	-	-	-	-	-	-	4,789,216	-	4,789,216
Total Other Changes in Net Assets Without Donor Restrictions	-	-	-	-	-	-	4,789,216	-	4,789,216
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(5,216,273)	(715,432)	(3,361,289)	(340,724)	(3,101,580)	(605,558)	6,604,904	-	(6,735,952)

BAPTIST RETIREMENT HOMES OF NORTH CAROLINA, INCORPORATED
DBA THRIVEMORE AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS OF HOMES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Brookridge Retirement Community	The Taylor House	The Gardens of Taylor Glen	ThriveMore at Home	Ardenwoods of North Carolina	Brice Point	Corporate	Eliminations	Homes
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS									
Change in Value of Charitable Remainder Trusts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,740	\$ -	\$ 178,740
Change in Unrealized Gains on Investments	-	-	-	-	-	-	164,515	-	164,515
Change in Value of Beneficial Interest in Perpetual Trusts	-	-	-	-	-	-	430,456	-	430,456
Increase in Investment in Affiliate	-	-	-	-	-	-	858,985	-	858,985
Increase (Decrease) in Net Assets With Donor Restrictions	-	-	-	-	-	-	1,632,696	-	1,632,696
CHANGE IN NET ASSETS	(5,216,273)	(715,432)	(3,361,289)	(340,724)	(3,101,580)	(605,558)	8,237,600	-	(5,103,256)
Net Assets - Beginning of Year	(5,291,425)	(5,725,007)	(24,005,238)	(674,716)	(2,969,363)	-	118,936,820	-	80,271,071
NET ASSETS - END OF YEAR	<u>\$ (10,507,698)</u>	<u>\$ (6,440,439)</u>	<u>\$ (27,366,527)</u>	<u>\$ (1,015,440)</u>	<u>\$ (6,070,943)</u>	<u>\$ (605,558)</u>	<u>\$ 127,174,420</u>	<u>\$ -</u>	<u>\$ 75,167,815</u>



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