



CARMEL HILLS
The Care & Encouragement of God's People

Disclosure Statement

Carmel Hills

Provider: Carmel Hills

Date of Disclosure Statement: 04/30/2026

Last Date for Delivery: 10/07/2027

- This Disclosure Statement must be delivered to a contracting party before the execution of any binding reservation agreement, continuing care contract, or continuing care at home contract.
- This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.
- This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes.
- This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject Carmel Hills to penalties under Article 64A.

Financial Snapshot: Key Ratios for Carmel Hills

Table FS-1. Financial Snapshot – Key Statutory Financial Ratios

Fiscal Year Ended April 30, 2026 (FY), with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	119	93	199	256	252	243	—	—	—
CUSH	2.00x	1.90x	1.85x	1.95x	2.05x	2.15x	—	—	—
OR	95.4%	94.9%	94.5%	94.0%	93.8%	93.5%	—	—	—
NOM	3.1%	3.8%	4.2%	4.5%	4.8%	5.0%	—	—	—
NOM-A	4.6%	5.1%	7.7%	5.8%	6.0%	6.2%	—	—	—
DSCR	1.62x	1.33x	6.85x	88.80x	9.72x	39.18x	—	—	—
CD	1.30x	5.98x	19.67x	25.68x	127.63x	52.22x	—	—	—
CED	0.73x	0.57x	1.28x	1.12x	1.15x	1.19x	—	—	—

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 relative 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.

See Appendix F for full statutory definitions of how ratios are derived.

¹ **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

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1. Provider Identification

Legal Responsibility for Continuing Care

Carmel Hills is the entity that enters into continuing care contracts with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

The legal name of the entity (“Carmel Hills”) is used to conduct all official business. Carmel Hills remains legally responsible for providing continuing care and performing all obligations under continuing care contracts.

Item	Information
Legal Provider Name:	Carmel Hills
Doing Business As (DBA):	Carmel Hills
Business Address:	2801 Carmel Road, Charlotte, NC 28226
Telephone Number:	(704) 364-8302
Legal Entity Type:	North Carolina nonprofit corporation
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Internal Revenue Code Section 501(c)(3)
Ownership Type:	Privately owned and controlled nonprofit organization; not part of a publicly traded corporate system
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Standalone nonprofit corporation

2. Organizational Structure

2.1 Single-Entity Organizational Status

Carmel Hills has no parent organization and operates as a standalone nonprofit corporation.

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more. If none, the provider discloses “None.”
- **Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses “None.”

3.1 Board of Directors — Carmel Hills

Name / Role	Education / Experience	Length of Service
Craig Robson – President	Licensed attorney	5 years (since 2021)
Chris Faile – Vice President	Construction professional & entrepreneur	1 year (since 2025)
Peter Keddiss – Secretary	Pharmacy supervisor; B.S. RN, PharmD	6 years (since 2020)
Paul Palmer, Jr. – Treasurer	Business development consultant, healthcare IT company; bank manager and vice-president	17 years (since 2009)
Joe Youannas – Assistant Treasurer	Entrepreneur; real estate development and investment; BBA	9 years (since 2017)
Larry Stassel – Director	Retired construction executive; development of Assisted Living facility in PA	49 years (since 1977)
Paul Palmer – Director	Retired; business development and marketing, international air cargo	26 years (since 2000)
Ihab Dorotta - Director	Physician; Quality Control	5 years (since 2021)
Samuel Vedder - Director	Retired engineer; worked in pharmaceutical manufacturing, specialized in environmental compliance; B.S. Chemical Engineering	2 years (since 2024)

Business Address: 2801 Carmel Road, Charlotte, NC 28226

Disclosure: None of the directors of Carmel Hills have reported any Outside Interests or Adverse Disclosures.

3.2 Senior Officers of Carmel Hills

Name / Role	Experience	Length of Service
Daniel Sands – Chief Executive Officer	7+ years in senior-living operations, including CEO, COO, and Facility Manager; background as Director of IT and Director of Business Process Improvement; MCSE (Microsoft Certified Systems Engineer) and Six Sigma Green Belt	7+ years (since April 2019); Carmel Hills board member for 10 years, volunteer for 18+ years
Carolyn Brockington – Director of Nursing; Interim Administrator of Record	40+ years in long-term care, including assisted living and nursing home care; 20 years in Hospice Care; RN, B.S. and M.S. with Health Care Policy concentration	35+ years (since August 1990); has served as preceptor for nursing students and future Assisted Living Administrators

Business Address: 2801 Carmel Road, Charlotte, NC 28226

Disclosure: Neither officer has reported any Outside Interests or Adverse Disclosures.

4. Governing Body and Oversight

4.1 Provider Governing Body

Carmel Hills is governed by a Board of Directors consisting of not fewer than seven (7) and not more than eleven (11) people. The Board has overall responsibility for operations, financial condition, compliance, resident welfare, budgets, major contracts, capital projects, debt issuances, and risk oversight:

4.1.1 Selection of Members

Directors serve staggered three-year terms and are selected by the Board, subject to approval by a majority vote of members of Charlotte Gospel Hall present at a regular or specially called meeting. Board officers are elected annually from among the directors.

4.1.2 Oversight of Management and Operations

Day-to-day operations are delegated to the Chief Executive Officer and senior management. The Board maintains oversight through:

- Regular review of financial and operating reports
- Review of admissions and occupancy policies
- Review and approval of fee increases
- Review of reserve funding compliance and investment decisions

- Review of governance disclosures

5. Related Parties

Carmel Hills does not have any material related-party arrangements involving goods, leases, or services provided to the organization having an aggregate value of \$5,000 or more within any fiscal year by any person or entity that, directly or indirectly, has common ownership, common control, shared management, significant influence, or other affiliation with the provider, including entities owned, controlled, or significantly influenced by officers, directors, trustees, managers, controlling persons, or their immediate family members.

6. Relationships with Religious, Charitable, or Other Organizations

Carmel Hills was formed to provide a retirement community for persons associated with a group of Christians commonly known as Plymouth Brethren. Board members are selected from among persons associated with this fellowship, including through the Charlotte Gospel Hall approval process described in Section 4. Carmel Hills routinely solicits and receives contributions from assemblies and individuals; however, no such assembly or individual has a contractual obligation or responsibility to continue financial support. Due to the relationship with - and ongoing financial contributions received from - these assemblies and associated individuals, Carmel Hills offers a discount on entrance and residency fees to applicants affiliated with this group of Christians.

7. Other Persons Responsible for Obligations

No other person or entity is responsible, directly or indirectly, for the financial or contractual obligations of Carmel Hills.

8. Obligated Groups

Carmel Hills is not a member of an obligated group.

9. Debt Covenants and Compliance

As of April 30, 2026, Carmel Hills is in compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

Carmel Hills does not employ an unrelated third-party manager to operate Carmel Hills.

11. Real Property Leases

Carmel Hills does not lease any part of the real property that makes up Carmel Hills.

12. Endowment Funds

Carmel Hills does not maintain endowment funds and does not have access to endowment funds through a related party. However, the Carmel Hills Residents Assistance Fund was established before 1980 to provide financial assistance to residents who need it. The Fund is administered by the Board and/or the CEO and is addressed in Section 23.

13. Description and Location of the Community

Carmel Hills is located on approximately 15 wooded acres at 2801 Carmel Road in Charlotte, North Carolina. The main community building contains independent living apartments, dining and gathering areas, offices, a library/activity/exercise area, laundry facilities, and the assisted living unit. The campus also includes ten cottage/duplex units near a one-acre lake and a separate log cabin near Carmel Road.

14. Living Units by Level of Care

As of April 30, 2026, Carmel Hills included:

- 39 independent living units (28 apartments, 10 cottages/duplexes, and 1 log cabin)
- 32 assisted living beds (we are licensed for 38 beds but limited by space and staffing constraints; we are currently working on room reconfigurations that will increase capacity to 34 beds).

15. Continuing Care at Home Program

Carmel Hills does not operate a continuing care at home program.

16. Resident Population Served

As of April 30, 2026, the resident population served by Carmel Hills under continuing care contracts was as follows:

- 40 residents in independent living
- 33 residents in assisted living

As of April 30, 2026, there were 2 additional persons under contract who had not yet moved in as well as 12 persons on the independent living waitlist. Waitlist participants sign a Future Residency Agreement and pay a \$1,000 refundable deposit, which is applied to entry fees upon move-in or refunded upon request. Placement on the waitlist does not guarantee admission or a particular unit.

17. Occupancy Rates

The 12-month daily average occupancy rates for Carmel Hills for the past five fiscal years were:

Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)

Fiscal Year-End	Independent Living (%)	Assisted Living (%)
4/30/2026	97.9%	95.5%
4/30/2025	99.4%	93.9%
4/30/2024	99.8%	93.5%
4/30/2023	96.3%	93.7%
4/30/2022	94.6%	92.9%

18. Semiannual Resident Meetings

Carmel Hills holds resident meetings at least twice each year, as required by law.

Fiscal Year 2026 Meeting Dates were:

- April 14, 2026
- October 14, 2025

As required by law, an independent member of the board of directors was present at each of these meetings (Larry Stassel was present on both dates listed above).

19. Resident Property Rights

Residents do not hold ownership or property rights in Carmel Hills real estate. Residency, occupancy privileges, and access to services are governed by the applicable continuing care contract or personal care agreement. The contracts do not create a leasehold or ownership interest.

20. Services Provided Under the Contract

Carmel Hills offers services under both continuing care contracts for Independent Living residents and under a Personal Care Agreement for Assisted Living residents. The following are a list of some services included in each contract type, as well as those available for additional charge.

20.1 Health Care Services

Health care services offered to Carmel Hills Assisted Living residents include 24-hour nursing staff availability, assistance with activities of daily living, medication management, three balanced meals per day plus snacks, transportation to medical appointments, coordination with residents' personal physicians, and the option to benefit from a mobile team of doctors, nurses and therapists who come onsite regularly.

20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living at Carmel Hills receive the following services as part of their monthly fees, with additional services available at an extra charge:

20.2.1 Services Included in Monthly Fees – Independent Living

- One daily meal in the community dining room
- Bi-weekly light housekeeping and laundry of bed linens
- Free use of laundry facilities for personal laundry
- Complete access to all common areas including the lounge, dining room, library, exercise room, porch, lawn, lake, parking area, nature trails and walks
- All utilities except telephone, internet, and cable (electricity, gas, water, trash removal)
- Maintenance and repairs of all Carmel Hills facilities
- Homeowners insurance on the building (residents must provide their own renter's insurance on their personal property)
- Transportation to 3 appointments per month
- Weekly transportation to a local grocery store
- Social and recreational activities, both onsite and offsite
- Mail delivery to residents' private locked boxes
- Guaranteed admission to the Carmel Hills Assisted Living unit (Maple plan)
- Priority admission to the Carmel Hills Assisted Living unit (Magnolia plan)

20.2.2 Services Included in Monthly Fees – Assisted Living

- Three daily meals plus snacks
- Assistance with activities of daily living and medication administration
- Housekeeping and laundry
- Bedding and towels (provided by unrelated third party)
- Social and recreational activities
- Transportation to medical appointments
- Complete access to all common areas
- All utilities except telephone, internet, and cable (electricity, gas, water, trash removal)
- Maintenance and repairs of all Carmel Hills facilities
- Homeowners insurance on the building
- Mail delivery

20.2.3 Services Available at Additional Charge

- Meal plans – additional 1 or 2 meals per day (independent living)
- Guest meals
- Guest apartment
- Internet service (provided by unrelated third party)
- Salon and barber services (provided by unrelated third party)
- Mobile podiatry services (provided by unrelated third party)

21. Resident Fees

Nonancillary fees at Carmel Hills consist of required one-time or ongoing fees such as residency or entrance fees and monthly service fees. The following tables show current fee schedules as well as historical information on increases over the past five fiscal years.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Carmel Hills campus.

Table 21.1: Current Monthly Fees – CCRC Contracts

Unit Location	Dwelling Unit and Occupancy	Magnolia Plan Residency Fee	Maple Plan Declining Refund Entrance Fee
Non-Lakeview	One person in A Unit (Studio)	\$2,705	\$1,810
Non-Lakeview	One person in B Unit (Studio)	\$2,905	\$1,865
Non-Lakeview	One person in C Unit (1 bed/bath)	\$3,445	\$2,190
Non-Lakeview	One person in D Unit (2 bed/bath)	\$4,030	\$2,380
Non-Lakeview	One person in E Unit (2 bed/bath)	\$4,030	\$2,380
Non-Lakeview	One person in Cabin (1 bed/bath)	\$3,740	\$2,280
Non-Lakeview	One person in Cottage/Duplex (2 bed/bath)	\$4,320	\$2,515
Non-Lakeview	Extra person in any unit *	\$2,130	\$1,390
Lakeview	One person in A Unit (Studio)	\$3,030	\$2,025
Lakeview	One person in B Unit (Studio)	\$3,225	\$2,085
Lakeview	One person in C Unit (1 bed/bath)	\$3,855	\$2,450
Lakeview	One person in D Unit (2 bed/bath)	\$4,515	\$2,665
Lakeview	One person in Cottage/Duplex (2 bed/bath)	\$4,840	\$2,815
Lakeview	Extra person in any unit *	\$2,130	\$1,390
Assisted Living	Semi-private Room with Full Bath	\$6,635	\$4,050
Assisted Living	Semi-private Room with No Shower	\$6,500	\$4,050
Assisted Living	Semi-private Room with Shared Restroom	\$6,395	\$4,050
Assisted Living	Private Room surcharge	\$2,000	\$2,000

**Not recommended for A units.*

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs. Adjustments are subject to board approval, with no contractual cap on increases.

Table 21.1.2: Historical Increases in Monthly Fees - No Entrance Fee (Magnolia) Plan

Fiscal Year Beginning	Unit Location	Average % Increase	Average \$ Increase	Frequency
5/1/2026	Lakeview	15.0%	\$495	One-Time
5/1/2026	Non-Lakeview	3.0%	\$85	Annual
5/1/2025	All Units	2.5%	\$19	Annual
5/1/2024	All Units	3.0%	\$66	Annual
5/1/2023	All Units	3.5%	\$33	Annual
5/1/2022	All Units	5.0%	\$78	Annual

Lakeview pricing was introduced on 2/1/26 with a one-time 12% increase to lakeview units, which resulted in a combined increase of 15% for those units on 5/1/26 compared to the prior year.

Table 21.1.3: Historical Increases in Monthly Fees – Declining Refund (Maple) Plan

Fiscal Year Beginning	Unit Location	Average % Increase	Average \$ Increase	Frequency
5/1/2026	Lakeview	15.0%	\$320	One Time
5/1/2026	Non-Lakeview	3.0%	\$65	Annual
5/1/2025	All Units	2.5%	\$52	Annual
5/1/2024	All Units	3.0%	\$61	Annual
5/1/2023	All Units	3.5%	\$69	Annual
5/1/2022	All Units	5.0%	\$48	Annual

Lakeview pricing was introduced on 2/1/26 with a one-time 12% increase to lakeview units, which resulted in a combined increase of 15% for those units on 5/1/26 compared to the prior year.

Table 21.1.4: Historical Increases in Monthly Fees – Assisted Living:

Fiscal Year Beginning	Average % Increase	Average \$ Increase	Frequency
5/1/2026	4.0%	\$255	Annual
5/1/2025	2.5%	\$155	Annual
5/1/2024	3.0%	\$180	Annual
5/1/2023	20.0%	\$1,006	Annual
5/1/2022	5.0%	\$373	Annual

Table 21.1.5: Current Residency Fees (Magnolia Plan)

Unit Type	Non-Affiliated	Affiliated
A (Studio)	\$12,005	\$10,000
B (Studio)	\$12,895	\$10,750
C (1 bed/bath)	\$15,320	\$12,765
D (2 bed/bath)	\$17,920	\$14,935
E (2 bed/bath)	\$17,920	\$14,935
Duplex	\$19,210	\$16,005
Cabin	\$16,600	\$13,835
2nd person (B and larger units)	\$9,475	\$7,895

Table 21.1.6: Current Entrance Fees (Maple Plan)

Unit Type	Non-Affiliated	Affiliated
A (Studio)	\$115,665	\$96,380
B (Studio)	\$140,770	\$117,305
C (1 bed/bath)	\$175,820	\$146,510
D (2 bed/bath)	\$251,130	\$209,275
E (2 bed/bath)	\$251,130	\$209,275
Duplex	\$279,035	\$232,525
Cabin	\$213,480	\$177,905
2nd person (B and larger units)	\$100,505	\$83,755

Refundability terms vary by contract and are disclosed in Section 22.

Table 21.1.7: Historical Increases in Residency Fees (Magnolia Plan)

Fiscal Year Beginning	Average % Increase	Average \$ Increase (Affiliated)	Average \$ Increase (Non-Affiliated)	Frequency
5/1/2026	114.5%	\$7,052	n/a	One-Time
5/1/2026	3.0%	n/a	\$314	Annual
5/1/2025	2.5%	\$60	\$151	Annual
5/1/2024	3.0%	\$91	\$228	Annual
5/1/2023	3.5%	\$86	\$214	Annual
5/1/2022	5.0%	\$113	\$282	Annual

The Affiliated residents' Residency Fees for the Magnolia Plan were adjusted effective February 1, 2026 to match the discount percentage on the Maple Plan (approximately 17%).

Table 21.1.8: Historical Increases in Entrance Fees (Maple Plan)

Fiscal Year Beginning	Average % Increase	Average \$ Increase (Affiliated)	Average \$ Increase (Non-Affiliated)	Frequency
5/1/2026	3.0%	\$4,947	\$5,938	Annual
5/1/2025	2.5%	\$4,023	\$4,828	Annual
5/1/2024	3.0%	\$4,687	\$5,625	Annual
5/1/2023	3.5%	\$5,283	\$6,340	Annual
5/1/2022	5.0%	\$3,001	\$3,601	Annual

21.2 Other Current Fees and Policies

- Application fee: \$200 per individual; nonrefundable and not part of an entrance, residency, or security deposit.
- IL pet fee: \$1,000 nonrefundable deposit plus \$100 per month.
- Room reservation fee: 50% of the normal daily rate for the first 30 days and 100% beginning on day 31.
- Direct-Entry Assisted Living residency fee: \$3,000.
- One-time entrance fee for Affiliated Residents admitted directly to the Assisted Living unit who desire Carmel Hills' continuing care coverage: \$117,305 per person for a semi-private room.

Fee changes are determined by the Board, and a minimum of 30-days written notice is given before any price increases go into effect.

21.3 CCaH Contracts

Carmel Hills does not offer any Continuing Care at Home (CCaH) contracts.

21.4 Household Composition Changes

If a resident marries or otherwise seeks to add another person to a dwelling unit, the additional person must independently satisfy Carmel Hills' admission, health, and financial requirements and must be approved by the Admissions Committee. Additional entrance or residency fees may apply and monthly charges for a second occupant would also apply.

21.5 Transfer Fees and Resale Fees

Carmel Hills does not charge any transfer fees when a resident moves to a different unit, however the resident(s) would pay the difference between the fee previously paid and the current fee for the new unit if moving to a larger unit. Carmel Hills does not provide refunds if previously paid fees exceed the current fee for the new unit.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Prior to moving in and within the first thirty (30) days after moving in, a resident is entitled to a full refund of their entrance or residency fee (under any plan), less the cost to repair any damage caused upon moving in, if applicable.

Carmel Hills currently offers a declining-balance contract (the Maple plan) under which the refundable portion of the entrance fee decreases 25% in the period between 31-90 days and 4% every month – or fraction of a month - thereafter, amortizing to 0% after twenty-one (21) months). Once the amortization period has elapsed, no refund is payable upon termination of the contract or the death of the resident. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

Carmel Hills previously offered a contract with a 90% refund provision (the Oak plan, which was discontinued on February 1, 2026). Under this contract (four of which are still active), 90% of the original entrance fee is refundable when the resident permanently vacates their independent living unit and the unit is reoccupied.

22.2 Refund Obligations as of April 30, 2026

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	4	\$310,542
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	0	\$0
Resident now in non-independent living unit – unit resold	0	\$0

As of April 30, 2026, Carmel Hills had \$310,542 in total refundable entrance fee obligations. No refunds were contractually due or past due at year-end. Obligations will be satisfied in accordance with contract terms as independent living units are resold.

23. Financial Hardship Policies

Carmel Hills has a long-standing policy of attempting to assist qualified residents and applicants who are unable to meet all financial requirements. Residents experiencing financial hardship are encouraged to notify the administration and provide a current financial statement and explanation of their circumstances. Upon review, the CEO and /or Board of Directors may, in their sole discretion, waive or reduce certain financial obligations and establish the terms and duration of any assistance provided. Any waiver of monthly fees must be documented in writing and applies only to the period expressly approved by Carmel Hills.

23.1 Policies for Residents Unable to Pay

Neither the Disclosure Statement nor the residency agreements guarantee continued residency as a contractual right if a resident becomes unable to pay. Financial accommodations are discretionary, subject to availability of funds, and considered individually by the CEO and/or Board of Directors. If Carmel Hills declines to provide assistance and the resident does not pay required charges, Carmel Hills may terminate the residency agreement after providing the resident written notice and allowing them at least twenty (20) days to bring their account current.

23.2 Sources of Financial Support

Carmel Hills maintains a Residents' Assistance Fund, which was established to provide financial assistance to residents and applicants who may be unable to reside at Carmel Hills without support. The fund is supported through tax-deductible contributions from individuals and (Plymouth Brethren) assemblies and is administered by the CEO and Board of Directors.

23.3 Conditions or Limitations

For assistance from the Residents' Assistance Fund, a resident generally must:

- Submit a Residents' Assistance Fund application.
- Demonstrate willingness to use available personal resources.
- Accept available Social Security benefits and other public assistance.
- Seek financial support from family members and their local assembly or church to the extent available.
- Refrain from intentionally depleting assets through gifts or other voluntary transfers in a manner that would jeopardize their ability to pay for their care.
- Bi-annually recertify financial need to continue receiving assistance.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Carmel Hills may terminate a continuing care contract:

- **Before occupancy or commencement of services, if:**
 - The applicant fails to meet health or financial eligibility requirements at the time of application.
 - Admission would pose a direct threat to the health and safety of others.
- **After occupancy or commencement of services, if:**
 - The applicant provided materially false or misleading information during the application process.
 - Persistent nonpayment of monthly fees occurs.
 - The resident commits a material breach of contract terms.
 - The resident engages in disruptive or harmful conduct that materially impairs the rights of other residents or the orderly operation of the community.
 - A resident's physical or mental condition requires a higher level of care.

24.2 Resident-Initiated Cancellation

A resident may voluntarily terminate residency at any time.

- **Before occupancy or commencement of services:**
 - A resident may cancel at any time before occupancy or within thirty (30) days following the signing of the contract or receipt of the Disclosure Statement, whichever occurs later. Within thirty (30) days of the cancellation, the entrance / residency fee and any prepaid monthly fees will be refunded in full, less the non-refundable \$200 application fee retained by Carmel Hills to cover administrative costs and any non-standard expenses incurred at the applicant's request.
- **After occupancy or commencement of services:**
 - During the initial thirty (30) day rescission period, the entrance / residency fee is still fully refundable, less any costs that may be incurred to repair and prepare the unit for re-occupancy.
 - Monthly fees will be credited back on a pro-rated basis once the unit is vacated.
 - After the initial 30-day rescission period, refundable entrance fees, if any, are returned in accordance with Section 22 once all contractual conditions are satisfied, including re-occupancy of the living unit when applicable.

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- Non-refundable portions of entrance fees are retained by Carmel Hills.
- Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.
- For Maple Plan residents occupying a continuing care contract, refund rights depend on the duration of occupancy:
 - If residency exceeds the 30-day rescission period but is less than 90 days, 75% of the Entrance Fee is refundable.
 - If residency continues for 90 days or more but less than 21 months, the refund equals 75% of the Entrance Fee reduced by an additional 4% of the Entrance Fee for each 30-day period or portion thereof beyond the first 90 days.
 - Carmel Hills will also deduct \$100 per day for each day during the first month that the resident occupied assisted living, a nursing facility, or both.

- No portion of the Entrance Fee is refundable once a resident has occupied Carmel Hills or a nursing facility for more than twenty-one (21) months.
- Refunds are payable only after the resident's unit becomes vacant and available for re-occupancy by a new resident.

24.4 Refunds Upon Death

- **Before occupancy or commencement of services:**
 - If a resident dies before becoming a resident, or if illness, injury, or incapacity prevents admission under the contract terms, the agreement is automatically canceled and all money paid to Carmel Hills is refunded within thirty (30) days, less the nonrefundable \$200 application fee and any non-standard expenses incurred at the applicant's request.
- **After occupancy or commencement of services:**
 - Refunds are made according to the standard refundable entrance fee provisions described in Section 22. Prepaid monthly fees are pro-rated to the date the unit is vacated and refunded.
 - For Maple plan residents, the same reclining refund provisions (listed in Section 24.3 above) that apply to voluntary termination apply to the resident's estate. Any allowable refund is paid after the unit is available for re-occupancy. Refund payments are made to a surviving spouse if applicable or to the resident's estate.
 - For Magnolia Plan residents, the Residency Fee is nonrefundable thirty (30) days after occupancy.

24.5 Consequences of Cancellation

- A resident who is transferred to another facility and whose agreement is terminated may lose the right to retain the original dwelling unit unless ongoing monthly charges are paid. If a transferred resident later recovers, the resident is not entitled to return to the original unit but instead receives the right to occupy the first available dwelling unit of similar size and cost.
- Termination also results in the loss of any occupancy privileges, transfer rights, and continuing care benefits associated with the contract. Any former resident seeking to return to Carmel Hills after termination would be subject to the admission requirements, fees, and approval processes then in effect.

25. Re-occupancy of Units

A living unit at Carmel Hills may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident cancels their continuing care contract and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident moves from independent living to assisted living or to a skilled nursing (other healthcare) facility outside of Carmel Hills, and the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

- **Contract termination by provider:** When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.
- **Persistent nonpayment:** When a resident fails to meet contractual payment obligations and Carmel Hills declares the contract terminated.

25.3 Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the living unit and do not permit re-occupancy by a new resident.

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fee Obligations.

25.5 Consequences of Re-occupancy

- If a resident is transferred to another facility and Carmel Hills reassigns their original dwelling unit because the resident is not expected to return, the resident loses any right to retain the original dwelling unit unless ongoing monthly charges are paid in their absence. Should the resident later recover and return to Carmel Hills, the resident is entitled to occupy the first available dwelling unit of similar size and cost.
- Under the Maple plan, any refundable entrance fee becomes payable only after the resident's occupancy has terminated and the unit becomes available for re-occupancy by a new resident. Consequently, reassignment of the unit is a condition precedent to payment of any refundable entrance fee obligation.
- Under the Maple plan, reassignment itself does not increase or decrease the amount of the refund. The refund amount is determined by the applicable declining refund formula and the resident's period of occupancy. However, payment of the

refund is deferred until the unit becomes available for re-occupancy following termination of the contract.

26. Resident Relocation

Residents of Carmel Hills may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

- **Health-Related Transfer:** When a resident's medical condition requires a move to a more supportive level of care, such as assisted living, memory care, or skilled nursing.
- **Safety and Accessibility:** When the current living unit no longer meets the resident's safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

26.2 Provider Needs

- **Renovation or Construction:** When construction, renovation, or repair work requires temporary or permanent relocation.
- **Operational Necessity:** When the continued occupancy of a living unit materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.
- Medical determinations may be made by the resident's physician or by another licensed physician selected by Carmel Hills. Where Carmel Hills disagrees with the resident's physician regarding the need for transfer, Carmel Hills may select an independent licensed physician whose determination will be conclusive regarding whether transfer is required.
- If relocation is required for renovation or construction purposes, Carmel Hills will inform the resident in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the resident's contract, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Carmel Hills Care Retirement Community is subject to both health and financial screening at the time of application.

CCRC Contracts (Campus-Based)

- **Financial Standards:** Applicants must demonstrate sufficient resources to reasonably cover the entrance fee and projected monthly fees for the chosen living unit.
- **Health Standards:** Applicants for independent living must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. A current medical history and health assessment completed by the applicant's physician is required. Applicants requiring immediate assisted living, memory care, or skilled nursing are not eligible for independent living entry.

27.2 Continuation Requirements

- Once admitted, residents may be able to remain at the community regardless of changes in financial status, subject to the hardship policies described in Section 23 – Financial Hardship Policies.
- Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.
- Residents must also comply with Board policies and regulations, avoiding conduct that jeopardizes their own health and safety or the health, safety, and peace of other residents.

27.3 Changes in Condition Before Occupancy or Commencement of Services

- If a resident's health materially declines after signing a contract but before or during the first ninety (90) days of occupancy, Carmel Hills may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available.
- If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies.
- If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), the provider will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to Carmel Hills under a continuing care contract is fifty-five (55) years.
- Individuals seeking to participate in a Future Residency Agreement (FRA) must reach age fifty-five (55) before accepting occupancy of a dwelling unit offered through the program. A refundable deposit of \$1,000 is required with the FRA application to reserve a spot on the wait list.
- Individuals who are younger than fifty-five (55) may reserve a place on the wait list through an Early Reservation Agreement (ERA). A non-refundable fee of \$100 is required with the ERA. Within one year of reaching age fifty-five (55), the individual must execute a Future Residency Agreement (FRA) and comply with its requirements. Failure to fulfill the requirements of the FRA will result in forfeiture of a prospective applicant's position on the waiting list.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - Admission and Continuation Standards.

28.2 Insurance Requirements

Applicants for CCRC contracts must:

- Maintain a renters' insurance policy and identify Carmel Hills as an Additional Interest or Named Party on the policy. (Carmel Hills does not insure residents' personal belongings.)
- Apply for or be enrolled in Medicare Parts A and B at the time of admission, if eligible.

Medicare supplemental insurance or long-term care insurance are not required as a condition of admission but may be considered in satisfaction of certain financial eligibility criteria on a case-by-case basis.

28.3 Special Conditions

Exceptions to the minimum age requirement may be considered on a case-by-case basis if a younger applicant is married to or partnered with an eligible applicant, or if other extenuating circumstances exist.

29. Reserve Funding and Refund Security

Cash and Investments

As April 30, 2026, Carmel Hills had \$2,290,043 in unrestricted cash and investments. Within this balance, \$310,542 has been designated by the Carmel Hills to prioritize liquidity for future entrance fee refunds. These funds remain unrestricted for accounting purposes

but reflect the Boards' intent to maintain liquidity for resident entrance fee refund obligations.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 199 days, representing approximately six months of projected operating expenses without new revenues.

Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of Carmel Hills.
- **Day-to-Day Management:** Board Treasurer and CEO.
- **Experience:** Finance Committee members average 28 years of financial oversight and investment policy.
- **Policy and Controls:** Investments are managed under a Board-approved policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public funds/ETFs. The Treasurer executes within these limits, reports quarterly to the Finance Committee, and maintains controls over custody, counterparty limits, and rebalancing.

Statutory Operating Reserve Requirement

As of April 30, 2026, Carmel Hills' 12-month rolling average independent living unit occupancy was 97.9%. Based on this level of occupancy, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Table 29.1: Statutory Operating Reserve Calculation (as of April 30, 2026)

Component	Amount
Total projected operating expenses	\$3,600,000
Add: Debt service (principal and interest)	\$56,000
Less: Depreciation and amortization	(\$195,000)
Net projected operating costs	\$3,461,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$432,625
Unrestricted cash & investments on hand	\$2,290,043
Excess above required reserve	\$1,857,418

Summary: The required statutory operating reserve was \$432,625. Carmel Hills held \$2.29 million in unrestricted cash and investments, providing an excess cushion of \$1.85 million above the statutory minimum.

Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity, including:

- \$310,542 Board-designated for refunds, and
- \$1,857,418 of unrestricted liquidity above the statutory operating reserve.

The statutory operating reserve cannot be used for any purpose, including refund payments, without prior regulatory approval.

Carmel Hills is not required by statute to escrow entrance fees and none are maintained in escrow.

Table 29.2: Unrestricted Cash and Investment Summary as of April 30, 2026

Category	Amount	Notes
Total unrestricted cash & investments	\$2,722,688	All liquid balances (cash and investments)
Less: Required operating reserve	(\$432,625)	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	(\$310,542)	Internal designation; unrestricted under GAAP
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$1,979,501	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

Carmel Hills does not have any immediate plans for expansion. There are an ongoing number of renovation projects in varying stages of completion which are being paid from funds already allocated for CAPEX projects and no additional debt is expected to be incurred in the near future.

31. Audit Opinion and Timeliness

The audited financial statements of Carmel Hills for the year ended April 30, 2026, were prepared by Foard & Company, PA (Charlotte, NC).

- **Timeliness:** The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor issued an unqualified (i.e., “clean”) audit opinion of the financial statements.

32. Audited Financial Statements

The audited financial statements of Carmel Hills for fiscal year ended April 30, 2026 are attached as Appendix A. These statements include the statement of financial position (balance sheet), statement of activities (income statement), statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Carmel Hills, for the period 2027 through 2031 are attached as Appendix B. These statements were prepared by Foard & Company, PA, and include a summary of significant assumptions and accounting policies.

34. Variances from Prospective Financial Statements

For the fiscal year ended April 20, 2026, management reviewed the results of operations for Carmel Hills against the prospective financial statements filed in the prior year. Variances included financial line items from the Statement of Activities as well as the Statement of Financial Position. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 04/30/26

Category	Projected Amount	Actual Amount	Variance	Explanation
Contributions	\$312,000	\$158,415	(49%)	Projected amount was closer to 2024 contributions, which were higher than normal.
Investment Income	\$23,000	\$94,276	310%	The investment accounts did exceptionally well last year.
Contract Labor	\$100,000	\$58,070	(42%)	Management has made a concerted effort to decrease the use of contract labor in the Assisted Living unit.
Janitorial Expense	\$145,000	\$99,602	(31%)	The linen contract was renegotiated at much more favorable terms.
Cash & Equivalents	\$2.25 mil	\$2.72 mil	21%	A higher than usual number of people chose the Maple plan last FY (higher than expected entrance fees).

Category	Projected Amount	Actual Amount	Variance	Explanation
Accounts Receivable	\$13,000	\$508,803	3,814%	Maple entrance fees for two couples were outstanding at fiscal year-end.
Refundable Resident Fees	\$491,000	\$310,542	(37%)	2 Oak (90% Refundable) plan entrance fee refunds were paid out last FY.
Nonrefundable Resident Fees	\$1,857,000	\$2,963,762	60%	Unusually high number of Maple plan entrance fees received last FY.

35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider's five-year prospective financial statements. Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

Days Cash on Hand (DCOH). Number of days the provider (obligated group) could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

Cushion Ratio (CUSH). Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Table 35.1: Liquidity Ratios

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	119	93	199	256	252	243
CUSH	2.00x	1.90x	1.85x	1.95x	2.05x	2.15x

Narrative:

Liquidity increased significantly in FYE 2026 due to an influx of entrance fees received from a higher than usual number of new residents moving in under the Maple plan. Management

believes that projected liquidity levels will continue to provide financial flexibility and support Carmel Hills' ability to meet its operating and financial commitments throughout the forecast period.

35.2 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.

Table 35.2: Profitability Ratios

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	95.4%	94.9%	94.5%	94.0%	93.8%	93.5%
NOM	3.1%	3.8%	4.2%	4.5%	4.8%	5.0%
NOM-A	4.6%	5.1%	7.7%	5.8%	6.0%	6.2%

Narrative:

Overall, profitability margins continue to trend in the right direction and indicate management's ongoing focus on maintaining a balance between providing high-quality services and achieving sustainable financial results.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures 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 relative to debt.

Capital Expenditures to Depreciation (CED). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	1.62x	1.33x	6.85x	88.80x	9.72x	39.18x
CD	1.30x	5.98x	19.67x	25.68x	127.63x	52.22x
CED	0.73x	0.57x	1.28x	1.12x	1.15x	1.19x

Narrative:

Camel Hills has actively worked towards eliminating debt in recent years and is currently paying out bonds held by individual investors as they mature. The large fluctuations in the two debt-related ratios above are due to the varying amounts and maturity dates of the bonds.

The Capital Expenditures ratio took a momentary dip in recent years as the capitalization threshold increased from \$1,000 to \$2,500 at the beginning of fiscal year 2024 and an increasing number of smaller projects were expensed instead of being capitalized. This was further compounded by the disposal of fixed assets they replaced, negatively impacting both the balance sheet and the income statement, notably in FYE 2025 before corrective measures were taken in FYE 2026.

35.4 Overall Summary

Overall, the key ratios indicate that Carmel Hills has maintained a sound financial position historically and anticipates continued financial stability throughout the forecasted period. While individual ratios may fluctuate due to changes in occupancy, operating performance, capital expenditures, financing activities, and economic conditions, the overall trend reflects management's commitment to preserving liquidity, maintaining profitability, meeting debt obligations, and investing in the community's long-term viability. Based on the historical results and forecasted projections, Carmel Hills appears well positioned to continue providing quality services to residents while supporting its strategic and financial objectives through fiscal year 2029.

36. Actuarial Opinion and Balance

North Carolina Gen. Statute 58-64A-210 requires certain continuing care providers to obtain an actuarial study, including a statement of actuarial opinion, at least once every three years. Due to the timing of the enactment of this requirement and the applicable statutory filing schedule, the actuarial study for this community has not yet been completed. Carmel Hills is required to submit its actuarial study to the North Carolina Department of Insurance no later than December 1, 2028.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Carmel Hills under Article 64A.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with Carmel Hills. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

39. Contract Forms and Attachments

Carmel Hills currently offers two types of contracts for Independent Living residents. Representative forms of each are attached hereto as Appendix D.

39.1 Continuing Care Contracts

The two types of Independent Living contracts Carmel Hills currently offers are:

- **No Entrance Fee Contract (Magnolia plan)** – Residents pay a residency fee, which is significantly smaller than the Maple plan entrance fee, but is only refundable for the first thirty (30) days after move-in. The monthly payments are higher and there is no guarantee of a bed in the Assisted Living unit nor is there any discount on the monthly fees in the Assisted Living unit, although Magnolia plan residents have priority over first time residents moving directly into the Assisted Living unit.
- **Declining Refund Contract (Maple plan)** – Residents pay an entrance fee which is fully refundable during the first thirty (30) days after move-in, decreases by 25% between 60-90 days after move-in, and then by 4% monthly until it amortizes to 0% after a period of twenty-one (21) months. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident. This features a continuing care contract that guarantees a bed in the Assisted Living unit and also offers a significant discount on the monthly fees in the Assisted Living unit.

39.2 Continuing Care at Home (CCaH) Contracts

Carmel Hills does not offer Continuing Care at Home (CCaH) contracts.

Appendix Index

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

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Appendix A – Audited Financial Statements

Carmel Hills, Inc.

Financial Statements

Year Ended April 30, 2026

Carmel Hills, Inc.
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April 30, 2026

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Carmel Hills, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Carmel Hills, Inc. (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of April 30, 2026, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carmel Hills, Inc. as of April 30, 2026, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Carmel Hills, Inc.
Charlotte, North Carolina

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 purposes of expressing an opinion on the effectiveness of Carmel Hills, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carmel Hills, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

June 19, 2026

Carmel Hills, Inc.**Statement of Financial Position****April 30, 2026, With Prior Year Comparative Totals**

<u>Assets</u>	2026	2025
Cash and equivalents	\$ 1,437,793	\$ 555,085
Receivables:		
Accounts	508,803	488,564
Sales tax refund	11,730	15,139
Other	-	22,500
Inventories	17,672	15,617
Prepaid expenses	61,266	54,511
Operating Reserve Requirement:		
Cash and equivalents	378,200	350,974
Investments - Certificates of deposit	525,050	498,026
<i>Total Current Assets</i>	<i>2,940,514</i>	<i>2,000,416</i>
Investments - Certificate of deposit and other	381,625	339,432
Right-of-use operating lease asset	11,835	-
Property and equipment, net	1,351,954	1,310,051
<i>TOTAL</i>	<i>\$ 4,685,928</i>	<i>\$ 3,649,899</i>
<i>Liabilities and Net Assets</i>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 152,703	\$ 155,545
Deferred revenue - refundable resident fees	112,051	145,098
Current portion of long-term debt	57,000	73,025
<i>Total Current Liabilities</i>	<i>321,754</i>	<i>373,668</i>
Long-Term Liabilities:		
Long-term debt, net of current portion	92,500	149,500
Right-of-use operating lease liability	11,835	1,000
Deferred revenue - refundable entrance fees	310,542	399,652
Deferred revenue - nonrefundable entrance fees	2,963,762	1,992,253
<i>Total Liabilities</i>	<i>3,700,393</i>	<i>2,916,073</i>
Net Assets:		
Without donor restrictions	714,209	484,000
With donor restrictions	271,326	249,826
<i>Total Net Assets</i>	<i>985,535</i>	<i>733,826</i>
<i>TOTAL</i>	<i>\$ 4,685,928</i>	<i>\$ 3,649,899</i>

Carmel Hills, Inc.**Statement of Activities****Year Ended April 30, 2026, With Prior Year Comparative Totals**

	Year Ended April 30, 2026				2025
	Without Donor Restrictions	With Donor Restrictions	TOTALS		
Support and Revenue:					
Net resident fees	\$ 3,260,493	\$ -	\$ 3,260,493	\$	3,133,987
Earned entrance fees	249,899	-	249,899		232,238
Contributions	136,915	21,500	158,415		147,574
Gain (loss) on disposal of assets	(6,797)	-	(6,797)		3,213
Investment income	94,276	-	94,276		60,231
Miscellaneous	19,284	-	19,284		21,073
Total	3,754,070	21,500	3,775,570		3,598,316
Expenses:					
Salaries	1,951,276	-	1,951,276		2,014,207
Payroll taxes and group insurance	309,725	-	309,725		304,229
Depreciation	186,685	-	186,685		198,128
Food and supplies	229,734	-	229,734		222,750
Contract labor	58,070	-	58,070		71,649
Insurance	106,047	-	106,047		109,903
Repairs and maintenance	183,234	-	183,234		234,954
Utilities	131,044	-	131,044		118,417
Janitorial expense	99,602	-	99,602		136,870
Advertising	46,716	-	46,716		54,171
Miscellaneous	54,718	-	54,718		77,752
Interest	7,825	-	7,825		13,782
Office and other supplies	17,783	-	17,783		16,033
Medical expense	14,569	-	14,569		12,026
Dietary supplies	25,585	-	25,585		25,822
Legal and accounting	20,108	-	20,108		18,816
Travel and training	20,646	-	20,646		18,109
Telephone	13,751	-	13,751		12,336
Dues and subscriptions	5,771	-	5,771		5,390
Vehicle expense	4,117	-	4,117		6,005
Security	2,125	-	2,125		2,990
Property taxes	11,463	-	11,463		10,748
Retirement plan	23,267	-	23,267		9,996
Total	3,523,861	-	3,523,861		3,695,083
CHANGE IN NET ASSETS	230,209	21,500	251,709		(96,767)
NET ASSETS, BEGINNING	484,000	249,826	733,826		830,593
NET ASSETS, ENDING	\$ 714,209	\$ 271,326	\$ 985,535	\$	733,826

Carmel Hills, Inc.**Statement of Cash Flows****Year Ended April 30, 2026, With Prior Year Comparative Totals**

<u>Operating Activities</u>	2026	2025
Change in net assets	\$ 251,709	\$ (96,767)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	186,685	198,128
Contributions restricted for capital expenditures	(21,500)	(8,300)
Entrance fees received net of refunds	1,131,298	580,235
Earned entrance fees	(249,899)	(232,238)
(Gain) loss on disposal of property	6,797	(3,213)
Realized and unrealized gains on investments	(38,721)	(13,657)
Change in value of split interest agreement	(1,025)	(4,675)
Change in operating assets and liabilities:		
Receivables	5,670	(513,021)
Inventories	(2,055)	1,809
Prepaid expenses	(6,755)	(2,132)
Accounts payable and accrued expenses	(2,842)	(36,156)
Deferred revenue - resident fees	(33,047)	64,049
<u>Cash Flows From Operating Activities</u>	<u>1,226,315</u>	<u>(65,938)</u>
<u>Investing Activities</u>		
Purchase of property and equipment	(239,585)	(113,540)
Proceeds from the disposal of property	4,200	18,423
Proceeds from the sale of investments	103,735	1,340
Acquisition of investments	(134,231)	(16,575)
<u>Cash Flows From Investing Activities</u>	<u>(265,881)</u>	<u>(110,352)</u>
<u>Financing Activities</u>		
Contributions restricted for capital expenditures	21,500	8,300
Principal payments on long-term debt	(72,000)	(67,000)
<u>Cash Flows From Financing Activities</u>	<u>(50,500)</u>	<u>(58,700)</u>
<u>CHANGE IN CASH AND EQUIVALENTS</u>	<u>909,934</u>	<u>(234,990)</u>
<u>CASH AND EQUIVALENTS - BEGINNING</u>	<u>906,059</u>	<u>1,141,049</u>
<u>CASH AND EQUIVALENTS - ENDING</u>	<u>\$ 1,815,993</u>	<u>\$ 906,059</u>

Carmel Hills, Inc.

Notes to Financial Statements

April 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Carmel Hills, Inc. (the “Organization”) was incorporated as a nonprofit corporation on July 17, 1977 pursuant to the laws of the State of North Carolina. The Organization was formed for the purpose of providing a residential retirement facility for older brothers and sisters who share a common bond in our Lord Jesus Christ, that is, brethren, known to be walking together as members of the Body of Christ who gather only to the name of Christ (sometimes secularly referred to as “Plymouth Brethren”).

The facility contains 39 apartment and duplex units, and an assisted living care center with 25 rooms that is licensed for 38 beds. A resident purchases the privilege of occupying a specific living unit and the accompanying medical care for their lifetime. The agreement states that it is not a lease and does not create any interest in the real estate or property. The Organization’s primary source of revenue is resident fees.

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (US GAAP). Under US GAAP, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets.

Net assets without donor restrictions – These amounts are not subject to donor-imposed stipulations and include resources invested in property. Net assets without donor restrictions can be designated by the Organization for specific purposes.

Net assets with donor restrictions – These amounts are subject to donor-imposed stipulations. These restrictions may be temporary in nature, such that they may or will be met either by actions of the Organization or the passage of time, or perpetual in nature, such that the donor stipulates that they be maintained in perpetuity. As of year-end, the Organization had net assets of \$271,326 restricted for use in future building expansion. During the year, the Organization had no net assets with stipulations that they be maintained in perpetuity.

Contributions

In accordance with US GAAP, the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted grants and contributions whose restrictions are met in the same reporting period as received are reported as support without donor restrictions.

Carmel Hills, Inc.

Notes to Financial Statements

April 30, 2026

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for use unless specifically restricted by the donor.

Revenue recognition

The Organization recognizes revenue from contracts with customers in accordance with ASU Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the performance obligations are satisfied

The Organization recognizes revenue from contracts with customers when the related performance obligation is satisfied. Amounts received for future periods are deferred and recognized as income in the period to which they apply.

Obligation to provide future services

The Organization enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Organization over his or her remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. No obligation for future costs associated with these contracts has been provided by the Organization because management believes that future cash inflows will be sufficient to cover such costs.

Entrance agreements

The residency entrance fee is set by the Board of Directors and is due in full at the time residency is established. A portion of the entrance fee is refundable on a decreasing basis over the first two years of residency. For financial statement purposes, entrance fees are recorded as a liability on the accompanying statement of financial position as “Nonrefundable Entrance Fees” and amortized to revenue over the life expectancy of the resident and are adjusted annually for changes in life expectancy. Unamortized nonrefundable entrance fees as of year-end are \$2,963,762. Unamortized entrance fees in excess of any refund provisions are included in revenue at the termination of the occupancy agreement. In addition to the entrance fee, each unit is assessed a monthly service fee as set by the Board of Directors. Residents may elect to pay additional incremental monthly fees. Under a 90 percent option, a percentage of the original entrance fees are refundable depending on the contract option elected. The contract provides for payment of the refundable fees after the unit is vacated and a new resident occupies the unit and pays the entrance fee in effect at the time of occupancy. The refundable portion of the entrance fees paid under the refund option contract is reflected on the accompanying statement of financial position as a liability as “Refundable Entrance Fees” and as of year-end, has a balance of \$310,542.

Carmel Hills, Inc.
Notes to Financial Statements
April 30, 2026

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables

Receivables are recorded at net realizable value. The Organization utilizes the current expected credit loss (“CECL”) methodology under ASU 2016-13 *Financial Instruments – Credit Losses* (Topic 326) in evaluating the collectability of accounts receivables. Management assesses the collectability of receivables on an individual account basis and writes off any amounts deemed uncollectible. Therefore, no allowance for credit losses is provided. The balances at year-end are expected to be collected within the following year.

Inventories

Inventories are stated at the lower of cost or market, determined on the first-in, first-out method.

Investments

The Organization maintains investments in exchange traded funds and certificates of deposit with various interest rates with original maturities in excess of three months. Investments are reflected on the accompanying statement of financial position at fair value.

Property and equipment

Property is recorded at cost if purchased or fair value if donated. Effective May 1, 2024, the Organization increased the capitalization threshold from \$1,000 to \$2,500. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, which range from 3 to 40 years. Major renewals and improvements are charged to the property accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed currently. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

Resident fees

Resident fees represent the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Resident fees are recorded as revenue when earned.

Income tax status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income and is classified as other than a private foundation.

Use of estimates

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

Carmel Hills, Inc.
Notes to Financial Statements
April 30, 2026

Advertising costs

The Organization expenses advertising costs as incurred.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded no donated services or goods.

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

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in the operating right of use (ROU) assets and operating lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its leases with a term of 12 months or less; rather, they are reported as a lease expense on a straight-line basis over the lease term.

Prior-year comparative totals

The financial statements include certain prior-year summarized information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's 2025 financial statements, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year's presentation.

Carmel Hills, Inc.
Notes to Financial Statements
April 30, 2026

NOTE 2 - INVESTMENTS

At year-end, investments consist of the following:

Certificates of Deposit:

CD 1 – matures on October 7, 2026, with interest at 3.70%	\$	277,672
CD 2 – matures on August 13, 2026, with interest at 4.45%		247,378
CD 3 – matures on August 16, 2027, with interest at 3.90%		141,989
	\$	<u>667,039</u>

Exchange Traded Products:

Equities	\$	158,253
Fixed Income		75,669
Other		5,714
	\$	<u>239,636</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

US GAAP requires fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments in publicly-traded exchange traded funds and certificates of deposit are classified as level 1.

Carmel Hills, Inc.
Notes to Financial Statements
April 30, 2026

NOTE 4 - PROPERTY AND EQUIPMENT

The Organization's property and equipment as of year-end is comprised of the following:

Land and land improvements	\$ 481,059
Buildings and improvements	4,423,687
Construction in progress	133,506
Furniture, fixtures, and equipment	774,460
Vehicles	<u>126,252</u>
	5,938,964
Less - accumulated depreciation	<u>4,587,010</u>
	<u><u>\$ 1,351,954</u></u>

NOTE 5 - RETIREMENT PLAN

The Organization sponsors a defined contribution 401(k) retirement plan, which enables employees to make contributions on their behalf up to allowable amounts as defined by the Internal Revenue Code. The Organization matches 50 percent of employee contributions up to a maximum of five percent of employee compensation. Matching contributions are 100 percent vested after six years. For the year, the Organization's match was \$23,267.

NOTE 6 - STATUTORY OPERATING RESERVE REQUIREMENT

Under regulations of the North Carolina Insurance Commission, Continuing Care Retirement Community's (CCRC) are required to maintain an operating reserve equal to 25 percent of the total occupancy costs, as defined, projected for the 12-month period following the period covered by the most recent annual financial statement filed with the North Carolina Department of Insurance, if the occupancy levels are in excess of 90 percent. If the occupancy levels are less than 90 percent, the operating reserve requirement is 50 percent of total occupancy costs, as defined. The Organization has historically maintained an occupancy level in excess of 90 percent. As of year-end, the Organization had an occupancy level of 94 percent and an operating reserve of \$903,250, which represented 25 percent of total occupancy costs, as defined.

Carmel Hills, Inc.**Notes to Financial Statements****April 30, 2026**

NOTE 7 - LONG-TERM DEBT

The Organization's long-term debt of \$149,500 as of year-end, consists of bonds sold to finance the construction of the facility and to purchase furniture, fixtures, equipment, etc. These bonds are unsecured and interest rates vary from 4.5% to 5.5% and remaining maturities are from 1 month to 5 years.

Maturities of all long-term debt are as follows:

Year ending April 30:	
2027	\$ 57,000
2028	-
2029	36,500
2030	5,000
2031 & thereafter	51,000
	\$ 149,500

Interest expense

During the year, the Organization paid interest expense of \$8,209.

NOTE 8 - LEASES

During the year, the Organization leased office equipment under a long-term non-cancelable operating lease arrangement. The lease expires during the Organization's fiscal year ended April 30, 2030. At April 30, 2026, the operating lease right-of-use asset and liability balances were \$11,835. No present value discount is recorded due to immateriality. The Organization did not have any operating leases with a term of 12 months or less. Future lease payments are due as follows: \$3,156 in the fiscal years ending April 30, 2027, 2028, and 2029, and \$2,367 in the fiscal year ending April 30, 2030.

NOTE 9 - FUNCTIONAL EXPENSES

All expenses in the accompanying statement of activities were incurred for or related to the provision of services by the retirement facility consisting of independent and assisted living services. Program services represent the primary focus of the Organization's activities. Supporting services are related to general and administrative activities. The Organization spends no significant amount of time related to fundraising; therefore, no expenses have been allocated to this function. Certain costs have been allocated among the program and supporting services. Salaries, payroll taxes and group insurance, workers' compensation insurance, telephone, and retirement plan expenses are allocated based on management's estimates of time spent. Occupancy-related expenses, depreciation, and miscellaneous expenses are allocated based on space usage. All other expenses are allocated on an analysis of the various expenses that comprise those costs. For the year, the total allocation of operating expenses is as follows:

Carmel Hills, Inc.**Notes to Financial Statements****April 30, 2026**

	<u>TOTAL</u>	<u>Program</u>	<u>General and administrative</u>
Salaries	\$ 1,951,276	\$ 1,543,850	\$ 407,426
Payroll taxes and group insurance	309,725	245,054	64,671
Depreciation	186,685	184,267	2,418
Food and supplies	229,734	229,734	-
Contract labor	58,070	57,820	250
Insurance	106,047	91,803	14,244
Repairs and maintenance	183,234	180,861	2,373
Utilities	131,044	129,347	1,697
Janitorial expense	99,602	98,312	1,290
Advertising	46,716	-	46,716
Miscellaneous	54,718	54,009	709
Interest	7,825	7,825	-
Office and other supplies	17,783	-	17,783
Medical expense	14,569	14,569	-
Dietary supplies	25,585	25,585	-
Legal and accounting	20,108	-	20,108
Travel and training	20,646	20,646	-
Telephone	13,751	10,880	2,871
Dues and subscriptions	5,771	-	5,771
Vehicle expense	4,117	4,117	-
Security	2,125	2,098	27
Property taxes	11,463	-	11,463
Retirement plan	23,267	18,409	4,858
TOTAL	<u>\$ 3,523,861</u>	<u>\$ 2,919,186</u>	<u>\$ 604,675</u>

NOTE 10 - CHARITY CARE**Property tax status**

During 2001, the State of North Carolina passed legislation which provides a property tax exemption for continuing care retirement communities (CCRCs) that expend five percent or more of their operating revenues on charity care and community service or CCRCs that have financed their facilities with tax-exempt bond financing. Partial exemptions are available for CCRCs which provide some charity care and community service and CCRCs that have facilities which are partially financed with tax-exempt bond financing. The property tax exemption must be requested each year. The Organization's management believes that it will qualify for a full or partial property tax exemption for the foreseeable future.

Carmel Hills, Inc.
Notes to Financial Statements
April 30, 2026

The Organization provides for a portion of the cost of resident care for those who are unable to pay the full cost of care from their own resources. The Organization has calculated charity care cost for the year based on a historical ratio of cost to income as follows:

Gross revenue for the prior year		\$	3,598,316
Less - other revenue:			
Contributions	\$	147,574	
Investment income		60,231	
Gain on disposal of assets		3,213	
Miscellaneous		21,073	232,091
Net operating revenue			3,366,225
Cost of operations			3,695,083
Cost to income ratio			1.10
Charity care charges for the current year			174,846
Cost of providing charity care		\$	192,331

NOTE 11 - CONCENTRATION OF CREDIT RISK

Cash and equivalents

Cash and certificates of deposit held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at year-end includes \$1,268,672 in excess of insured limits covered by the FDIC. However, the Organization believes it is not exposed to any significant credit risk related to these accounts.

Investments

Investments held in financial institutions are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC); however, this insurance does not cover the loss of value of the underlying assets. As disclosed in Note 2 above, the Organization maintains investments which are subject to fluctuations in market values and expose the Organization to a certain degree of investment risk.

Revenue and receivables

The Organization receives revenue from a limited number of sources and operates in a limited geographic area and is therefore sensitive to changes in the local economy.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$3,101,212 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and equivalents of \$1,815,993, receivables of \$520,533, certificates of deposit of \$525,050 and other investments of \$239,636. Of this amount, the Organization is required to maintain an operating reserve of \$903,250 as described in Note 5 above. Also, \$271,326 of the financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has an additional \$141,989 of certificates deposit that would be available for early redemption subject to an early withdrawal fee. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.

Appendix B – Five-Year Prospective Financial Statements

Carmel Hills, Inc.

Financial Forecast

For Each of the five years ending April 30, 2031

(With Independent Accountants' Compilation Report Thereon)

Carmel Hills, Inc.

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of
Carmel Hills, Inc.
Charlotte, North Carolina

Management is responsible for the accompanying forecasted financial statements of Carmel Hills, Inc., (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of April 30, 2027, 2028, 2029, 2030 and 2031 and the related statements of activities, and cash flows for the years then ended, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards of Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted financial statements or the assumptions. The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material.

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

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

Foard & Company, P.A.
August 13, 2026

Carmel Hills, Inc.**Forecasted Statement of Financial Position****April 30, 2027, 2028, 2029, 2030 and 2031****(in thousands of dollars)**

	2027	2028	2029	2030	2031
<u>ASSETS</u>					
Cash	\$ 502	\$ 500	\$ 500	\$ 500	\$ 500
Accounts Receivable	13	13	13	13	13
Inventories	18	18	18	18	18
Prepaid Expenses	74	76	78	80	82
Certificates of Deposits (CDs) and Other Investments	1,886	1,925	1,902	1,927	1,918
Total Current Assets	2,493	2,532	2,511	2,538	2,531
Restricted - CDs and Other Investments:					
Operating Reserve Requirement	865	877	912	930	964
Right-of-use operating lease asset	9	6	3	16	13
Property and Equipment:					
Land and improvements	481	481	481	481	481
Buildings	4,601	4,785	4,976	5,175	5,382
Construction in progress	139	145	151	157	163
Furniture, fixtures, equipment and vehicles	936	973	1,012	1,052	1,094
Total	6,157	6,384	6,620	6,865	7,120
Less - accumulated depreciation	4,782	4,979	5,178	5,376	5,581
Property and Equipment (net)	1,375	1,405	1,442	1,489	1,539
TOTAL ASSETS	\$ 4,742	\$ 4,820	\$ 4,868	\$ 4,973	\$ 5,047
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 157	\$ 161	\$ 165	\$ 169	\$ 173
Deferred revenue - refundable resident fees	115	118	121	124	127
Current portion of long-term debt:					
Bonds payable	-	37	5	28	23
Total Current Liabilities	272	316	291	321	323
Long-Term Liabilities:					
Right-of-use operating lease liability	9	6	3	16	13
Long-term debt:					
Bonds payable	93	56	51	23	-
Total Long-Term Debt	93	56	51	23	-
Deferred revenue - refundable entrance fees	401	494	590	689	791
Deferred revenue - nonrefundable entrance fees	2,737	2,503	2,262	2,014	1,759
Total Long-Term Liabilities	3,240	3,059	2,906	2,742	2,563
Total Liabilities	3,512	3,375	3,197	3,063	2,886
Net Assets:					
Without donor restrictions	1,230	1,445	1,671	1,910	2,161
With donor restrictions	-	-	-	-	-
Total Net Assets	1,230	1,445	1,671	1,910	2,161
TOTAL LIABILITIES AND NET ASSETS	\$ 4,742	\$ 4,820	\$ 4,868	\$ 4,973	\$ 5,047

See accompanying summary of significant forecast assumptions and accounting policies.

Page 2

Carmel Hills, Inc.**Forecasted Statement of Activities****Years Ending April 30, 2027, 2028, 2029, 2030 and 2031****(in thousands of dollars)**

	2027	2028	2029	2030	2031
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>					
Support and Revenue:					
Net resident fees	\$ 3,267	\$ 3,365	\$ 3,466	\$ 3,570	\$ 3,677
Earned entrance fees	317	327	337	347	357
Health care revenues	-	-	-	-	-
Contributions	180	185	191	197	203
Investment income	66	28	28	28	29
Miscellaneous	14	14	14	14	14
Total Support and Revenue	3,844	3,919	4,036	4,156	4,280
Expenses:					
Salaries	2,005	2,065	2,127	2,191	2,257
Payroll taxes and employee benefits	311	320	330	340	350
Food supplies	239	246	253	261	269
Interest	5	6	6	4	4
Insurance	126	130	134	138	142
Repairs and maintenance	159	164	169	174	179
Utilities	129	133	137	141	145
Janitorial	96	99	102	105	108
Legal and accounting	22	23	24	25	26
Telephone	10	10	10	10	10
Contract labor	69	71	73	75	77
Dining room and food preparation supplies	27	28	29	30	31
Miscellaneous	47	48	49	50	52
Vehicle expense	8	8	8	8	8
Office expense	23	24	25	26	27
Medical expense	13	13	13	13	13
Advertising	52	54	56	58	60
Travel and training	9	9	9	9	9
Retirement	31	32	33	34	35
Dues and subscriptions	7	7	7	7	7
Property taxes	15	15	15	15	15
Security	2	2	2	2	2
Depreciation and amortization expense	195	197	199	201	203
Total Expenses	3,600	3,704	3,810	3,917	4,029
Change in Net Assets	244	215	226	239	251
NET ASSETS, BEGINNING	986	1,230	1,445	1,671	1,910
NET ASSETS, ENDING	\$ 1,230	\$ 1,445	\$ 1,671	\$ 1,910	\$ 2,161

Carmel Hills, Inc.**Forecasted Statement of Cash Flows****Years Ending April 30, 2027, 2028, 2029, 2030 and 2031
(in thousands of dollars)**

	2027	2028	2029	2030	2031
<u>OPERATING ACTIVITIES</u>					
Change in net assets	\$ 244	\$ 215	\$ 226	\$ 239	\$ 251
Adjustments to reconcile change in net assets to cash flows from operating activities:					
Depreciation and amortization	195	197	199	201	203
Contributions restricted for capital expenditures					
Entrance fees received, net of refunds	181	186	192	198	204
Earned entrance fees	(317)	(327)	(337)	(347)	(357)
(Increase) decrease in operating assets:					
Accounts receivable	496	-	-	(1)	1
Inventories	-	-	-	(1)	1
Prepaid expenses	(2)	(2)	(2)	(2)	(2)
Increase (decrease) in operating liabilities:					
Accounts payable and accrued expenses	4	4	4	3	5
Deferred revenue	3	3	3	3	3
Net Cash Flows From Operating Activities	804	276	285	293	309
<u>INVESTING ACTIVITIES</u>					
Change in certificates of deposit and other investments	(1,844)	(51)	(12)	(43)	(25)
Capital additions of property and equipment	(218)	(227)	(236)	(245)	(255)
Net Cash Flows From Investing Activities	(2,062)	(278)	(248)	(288)	(280)
<u>FINANCING ACTIVITIES</u>					
Contributions restricted for capital expenditures					
Principal payments on long-term debt	(56)	-	(37)	(5)	(29)
Issuance of long-term debt	-	-	-	-	-
Net Cash Flows From Financing Activities	(56)	-	(37)	(5)	(29)
CHANGE IN CASH	(1,314)	(2)	-	-	-
CASH - BEGINNING	1,816	502	500	500	500
CASH - ENDING	\$ 502	\$ 500	\$ 500	\$ 500	\$ 500

Carmel Hills, Inc.

Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2031

Note 1 - Nature of Activities and Projections

General

The accompanying financial forecast presents, to the best knowledge and belief of the management (“Management”) of Carmel Hills, Inc. (the “Organization”) the expected financial position, changes in net assets, and cash flows of the Organization as of and for each of the five years ending April 30, 2031. Accordingly, the accompanying forecast reflects Management’s judgment as of August 13, 2026, the date of completion of this forecast, of the expected conditions and its course of action.

Management’s purpose in releasing this financial forecast is for inclusion in the Organization’s annual disclosure statement in accordance with Chapter 58, Article 64A, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. The Organization recognizes that there will be differences between prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Background of the Organization

The Organization is a not-for-profit corporation formed in 1977 pursuant to the laws of the State of North Carolina. The Organization was formed to provide a residential facility for older brothers and older sisters associated with a group of Christians commonly known as “Plymouth Brethren.” Residents associated with the Plymouth Brethren (“Affiliated Residents”) received preferential treatment in the selection process and Entrance Fees.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income and is classified as other than a private foundation.

The Organization owns and operates a continuing care retirement community (“CCRC”) known as Carmel Hills (the “Community”) in Charlotte, North Carolina. The Community is a licensed CCRC by the North Carolina Department of Insurance. The Community includes 40 independent living units (the “Independent Living Units”) and is licensed for 38 assisted living beds (the “Assisted Living Beds”).

The Community currently offers two entrance fee/residency plans: Declining Refund Entrance Fee Plan (“Maple”) and No Entrance Fee Plan (“Magnolia”) – which is a 13-month contract with a non-refundable residency fee. As of July 2026, six residents have selected the Oak plan (a 90% Refundable Entrance Fee Plan discontinued effective February 1, 2026), fifteen residents have selected the Magnolia plan, and thirty-five residents have selected the Maple plan.

Carmel Hills, Inc.

Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2031

The following table outlines details regarding the Community's configuration, "Entrance Fees", and "Monthly Fee", effective May 1, 2026:

Table 1 Unit Configuration, Assumed Occupancy Weighted Average Entrance Fees & Weighted Average Monthly Fees					
Type of Unit	Total Units	Square Footage	Entrance Fees(1)(2)	Maple	Magnolia(3)
Independent Living Units:					
Efficiency-Unit A	4	350	\$115,665	\$1,920	\$2,625
Efficiency-Unit B	7	450	140,770	1,975	2,820
1 Bedroom-Unit C	12	600	175,820	2,320	3,345
2 Bedroom-Unit D	4	900	251,130	2,525	3,915
1 Bedroom+-Unit E	1	950	251,130	2,380	3,915
2 Bedroom-Cottage	10	1,132	279,035	2,665	4,195
1 Bedroom-Cabin	1	896	213,480	2,280	3,630
Total/Weighted Average	39	731	\$200,445	\$2,300	\$3,441
Second person fee Assisted Living Beds			\$100,505	\$1,390	\$2,070
Private	varies	185-223	N/A	\$8,395	\$8,275
Semi-private	varies	185-223	N/A	6,395	6,380
Total/Weighted Average	32		N/A		
Total	71				

Source: Management

(1) Fees indicated are weighted averages of the Maple plan entrance fees effective May 1, 2026.

(2) The Entrance Fees represented in the chart are for Residents not affiliated with the Plymouth Brethren ("Non-Affiliated Residents"). Affiliated Residents receive a discount of approximately 17 percent on Entrance Fees.

(3) Residents who select the Magnolia plan are required to pay a non-refundable "Residency Fee" ranging from \$10,000-\$16,005 for the first person and an additional \$7,895 for the second person for Affiliated Residents and \$12,005-\$19,210 for the first person and an additional \$9,475 for a second person for Non-Affiliated Residents.

(4) The Assisted Living Beds:

a. The Assisted Living Beds are in both private and semi-private rooms; however most private rooms can be converted into a semi-private room.

b. The Assisted Living Beds' Monthly Fee for Independent residents transferring under the Magnolia plan is the same as for direct admits.

c. Residents who transfer to an Assisted Living Bed on the Maple plan would pay \$4,050 per month for a semi-private room or an additional \$2,000 for a private room, a total of \$6,050.

Table 2
Turnover Schedule—Independent Living Units

Year Ending April 30,	Total ILU's	Average Entrance Fee
2027	3	\$206,459
2028	3	\$212,653
2029	3	\$219,032
2030	3	\$225,603
2031	3	\$232,371

Source: Management

Carmel Hills, Inc.

Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2031

Note 2 - Significant Accounting Policies

Basis of presentation

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

Receivables

Receivables from residents are recorded at net realizable value with no allowance for doubtful accounts.

Inventories

Inventories are stated at the lower of cost or market determined on the first-in, first-out method.

Certificates of deposit and other investments

The Organization maintains certificates of deposits with various banks, interest rates and original maturities in excess of three months. Certificates of deposit are reflected on the accompanying balance sheet at their original cost plus accrued interest which approximates fair value. Other investments consist of various publicly traded stocks reflected on the balance sheet at their market value.

Property and equipment

Property is recorded at cost if purchased or fair value if donated, subject to a \$2,500 capitalization policy. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, which range from 3 to 40 years. Major renewals and improvements are charged to the property accounts, while replacements, maintenance and repairs, which do not improve or extend the life of the assets, are expensed currently. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

Obligation to provide future services

The Organization enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Organization specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. No obligation for future costs associated with these contracts has been provided by the Organization because management believes that future cash inflows will be sufficient to cover such costs.

Carmel Hills, Inc.

Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2031

Entrance agreements

The residency entrance fee is set by the Board of Directors and is due in full at the time residency is established. Under the Maple plan a portion of the entrance fee is refundable on a decreasing basis over the first two years of residency. For financial statement purposes, entrance fees are recorded as a liability on the accompanying balance sheet as “Unamortized Entrance Fees” and amortized to revenue over the life expectancy of the resident and are adjusted annually for changes in life expectancy. Unamortized entrance fees in excess of any refund provisions are included in revenue at the termination of the occupancy agreement. In addition to the entrance fee, each unit is assessed a monthly service fee as set by the Board of Directors.

Residents may elect to pay additional incremental entrance fees based on the resident’s age at his or her nearest birthday on the date of occupancy. Under this option, 90 percent of the original entrance fees are refundable dependent on the contract option elected. The contract provides for payment of the refundable fees after the unit is vacated and a new resident occupies the unit and pays the entrance fee in effect at the time of occupancy. The refundable portion of the entrance fees paid under the refund option contract is reflected on the accompanying balance sheet as a liability as “Refundable Entrance Fees”.

Contributions

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that contain donor-imposed stipulations that must be utilized for specific purposes or for future periods are reported as net assets with donor. When a restriction no longer applies, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions whose restrictions are met in the same reporting period as received are reported as net assets without donor restrictions. Management anticipates that restricted contributions received during the forecasted period will be restricted for either resident assistance, small improvement projects, or capital improvements and will be utilized within the same period. Management does not anticipate receiving any other restricted contributions during the forecasted period.

Resident fees

Resident fees represent the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Resident fees are recorded as revenue when earned. Management assumes resident fee rates will increase approximately three percent annually during the forecast period.

Use of estimates

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

Carmel Hills, Inc.**Summary of Significant Forecast Assumptions and Accounting Policies
For the Five Years Ending April 30, 2031**

Concentration of credit risk

The Organization's cash and certificates of deposit held by banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (the "FDIC"). These amounts may occasionally exceed the amount insured by the FDIC. However, the Organization believes it is not exposed to any significant credit risk related to these accounts.

Note 3 - Summary of Significant Balance Sheet Assumptions**Property and equipment**

Management assumes no gain or loss from the sale or disposal of property and equipment and routine capital additions for each year during the forecast period as shown on the accompanying forecasted statement of cash flows.

Long-term debt

Management assumes long-term debt will consist of the following:

Table 3
Schedule of Long-Term Debt as of April 30,
(in thousands of dollars)

Year ending April 30,	2027	2028	2029	2030	2031
Bonds Payable	\$ 93	\$ 93	\$ 56	\$ 51	\$ 23
Notes Payable	-	-	-	-	-
Gift Annuities Payable	-	-	-	-	-
Long-term debt	93	93	56	51	23
Less current portion	(-)	(37)	(5)	(28)	(23)
Long-term debt, less current portion	\$ 93	\$ 56	\$ 51	\$ 23	\$ -

Source: Management

The complete terms of these loans are described below. The Organization may decide to refinance the above notes and issue additional bonds during the forecast period.

Note Payable - The Organization currently has no outstanding note payable. For purposes of the forecast, Management assumes no additional borrowings from the line of credit.

Bonds Payable - The Organization's bonds payable consist of bonds previously sold to finance the construction of the facility and to purchase furniture, fixtures, equipment, etc. Approximately 80 percent of original maturing bonds were reinvested in the new bond. Bonds payable are unsecured, and interest rates vary from 4.50% to 5.50% and remaining maturities from 1 to 10 years. Management assumes issuing no new bonds payable during the forecast period.

Carmel Hills, Inc.

Summary of Significant Forecast Assumptions and Accounting Policies For the Five Years Ending April 30, 2031

Gift Annuities Payable - The Organization entered into a charitable gift annuity agreement in a prior year. This contribution was given to the Organization with the condition that a specific payment is to be made to the contributor over his or her life. The annuity holder passed away during the 2024-25 fiscal year and the Organization does not anticipate entering into any new annuity agreements at this time, so there is no longer any liability or expense related to Gift Annuities in the foreseeable future.

Statutory operating reserve requirement

North Carolina General Statute Chapter 58, Article 64A sets forth minimum operating reserve requirements. Under this legislation, the Organization is required to maintain an operating reserve at least equal to 25 percent of the upcoming year's total operating costs as defined by the statute. The reserve is maintained in certificates of deposits, mutual funds and exchange traded funds on the forecasted balance sheet.

Contingencies

The Organization has in place insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims including medical malpractice. Management believes that claims, if asserted, would be settled within the limits of coverage.

The State of North Carolina previously passed legislation which provides a property tax exemption for CCRCs that expend five percent or more of their operating revenues on charity care and community service. The property tax exemption must be requested each year. The forecast assumes that five percent of operating revenue will be spent on charity care and community service and that the Organization will qualify for a full property tax exemption for the forecast period.

Note 4 - Summary of Statement of Operating Assumptions

The following table summarizes the projected utilization of the Independent Living Units:

Table 4 Utilization of Independent Living Units			
Years ended April 30,	Average Number of Units Occupied	Average Number of Units Available	Average Total Occupancy
2027 ⁽¹⁾	38	39 ⁽²⁾	97%
2028	37	39	95%
2029	37	39	95%
2030	38	39	97%
2031	38	39	97%

Source: Management

(1) The Independent Living Apartments are assumed to fill over a 12-month period at an average of approximately 1 unit per quarter from May 2026 to April 2027.

(2) As of January 2026, two units (one "A" and one "B") were combined to create a "C" unit. This brought the total number of IL units down to 39 units.

Double occupancy in the Independent Living Units is assumed to be 20 percent of the occupied units in 2026 and throughout the forecast period.

Carmel Hills, Inc.**Summary of Significant Forecast Assumptions and Accounting Policies
For the Five Years Ending April 30, 2031**

The assumed monthly move-in pattern for the Independent Living Units is summarized in the table below:

Table 5
Monthly Move-in Pattern for the Independent Living Units
(Net of Move-Outs)

Fiscal Year/Month	Independent Living Units	Cumulative Total	Occupancy Percentage
2025-May	0	38	97%(1)
June	0	37	95%
July	1	38	97%
August	1	38	97%
September	1	38	97%
October	0	37	95%
November	1	38	97%
December	0	38	97%
January	0	37	95%
February	1	38	97%
March - April	1	38	97%
Total	6	38	97%

Source: Management

(1) As of May 2026, 38 of the Independent Living Apartments were occupied and 1 of the 39 units were available for occupancy (online).

The Assisted Living Beds' services are available to residents of the Community on a priority basis. The following table summarizes the assumed utilization of the Assisted Living Beds during the projection period:

Table 6
Assisted Living Utilization

Year Ending April 30,	Average Number of Assisted Living Beds Occupied (1)	Average Number of Assisted Living Beds Available (1)	Average Occupancy
2027	31	32	97%
2028	32	34	94%
2029	33	34	97%
2030	33	34	97%
2031	33	34	97%

Source: Management

(1) The Community offers Assisted Living Beds in a private or semi-private room. The Community is licensed for 38 Assisted Living Beds. However, because of the facility configuration the current capacity is 32 beds.

Contributions

Management assumes contributions and bequests to increase approximately three percent annually during the forecast period.

Carmel Hills, Inc.**Summary of Significant Forecast Assumptions and Accounting Policies
For the Five Years Ending April 30, 2031**

Investment income

Management assumes dividends earned on stocks and interest earned on checking, money market, and certificates of deposit to be approximately one percent annually of the average balances during the forecast period.

Operating expenses

Management assumes operating expenses will increase approximately three percent annually.

Appendix C - Statement of Actuarial Opinion

North Carolina Gen. Statute 58-64A-210 requires certain continuing care providers to obtain an actuarial study, including a statement of actuarial opinion, at least once every three years. Due to the timing of the enactment of this requirement and the applicable statutory filing schedule, the actuarial study for this community has not yet been completed. Carmel Hills is required to submit its actuarial study to the North Carolina Department of Insurance no later than December 1, 2028.

Appendix D – Representative Contract(s)

Carmel Hills Dwelling Unit Entrance Agreement

MAPLE

This is a Continuing Care contract

THIS ENTRANCE AGREEMENT is made _____, 2026,
by CARMEL HILLS, a North Carolina corporation with its principal office in Mecklenburg County, North Carolina ("Carmel Hills"), and _____,
a resident of _____,
("Applicant"). Applicant seeks joint admission with _____.

STATEMENT OF PURPOSE

Applicant has made written application to live at Carmel Hills. The parties agree by this instrument that the acceptance of the application and any tenure of residence of applicant as an occupant at Carmel Hills shall be governed by this instrument.

Carmel Hills is organized under the laws of North Carolina as a nonprofit corporation. The Board of Directors ("the Board") of Carmel Hills do not receive any salary or other remuneration for such functions. Board members perform such functions gratuitously as a ministry to the Lord and His people. It is the intent of Carmel Hills to maintain the lowest possible cost consistent with sound, economic principles of operations and the philanthropic purposes of Carmel Hills. Carmel Hills has been designed to provide comfortable surroundings at a low cost where older people may live in peace and contentment in Christian neighborliness. Carmel Hills and Applicant agree to seek and maintain these ideals. Carmel Hills was founded and operated by individuals associated with a group of Christians commonly known as Plymouth Brethren (according to the U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936). Although Carmel Hills routinely solicits and receives contributions from assemblies and individuals in these assemblies, such assemblies and individuals have no contractual obligation, or responsibility, either explicitly or implicitly, for continued support and funding of Carmel Hills. Residents who have been associated with the above-mentioned group and the Board of Directors of Carmel Hills are considered Affiliated Residents and those not so associated are called Non-affiliated Residents.

The Carmel Hills Assisted Living unit is licensed as a "Home for the aged" by the State of North Carolina. As a "Home for the aged", medical care in Carmel Hills is usually occasional or incidental, such as may be required in the home of any individual or family, but the administration of medication is supervised in the Assisted Living. Continuing planned medical and nursing care to meet the resident's needs may be provided under the direct supervision of a physician, nurse, or home health agency.

AGREEMENT OF THE PARTIES

1. Applicant has received and reviewed the Carmel Hills Disclosure Statement (hereinafter referred to as "Disclosure Statement").
2. Applicant has paid to Carmel Hills with the presentation of a written application an application fee of two hundred dollars (\$200), which is not part of the Entrance Fee. The application fee is non-refundable.
3. The application will be reviewed by the Admissions Committee of Carmel Hills. That Committee will make a decision in its sole discretion and judgment, acting in good faith and in reliance upon information contained in the application. This decision will be:
(a) preliminary approval of the application, (b) non-approval of the application, or (c) final approval of the application.
4. Preliminary approval is granted when the type of accommodation for which application was made is not available, or the applicant is not yet ready to move. The application is still subject to final approval by the Committee. Final approval is made when the Committee approves the Applicant for residency at Carmel Hills, and the type of accommodation for which application was made is available. Non-approval is a decision made by the Committee when it will not accept Applicant for residency at Carmel Hills. The decision of the Committee is not subject to appeal.
5. If preliminary approval is granted, the applicant will be placed on a waiting list. If applicant has paid a Reservation Deposit of One Thousand Dollars (\$1,000) under the Future Residency Agreement, this deposit will be credited towards the Entrance Fees due from the Future Resident at the time of occupancy of a Dwelling Unit at Carmel Hills.
6. When preliminary approval has been granted, and the type of accommodation for which the application was made becomes available, Carmel Hills will notify Applicant. Applicant must then provide Carmel Hills with a revised application showing any changes and containing current information. The Committee will review the new application and render a final decision.
7. Upon final approval, Applicant will be notified by Carmel Hills. Within thirty (30) days of that notice, Applicant shall pay to Carmel Hills the Entrance Fee. After final approval of the application, the Applicant officially becomes a resident of Carmel Hills upon payment of the Entrance Fee and the Monthly Cost-of-Care. (If the Entrance Fee is not paid in full at the time of residency, the resident will be required to sign a Promissory Note, agreeing to pay monthly interest at the market rate per annum on the unpaid balance. This is designed as a short-term, less than six months, swing loan and is not intended for use as long-term financing)
8. As used in this agreement, the term "Entrance Fee" shall mean the amount of money specified by Carmel Hills which is required to be paid by Applicant prior to becoming a resident. The amount of the Entrance Fee will vary depending upon the type of accommodations for which application is made and whether the applicant is Affiliated or Non-Affiliated. Carmel Hills shall have the right to change the amount of the required Entrance Fee at any time and from time to time after application for residency has been made and before the beginning of residency. See rates page 14 of Disclosure Statement for single and joint occupancy.

9. After Applicant has received notice of preliminary approval of the application but before Applicant has received notice of final approval, Applicant may prepay the Entrance Fee to Carmel Hills. The amount of such prepayment may be the entire Entrance Fee or any portion thereof in excess of five thousand dollars (\$5,000).
10. Upon final approval of the application by Carmel Hills, Carmel Hills shall provide to Applicant a place of residence at its facility located on Carmel Road, in Charlotte, North Carolina. Carmel Hills shall also provide Applicant the opportunity to participate in the social and creative programs of Carmel Hills.
11. In the event the application receives final approval by Carmel Hills, Applicant shall be entitled to occupy the dwelling unit for which application was made which is identified as follows:

(Check One)

A Unit. This unit is located in the Community Building and contains approximately 350 square feet of living space with one main room and a private bath. The main room consists of a bedroom/sitting room, and a kitchenette equipped with sink, refrigerator, and stovetop unit or stove.

B Unit. This unit is located in the Community Building and contains approximately 450 square feet of living space with one main room and a private bath. The main room consists of a bedroom/sitting room, and a kitchenette equipped with sink, refrigerator, and stove.

C Unit. This unit is located in the Community Building and contains approximately 600 square feet of living space, which is divided into the following: a living room, dining area, bedroom, and full bath. This unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

D Unit. This unit is located in the Community Building and contains approximately 900 square feet of living space. The rooms are designed as a living room, dining area, and two bedrooms, with each bedroom serviced by its own bathroom. The unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

E Unit. This unit is located in the Community Building and contains approximately 950 square feet of living space, which is divided into the following: a bedroom with ensuite full bathroom, a separate kitchen complete with walk-in pantry, sink, refrigerator, stove and microwave, and an open concept dining/sitting area leading into a larger living room/office with its own full bath and storage area. The pricing for the E unit is the same as for the D Unit.

Cottage/Duplex Unit. This is housed in one of five separate buildings apart from the Community Building. This unit contains approximately 1,130 square feet of living space. The unit consists of a living room, dining area, and two bedrooms. Each bedroom has a full bath. The unit also contains a separate kitchen complete with pantry, washer, dryer, sink, refrigerator, and stove.

One Cabin. This unit is a log cabin with approximately 896 square feet of living space. It contains a living/dining room, one bedroom, a fully equipped kitchen and full bath. It is a separate building apart from the community building. It fronts onto Carmel Road.

Currently, the Entrance Fee for the above indicated dwelling unit is \$_____.

12. Applicant may rescind the Entrance Agreement within thirty (30) days following the later of the execution of either the Entrance Agreement, or the receipt of the disclosure statement. The resident is not required to move in during the thirty (30) day rescission period. In the event that Applicant rescinds the Entrance Agreement within this thirty (30) day period, any money transferred to Carmel Hills, other than the application fee, shall be returned to Applicant within thirty (30) days after the rescinding date and subject to the following conditions and charges:
- (a) In the event that Applicant has begun occupancy of a Dwelling Unit or residency in the Assisted Living Unit within the above thirty (30) days, then Carmel Hills shall be allowed to retain that part of the Entrance Fee necessary to clean and repair the Dwelling Unit in a manner sufficient for occupancy by a new occupant.
- (b) Carmel Hills shall also be entitled to retain a pro rata share of the Monthly Cost-of-Care based on the number of days of occupancy by the resident before the resident rescinded the Entrance Agreement and terminated his residency at Carmel Hills.
- (c) Carmel Hills shall also be entitled to retain the cost of all other expenses incurred by Carmel Hills on behalf of the rescinding individual.
13. In the event of the termination of residency of a Carmel Hills resident by reason of death of a resident or for any other reason at any time, beyond the thirty (30) day period stated in the preceding paragraph (see item #12 above), but during the first 21 months of the residency of Carmel Hills, any portion of the Entrance Fee will be refunded in accordance with the provisions of this section, provided that, as a result of such termination of residency, the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident. The Monthly Cost-of-Care for the unit shall continue until the unit is unoccupied and available to another resident.

In the event a termination of residency qualifies for a refund, a refund will be made based on the following provisions:

- If the period of residency for DREF 0 (Declining Refund Entrance Fee) / Maple Plan residents giving rise to the right of such refund is beyond the previously stated thirty (30) day period, but less than ninety (90) days, seventy five percent (75%) of the Entrance Fee will be refunded.
- If the period of such residency has been ninety (90) days or greater up to twenty one (21) months, a refund will be made equal to the Entrance Fee less twenty five percent (25%) thereof for the first ninety (90) days of the residency by such resident and less four percent (4%) thereof for each period of thirty (30) days or increment thereof of residency by such resident beyond the first ninety (90) days.

- Carmel Hills will deduct from any such refund and retain the amount equal to one hundred dollars (\$100) per day for each day or a portion thereof during the first one (1) month of residency that the resident has occupied either the Carmel Hills Assisted Living Unit or a nursing home or both.
 - Any resident who dies or is terminated as a resident of Carmel Hills after having been a resident of Carmel Hills or a resident of a nursing home for more than twenty-one (21) months shall not be entitled to any refund or any portion of the Entrance Fee.
 - Any allowable refunds would be payable once the unit is available for re-occupancy after the death of the Resident or termination of the contract. Such refunds will be available firstly to the resident or secondly to the spouse (if applicable and living) or refunded to the estate of such resident.
14. If Applicant dies before officially becoming a resident, or if on account of illness, injury, or incapacity, an applicant would be precluded from becoming a resident under the terms of this agreement, this agreement is automatically canceled and Applicant or legal representative of Applicant shall receive a refund of all money transferred to Carmel Hills, less the application fee and any non-standard expenses which Carmel Hills has incurred at the written request of the applicant.
 15. The first ninety (90) days of occupancy at Carmel Hills by a resident constitutes a trial period during which a resident will be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided. Monthly Cost-of-Care fees still apply for time spent at Carmel Hills.
 16. A resident may voluntarily terminate residency at Carmel Hills at any time.
 17. The Board shall have a right to terminate residency of a resident at Carmel Hills at any time for what is, in the sole judgment and discretion of the Board, any just or sufficient cause, and any such termination shall be final and conclusive.
 18. As part of the application procedure, Applicant must furnish Carmel Hills with certain specified financial and medical information. Carmel Hills may terminate a resident for falsifying or failing to reveal financial or medical information requested on the application forms.
 19. A resident shall be required to abide by the policies and regulations established from time to time by the Board concerning the conduct and activity of all residents of Carmel Hills. Carmel Hills may terminate a resident for failure to comply with such policies and regulation
 20. In the event of a termination of residency, the only refund of the original Entrance Fee shall be as provided in paragraph thirteen (13) herein. Neither Carmel Hills nor any member of the Board shall have any liability by reason of termination of the occupancy of a resident at Carmel Hills for any reason.
 21. If a resident is transferred or moved to a facility outside of the Carmel Hills facilities, and if such resident's physician is of the opinion that the resident is not likely to return to the facilities of Carmel Hills, then Carmel Hills shall have the right to allow another applicant or resident of Carmel Hills to occupy the Dwelling Unit assigned to such resident. If, in such case, such resident does recover and returns to Carmel Hills, such resident shall have the right to occupy the first dwelling unit of similar size and cost which becomes available at Carmel Hills.

22. During the time a resident is an occupant at Carmel Hills, Carmel Hills shall supply to a resident the following Services:
- Bi-weekly cleaning of each Dwelling Unit;
 - Laundry of bed linens;
 - All utilities: heating, air conditioning, gas, electricity, trash removal. Residents pay individually for telephone and cablevision service;
 - Homeowners insurance on the building. Residents must provide for their own renters insurance on their personal property if they desire;
 - One well-balanced meal each day served semi-cafeteria style in the dining room. The resident's plate is prepared by the food service department in the resident's presence, and the resident selects his own salads, drinks, etc. Residents may prepare additional meals in their own Dwelling Unit;
 - Complete use of all common areas, including the lounge, library, dining room, exercise area, porch, lawn, lake, parking area, nature trails and walks;
 - Mail delivered daily, except on postal holidays, to residents' private locked boxes located in the lobby, or lower hall;
 - Free use of laundry facilities for personal laundry;
 - Maintenance and repair of all Carmel Hills' facilities;
 - Access to the Carmel Hills Assisted Living and/or nursing home care or a nursing facility duly licensed by the State of North Carolina.
23. Carmel Hills shall have no responsibility to provide to a resident, and a resident shall be responsible for providing and paying for, the following items received or used by a resident: all medications (prescription and non-prescription); all surgical, medical, dental and optical services; all fees to physicians, nurses and other medical care personnel; rehabilitative nursing home care; all medical services of any type beyond those services which are described in paragraph 22; dry cleaning and laundry services other than those which might be available on the grounds of Carmel Hills for use by residents; telephone and cablevision services.
24. From time to time, at Carmel Hills' sole discretion and when there are surplus funds, surplus volunteers, or surplus employees, Carmel Hills may provide services beyond those required under this agreement. Such additional services are not, nor shall they become, an entitlement either to the party receiving these additional services or to any other resident of Carmel Hills. Notwithstanding any provision herein, either explicit or implied, Carmel Hills shall not be responsible for providing any level of care, service, treatment, or facilities beyond such care, service, treatment or facility available and provided by Carmel Hills to its residents as of October 10, 1989.
- The level of care, service, treatment or facilities provided specifically excludes, without limitation, furnishing or maintaining any life support equipment such as respirators, dialysis, or heart-lung machines. Carmel Hills will not be responsible for any transportation activities related to the above-mentioned equipment or procedures.
25. Carmel Hills reserves the right:
- (a) To transfer a resident, either temporarily or permanently, to the Assisted Living unit within Carmel Hills or another facility outside of Carmel Hills, as Carmel Hills may determine, in its sole discretion, to be in the best interest of a resident, when nursing care

is required or domiciliary care is required and Carmel Hills determines, in its discretion, that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills.

(b) To transfer a resident, either temporarily or permanently, to another facility if nursing care or domiciliary care is required and a resident's physician determines that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills, provided Carmel Hills agrees with such physician's determination.

In the event Carmel Hills disagrees with a resident's physician's determination as to the resident's need for further nursing care based on resident's physical and mental condition, or that the resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health and peace of other residents of Carmel Hills, then Carmel Hills shall select a licensed physician to make a determination. Such determination by the physician selected by Carmel Hills shall be conclusive as to whether the resident shall be transferred.

26. If a resident is transferred to the Assisted Living unit within Carmel Hills, Carmel Hills will provide domiciliary care in a semi-private room while in the Assisted Living unit. Residents transferred to the Assisted Living unit shall continue to pay the Monthly Cost-of-Care at the then-current rate of one (1) person in a duplex. Additionally, residents transferred into the Assisted Living unit shall pay an additional fee to help offset the cost of the additional services and other expenses. This fee is subject to change by the actions of and/or at the discretion of the Board.
27. If a qualifying resident moves or is transferred by Carmel Hills outside of Carmel Hills to a nursing care facility or lesser care facility licensed by the State of North Carolina and approved by Carmel Hills (such facilities hereinafter referred to as "Alternative Facilities"), the following rights and restrictions shall be in effect:
 - (a) Carmel Hills will pay for the basic monthly service charge of the Alternative Facilities based on a rate of a semi-private room in the Alternative Facilities, but only to the extent that payment is not covered by the insurance of the resident or Medicare.
 - (b) The obligation of Carmel Hills to pay the Alternative Facilities for a resident's nursing care shall be contingent upon the continuing payment to Carmel Hills by the resident of the Monthly Cost-of-Care and the additional fees. The Monthly Cost-of-Care and additional fees obligations shall continue at the then current rate that would be charged to the resident had he not been transferred to the Alternative Facilities.
 - (c) Notwithstanding anything herein to the contrary, Carmel Hills will not pay for ancillary services provided by the Alternative Facilities. Carmel Hills will also not pay for the use and maintenance of respirators, heart-lung machines, dialysis machines or any other life support equipment or machinery. Carmel Hills will not be responsible for any transportation activities related to the above-mentioned equipment or procedures.
28. If a qualifying resident moves or is transferred to a hospital, all expenses incurred for such resident's occupancy and care in such hospital shall be borne by such resident.
29. Upon becoming an occupant of Carmel Hills, a resident shall pay before the tenth (10th) day of each month the Cost-of-Care for that month. The Cost-of-Care for that type of Dwelling Unit

specified in paragraph 11 presently is \$_____ **per month** and is subject to increase or decrease by the action and in the sole discretion of the Board. Carmel Hills reserves the right, in its sole discretion, to change or adjust the Monthly Cost-of-Care based upon changes in the cost of living and other economic necessities as they arise. Carmel Hills reserves the right to charge one and one-half percent (1.5%) per month on the unpaid balance of all Cost-of-Care fees not received by the tenth (10th) day of each month.

30. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due, the resident shall notify the administrator of Carmel Hills in writing, giving an explanation of the present situation and a current financial statement. Carmel Hills will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. A waiver of any Monthly Cost-of-Care must be in writing. A waiver of a fee or any part thereof for any particular month shall not constitute a waiver for any subsequent months unless so specifically stated in writing by Carmel Hills.
31. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due and Carmel Hills does not agree to provide financial assistance, then Carmel Hills may terminate this agreement. Before terminating this agreement for failure to pay, Carmel Hills shall provide written notice demanding that resident bring his account current within twenty (20) days from receipt of the written demand. Should the resident fail to bring the account current within the twenty (20) day period, then Carmel Hills may terminate this agreement.
32. A resident upon request by Carmel Hills shall apply for any federal, state or local grant, aid or benefits for which such resident may be eligible or to which such resident may be entitled, and a resident shall apply such grant, aid or benefit to the Cost-of-Care of such resident in keeping with the accounting procedures of Carmel Hills.
33. If Applicant is eligible and not already enrolled, Applicant upon request of Carmel Hills shall:
 - (a) apply for and secure participation under the Medicare Hospital Insurance Benefits Program under Part A of Public Law 89-97; and
 - (b) at the next enrollment period following the application of Applicant to Carmel Hills, apply for, secure and pay the premiums for participation under Part B of Public Law 89-97.
34. A resident shall authorize, as requested by Carmel Hills, any provider of hospitalization, medical or health services under Medicare Part A and Part B - and of any other hospitalization, medical or health services - to receive reimbursement as provided under those programs or as provided from any insurer providing hospitalization, medical and health insurance which covers such resident.
35. A resident shall make, as may be necessary, assignment to the provider of medical and other health services under Medicare Part B and any supplementary extended coverage plan of all benefits accruing to such resident under those plans.
36. Except for in-house domiciliary nursing care and the one meal per day provided by Carmel Hills, a resident shall pay from such resident's own funds the deductible, the per diem and all other charges for or costs of any hospitalization and medical and other health services not paid for by

the Medicare programs or other insurance. Carmel Hills shall not be responsible for any charges for such services but may, to the extent that a resident's resources are inadequate to do so, from time to time in its charitable functions and in the sole discretion of the Board assist a resident in paying such charges.

37. Residents shall remain liable for the full Monthly Cost-of-Care even if such resident is voluntarily absent from Carmel Hills, provided that this agreement has not been terminated, in writing, by either Carmel Hills or the resident.
38. Each resident assumes all risks of personal injury and damage to property which such resident may incur by reason of any act or omission occurring while such resident is an occupant of Carmel Hills. Residents are encouraged to purchase "Renters insurance" to cover their personal property. Carmel Hills does not insure the residents' personal belongings.
39. Applicant agrees, if Applicant has not already done so, to make the following advance care documents:
 - (a) make a will providing for the disposition of the remaining assets and personal effects of Applicant and provision for proper burial of Applicant at the expense of Applicant. Applicant shall keep the Administrator of Carmel Hills informed at all times as to the location of Applicant's will and the name of the executor of said will before and after becoming a resident at Carmel Hills.
 - (b) Sign a "DECLARATION OF DESIRE FOR NATURAL DEATH" or other instrument as may be required to instruct health care providers not to prolong life by artificial means when hope for recovery has dissipated. A copy of said DECLARATION shall be maintained in the Carmel Hills business office, and in the resident's "In case of emergency folder" on the back of the door of their residential unit. Carmel Hills will no longer be responsible for the life care of a resident if the resident, or the resident's responsible party has rescinded or ignored the DECLARATION, and extraordinary means are being used to prolong life.
 - (c) Prepare and sign a Health Care Power of Attorney allowing a person you trust to make medical decisions for you if you cannot speak for yourself. A copy of said Health Care Power of Attorney shall be maintained in the Carmel Hills business office, and in the resident's "In case of emergency folder" on the back of the door of their residential unit.
 - (d) Prepare and sign a Durable Power of Attorney allowing a person you appoint to continue to pay your bills if you could not handle these matters yourself. A copy of said Durable Power of Attorney shall be maintained in the Carmel Hills business office.
40. On the application form, Applicant has provided Carmel Hills certain financial information upon which Carmel Hills shall rely in reviewing the application. Applicant represents that such financial information is true, accurate and correct. Providing false information or failing to provide all the requested information are grounds for termination. Applicant agrees not to deplete or otherwise dispose of any assets, cash or property of Applicant, before and after becoming a resident at Carmel Hills, through gifts or any other voluntary means to such an extent that the ability of Applicant to meet the monthly payments due for Cost-of-Care shall be jeopardized.
41. A resident's privilege of living at Carmel Hills shall continue for the lifetime of such resident unless terminated under the terms set out in this agreement or unless terminated by such resident. However, this agreement is not a lease and does not create any interest on the part of any resident in the real

property or personal property of Carmel Hills. The occupancy privilege of a resident does not and shall not inure to the use or benefit of any person, firm or corporation other than such resident. The rights of occupancy and all other rights of a resident shall at all times be subordinate and junior to the lien of any and all deeds of trust which might be executed by Carmel Hills.

42. In the event a resident is transferred from Carmel Hills as provided in paragraphs 21, 25, and 27, or in the event of the death of a resident, Carmel Hills shall request that all items from a resident's unit be removed within 48 hours. Carmel Hills retains the right to remove and store the furniture and personal effects of such a resident on its premises for thirty (30) days from such transfer or until such prior time as written instructions are received from such resident or his legal representative as to the disposition of such items. If, after thirty (30) days, no such instructions are received, Carmel Hills may, at its option, transfer such items to a public storage facility at the expense of the resident or his estate.
43. This agreement may be modified only in writing signed by both parties.
44. This instrument contains the entire agreement of the parties, and there are no other written or verbal agreements or understanding between the parties in existence except as appears in this instrument.
45. This agreement and the rights and liabilities of the parties there under shall be governed and construed under the laws of the State of North Carolina.
46. If any part, term, or provision of this Entrance Agreement is by the courts held to be illegal or in conflict with any North Carolina law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Entrance Agreement did not contain the particular part, term, or provision held to be invalid.

IN WITNESS of their agreement, Carmel Hills and Applicant have signed this instrument under seal on the day and year first above written.

This is a Continuing Care contract.

Carmel Hills

Applicant

By: _____ (Seal)

Title: _____ (Seal)

I have received a Disclosure Statement _____.

Carmel Hills Dwelling Unit Entrance Agreement

Magnolia

A Residency Fee is Required

This is not a life care contract

THIS ENTRANCE AGREEMENT is made _____, 2026,
by CARMEL HILLS, a North Carolina corporation with its principal office in Mecklenburg County, North
Carolina ("Carmel Hills"), and _____,
a resident of _____,
("Applicant"). Applicant seeks joint admission with _____ to _____.

Statement of Purpose

Applicant has made written application to live at Carmel Hills. The parties agree by this instrument that the acceptance of the application and any tenure of residence of applicant as an occupant at Carmel Hills shall be governed by this instrument.

Carmel Hills is organized under the laws of North Carolina as a nonprofit corporation. The Board of Directors ("the Board") of Carmel Hills do not receive any salary or other remuneration for such functions. Board members perform such functions gratuitously as a ministry to the Lord and His people. It is the intent of Carmel Hills to maintain the lowest possible cost consistent with sound, economic principles of operations and the philanthropic purposes of Carmel Hills. Carmel Hills has been designed to provide comfortable surroundings at a low cost where older people may live in peace and contentment in Christian neighborliness. Carmel Hills and Applicant agree to seek and maintain these ideals. Carmel Hills was founded and operated by individuals associated with a group of Christians commonly known as Plymouth Brethren (according to the U.S. Department of Commerce Census of Religious Bodies, Bulletin #6, 1936). Although Carmel Hills routinely solicits and receives contributions from assemblies and individuals in these assemblies, such assemblies and individuals have no contractual obligation, or responsibility, either explicitly or implicitly, for continued support and funding of Carmel Hills. Residents who have been associated with the above-mentioned group and the Board of Directors of Carmel Hills are considered Affiliated Residents and those not so associated are called Non-affiliated Residents.

The Carmel Hills Assisted Living unit is licensed as a "Home for the aged" by the State of North Carolina. As a "Home for the aged", medical care in Carmel Hills is usually occasional or incidental, such as may be required in the home of any individual or family, but the administration of medication is supervised in the Assisted Living. Continuing planned medical and nursing care to meet the resident's needs may be provided under the direct supervision of a physician, nurse, or home health agency.

Agreement of the Parties

1. Applicant has received and reviewed the Carmel Hills Disclosure Statement (hereinafter referred to as "Disclosure Statement").
2. Applicant has paid to Carmel Hills with the presentation of a written application an application fee of two hundred dollars (\$200), which is not part of the Residency Fee. The application fee is non-refundable.
3. The application will be reviewed by the Admissions Committee of Carmel Hills. That Committee will make a decision in its sole discretion and judgment, acting in good faith and in reliance upon information contained in the application. This decision will be:
(a) preliminary approval of the application, (b) non-approval of the application, or (c) final approval of the application.
4. Preliminary approval is granted when the type of accommodations for which application was made is not available, or the applicant is not yet ready to move. The application is still subject to final approval by the Committee. Final approval is made when the Committee approves the Applicant for residency at Carmel Hills, and the type of accommodation for which application was made is available. Non-approval is a decision made by the Committee when it will not accept Applicant for residency at Carmel Hills. The decision of the Committee is not subject to appeal.
5. If preliminary approval is granted, the applicant will be placed on a waiting list. If applicant has paid a Reservation Deposit of One Thousand Dollars (\$1,000) under the Future Residency Agreement, this deposit will be credited towards the Residency Fees due from the Future Resident at the time of occupancy of a Dwelling Unit at Carmel Hills.
6. When preliminary approval has been granted, and the type of accommodation for which the application was made becomes available, Carmel Hills will notify Applicant. Applicant must then provide Carmel Hills with a revised application showing any changes and containing current information. The Committee will review the new application and render a final decision.
7. Upon final approval, Applicant will be notified by Carmel Hills. Within thirty (30) days of that notice, Applicant shall pay to Carmel Hills a "non-refundable" Residency Fee. Carmel Hills offers thirteen (13) month agreements, automatically renewable for successive periods of thirteen (13) months unless terminated by the resident with thirty (30) days written notice to Carmel Hills, or unless terminated by Carmel Hills. After final approval of the application, the Applicant officially becomes a resident of Carmel Hills upon signing this Entrance Agreement, paying the Residency Fee in full and paying the first Monthly Cost-of-Care Fee.
8. As used in this agreement, the term "Residency Fee" shall mean the amount of money specified by Carmel Hills which is required to be paid by Applicant prior to becoming a resident. The amount of the Residency Fee will vary depending upon the type of accommodations for which application is made and whether the resident is Affiliated or Non-Affiliated. Carmel Hills shall have the right to change the amount of the required Residency Fee at any time and from time to time after application for residency has been made and before the beginning of residency. See rates page 14 of Disclosure Statement for single and joint occupancy.
9. After Applicant has received notice of preliminary approval of the application but before Applicant has received notice of final approval, Applicant may prepay the Residency Fee to Carmel Hills. The amount of such payment may be the entire Residency Fee

10. Upon final approval of the application by Carmel Hills, Carmel Hills shall provide to Applicant a place of residence at its facility located on Carmel Road, in Charlotte, North Carolina. Carmel Hills shall also provide Applicant the opportunity to participate in the social and creative programs of Carmel Hills.
11. In the event the application receives final approval by Carmel Hills, Applicant shall be entitled to occupy the dwelling unit for which application was made which is identified as follows:
(Check One)

A Unit. This unit is located in the Community Building and contains approximately 350 square feet of living space with one main room and a private bath. The main room consists of a bedroom/sitting room and a kitchenette equipped with sink, refrigerator, and stovetop unit or stove.

B Unit. This unit is located in the Community Building and contains approximately 450 square feet of living space with one main room and a private bath. The main room consists of a bedroom/sitting room and a kitchenette equipped with sink, refrigerator, and stove.

C Unit. This unit is located in the Community Building and contains approximately 600 square feet of living space, which is divided into the following: A living room, dining area, bedroom, and full bath. This unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

D Unit. This unit is located in the Community Building and contains approximately 900 square feet of living space. The rooms are designed as a living room, dining area, and two bedrooms, with each bedroom serviced by its own bathroom. The unit also contains a separate kitchen complete with pantry, sink, refrigerator, and stove.

E Unit. This unit is located in the Community Building and contains approximately 950 square feet of living space, which is divided into the following: a bedroom with ensuite full bathroom, a separate kitchen complete with walk-in pantry, sink, refrigerator, stove and microwave, and an open concept dining/sitting area leading into a larger living room/office with its own full bath and storage area. The pricing for the E unit is the same as for the D Unit.

Cottage/Duplex Unit. This is housed in one of five separate buildings apart from the Community Building. This unit contains approximately 1,130 square feet of living space. The unit consists of a living room, dining area, and two bedrooms. Each bedroom has a full bath. The unit also contains a separate kitchen complete with pantry, washer, dryer, sink, refrigerator, and stove.

Cabin. This unit is a log cabin with approximately 896 square feet of living space. It contains a living/dining room, one bedroom, a fully equipped kitchen and full bath. It is a separate building apart from the community building. It fronts onto Carmel Road.

Currently, the Residency Fee for the above indicated dwelling unit is \$_____.

12. Applicant may rescind the Entrance Agreement within thirty (30) days following the later of either the execution of the Entrance Agreement or the receipt of the disclosure statement. The resident is not required to move in during the thirty (30) day rescission period. In the event that Applicant rescinds the Entrance Agreement, any money transferred to Carmel Hills, other than the application fee, shall be returned to applicant within thirty (30) days after the rescinding date and subject to the following conditions and charges:
 - (a) In the event that Applicant has begun occupancy of a Dwelling Unit or residency in the Assisted Living Unit, then Carmel Hills shall retain the entire Residency Fee.
 - (b) Carmel Hills shall also be entitled to retain a pro rata share of the Monthly Cost-of-Care based on the number of days of occupancy by the resident before the resident rescinded the Entrance Agreement and terminated his residency at Carmel Hills.
 - (c) Carmel Hills shall also be entitled to retain the cost of all other expenses incurred by Carmel Hills on behalf of the rescinding individual.
13. After 30 days (see item #12 above), in the event of the termination of residency of a Carmel Hills resident by reason of death of a resident, none of the Residency Fee will be refunded. The Monthly Cost-of-Care fee will continue until the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident.
14. If Applicant dies before officially becoming a resident, or if on account of illness, injury, or incapacity, an applicant would be precluded from becoming a resident under the terms of this agreement, this agreement is automatically canceled and Applicant or legal representative of Applicant shall receive a refund of all money transferred to Carmel Hills, less the application fee and any non-standard expenses which Carmel Hills has incurred at the written request of the applicant.
15. The first ninety (90) days of occupancy at Carmel Hills by a resident constitutes a trial period during which a resident will be required to terminate residency at Carmel Hills if the Board, in its sole discretion, determines that a resident is unable to make a physical or mental adjustment to the style of living provided. Monthly Cost-of-Care fees still apply for time spent at Carmel Hills.
16. A resident may voluntarily terminate residency at Carmel Hills at any time.
17. The Board shall have a right to terminate residency of a resident at Carmel Hills at any time for what is, in the sole judgment and discretion of the Board, any just or sufficient cause, and any such termination shall be final and conclusive.
18. As part of the application procedure, Applicant must furnish Carmel Hills with certain specified financial and medical information. Carmel Hills may terminate a resident for falsifying or failing to reveal financial or medical information requested on the application forms.
19. A resident shall be required to abide by the policies and regulations established by the Board concerning the conduct and activity of all residents of Carmel Hills. Carmel Hills may terminate a resident for failure to comply with such policies and regulations.
20. In the event of a Resident's termination of residency after ninety (90) days of residency, none of

the Residency Fee shall be refunded. Neither Carmel Hills nor any member of the Board shall have any liability by reason of termination of the occupancy of a resident at Carmel Hills for any reason.

21. If a resident is transferred or moved to a facility outside of the Carmel Hills facilities, resident may opt to continue payment of Monthly Cost-of-Care to retain the unit. Failure to pay the Monthly Cost-of-Care will terminate the agreement. The Monthly Cost-of-Care will continue until the dwelling unit being occupied by the resident at the time of termination of residency shall then become unoccupied and available for disposition by Carmel Hills to a new resident. If, in such case, such resident does recover and returns to Carmel Hills, such resident shall have the right to occupy the first dwelling unit of similar size and cost which becomes available at Carmel Hills.
22. During the time a resident is an occupant at Carmel Hills, Carmel Hills shall supply to a resident the following services:
 - Bi-weekly cleaning of each Dwelling Unit;
 - Laundry of bed linens;
 - All utilities: heating, air conditioning, gas, electricity, trash removal. Residents pay individually for telephone and cablevision service;
 - Homeowners insurance on the building. Residents must provide for their own renters insurance on their personal property if they desire;
 - One well-balanced meal each day served semi-cafeteria style in the dining room. The resident's plate is prepared by the food service department in the resident's presence, and the resident selects his own salads, drinks, etc. Residents may prepare additional meals in their own Dwelling Unit;
 - Complete use of all common areas, including the lounge, library, dining room, exercise area, porch, lawn, lake, parking area, nature trails and walks;
 - Mail delivered daily, except on postal holidays, to residents' private locked boxes located in the lobby, or lower hall;
 - Free use of laundry facilities for personal laundry;
 - Maintenance and repair of all Carmel Hills' facilities;
 - Access to the Carmel Hills Assisted Living if such level of care is available and appropriate for the resident's needs. Resident shall pay the current rate for the Assisted Living services. If a higher level of care is required, the resident and/or responsible person shall find a suitable facility. The resident is responsible to pay that facility for services provided.
23. A resident's responsibility is to procure and pay for the following items received or used by such resident: all medications (prescription and non-prescription); all surgical, medical, dental and optical services; all fees to physicians, nurses and other medical care personnel; rehabilitative nursing home care; all medical services of any type beyond those services which are described in paragraph 22; dry cleaning and laundry services other than those which might be available on the grounds of Carmel Hills for use by residents; telephone and cablevision services.
24. From time to time, at Carmel Hills' sole discretion and when there are surplus funds, surplus volunteers, or surplus employees, Carmel Hills may provide services beyond those required under this agreement. Such additional services are not, nor shall they become, an entitlement either to the party receiving these additional services or to any other resident of Carmel Hills. Notwithstanding any provision herein, either explicit or implied, Carmel Hills shall not be responsible for providing any level of care, service, treatment, or facilities beyond such care, service, treatment or facility available and provided by Carmel Hills to its residents as of October 10, 1989. The level of care, service, treatment or facilities provided specifically excludes, without limitation, furnishing or maintaining any life support equipment such as respirators, dialysis, or heart-lung machines. Carmel Hills will not be responsible for any transportation activities related to the above- mentioned equipment or procedures.

25. Carmel Hills reserves the right:
- (a) To transfer a resident, either temporarily or permanently, to the Assisted Living unit within Carmel Hills or another facility outside of Carmel Hills, as Carmel Hills may determine, in its sole discretion, to be in the best interest of a resident, when nursing care is required or domiciliary care is required and Carmel Hills determines, in its discretion, that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills.
 - (b) To transfer a resident, either temporarily or permanently, to another facility if nursing care or domiciliary care is required and a resident's physician determines that such resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health or peace of other residents of Carmel Hills, provided Carmel Hills agrees with such physician's determination.
- In the event Carmel Hills disagrees with a resident's physician's determination as to the resident's need for further nursing care based on resident's physical and mental condition, or that the resident has become so physically or mentally ill or abusive as to actually or perceptively jeopardize the health and peace of other residents of Carmel Hills, then Carmel Hills shall select a licensed physician to make a determination. Such determination by the physician selected by Carmel Hills shall be conclusive as to whether the resident shall be transferred.
26. If a resident is transferred to the Assisted Living unit within Carmel Hills, Carmel Hills will provide domiciliary care in a semi-private room while in the Assisted Living unit. Residents transferred to the Assisted Living unit shall pay the current rate for services rendered. If the transfer is considered temporary, the resident may continue to pay their Monthly Cost-of-Care rate in addition to the rate in the Carmel Hills Assisted Living unit to retain use of the previously occupied unit. These fees are subject to change by the actions of and/or at the discretion of the Board.
27. If a qualifying resident moves or is transferred by Carmel Hills outside of Carmel Hills, to a nursing care facility or lesser care facility licensed by the State of North Carolina and approved by Carmel Hills (such facilities hereinafter referred to as "Alternative Facilities"), the following rights and restrictions shall be in effect:
- (a) Resident shall be responsible for all charges for occupancy and care in the Alternative Facilities. Some charges may be covered by Medicare or the resident's insurance. Carmel Hills will not be responsible for any of the costs.
 - (b) If the resident wishes to hold their present living unit, the Monthly-Cost-of-Care fees will continue to apply.
 - (c) Carmel Hills will also not pay for the use and maintenance of respirators, heart-lung machines, dialysis machines or any other life support equipment or machinery. Carmel Hills will not be responsible for any transportation activities related to the above mentioned equipment or procedures.
28. If a qualifying resident moves or is transferred to a hospital, all expenses incurred for such resident's occupancy and care in such hospital shall be borne by such resident.
29. Upon becoming an occupant of Carmel Hills, a resident shall pay before the tenth (10th) day of each month the Cost-of-Care for that month. The Cost-of-Care for that type of Dwelling Unit specified in paragraph 11 presently is \$_____ per month and is subject to increase or decrease by the action and in the sole discretion of the Board. Carmel Hills reserves the right, in its sole

discretion, to change or adjust the Monthly Cost-of-Care based upon changes in the cost of living and other economic necessities as they arise. Carmel Hills reserves the right to charge one and one-half percent (1.5%) per month on the unpaid balance of all Cost-of-Care fees not received by the tenth (10th) day of each month.

30. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due, the resident shall notify the administrator of Carmel Hills in writing, giving an explanation of the present situation and a current financial statement. Carmel Hills will determine in its sole discretion whether to waive or reduce certain financial requirements and the terms by which such reduction or waiver will be provided. A waiver of any Monthly Cost-of-Care must be in writing. A waiver of a fee or any part thereof for any particular month shall not constitute a waiver for any subsequent months unless so specifically stated in writing by Carmel Hills.
31. If a resident is unable to make full payment of all amounts due under this agreement at the time such payment is due and Carmel Hills does not agree to provide financial assistance, then Carmel Hills may terminate this agreement. Before terminating this agreement for failure to pay, Carmel Hills shall provide written notice demanding that resident bring his account current within twenty (20) days from receipt of the written demand. Should the resident fail to bring the account current within the twenty (20) day period, then Carmel Hills may terminate this agreement.
32. A resident upon request by Carmel Hills shall apply for any federal, state or local grant, aid or benefits for which such resident may be eligible or to which such resident may be entitled, and a resident shall apply such grant, aid or benefit to the Cost-of-Care of such resident in keeping with the accounting procedures of Carmel Hills.
33. If Applicant is eligible and not already enrolled, Applicant upon request of Carmel Hills shall:
 - (a) apply for and secure participation under the Medicare Hospital Insurance Benefits Program under Part A of Public Law 89-97; and
 - (b) at the next enrollment period following the application of Applicant to Carmel Hills, apply for, secure and pay the premiums for participation under Part B of Public Law 89-97.
34. A resident shall authorize, as requested by Carmel Hills, any provider of hospitalization, medical or health services under Medicare Part A and Part B – and of any other hospitalization, medical or health services – to receive reimbursement as provided under those programs or as provided from any insurer providing hospitalization, medical and health insurance which covers such resident.
35. A resident shall make, as may be necessary, assignment to the provider of medical and other health services under Medicare Part B and any supplementary extended coverage plan of all benefits accruing to such resident under those plans.
36. Except for in-house domiciliary nursing care and the one meal per day provided by Carmel Hills, a resident shall pay from such resident's own funds the deductible, the per diem and all other charges for or costs of any hospitalization and medical/other health services not paid for by the Medicare programs or other insurance. Carmel Hills shall not be responsible for any charges for

such services but may, to the extent that a resident's resources are inadequate to do so, from time to time in its charitable functions and in the sole discretion of the Board assist a resident in paying such charges.

37. Residents shall remain liable for the full Monthly Cost-of-Care even if such resident is voluntarily absent from Carmel Hills, provided that this agreement has not been terminated, in writing, by either Carmel Hills or the resident.
38. Each resident assumes all risks of personal injury and damage to property which such resident may incur by reason of any act or omission occurring while such resident is an occupant of Carmel Hills. Residents are encouraged to purchase "Renters insurance" to cover their personal property. Carmel Hills does not insure the residents' personal belongings.
39. Applicant agrees, if Applicant has not already done so, to make the following advance care documents:
 - (a) make a will providing for the disposition of the remaining assets and personal effects of Applicant and provision for proper burial of Applicant at the expense of Applicant. Applicant shall keep the Administrator of Carmel Hills informed at all times as to the location of Applicant's will and the name of the executor of said will before and after becoming a resident at Carmel Hills.
 - (b) Prepare and sign a Health Care Power of Attorney allowing a person you trust to make medical decisions for you if you cannot speak for yourself. A copy of said Health Care Power of Attorney shall be maintained in the Carmel Hills business office and in the resident's "In Case of Emergency" folder on the back of the door of their residential unit.
 - (c) Prepare and sign a Durable Power of Attorney allowing a person you appoint to continue to pay your bills if you could not handle these matters yourself. A copy of said Durable Power of Attorney shall be maintained in the Carmel Hills business office.
40. On the application form, Applicant has provided Carmel Hills certain financial information upon which Carmel Hills shall rely in reviewing the application. Applicant represents that such financial information is true, accurate and correct. Providing false information or failing to provide all the requested information are grounds for termination. Applicant agrees not to deplete or otherwise dispose of any assets, cash or property of Applicant, before and after becoming a resident at Carmel Hills, through gifts or any other voluntary means to such an extent that the ability of Applicant to meet the monthly payments due for Cost-of-Care shall be jeopardized.
41. A resident's privilege of living at Carmel Hills shall continue for thirteen (13) months. The Entrance Agreement will automatically renew for thirteen (13) consecutive month terms unless terminated by such resident with thirty (30) days written notice to Carmel Hills or unless terminated by Carmel Hills. However, this agreement is not a lease and does not create any interest on the part of any resident in the real property or personal property of Carmel Hills. The occupancy privilege of a resident does not and shall not inure to the use or benefit of any person, firm or corporation other than such resident. The rights of occupancy and all other rights of a resident shall at all times be subordinate and junior to the lien of any and all deeds of trust which might be executed by Carmel Hills.

42. In the event a resident is transferred from Carmel Hills as provided in paragraphs 21, 25, and 27, or in the event of the death of a resident, Carmel Hills shall request that all items from a resident's unit be removed within 48 hours. Carmel Hills retains the right to remove and store the furniture and personal effects of such a resident on its premises for thirty (30) days from such transfer or until such prior time as written instructions are received from such resident or his legal representative as to the disposition of such items. If, after thirty (30) days, no such instructions are received, Carmel Hills may, at its option, transfer such items to a public storage facility at the expense of the resident or his estate.
43. This agreement may be modified only in writing signed by both parties.
44. This instrument contains the entire agreement of the parties, and there are no other written or verbal agreements or understandings between the parties in existence except as appears in this instrument.
45. This agreement and the rights and liabilities of the parties there under shall be governed and construed under the laws of the State of North Carolina.
46. If any part, term, or provision of this Entrance Agreement is by the courts held to be illegal or in conflict with any North Carolina law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Entrance Agreement did not contain the particular part, term, or provision held to be invalid.

IN WITNESS of their agreement, Carmel Hills and Applicant have signed this instrument under seal on the day and year first above written.

This is not a continuing care contract

Carmel Hills

Applicant

By: _____(Seal)

Title: _____(Seal)

I have received a Disclosure Statement _____

Appendix E – Examination Report

The North Carolina Department of Insurance has not conducted an examination of Carmel Hills under Article 64A.

Appendix F – Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

Adjusted Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees.”* (G.S. 58-64A-145(1))

Annual Debt Service. *“The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service.”* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *“The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, ‘total expenses’ includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses.”* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *“A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense.”* (G.S. 58-64A-145(3))

Cushion Ratio. *“A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service.”* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *“A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses.”* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *“A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of*

indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.” (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.” (G.S. 58-64A-5(30))*

Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue.” (G.S. 58-64A-145(7))*

Operating Ratio. *“A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue.” (G.S. 58-64A-145(8))*

Prospective Financial Statements. *“Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant.” (G.S. 58-64A-5(38))*

Resident Expense. *“Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes.” (G.S. 58-64A-145(10))*

Resident Revenue. *“Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions.” (G.S. 58-64A-145(11))*

Unrestricted Cash and Investments. *“The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted.” (G.S. 58-64A-145(12))*

Unrestricted Cash and Investments to Long-Term Debt Ratio. *“A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.” (G.S. 58-64A-145(13))*

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.