



## **Disclosure Statement**

**Provider: The Chapel Hill Residential Retirement Center,  
Inc., d/b/a Carol Woods**

**Date of Disclosure Statement: 12/31/2025**

**Last Date for Delivery: 06/09/2027**

- **This Disclosure Statement must be delivered to a contracting party before the execution of a 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 (“Article 64A”).**
- **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 Carol Woods to penalties under Article 64A.**

## Financial Snapshot: Key Ratios for Carol Woods

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

*Fiscal Year Ended December 31, 2025 (FY), with comparative historical and prospective periods*

Ratio	FY-2 2023	FY-1 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028	NC 25 <sup>th</sup> % <sup>1</sup>	NC 50 <sup>th</sup> % <sup>1</sup>	NC 75 <sup>th</sup> % <sup>1</sup>
DCOH	664	617	690	659	651	644	—	—	—
CUSH	16	14	12	12	12	13	—	—	—
OR	.95	1.13	1.16	1.06	1.07	1.09	—	—	—
NOM	8.3%	-9.6%	-12.0%	-2.0%	-2.5%	-2.7%	—	—	—
NOM-A	25.5%	14.7%	7.1%	18.5%	20.1%	20.0%	—	—	—
DSCR	2.52	3.28	1.47	1.99	2.17	2.29	—	—	—
CD	2.09	2.23	1.13	1.16	1.27	1.41	—	—	—
CED	2.08	2.10	1.63	3.01	3.13	.99	—	—	—

### 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.

<sup>1</sup> **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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Appendix F — Statutory Ratio and Supporting Definitions

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# 1. Provider Identification

## Legal Responsibility for Continuing Care

The Chapel Hill Residential Retirement Center, Inc., is the entity that enters into continuing care contracts and continuing care at home 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 Chapel Hill Residential Retirement Center, Inc. conducts business under the name “Carol Woods.” The name “Carol Woods” is a trade name only and does not represent a separate legal entity. Carol Woods remains legally responsible for providing continuing care and performing all obligations under continuing care contracts and continuing care at home contracts.

Item	Information
<b>Legal Provider Name:</b>	The Chapel Hill Residential Retirement Center, Inc.
<b>Doing Business As (DBA):</b>	Carol Woods
<b>Business Address:</b>	750 Weaver Dairy Rd, Chapel Hill, NC 27514
<b>Telephone Number:</b>	(919) 968-4511
<b>Legal Entity Type:</b>	Nonprofit corporation organized under the laws of North Carolina
<b>For-Profit / Nonprofit Status:</b>	Nonprofit
<b>Federal Tax Status:</b>	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
<b>Ownership Type:</b>	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership / Control:</b>	Carol Woods is a nonprofit corporation governed by a volunteer Board of Directors.

## **2. Organizational Structure**

### **Organization Status**

In 2006, Carol Woods created an affiliated corporate entity, naming it “The Carol Woods Charitable Fund, Inc.” (the Charitable Fund). The Charitable Fund has been established as a separate 501(c)(3) charitable organization and has been organized as a supporting corporation to Carol Woods. Under its Articles of Incorporation and Bylaws, the purpose of the Charitable Fund is to:

- Support the facilities, grounds and services of Carol Woods to maintain its high quality and affordability.
- Support Carol Woods as a leader in research and development of innovative housing programs, health care services, technology applications, and other needed support services in order to help elderly people lead meaningful lives as they age.
- Support Carol Woods’ leadership role in the community, identifying and addressing potential gaps in the service delivery system, financial issues and other barriers to seniors being able to access needed services.
- Support Carol Woods’ assistance to elderly people during periods in which the aging process may lead to personal loss, supporting seniors as long as possible in desired living arrangements and achieving smooth transition to other settings as needed.
- Support Carol Woods in promoting the care and service to seniors as a fulfilling career choice for students at high school, college, graduate school and trade school levels, thereby increasing the supply of qualified and dedicated personnel available to serve seniors.
- Support Carol Woods in its cooperation and collaboration with other public agencies and non-profit corporations in the community, North Carolina and the United States in efforts to determine the most satisfying and fulfilling methods of providing living residences and supportive services for elderly people.

The Charitable Fund can accept charitable donations for which the donor may receive a tax deduction. All members of the Charitable Fund Board of Directors are appointed by the Carol Woods Board. A majority of the Charitable Fund Board must be current members of the Carol Woods Board -- including the Carol Woods President/CEO and CFO, who serve as ex-officio voting members of the Charitable Fund Board. This structure ensures cohesion between the two organizations.

### **Consolidation of Financial Statements**

Audited financial statements are prepared on a consolidated basis with the Charitable Fund. Consolidating schedules within the audit present the financial position and results of operations of each entity individually. The Charitable Fund is not part of the Obligated Group

that Carol Woods created through a Master Trust Indenture relating to its long-term debt. Carol Woods remains the sole member of that Obligated Group.

### Controlling Person

Item	Information
<b>Name:</b>	<b>The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods</b>
<b>Business Address:</b>	750 Weaver Dairy Rd, Chapel Hill, NC 27514
<b>Telephone Number:</b>	(555) 555-0200

### Company Structure

The organizational structure of Carol Woods. and its related entity is as follows:

- Carol Woods (controlling person; nonprofit corporation)
  - **Carol Woods** - provider of continuing care contracts; operator of Carol Woods Continuing Care Retirement Community (Chapel Hill, NC)
  - **The Carol Woods Charitable Fund, Inc.** - nonprofit supporting organization managing benevolent and donor restricted funds

## 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.”

## Senior Officers of Carol Woods

Name / Role	Education	Experience	Length of Service
<b>Marianne Ratcliffe – President &amp; Chief Executive Officer</b>	MHA – UNC Chapel Hill Gillings School of Global Public Health	Senior leadership experience in healthcare and aging services; Developed and led a PACE (Program of All-inclusive Care for the Elderly) model at Piedmont Health Services, serving frail seniors with comprehensive care. Prior experience includes program leadership roles with the Blue Cross Blue Shield of North Carolina Foundation and the Kate B. Reynolds Charitable Trust, focusing on healthcare access for vulnerable populations.	4 years, 10 months (since August 2021)
<b>Tracy Biesecker – Chief Financial Officer</b>	BS Accounting – Penn State University; MBA – Shippensburg University; NHA – Pennsylvania and North Carolina; CPA (Inactive) – Pennsylvania	24 + years in nonprofit healthcare finance, 8 years as CFO; Extensive senior living experience, including Executive Director, Vice President of Operations and Technology, and Director of Financial Services roles across multi-site and single-site organizations; Early career includes public accounting experience with PricewaterhouseCoopers, auditing clients in senior living, healthcare, and banking sectors	1 year, 4 months (since January 2025)

**Business Address:** 750 Weaver Dairy Rd, Chapel Hill, NC 27514

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

## Community Management – Carol Woods

Name / Role	Education	Experience	Length of Service
<b>Nikki Cooper – VP of Compliance and Risk</b>	BA International Relations- College of William & Mary; MBA- Elon University; NHA North Carolina	28+ Years in non-profit operations and administration; 8 years in accreditation of aging services organizations	28 years, 3 months (since February 1998)
<b>Jen Wilson – VP of Well-Being</b>	BA Sociology/Anthropology - Ohio Wesleyan University; MPH - UNC-CH Gillings School of Public Health; Adult Care Home Administrator Certification	22 years in aging services	17 years, 10 months (since June 2008)
<b>Tommy Best – VP of Campus Operations</b>	BA Biology & Economics - UNC-Chapel Hill; NC Licensed Building Contractor	12 years commercial lending, 22 years entrepreneurship/landscape construction, 6 years in senior living	6 years 6 months (since November 2019)
<b>Melanie Johnson – Senior Director of Higher Levels of Support</b>	ADN - Central Carolina Community College; BSN - East Carolina University; LNHA - North Carolina	21 + years in long term care healthcare management with the last 15 years in nonprofit long-term care, 18 years as Director of Nursing, 1 ½ years as Senior Director of Higher levels of Support	8 years, 2 months (since March 2018)
<b>Omar Humes – Senior Director of Dining Services</b>	North Carolina Central; Auburn University Distance learning CDM CFPP	28+ in healthcare foodservice management. Multi- facilities Area manager / Regional support manager to Area VP for regulatory compliance and training. ServSafe instructor/proctor 10 years.	2 years, 2 months (since March 2024)

**Business Address:** 750 Weaver Dairy Rd, Chapel Hill, NC 27514

**Disclosure:** None of the officers have reported any Outside Interests or Adverse Disclosures.

## Board of Directors — Carol Woods

Name / Role	Education	Experience	Length of Service
<b>Latonya Brown</b>	Master’s in Health Services Administration from Strayer University; BS in Physical Education, NCCU	Orange County Senior Centers Wellness Coordinator	6 months (since Jan 2026)
<b>Susan Coppola</b>	Syracuse University - BS in Education; UNC - MS in Occupational Therapy (OT); Boston University - Clinical Doctorate in OT	Clinical Professor, Division of Occupational Science and Occupational Therapy; Director of Global Partnerships, Department of Health Sciences, UNC School of Medicine	4.5 Years (since Jan 2022)
<b>Stephen Elkins-Williams</b>	BA in Philosophy, Gonzaga University, Spokane WA; Master of Divinity from Regis College, Toronto, Ontario	Rector, Chapel of the Cross, Chapel Hill, 1985-2015; Priest in Residence, St. Stephen's Episcopal Church, Durham, 2015-present	5.5 years (since Jan 2021)
<b>Jack Evans</b>	BME, MS, PhD, Cornell Univ.	Former Dean of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill	18 years (since 2000)
<b>Dale Farran</b>	PhD from Bryn Mawr College	Frank Porter Graham Child Development Center; professor and was chair of the Human Development and Family Studies Department – UNC; part time Research Professor at Vanderbilt.	1 Year (since July 2025)

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>John Hawkins</b>	Amherst College - BA (English; Journalism) University of Minnesota – BA Architecture	Principal at John B. Hawkins AIA Architect	10.5 years (since Jan 2009)
<b>Betty Hughes</b>	BA Carleton College, MA Cornell. Musicology.	Forer educator in microcomputers; Past President of the CW Resident Council	6 months (since Jan 2026)
<b>Allen Mask</b>	BA and MD Massachusetts General Hospital and Harvard Medical School; Anesthesiology at the University of North Carolina	medical reporter and commentator for WRAL-TV/NBC News in Raleigh; medical director and founder of the Raleigh Urgent Care Center; physician for the City of Raleigh, and physician to the artists for LiveNation Entertainment.	3 years (since Jan 2024)
<b>Larry McManus</b>	MBA, International Business, Univ. of SC & Copenhagen School of Business	Certified Financial Planner and Chartered Retirement Planning Counselor. International management experience in Asia, Japan and Europe including Merger and Acquisitions, Acquisition Integrations, Business Development and Sales	12 years (since Jan 2013)
<b>Tom Miller</b>	Oberlin College - degree biology. UNC School of Medicine. Residency - Medicine and Pediatrics - UNC and University of Rochester.	Retired Professor of medicine in the division of general medicine and clinical epidemiology; Served as director of the UNC Internal Medicine Clinic;	4.5 years (since Jan 2022)

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Kendall Page</b>	JD, NCCU School of Law	Real Estate Attorney, with over 33 years of law practice in the Triangle area	2.5 years (since Jan 2024)
<b>George Pink</b>	PhD in Corporate Finance	Senior Research Fellow at the Cecil G. Sheps Center for Health Services Research at the University of North Carolina at Chapel Hill . Former Humana Distinguished Professor in the Department of Health Policy and Management, and former Deputy Director of the NC Rural Health Research Program at UNC-CH.	6 months (since Jan 2026)
<b>Will Perreault</b>	Davidson College (BA), Rural Poverty Studies and Community Development; Columbia University, Masters of Public Administration (Advanced Policy and Economic Analysis)	President of the Community Impact Investment Corp and Chief of Staff at Self-Help; served at the National Economic Council in the Obama White House	4.5 years (since Jan 2023)
<b>Ben Popkin</b>	UNC Law and Public Health (MPH)	The Law Office of Maurice B. Popkin; served as Assistant Secretary for Legislation for the North Carolina DHHS and was legislative counsel and the director of the Department's Office of Government Affairs; director of Government Affairs and legislative counsel at ND DOI.	5.5 years (since Jan 2021)

Name / Role	Education	Experience	Length of Service
<b>Beth Schultz</b>	BS UT Austin, Masters in OT from UTMGB Galveston	Early Intervention Infants & Toddlers; Autism research studies. volunteered at the NC Botanical Gardens and helped to develop the Therapeutic Horticulture Certificate Program there.	2 years (since July 2024)
<b>Jeffrey Simms</b>	MSPH - UNC Gillings School of Global Public Health and Master of Divinity - Duke University Divinity School	Director of Student Life and Alumni Relations in the Department of Health Policy and Management in the UNC School of Public Health; NC Department of Health & Human Services as the deputy director of the Office of Rural Health & Community Care and assistant director of the division of Medical Assistance.	2.5 years (since Jan 2024)
<b>Susannah Smith</b>	Vanderbilt University (B.A.); Union Theological Seminary (M.Div.)	Ordained episcopal priest, helped to develop a state-wide program to bring leadership training to nonprofit board members; spiritual director and led leadership workshops for church leaders.	2.5 Years (since Jan 2024)
<b>Chris Taylor</b>	BA NC Wesleyan University	Served as: a Senior Internal Auditor for the Department of Health and Human Services; North Carolina Medical Care Commission's Auditor; appointed as the Commission's Financial Advisor.	1.5 years (since Jan 2025)

**Board membership may change between major updates of this disclosure statement.**

**Business Address:** 750 Weaver Dairy Rd, Chapel Hill, NC 27514

**Disclosure:** None of the directors of Carol Woods Retirement Community have reported any Outside Interests or Adverse Disclosures.

**Board of Directors — The Carol Woods Charitable Fund, Inc.**

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Sue Coppola</b>	Syracuse University - BS in Education; UNC - MS in Occupational Therapy (OT); Boston University - Clinical Doctorate in OT	Clinical Professor, Division of Occupational Science and Occupational Therapy Director of Global Partnerships, Department of Health Sciences, UNC School of Medicine; Current CW Board Member	4.5 Years (since Jan 2022)
<b>Ann DeMaine</b>	BA, Vanderbilt MSW,UNC-CH	Social services and aging administration with the NC Division of Social Services and Aging	1.5 years (since Jan 2025)
<b>Gates Vrooman</b>	M.Div. degree from Yale Divinity School	Pastored three large Methodist churches	1.5 years (since Jan 2025)
<b>Betty Hughes</b>	BA Carleton College, MA Cornell. Musicology.	Forer educator in microcomputers; Past President of the CW Resident Council; current CW Board Member.	6 months (since Jan 2026)
<b>Allen Mask</b>	BA and MD Massachusetts General Hospital and Harvard Medical School; Anesthesiology at the University of North Carolina	medical reporter and commentator for WRAL-TV/NBC News in Raleigh; medical director and founder of the Raleigh Urgent Care Center; physician for the City of Raleigh, and physician to the artists for LiveNation Entertainment. Current CW Board Member.	2 months (since March 2026)

**Board membership may change between major updates of this disclosure statement.**

**Business Address:** 750 Weaver Dairy Rd, Chapel Hill, NC 27514

**Disclosure:** None of the directors of Charitable Fund have reported any Outside Interests or Adverse Disclosures.

Carol Woods certifies that none of its Board Members nor Management Staff have ever been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment, for any matter involving fraud, embezzlement, fraudulent conveyance, or misappropriation of property. In addition, Carol Woods certifies that none of its Board Members nor Management Staff are currently subject to an injunctive or restrictive court order arising out of a related health care business activity in this or any other state. Finally, Carol Woods certifies that none of the Trustees or Management Staff have had any State or Federal license or permits suspended or revoked. No officer, director or trustee has any ownership or beneficial interest in Carol Woods.

### **10% + Ownership Interests**

*(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)*

Carol Woods and the Charitable Fund are organized as nonprofit corporations and therefore have no equity ownership interests. No individual holds a ten percent (10%) or greater beneficial interest in either entity.

## **4. Governing Body and Oversight**

### **Provider Governing Body**

Carol Woods is governed by a Board of Directors consisting of 15 to 18 voting members, two of whom may be residents of Carol Woods. All voting members are local citizens and serve as volunteers without compensation. The Board also includes three ex officio members: two residents (including the President of the Residents' Association) and the President & CEO. The Board is responsible for the overall direction and oversight of Carol Woods's operations, financial condition, and resident welfare. Its duties include:

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to Carol Woods's solvency and operations.

### **Selection of Members**

The Board nominates and elects voting members. Resident ex officio members are elected/appointed for one-year terms. Voting members are elected for three-year terms. Any voting member may be re-elected to any number of subsequent terms provided that no more than two terms are consecutive. Officers of the Board (Chair, Vice Chair, Treasurer, and Secretary) are elected annually by the Board from among its members.

## **Oversight of Management and Operations**

The operational management of Carol Woods is the role of the Carol Woos' management and staff under the direction of the President & CEO. The Board's role is governance in partnership with the President & CEO: oversight of policies and plans, articulation of vision and values, compliance, monitoring of operational and strategic effectiveness, and safeguarding financial health.

The Board's oversight encompasses four areas:

- Management oversight—through the President & CEO, providing guidance and support and maintaining working knowledge of operations via reports and dashboards.
- Financial oversight—approving capital policy, target setting, annual budgets, fees, and monitoring investments, audits, actuarial studies, and cash flow.
- Quality oversight—monitoring the quality of resident services and healthcare, resident satisfaction, and decision processes affecting well-being.
- Strategic direction—working with management to set long-term direction, monitor progress, and provide resources for sustainability.

The Board does not manage day-to-day operations or direct staff. It governs, monitors, evaluates, sets direction, and supports management.

## **Committees**

The Carol Woods Board maintains standing committees for:

- **Executive Committee:** The Executive Committee supports, and when authorized, acts on behalf of the full Board in five areas:
  1. Policy work—carry out specific directions of the Board and act on policies when so directed.
  2. Liaison to the President & CEO—provide counsel, feedback, and support; facilitate the Board's annual assessment of the President & CEO; review compensation and benefits.
  3. Strategic planning—initiate Board involvement in establishing strategic direction.
  4. Executive searches—lead or delegate searches for a new President & CEO; conduct market research on compensation; seek full Board approval prior to hire.
  5. Urgent issues—address emergencies or organizational crises in coordination with the President & CEO.
- **Finance:** Assists the Board in ensuring the organization's fiscal health across six areas:
  1. Accurate and complete financial records—monitor income and expenses; recommend financial policies and internal controls consistent with standard accounting practices.
  2. Timely, meaningful reporting—present financial statements with dashboards to the Board.

3. Budget and planning—propose an annual budget aligned to goals and policies; ensure budgets reflect organizational needs, expenses, and revenues.
  4. Safeguarding assets—review proposed funding for ongoing implications; ensure appropriate risk-management provisions and adequate insurance; periodically review investment policies and performance.
  5. Board financial literacy—ensure the Board is well-informed and provide education on financial matters.
  6. Regulatory compliance—coordinate with the Audit Committee to ensure required filings are complete, correct, and on time.
- **Ethics Committee:** Serves as a sounding board for ethical issues raised by residents, staff, and Board members; monitors policies in light of ethical considerations and provides guidance to ensure ethical decision-making. Membership includes Board members, residents, staff, and two outside members with relevant expertise.
  - **Leadership Development Committee:**
    1. Board roles and responsibilities—regularly review and update Board and member role descriptions and priority areas based on the strategic plan; shape the Board’s agenda for the next 1–2 years.
    2. Board composition—assess current and anticipated needs; develop an revolving profile; identify and vet candidates; prepare the annual slate; coordinate re-election discussions with the Board Chair.
    3. Board development—provide pre-election information; oversee orientation; implement ongoing education and team-building; assign mentors for new members.
    4. Board effectiveness—conduct annual assessments of the Board (as a whole and as individuals) and recommend structural or operational changes; review practices (participation, conflict, confidentiality).
    5. Leadership succession—lead succession planning; recruit and prepare future Board leadership; nominate Board officers.

### **Residents Association**

A vibrant quality of Carol Woods is the active involvement of residents in most aspects of the retirement community through membership in a Residents Association, with an elected Council and appointed Committee structure. The Residents Association is a separate non-profit corporation, independent of Carol Woods and the Charitable Fund corporations. All residents are members by virtue of being Residents of Carol Woods – both those living on campus and those in the Early Acceptance program. Association members elect representatives to the Residents’ Council, which is the governing body of the Association. The Residents’ Council generally meets monthly and is joined by the President/CEO of Carol Woods. The Council President appoints the chairs of a large number of standing committees, ranging in scope from Finance to Fitness -- Dining to Decorating. The President of the Residents Council and one other member of the Council (selected by the Council) serve as ex-officio, non-voting members of the Carol Woods Board of Directors.

Management works very closely with the residents through the Association, its Council, and its committees. Each department manager meets routinely with the appropriate resident advisory committees. Resident-initiated questions and issues relating to operations are directed to the committee level for clarification or discussion with management. Parameters for programming and policies are developed at this level. Programs and policies developed in this way generally are referred to the President/CEO of Carol Woods with consensus having been reached between the particular resident committee and manager. Similar support is sought and is usually reached at the Residents' Council level. The Board of Directors is thereby assured that policies that it must consider, and policies that are within the purview of management to approve and implement, have had considerable and very real resident input.

## 5. Related Parties

Carol Woods related party transactions are limited to the Charitable Fund, and is therefore disclosed below.

### **The Carol Woods Charitable Fund, Inc.**

- **Nature of Relationship:** Nonprofit supporting organization, controlled by Carol Woods
- **Goods/Leases/Services Provided:** As a supporting organization to Carol Woods, support was provided in various ways. The Charitable Fund provided approximately \$17,000 in support of various campus needs of Carol Woods, including maintenance of gifted gardens. It provided approximately \$60,000 in support of Carol Woods' workforce development program. It provided approximately \$89,000 in financial assistance to employees experiencing financial hardship through a staff hardship fund. It provided approximately \$43,000 in support of the Carol Woods' Residents' Association, supporting the budget of a variety of resident committees in enriching the lives of the residents of the community. And finally, it provided approximately \$93,000 to support the cost of care for residents that have limited resources.

## 6. Relationships with Religious, Charitable, or Other Organizations

Neither Carol Woods nor the Charitable Fund has a relationship with a sponsoring religious denomination, faith-based community, or educational institution. Memberships in industry organizations such as LeadingAge North Carolina are limited to networking and professional development and carry no governance authority or financial support.

## **7. Other Persons Responsible for Obligations**

Except as described in Section 8 regarding Carol Woods' participation in the obligated group and the joint and several liability for bonds, no other person or entity is responsible for the financial or contractual obligations of Carol Woods.

## **8. Obligated Groups**

Carol Woods is the sole member of an obligated group created under the terms of bond indentures and related financing agreements. Membership in the obligated group creates joint and several liability solely for repayment of bonded indebtedness and for compliance with related bond covenants.

The audited consolidated financial statements of Carol Woods and the Charitable Fund include consolidating schedules that present the financial position and results of operations of each entity. These schedules also show Carol Woods's stand-alone financial information, allowing residents and prospective residents to evaluate the provider separately from the group. The audited consolidated financial statements are located in Appendix A.

## **9. Debt Covenants and Compliance**

Carol Woods is subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of December 31, 2025, Carol Woods and the obligated group were in full compliance with all covenants contained in debt agreements.

## **10. Third-Party Management Arrangements**

Carol Woods does not employ a third-party manager to operate the continuing care retirement community.

## **11. Real Property Leases**

Carol Woods does not lease any of the real property that makes up Carol Woods' campus.

## **12. Endowment Funds**

Carol Woods does not maintain endowment funds directly. However, residents have access to financial assistance through the Charitable Fund, a related-party nonprofit

supporting organization. The Charitable Fund maintains donor-restricted funds to support this purpose.

Distributions from these funds are applied directly to resident accounts. The funds are restricted by donor intent and board policy to financial assistance and may not be used for general operating purposes of Carol Woods. Availability of distributions is not guaranteed and remains subject to the discretion of the Charitable Fund's board of directors.

### **13. Description and Location of the Community**

Carol Woods is located on 120 wooded acres in northern Chapel Hill, North Carolina. Its location is between two major universities, the University of North Carolina at Chapel Hill and Duke University. Carol Woods provides housing and services, including health care, to individuals of retirement age.

A variety of central buildings house common facilities (such as the dining hall, social hall, guest house, indoor heated pool, fitness center, library, assembly hall, computer room / business center, craft rooms / craft shop) and offices. The campus is accessed by vehicle from a single entrance on Weaver Dairy Road.

### **14. Living Units by Level of Care**

As of December 31, 2025, Carol Woods included:

- 315 Independent Living Accommodations (149 apartments, 152 cottages, and 14 townhomes)
- 89 Assisted Living (Adult Care Home) Accommodations
- 30 Skilled Nursing Accommodations

### **15. Continuing Care at Home Program**

Carol Woods is licensed to operate a Continuing Care at Home (CCaH) program, named Early Acceptance. This program allows individuals to contract for continuing care services while continuing to reside in their own homes rather than relocating immediately to Carol Woods.

The Early Acceptance option is offered only to people who are on Carol Woods' priority list, and the admission process for Early Acceptance is identical to the admission process for people who are moving to campus. The Carol Woods Board determines the total number of people accepted to the Early Acceptance program, guided by the numbers of residents living on campus and the projected actuarial capacity of Carol Woods' Higher Levels of Support facilities.

## **Program Description**

Residents in Early Acceptance receive a package of services that includes access to Carol Woods' community-based programs, assisted living, and nursing facility. All Early Acceptance residents remain in their current home for the time being, while retaining their position on Carol Woods' Priority List for a potential future move to campus.

Services are available to all residents of Carol Woods (those living on campus as well as those in the Early Acceptance program) as outlined in Section 20 [Services Provided Under the Contract](#).

The Early Acceptance obligations are financially and actuarially integrated with Carol Woods' campus-based continuing care obligations.

## **Geographic Areas Served**

The Early Acceptance program is currently available to residents within a fifteen-mile radius of the Carol Woods' campus at 750 Weaver Dairy Road, Chapel Hill, NC.

## **Enrollment**

As of December 31, 2025, Early Acceptance had 202 enrolled residents.

## **Staffing and Resources**

The program is staffed by a licensed social worker, and administrative support personnel. Administrative oversight is provided by Carol Woods.

## **16. Resident Population Served**

As of December 31, 2025, the resident population served by Carol Woods under continuing care contracts was as follows:

- 389 residents in independent living
- 66 residents in assisted living
- 3 residents in skilled nursing

In addition, as disclosed in Section 15, 202 residents were enrolled in the Early Acceptance Continuing Care at Home program as of December 31, 2025.

Carol Woods maintains an active Priority List for people seeking the opportunity to apply for admission at a future date. Registering for the Priority List requires payment of \$1,500. Within this amount there is a \$500 non-refundable Priority Agreement Administration Fee. The remaining \$1,000 is applied to one's initial Entry Fee at the time one proceeds with the application and admission process or is refunded upon written request to withdraw from the Priority List.

As of December 31, 2025, there were 2,019 households/3,305 individuals on the Priority List. Individuals on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a continuing care contract.

### 17. Occupancy Rates

The 12-month daily average occupancy rates for Carol Woods for the past five fiscal years were as follows:

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

<b>Fiscal Year-End</b>	<b>Independent Living (%)</b>	<b>Assisted Living (%)</b>	<b>Skilled Nursing (%)</b>
12/31/2025	95.6%	79.5%	66.5%
12/31/2024	96.5%	85.3%	62.0%
12/31/2023	96.3%	82.3%	58.0%
12/31/2022	96.7%	86.3%	61.9%
12/31/2021	96.7%	90.9%	60.0%

### 18. Semiannual Resident Meetings

Carol Woods holds meetings with residents at least twice each year, as required by law.

**Fiscal Year 2025 Meeting Dates**

- December 3/9, 2025
- June 17/18, 2025

### 19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Carol Woods. Residency and access to services are governed solely by the continuing care contract.

## **20. Services Provided Under the Contract**

Carol Woods is a full-service continuing care retirement community, with many of the available services supported through the Entry Fee and Monthly Service Fee pricing structure. There are also other services available to residents on campus for an additional charge. The contracts provided in Appendix D outline the general residential and health care services provided by Carol Woods; and whether they are covered by entry fees and monthly fees, or available for an additional charge. Carol Woods offers services under both continuing care contracts at Carol Woods and under the Early Acceptance program. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

### **Health Care Services**

Residents of Carol Woods have access to assisted living and skilled nursing on campus. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians.

### **Continuing Care Retirement Community (CCRC) Contracts**

Residents living on the Carol Woods campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

#### **Services Included in Monthly Fees**

The following services are available to all residents of Carol Woods (those living on campus as well as those in the Early Acceptance program) and are supported by Monthly Service Fees and amortization of initial Entry Fees.

- Membership in Carol Woods' Residents Association
- Equal participation in all social, educational, recreational and cultural activities offered at Carol Woods and/or to other off-campus activities or events sponsored by Carol Woods or the Residents Association
- Parking and use of all Carol Woods' common areas, meeting rooms, classrooms, and private dining rooms
- Free use of Carol Woods' campus amenities, including:
  - o Fitness Center and Indoor Pool
  - o Library
  - o Craft / Woodworking Shop and Art Studio
  - o Business Center
  - o Access to CW Online Resident Web Portal
  - o Dog Park

- o Labyrinth
- o Croquet Court
- o Bocce Court
- o Natural Walking Trails
- Higher Levels of Support “Free Days” – 15 days per person accrue per year and accumulate over time
- Discounts on prevailing per diem charges in Higher Levels of Support
- On-campus clinic visits for preventative / health promotion purposes
- Social work services
- Activities and programs

The following residential living services are available to all residents of Carol Woods who reside on Carol Woods’ campus (**not available to those residents in the Early Acceptance program**), and are supported by Monthly Service Fees and amortization of initial Entry Fees.

- Monthly Meal Credits per resident equal in number to the number of days in the month
- One (1) housekeeping visit per week
- Utilities, including trash removal, electricity, natural gas, water/sewer, standard TV, and high-speed broadband wireless
- One (1) local telephone line if resident chooses to use Carol Woods’ telephone system
- Twenty-four-hour security coverage, with central monitoring of emergency call bells installed in every cottage and apartment, and emergency response from Carol Woods’ security and nursing staff
- Routine landscaping around campus
- Maintenance of Carol Woods’ property
- General liability and property insurance coverage of Carol Woods’ property
- Operation of a local bus service (in operation 20 to 25 hours per week)
- Free temporary Clinic Authorized Meal Delivery to one’s residence, when approved by Clinic staff
- County property taxes & fees

**Services Available at Additional Charge**

The following services are provided, arranged, or referred by Carol Woods’ staff. They are available to residents in Early Acceptance and residents of Carol Woods who reside on Carol Woods’ campus at an additional charge.

- Extra meals taken at Carol Woods
- Guest Meals
- On Campus Guest House Residences

The following services are provided, arranged, or referred by Carol Woods' staff. They are available to residents of Carol Woods who reside on Carol Woods' campus only at an additional charge.

- Special requests for maintenance of resident's personal property
- Special requests for landscaping services around resident's residence
- Special modifications made to resident's residence
- Concierge and other Home Services such as Private Duty Gardening, Closet Reorganizing, Deep Cleaning, Pet Sitting, IT Support, Etc.
- Medical Transportation charges (Costs of driver and mileage for round-trip medical appointments). NOTE: Medical Transportation is included in the charge for residents in higher levels of support; but Medical Accompaniment is charged separately.
- Medical Accompaniment (Costs of additional staff person accompanying resident to the medical appointment).

The following services are available on-campus to Carol Woods' residents.

- US Postal Service post office boxes
- Gift Shop operated by residents
- Access to the Barber / Beauty Salon
- Integrative Health Therapies (massage, healing touch) provided by licensed therapists
- Medical specialty services (podiatry, audiology, counseling) provided by independent licensed practitioners in the Carol Woods clinic as a convenience to Residents
- Pick up and drop off services of a local dry-cleaning service

## **Continuing Care at Home (CCaH) Contracts**

See section above [Services Included in Monthly Fees](#) for services included for Early Acceptance Residents.

## **21. Resident Fees**

Nonancillary fees at Carol Woods (including both the campus-based community and the Early Acceptance program) consist of required, ongoing fees such as entrance fees, monthly service fees, and transfer fees. The following tables show Carol Woods's current fee schedules, along with historical information on entrance fee and monthly fee increases

over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

## CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Carol Woods campus. The contract for Carol Woods is the Residence and Services Agreement.

**Residence and Services Agreement.** Upon approval of the Admissions Committee and within ten days of written notification of acceptance, a prospective resident is required to make payment of 10% of the established Entry Fee; which includes a 4% Acceptance Fee. The Entry Fee amount is the amount established at the start of the admissions process and stipulated in the Reservation Agreement. The balance of the Entry Fee (90%) is due upon signing a Residence and Services Agreement, payment of which establishes the Date of Financial Responsibility, which should occur within a 90-day period after approval. One thousand dollars of the Priority Deposit will be applied toward this 90% amount. The potential refund of the entry fee is outlined in the Policies section of this Disclosure Statement.

### Table 21.1: Current Monthly Fees (CCRC Contracts)

The table below represents a range of fees by living area. For specific units and levels of care, see [Appendix G, Schedule of Fees](#).

Unit Type	Single Occupant	Double Occupant
Independent Living – Apartment	\$2,787 - \$5,845	\$5,475 - \$7,802
Independent Living – Cottage	\$4,020 - \$6,858	\$5,597 - \$8,435
Independent Living – Townhomes	\$5,542 - \$6,858	\$7,119 - \$8,435
Assisted Living	\$6,085 - \$6,842	\$7,662 - \$12,372
Skilled Nursing	\$6,940 - \$7,270	\$12,537

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 21.2: Historical Increases in Monthly Fees (CCRC contracts)**

	<b>Independent Living - One Occupant</b>		<b>Independent Living - Two Occupants</b>	
<b>Effective Date</b>	<b>% Per Month (Average)</b>	<b>\$ Per Month (Average)</b>	<b>% Per Month (Average)</b>	<b>\$ Per Month (Average)</b>
<b>1/1/2021</b>	1.5%	\$ 59	1.5%	\$ 77
<b>1/1/2022</b>	2.9%	\$119	2.9%	\$ 156
<b>1/1/2023</b>	4.5%	\$190	4.5%	\$ 241
<b>1/1/2024</b>	4.0%	\$176	4.0%	\$ 224
<b>1/1/2025</b>	4.0%	\$183	4.0%	\$ 233
<b>1/1/2026</b>	6.5%	\$274	6.5%	\$ 370
	<b>Skilled Nursing</b>		<b>Assisted Living</b>	
<b>Effective Date</b>	<b>% Per Day (Average)</b>	<b>\$ Per Day (Average)</b>	<b>% Per Day (Average)</b>	<b>\$ Per Day (Average)</b>
<b>1/1/2021</b>	0.0%	\$ -	0.0%	\$ -
<b>1/1/2022</b>	3.2%	\$ 3	3.2%	\$ 4
<b>1/1/2023</b>	3.6%	\$ 4	3.6%	\$ 4
<b>1/1/2024</b>	5.2%	\$ 6	5.2%	\$ 6
<b>1/1/2025</b>	4.1%	\$ 5	4.1%	\$ 5
<b>1/1/2026</b>	9.9%	\$ 13	9.9%	\$ 17

**Table 21.3: Current Entrance Fees (CCRC Contracts)**

The table below represents a range of fees by living area. For specific units and levels of care, see [Appendix G, Schedule of Fees](#).

Unit Type	Entrance Fee (Single)	Entrance Fee (Double)
Independent Living – Apartment	\$116,600 - \$471,000	\$252,100 - \$519,600
Independent Living – Cottage	\$209,800 - \$636,000	\$258,400 - \$684,600
Independent Living – Townhomes	\$373,200 - \$671,700	\$421,800 - \$720,300

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

**Table 21.4: Historical Increases in Entrance Fees (CCRC contracts)**

Effective Date	Average % Increase	Average \$ Increase	Frequency
04/01/2021	3.0%	\$7,700	Annual
04/01/2022	4.1%	\$10,800	Annual
04/01/2023	4.7%	\$12,900	Annual
04/01/2024	4.8%	\$13,800	Annual
04/01/2025	5.6%	\$16,900	Annual
01/01/2026	10.0%	\$32,000	Annual

## CCaH Contracts

CCaH contracts represent continuing care at home contracts for participants who reside in their own homes and receive continuing-care services through the Early Acceptance program. The contract for Carol Woods' Early Acceptance program is the Early Acceptance Agreement.

**Early Acceptance Agreement.** Upon approval of the Admissions Committee and within ten days of notification of acceptance, a prospective Early Acceptance resident is required to sign the Early Acceptance Agreement and make payment of the established Entry Fee. The Entry Fee is the amount established at the start of the admissions process and stipulated in the Early Acceptance Reservation Agreement. 4% of this fee is considered an

Acceptance Fee, which has bearing if the resident should seek a refund of the entry fee, as is outlined in the Policies section of this Disclosure Statement.

**Table 21.5: Current Monthly Fees (CCaH Contracts)**

<b>CCaH Plan</b>	<b>Monthly Fee (Single)</b>	<b>Monthly Fee (Double)</b>
Early Acceptance	\$1,202	\$2,404

Monthly fees are subject to annual adjustment to reflect health care costs and service delivery expenses.

**Table 21.6: Historical increases in Monthly Fees (CCaH contracts)**

<b>Effective Date</b>	<b>Average % Increase</b>	<b>Average \$ Increase</b>	<b>Frequency</b>
01/01/2021	1.5%	\$14	Annual
01/01/2022	3.0%	\$29	Annual
01/01/2023	4.5%	\$45	Annual
01/01/2024	4.0%	\$42	Annual
01/01/2025	4.0%	\$43	Annual
01/01/2026	6.5%	\$73	Annual

**Table 21.7: Current Entrance Fees (CCaH Contracts)**

<b>CCaH Plan</b>	<b>Entrance Fee (Single)</b>	<b>Entrance Fee (Double)</b>
Early Acceptance	\$48,000	\$96,000

**Table 21.8 - Historical Increases in Entrance Fees (CCaH contracts)**

Effective Date	Average % Increase	Average \$ Increase	Frequency
04/01/2021	2.7%	\$1,000	Annual
04/01/2022	2.9%	\$1,100	Annual
04/01/2023	4.1%	\$1,600	Annual
04/01/2024	3.4%	\$1,400	Annual
04/01/2025	5.0%	\$2,100	Annual
01/01/2026	8.6%	\$3,800	Annual

**Amortization of Entry Fees**

Entry Fees for both the CCRC and CCaH are prepaid fees used to help cover the costs of providing services to a resident over one’s lifetime. As such, rather than record the Entry Fee as revenue only in the year it is paid, Carol Woods elects to "defer" most of the Entry Fee of a new entrant and recognize a portion of the fee as income each year that one remains a resident of Carol Woods. Each new Entry Fee is recorded as “Deferred Revenue” on Carol Woods’ balance sheet. Each year, including the first year, the appropriate amount is reclassified from deferred income to actual income, based on an actuarially derived schedule specific to the age and gender of the particular single resident or couple.

The actuarial model that Carol Woods uses to derive amortized Entry Fees contains life expectancy tables that are reviewed and updated by an independent Certified Actuary. In addition, changes in individual residents’ living situations are updated annually, so that amounts amortized for each resident may be adjusted annually. The rate at which one’s entry fee is amortized is sensitive to whether one is living independently, in assisted living or in nursing; and whether it is for a single person or two people. By accounting for Entry Fee revenue in this way, Carol Woods spreads its income from one’s Entry Fee over one’s lifetime, enabling some of the future costs of service to be covered every year with income from the initial Entry Fee.

**Residence and Services Agreement Following Early Acceptance.**

Upon approval of the move to campus, and within ten days of notification of acceptance, a prospective resident is required to make payment of 10% of the established Entry Fee; which includes a 4% Acceptance Fee. The 10% Entry Fee is the amount established at the start of the admissions process and stipulated in the Reservation Agreement. It shall reflect the prevailing entry fee for the reserved residence, less the unamortized amount that the resident paid previously as an Early Acceptance entry fee. The balance of the Entry Fee (90%) is due upon signing a Residence and Services Agreement Following Early Acceptance,

payment of which establishes the new Date of Financial Responsibility, which should occur within a 90-day period after approval. Potential refund of the entry fee is outlined in the [Refundable Entrance Fee Obligations](#) section.

## **Household Composition Changes**

If a non-resident is planning to join a resident in a residence at Carol Woods or under the Early Acceptance program, he/she first must apply and be approved for acceptance as a resident. The new person seeking to live at Carol Woods must meet Carol Woods' health care criteria and must have sufficient financial resources to afford to live at Carol Woods. If approved, an additional Entry Fee is charged, calculated as the difference in the amount actually paid by the resident for the current Agreement and the total Entry Fee due for the amended Agreement at the double occupancy rate effective at the time the joint coverage commences.

If the non-resident does not meet all admission criteria, Carol Woods may grant admission subject to limited financial and service responsibilities on the part of Carol Woods. Carol Woods, however, is under no obligation to accept a new occupant simply because they wish to live with a current Carol Woods resident.

If one Carol Woods resident marries another Carol Woods resident it is presumed that one may wish to move into the current living residence of the other. On the date that the other living residence is cleared and the key returned to Carol Woods, the monthly service fee shall change to the two-person monthly fee related to the residence in which the couple now resides. If the couple elects to remain in their two separate residences, each will continue to be charged the single person monthly service fee for the residence in which each continues to reside.

Since both residents had been admitted to Carol Woods previously under separate contracts, each contract will remain in effect separately. There shall be no refund of any balance remaining on either entry fee paid previously, as long as the particular contract related to that entry fee remains in effect. Should the contract of one or another of the people subsequently be terminated, any potential refund of the entry fee shall be provided as outlined previously.

## **Transfer Fees and Resale Fees**

Residents may move to a different Residence at Carol Woods which become available upon payment of such fees, consent by Carol Woods, and compliance with such guidelines regarding transfers as may be adopted by Carol Woods. Fees, policies, and guidelines may be changed at the discretion of Carol Woods.

If a Resident transfers to another Residence, he or she is responsible for paying any difference in the Entry Fee, if the amount of the Entry Fee of the new Residence is greater than the original Entry Fee paid for the previous Residence to be vacated. If the Entry Fee for the new Residence is less than the Entry Fee for the previous Residence to be vacated, no refund will be paid for the difference. Either the Single or Two Person Entry Fees will be

applied in the calculations depending upon the number of people that are party to this Agreement at the date of the move. The Resident will pay the applicable Monthly Fee for the new Residence effective the date of the move.

For more information on transfers, moves, relocations, and changes in residence, refer to section VI in the Residence and Services Agreement within [Appendix A](#).

No resale fees are charged because residents do not hold ownership rights in their living units.

## **22. Refundable Entrance Fee Obligations**

### **Conditions for Refunds**

Carol Woods' offers a declining-balance, non-refundable entry fee (0% refund) contract.

For On-Campus Living under the Residence & Services Agreement, The portion of Entry Fee that is refundable declines at a rate of 2% per month for 50 months. After 50 months no portion of the Entry Fee is refundable. Resident is responsible for payment of the Monthly Service Fee through the date that the Residence and Services Agreement is terminated, and the residence is cleared of the Resident's belongings and trash.

For Early Acceptance, the portion of Entry Fee that is refundable declines at a rate of 4% per month for 25 months. After 25 months, no portion of the Entry Fee is refundable. Resident is responsible for payment of the Monthly Service Fee through the date that the Early Acceptance Agreement is terminated.

For a Residence and Services Agreement that follows a period in which the person has been a resident of Carol Woods under the Early Acceptance program, the refund period of the additional Entry Fee paid for residence on campus will be set to ensure that the resident receives a full 50-month period of overall refund ability. Up to 25 months may have already been used by the Resident under the Early Acceptance Agreement. However, if the resident signed the Early Acceptance Agreement less than 25 months earlier, the remaining months from the previous Early Acceptance Agreement will be added to the additional 25 months provided upon moving to a Carol Woods residence to establish the period during which portions of the resident's Entry Fee may be refundable.

Payment of any Entry Fee refund related to vacating a Carol Woods residence may be made only when the vacated residence has been covered by receipt of an Entry Fee by a subsequent resident.

### **Refund Obligations as of December 31, 2025**

As of December 31, 2025, Carol Woods had no refunds due under contractual Entry Fee obligations.

## 23. Financial Hardship Policies

### Policies for Residents Unable to Pay

It is the policy of Carol Woods to permit residents to remain in the community if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. Residents are not discharged or relocated solely due to financial hardship once admitted under a continuing care contract. Carol Woods has deemed the program for residents that can no longer pay for fees as the **Financial Assistance** program.

### Sources of Financial Support

Financial support for the Financial Assistance program is provided through the Charitable Fund. The Charitable Fund is a related-party nonprofit supporting organization that administers a financial assistance program funded by donor contributions. Distributions are applied directly to resident accounts at Carol Woods

### Conditions or Limitations

Eligibility for financial assistance is determined through a confidential financial review conducted by Carol Woods, with oversight from the Carol Woods' board of directors. Assistance is subject to the availability of Charitable Fund funds and is not guaranteed. Residents must annually recertify financial need to continue receiving assistance.

In 2025, the Charitable Fund distributed \$93,000 in financial assistance support to Carol Woods residents. As of December 31, 2025, the Charitable Fund maintained net assets of \$1 million designated for financial assistance, subject to donor restrictions and the discretion of the Charitable Fund's board.

## 24. Contract Cancellation and Refund Policies

This section outlines the terms and conditions under which a contract may be canceled by Carol Woods or the resident, and the conditions under which fees will be refunded.

**Cancellation of Priority List Agreement.** Applicants may terminate the Priority List Agreement and be removed from the Priority List. A \$1,000 deposit is refunded. The \$500 Priority List Administration Fee is forfeited.

**Cancellation During Admissions Process Due to Change in Applicant's Health Status.** Applicant or Carol Woods may terminate Reservation Agreement/Early Acceptance Reservation Agreement and Priority Agreement, with refund of \$1,000 Priority List deposit and other portions of Entry Fee already paid, excluding the 4% Acceptance Fee.

**Cancellation during Admission Process for Reasons Other than Change in Applicant's Health Status.** Applicant or Carol Woods may terminate Reservation Agreement/Early

Acceptance Reservation Agreement and Priority Agreement, with refund of \$1,000 Priority List deposit, and other portions of Entry Fee already paid, except the 4% Acceptance Fee.

**30-Day Contract Rescission Period.** There is a 30-day period following signing of Early Acceptance Agreement or Residence & Services Agreement when Resident has the right to terminate the Agreement. Residents are entitled to full refund of the entry fee paid, except the 4% Acceptance Fee, which is forfeited.

**Termination following 30-Day Rescission.** Residents may terminate Early Acceptance Agreement or the Residence & Services Agreement voluntarily at any time by giving 60-day written notice. Carol Woods may terminate Agreement if Resident failed to disclose pertinent health or financial information, or if Resident fails to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carol Woods to be in the Resident's best interest.

Carol Woods may terminate if Resident refuses to move to higher levels of support or obtain sufficient health care support at home if determined by Carol Woods' health care team to be in the Resident's best interest.

If the Residence and Services Agreement Following Early Acceptance is terminated, the Early Acceptance Agreement that had been in effect prior to the resident's move to campus shall be reestablished, unless the reason for terminating the on-campus agreement is due to factors that would preclude the resident from returning to an early acceptance relationship with Carol Woods.

**Residence & Services Agreement Following Early Acceptance.** After the 30-day rescission, the resident may terminate the Residence and Services Agreement Following Early Acceptance at any time by giving Carol Woods 60 days advance, written notice of such termination.

The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the Residence & Services Agreement Following Early Acceptance is terminated, or the date the residence is cleared by the resident, whichever is later.

**Termination Upon Death of a Single Resident.** In the event that a single resident dies at any time after the Date of Financial Responsibility, who was covered under the terms of an individual Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance, the applicable Agreement will terminate upon the date of death or the date the residence is vacated, if applicable, whichever is later. The resident's estate will be entitled to a pro-rated refund of the Entry Fee in the same manner as stated in the Voluntary Termination in the preceding paragraphs.

The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the applicable Agreement is terminated, or the date the residence is cleared by the resident's family, whichever is later.

**Termination By One Of Two Residents Co-Signing an Agreement.** In the event that two residents are each party to the terms of a joint Early Acceptance Agreement, Residence and

Services Agreement, or Residence and Services Agreement Following Early Acceptance, upon the permanent transfer to higher levels of support, or the death of one such resident, or in the event of the termination of the applicable Agreement with respect to one such resident, the Agreement will continue in effect for the remaining or surviving resident, and there will be no refund of any portion of the Entry Fee.

**Termination by Carol Woods.** Carol Woods may terminate the Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance at any time if there has been any material misrepresentation or omission made on the part of the resident in the application forms; if a material change in the resident's health takes place before the Date of Financial Responsibility; or if the resident fails to make payment to Carol Woods within 30 days after receiving the monthly statement. In the latter situation, Carol Woods shall give written notice to the resident, who must make payment within 15 days after receiving such written notice. In such events, the resident is entitled to a pro-rated refund of the Entry Fee as described in Voluntary Termination, if applicable.

Carol Woods also reserves the right to terminate the applicable Agreement if the resident fails to abide by Carol Woods' policies and procedures; if there is a breach in the terms of the applicable Agreement; or if the resident's continued presence is considered by Carol Woods to be a serious disruption or threat to the life, health, or safety of others. Carol Woods also may terminate the applicable Agreement if the resident refuses to move to higher levels of support, or to obtain sufficient health care services at home, if such services are determined by Carol Woods' health care team to be in the resident's best interests. Carol Woods will provide timely advance written notice of termination in compliance with prevailing laws, regulations and Carol Woods' policies, and will pay any refund due within 60 days of contract termination.

The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the applicable Agreement is terminated, or the date the residence is cleared of all personal belongings and trash by the resident, whichever is later.

## 25. Re-occupancy of Units

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

### 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 skilled nursing, and the contract permits the original living unit to be reassigned.

### 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 the provider declares the contract terminated.

### 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.

### Refunds

Refunds associated with the vacating of a living unit are handled in accordance with [Section 22 – Refundable Entrance Fee Obligations](#). Refunds are contingent upon re-occupancy by a new resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

## 26. Resident Relocation

All moves between Carol Woods' residences are at Carol Woods' discretion. Moves are subject to availability, date at which one joined Carol Woods' Priority List, and legal requirements. All decisions regarding the resident's permanent transfer to higher levels of support, a special care facility, or to a hospital will be made in consultation with the resident and, when appropriate, the Health Care Power of Attorney. Ultimately, Carol Woods' decision is binding.

Except in special circumstances, residents transferring between independent living residences will vacate their previous residence within ten (10) days, and when moving permanently to higher levels of support will vacate their previous residence within thirty

(30) days of the move. For transfers between rooms in higher levels of support, the resident is expected to vacate the previous room within two (2) days. The guiding principle for any internal move is to make the prior residence available as soon as possible for another resident.

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

### **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).

### **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.

### **Process**

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.
- The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, the provider will inform the resident in advance and clarify whether the move is temporary or permanent.

### **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**

Carol Woods offers two programs by which people can become Residents of Carol Woods:

1. If a cottage, apartment or townhome is available, one can reserve that residence, proceed through Carol Woods' admission process, take residency of the residence, and enjoy on-campus retirement living and related services, plus ensure access to future health care services as needed.
2. If a slot in Carol Woods' Early Acceptance program is available, one can reserve that slot, proceed through Carol Woods' admission process, become a Resident of Carol Woods with full access to the campus amenities, and ensure access to future health care services as needed. All Early Acceptance residents remain in their current home for the time being, while retaining their position on Carol Woods' Priority List for a potential future move to campus.

Whether living on campus or continuing to live in their current home, residents in each setting have the same financial protection and equal access to Carol Woods' Higher Levels of Support (HLOS) and other health care programs.

Since the Early Acceptance program does not include residency on campus, the array of retirement living services offered under Early Acceptance are different than the services offered to residents who live on campus -- and the fee structure reflects those differences (Refer to the Services section of this Disclosure Statement).

Aside from those differences, however, Carol Woods has made the two programs as similar as possible. Some of the key similarities are the following:

- Only people on Carol Woods' Priority List are offered available residences on campus and available slots in the Early Acceptance program.
- Once a member of the Priority List has reserved a residence or a slot in the Early Acceptance Program, the admission process is identical and includes financial analysis and health assessment.
- Once one becomes a Resident of Carol Woods, whether living on campus or through Early Acceptance, they have equal access to all common areas of campus, equal standing as members of the Residents Association, and equal access to Carol Woods' Higher Levels of Support and shared health care benefits.

To emphasize the wide array of similarities between the two programs, the next sections on Admission Requirements will intersperse information related to both programs.

### **Admission Requirements**

The admission requirements for the Early Acceptance program and for residence at Carol Woods are non-discriminatory with respect to race, creed, religion, gender, sexual orientation or gender expression. Carol Woods is open to both couples (married or unmarried) and singles.

Carol Woods maintains an active Priority List for people interested in the Early Acceptance program, and in possibly moving to Carol Woods at a future date. The Priority List secures the option for people to go through the admissions process at a later date but does not guarantee admission to Carol Woods. As residences on campus become available, people who have indicated interest in the available unit type are contacted from the Priority List in order by the date that their original deposit was made and offered the option of reserving the residence at that time.

As slots for Early Acceptance become available, people from the Priority List who live in the local geographic area, and who have expressed interest in the Early Acceptance program, are contacted and offered the option of becoming a Carol Woods resident under the Early Acceptance program. The geographic area that is served through the Early Acceptance program must be close enough driving distance to be convenient for Early Acceptance Residents to come to Carol Woods and for Carol Woods' care management staff to conduct periodic in-home visits. The service area includes southern and central Orange County, NC and portions of surrounding counties that are within appropriate driving distance. People considering joining the Priority List and interested in Early Acceptance will be informed as to whether they live close enough to qualify for Early Acceptance so that they can factor that into their decision to join the Priority List.

A person/couple may defer becoming a resident, and that decision will not change one's position on the Priority List. Their position is set based upon the date that they made their original priority list deposit. Likewise, those who become Carol Woods' residents under the Early Acceptance program remain on the Priority List and retain their original Priority List Date. They will continue to be offered the opportunity to move to a residence on campus as residences of their choice become available and based upon their original Priority List Date.

A Reservation Agreement or Early Acceptance Reservation Agreement is signed when a person on the Priority List decides to enter the Admissions process. In this Agreement, Carol Woods agrees to take the available residence or early acceptance slot off the market while the person goes through the admission process. The Reservation Agreement also establishes the amount of the Entry Fee to be paid upon acceptance.

The Board of Directors, guided by actuarial considerations and senior management input, determines the number of Early Acceptance contracts that Carol Woods may offer. Prospective residents who elect to proceed through the Early Acceptance admission process shall be subject to the same requirements as the traditional admission process, including signing an Early Acceptance Reservation Agreement and providing timely health and financial information. The admissions criteria for Early Acceptance are the same as those used for on-campus admissions to Carol Woods, as outlined in the following sections.

### **Health Criteria**

Carol Woods is a continuing care retirement community with a fee structure and reserves that are actuarially based and insurance-like in nature. The community's financial

projections are based upon the assumption that every resident accepted through Carol Woods' admission process can live independently and have a reasonable expectation of an active lifestyle for participation in the community for a minimum of three to five years.

All prospective residents are required to submit a Personal Health History within 30 days of executing the Reservation Agreement or Early Acceptance Reservation Agreement. The prospective resident is also asked to have his/her personal physician complete a Physician's History and Physical Examination Report and, if appropriate, personal interviews are scheduled.

The Carol Woods' Admissions Committee reviews the medical information provided by the applicant and their physician, and information received in personal interviews, and makes an admission determination. All decisions by the Admissions Committee are binding.

Admission to Carol Woods is subject to both health and financial screening at the time of application.

### **Financial and Insurance Criteria**

Residents must have assets and income sufficient to meet their financial obligations under the Agreement and to cover other ordinary living expenses, under foreseeable circumstances. Carol Woods requires completion of a Confidential Financial Statement within 30 days of executing the Reservation Agreement or Early Acceptance Reservation Agreement and may request that the resident furnish updated financial information periodically after acceptance.

The Carol Woods' CFO uses the financial information provided to assess the ability of the applicant to meet their financial obligations over one's lifetime. That assessment is reviewed by the President & CEO. All financial decisions are binding.

## **28. Age and Insurance Requirements**

### **Age Requirements**

Admission to either Carol Woods' Early Acceptance or on-campus programs is restricted to people 62 years of age or older, except a co-applicant may be 55 years of age or older.

### **Insurance Requirements**

All residents must also carry Medicare A and B, a Medicare supplemental policy, or Medicare Advantage policy that meets Carol Woods' requirements. At a minimum, Carol Woods expects that, since it participates in Medicare, neither one's Medicare, Medicare Advantage, nor one's supplemental policy would exclude Carol Woods as a health care provider. Policies also are reviewed to the extent that they cover the following:

- Deductibles and co-insurance for all Medicare-allowed hospital care;
- Daily co-insurance for all Medicare-allowed skilled nursing care;
- Co-insurance for all Medicare-allowed medical visits and outpatient services.

Carol Woods provides Medicare-certified skilled nursing, outpatient rehabilitation, and primary medical care services. Carol Woods also accepts Medicare Assignment, which means that it will bill each resident's Medicare, Medicare Advantage, and supplemental insurance policies for Medicare-covered services that Carol Woods provides and will accept as full payment the amount that Medicare or Medicare Advantage plans establish as "allowable."

To the extent that a resident's Medicare, Medicare Advantage, and supplemental medical insurance policies do not cover Medicare's allowable amount entirely, Carol Woods will bill the resident the remaining deductible or co-insurance amounts allowed by the resident's Medicare, co-insurance or Medicare Advantage plans.

Long-term care insurance is not required but may be considered in satisfaction of certain financial eligibility criteria on a case-by-case basis.

## **29. Reserve Funding and Refund Security**

### **Cash and Investments**

As of December 31, 2025, Carol Woods held \$62,950,000 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 690 days, representing approximately twelve months of projected operating expenses without new revenues.

### **Investment Management and Oversight**

Oversight of the investment portfolio is the responsibility of the Finance Committee of the Board of Directors of Carol Woods. Carol Woods utilizes Truist Institutional Investment Management to assist in the management of its investment portfolio. Truist provides professional investment management services pursuant to an investment advisory agreement and in accordance with Investment Policy Statement, as approved by the Board of Directors.

Truist's responsibilities include developing and implementing asset allocation strategies, selecting and monitoring investment managers and securities, rebalancing the portfolio as appropriate, and providing periodic performance reporting to management and the Board.

Carol Woods' investment portfolio is managed with the objectives of preserving capital, generating income to support operations, and maintaining sufficient liquidity to meet current and future obligations, including operating expenses and contractual commitments to residents.

Truist Investment Advisory is granted discretionary authority to manage certain investment assets on behalf of the Carol Woods, within the guidelines established by the Carol Woods' Investment Policy Statement. All investment activities are subject to oversight by the Board of Directors and its designated committees.

## Statutory Operating Reserve Requirement

As of December 31, 2025, Carol Woods's 12-month rolling average independent living unit occupancy was 95.6%. Based on this level of occupancy, the required statutory operating reserve was 25% of projected operating costs for the next 12 months.

Because Carol Woods is part of an obligated group that maintains a separate Debt Service Reserve Fund, principal and interest payments are excluded from the operating reserve calculation.

**Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)**

<b>Component</b>	<b>Amount</b>
Total projected operating expenses	\$39,076,000
Add: Debt service (principal and interest)	\$2,650,000
Less: Principal and Interest (covered by Debt Service Reserve Fund)	(\$2,342,000)
Add: Amortization of Bond Premium	\$47,000
Less: Depreciation Expense	(\$4,996,000)
Less: Amortization of Deferred Financing Costs	(\$41,000)
<b>Net projected operating costs</b>	<b>\$34,394,000</b>
Applicable reserve percentage based on occupancy	25%
<b>Required operating reserve</b>	<b>\$8,599,000</b>
Unrestricted cash & investments on hand	\$62,950,000
<b>Excess above required reserve</b>	<b>\$54,351,000</b>

**Summary:** The required statutory operating reserve was \$8.60 million. Carol Woods held \$62.95 million in unrestricted cash and investments, providing an excess cushion of \$54.35 million above the statutory minimum.

## Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity, including \$8,599,000 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. Carol Woods 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 December 31, 2025**

Category	Amount	Notes
Total unrestricted cash & investments	\$62,950,000	All liquid balances (cash and investments)
Less: Required operating reserve	(\$8,599,000)	Must be maintained; release requires regulatory approval
<b>Excess unrestricted cash and investments above operating reserve and board designated refund reserve</b>	<b>\$54,351,000</b>	Available for operations and refund needs (outside of designated reserves)

### 30. Expansion and Renovation Plans

In 2023, Carol Woods initiated a campus master planning process, commissioning a task force to oversee the effort. The task force included seven Board members (including two architects), five residents, and four members of senior management. A market analysis conducted by Love & Company indicated sufficient demand to support additional independent living residences and expanded licensed capacity for higher levels of care.

In early 2024, the task force engaged SFCS Architects to guide development of the master plan. As planning progressed, certain initiatives were identified as “Early Work” projects that the Board elected to accelerate for implementation between 2025 and 2027, as they are not expected to require a Special Use Permit. SFCS was retained for design, with Blum Construction and Thomas & Hutton engaged to support preconstruction and construction activities. Early Work projects may include expansion of the main dining facility (adding storage, dining, and kitchen/office space) and installation of two new elevators in separate independent living apartment buildings to enhance accessibility and redundancy.

The task force presented its recommendations to the Board in January 2025. At this time, the Board has not finalized priorities for the first phase of the master plan, anticipated to occur between 2026 and 2030 and expected to include construction of additional independent living residences. As plans become more defined, Carol Woods will submit an updated Disclosure Statement and comply with all applicable Department of Insurance requirements.

### 31. Audit Opinion and Timeliness

The consolidated financial statements of Carol Woods, including Charitable Fund, for the fiscal year ended December 31, 2025, were audited by CliftonLarsenAllen LLP (CLA) (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 opinion (a “clean” audit opinion) on the consolidated financial statements.

Carol Woods does not issue separate stand-alone audited financial statements; its financial information is presented within the consolidated audit with consolidating schedules.

### 32. Audited Financial Statements

The audited consolidated financial statements of Carol Woods, including the Charitable Fund, for the fiscal year ended December 31, 2025, are attached hereto as [Appendix A](#) and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for Carol Woods.

### 33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Carol Woods for the period 2026 through 2030 are attached hereto as [Appendix B](#). These statements were prepared and compiled by CLA and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for Carol Woods on a stand-alone basis.

### 34. Variances from Prospective Financial Statements

For the fiscal year ending December 31, 2025, management reviewed the results of operations for Carol Woods against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections.

Material differences are defined as +/- 5% or greater of the forecasted amount, and +/- \$500,000. Set forth below is a comparison of such information. Explanation of variances

that are greater than \$500,000 but less than 5%; or less than \$500,000 but greater than 5% may be included if they are deemed noteworthy to prospective residents.

Note: Due to rounding to “thousands”, there may be slight differences in the statements below and the actual statements issued.

The following material variances were identified:

### Balance Sheet Variance Analysis - December 31, 2025

	Forecast	Audit	Variances		Notes
	(000)s 2025	(000)s 2025	\$	%	
Assets Limited as to Use	10,525	33,210	22,685		
Current Assets Limited as to Use	1,988	24,453	22,465	1130.0%	A
Long-Term Assets Limited as to Use	8,537	8,757	220	2.6%	
Cash and Investments Not Limited as to Use	40,399	54,249	13,850		
Cash and Temporary Investments	5,246	632	(4,614)	-88.0%	B
Long-Term Investments	35,153	53,617	18,464	52.5%	B
Other Assets	76,663	71,208	(5,455)		
Property and Equipment, net	73,036	69,330	(3,706)	-5.1%	C
Interest Rate Swap Agreement	885	325	(560)	-63.3%	
Accounts Receivable, net	2,029	1,421	(608)	-30.0%	D
Other Assets	713	132	(581)	-81.5%	E
<b>Total Assets</b>	<b>127,587</b>	<b>158,667</b>	<b>31,080</b>		
Total Liabilities	89,594	116,653	27,059		
Line of Credit	0	500	500		F
Net Long-Term Debt, including Current Maturities	28,942	58,398	29,456	101.8%	F
Deferred Advance Fee Revenue	55,340	52,580	(2,760)	-5.0%	G
Other Current & Long-Term Liabilities	5,312	5,175	(137)	-2.6%	
Total Net Assets	37,993	42,014	4,021		
Net Assets Without Donor Restrictions	36,211	40,090	3,879	10.7%	
Net Assets With Donor Restrictions	1,782	1,924	142	8.0%	
<b>Total Liabilities &amp; Net Assets</b>	<b>127,587</b>	<b>158,667</b>	<b>31,080</b>		

## Statement of Operations Variance Analysis - December 31, 2025

	Forecast	Audit	Variances		
	(000)s	(000)s			
	2025	2025	\$	%	Notes
<b>REVENUE:</b>					
Resident Monthly Fees - On Campus	21,772	21,446	(326)	-1.5%	
Resident Monthly Fees - Early Acceptance	2,366	2,415	49	2.1%	
Amortization of Advance Fees - On Campus	5,644	6,514	870	15.4%	G
Amortization of Advance Fees - Early Acceptance	672	557	(115)	-17.1%	
Health Services, Net of Contractual Allowances	5,289	3,889	(1,400)	-26.5%	D
Miscellaneous Operating Revenue	580	937	357	61.6%	
Contributions and Net Assets Released from Restrictions for Operations	105	939	834	794.3%	H
Unrealized Gain (Loss) on Interest Rate Swaps	0	(560)	(560)	N/A	
Investment Interest and Dividends	1,734	2,423	689	39.7%	B
Net Appreciation on Investments	944	4,148	3,204	339.4%	B
<b>Total Revenue</b>	<b>39,106</b>	<b>42,708</b>	<b>3,602</b>		
<b>EXPENSES:</b>					
Health Services	11,234	11,135	99	0.9%	
Dietary Services	6,264	6,074	190	3.0%	
Facility Services	8,106	8,314	(208)	-2.6%	
Early Acceptance	184	160	24	13.0%	
Administration	7,010	6,843	167	2.4%	
Depreciation & Amortization	4,688	4,716	(28)	-0.6%	
Interest Expense	805	1,268	(463)	-57.5%	F
Loss / (Gain) on Retirement of Fixed Assets	739	145	594	80.4%	I
Loss on Extinguishment of Debt		99		N/A	
<b>Total Expenses</b>	<b>39,030</b>	<b>38,754</b>	<b>276</b>		
<b>Total Income from Operations</b>	<b>76</b>	<b>3,954</b>	<b>3,878</b>		

### Cash Flow Variance Analysis - December 31, 2025

	Forecast	Audit	Variances		
	(000)s	(000)s			
	2025	2025	\$	%	Notes
<b>CASH FLOWS:</b>					
Cash Flows from Operating Activities	6,717	5,513	(1,204)		
Net Proceeds from Advance Fees	7,465	5,889	(1,576)	-21.1%	G
Amortization of Advance Fees	(6,316)	(7,070)	(754)	11.9%	G
Other Cash Flows from Operations	5,568	6,694	1,126	20.2%	
Cash Flows from Investing Activities	(2,339)	(10,466)	(8,127)		
Net Sale (Purchase) of Investments	9,626	(2,773)	(12,399)	-128.8%	B
Purchase of Property and Equipment	(11,965)	(7,693)	4,272	-35.7%	C
Cash Flows from Financing Activities	(4,378)	25,194	29,572		
Net Proceeds from Line of Credit	(7,215)	(6,715)	500	-6.9%	F
Net Proceeds from Issuance of Long-Term Debt	5,387	36,169	30,782	571.4%	F
Principal Payments on Long-Term Debt	(2,550)	(4,368)	(1,818)	71.3%	
Refundable and Priority List Deposits, net	-	108	108	#DIV/0!	
<b>Net Cash Flow</b>	<b>-</b>	<b>20,241</b>	<b>20,241</b>		

### Average Occupancy Variance Analysis - 2025

	Forecast	Audit	Variances	Notes
	2025	2025		
Independent Living	96.5%	95.6%	-0.9%	
Assisted Living	81.0%	79.5%	-1.5%	
Skilled Nursing	77.0%	66.5%	-10.5%	J
Early Acceptance (Number of Residents per Day)	182	178	(4)	

**A. Current Assets Limited to Use:** This line represents funds held by trustee to which there is a limit as to the use of those funds. In 2025, Carol Woods issued \$34M in bond debt to secure funds related to the previously mentioned Early Work project as well as to reimburse Carol Woods for capital expenditures made previously on various campus improvements. The bond funds were received in November 2025, and funds not yet spent for the Early Work were placed with the bond trustee. At the time the forecasted financials were prepared, the issuance of debt had not been determined, and the funding of the project had been through reduction of the investment portfolio.

**B. Cash and Temporary Investments/Long-Term Investments/Net Appreciation on Investments:** The overall variance in the investment portfolio performance is attributable

to the change in funding of the project mentioned in (A) above, as well as higher market appreciation and performance than forecasted.

**C. Property and Equipment, net/Purchase of Property and Equipment:** The variance in these areas is due to the slower than anticipated progress on the Early Work project throughout 2025. This was attributable to delays due to staff turnover and design changes were experienced during the 2025 year.

**D. Accounts Receivable, net/ Health Services, Net of Contractual Allowances:** The variance in these lines relates to the recognition of approximately \$1 million in bad debt expense during 2025 related to aged accounts receivable for the healthcare center and clinic that was deemed uncollectible during 2025.

**E. Other Assets:** The variance in this line pertains to the reduction in inventory realized during 2025, as Carol Woods shifted from recording inventory as an asset to expensing purchases as they occur.

**F. Line of Credit/Net Long-Term Debt, including Current Maturities:** In 2025, Carol Woods issued \$34M in bond debt to secure funds related to the previously mentioned Early Work project as well as to reimburse Carol Woods for capital expenditures made previously on various campus improvements. With the shift in capital structure, Carol Woods also paid down its \$7.5 million line of credit in December that was outstanding in the prior year. This outstanding line of credit impacted the Interest Expense variance resulting in higher than anticipated interest expense for the year.

**G. Deferred Advance Fee Revenue/Amortization of Advance Fees/Net Proceeds from Advance Fees:** Overall, net proceeds were \$1.6 million less than forecasted as unit turnovers were lower than anticipated. The lower turnovers were attributable to the higher renovation timeline experienced during the year. In addition, the units that were reoccupied by Early Acceptance residents were higher than anticipated. Early Acceptance residents receive a credit for Entry Fees paid to Early Acceptance against the On-Campus Entry Fee which resulted in lower average Entry Fees than forecasted.

**H. Contributions and Net Assets Released from Restrictions for Operations:** The variance in this line is due to unanticipated bequests received during 2025.

**I. Loss on Retirement of Fixed Assets:** This variance was due to the lower than anticipated unit turnovers throughout the year. As units are renovated, they are reviewed for any previously capitalized costs from the prior renovation which are deemed to have no future value and are written off as a loss on retirement of fixed assets at that time.

**J. Skilled Nursing Occupancy:** Lower occupancy occurred during 2025 in the Skilled Nursing area as outside admissions were limited during the year. Internal moves did not occur as projected.

### 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](#).

The information provided represents the financial information of the provider only, who is the sole member of the Obligated Group.

#### 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 – Provider Only**

Ratio	FY-2 2023	FY-1 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
DCOH	664	617	690	659	651	644
CUSH	16x	14x	12x	12x	12x	13x

Liquidity is forecasted to decline modestly through FY 2028 because of reinvestment in campus renovations.

#### 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 – Provider Only**

<b>Ratio</b>	<b>FY-2</b>	<b>FY-1</b>	<b>FY</b>	<b>FY+1</b>	<b>FY+2</b>	<b>FY+3</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>OR</b>	113%	113%	116%	106%	107%	109%
<b>NOM</b>	-9.7%	-9.6%	-12.0%	-2.0%	-2.5%	-2.7%
<b>NOM-A</b>	14.1%	14.7%	7.1%	18.5%	20.1%	20.0%

Carol Woods has historically relied on interest and dividends from the Investment Portfolio to balance out negative net operating margin from operations to keep monthly fee increases to a minimum. In Fiscal Year 2026, the increase in monthly fees was reset to rebalance the last few years of historically high inflation, and thus the net profitability ratios are trending more towards a more favorable ratio.

### 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 – Provider Only**

<b>Ratio</b>	<b>FY-2</b>	<b>FY-1</b>	<b>FY</b>	<b>FY+1</b>	<b>FY+2</b>	<b>FY+3</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>DSCR</b>	2.52x	3.28x	1.47x	1.99x	2.17x	2.29x
<b>CD</b>	2.09x	2.23x	1.13x	1.16x	1.27x	1.41x
<b>CED</b>	2.08x	2.10x	1.63x	3.01x	3.13x	.99x

The Debt Service Coverage Ratio for 2025 shows a reduction from prior years due to the 2025 Bond issuance, which resulted in an increased debt service. In addition, entry fees were lower in 2025, which impacted this ratio.

The Capital-expenditure ratios remain at or above 1.0× for 2023 through the forecasted 2027, indicating adequate reinvestment in campus infrastructure.

## **Overall Summary**

Overall, the Provider maintains a strong financial position, supported by robust liquidity levels, although liquidity is projected to decline modestly through 2028 as a result of planned investments in campus renovations. Operating performance has historically reflected negative margins from core services; however, this has been mitigated by investment income and entrance fee cash flows. Recent adjustments to monthly fees are expected to improve operating results, with profitability metrics trending more favorably in the forecast period. Capital structure metrics show a temporary weakening in 2025 due to a bond issuance and lower entrance fee activity, but are projected to recover steadily in subsequent years. Reinvestment in facilities has generally remained at or above sustainable levels, indicating continued commitment to maintaining and enhancing the campus infrastructure.

## **36. Actuarial Opinion and Balance**

The opinion of a qualified independent actuary is attached hereto as [Appendix C](#). The actuarial report evaluates Carol Woods's current and projected financial position and determines whether Carol Woods is in satisfactory actuarial balance.

The actuary reviewed Carol Woods's prospective financial statements for the next five years using standard actuarial methods and assumptions and concluded that Carol Woods is in satisfactory actuarial balance as of December 31, 2025. Key assumptions included mortality, morbidity, resident entrance and withdrawal rates, fee increase patterns, and long-term investment return.

## **37. Most Recent Department Examination Report**

The North Carolina Department of Insurance has not conducted an examination of Carol Woods pursuant to Article 64A of the North Carolina General Statutes.

## **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 Carol Woods. 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**

Carol Woods offers both continuing care contracts and continuing care at home contracts. Representative forms of each are attached hereto as [Appendix D](#).

### **Continuing Care Contracts**

Carol Woods offers one form of continuing care contract for On-Campus residency.

- **Declining Balance Contract (0% Refundable)** – Residents pay the lowest entrance fee. The refundable portion of the entrance fee decreases monthly and amortizes to 0% after a fifty-month period. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident.

A representative form of this contract is included in [Appendix D](#).

### **Continuing Care at Home (CCaH) Contracts**

Carol Woods offers one form of CCaH contract for the Early Acceptance Program.

- **Declining Balance Contract (0% Refundable)** – Residents pay the lowest entrance fee. The refundable portion of the entrance fee decreases monthly and amortizes to 0% after a twenty-five-month period. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident.

A representative form of these contracts is included in [Appendix D](#).

## **Appendix Index**

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

Appendix A — Audited Financial Statements

Appendix B — Five-Year Prospective Financial Statements

Appendix C — Statement of Actuarial Opinion

Appendix D — Representative Contracts

Appendix E — Examination Report

Appendix F — Statutory Ratio and Supporting Definitions

Appendix G — Schedule of Fees

**Appendix A — Audited Financial Statements**

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2025 AND 2024**



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**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
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YEARS ENDED DECEMBER 31, 2025 AND 2024**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
dba: Carol Woods Retirement Community and  
The Carol Woods Charitable Fund, Inc.  
Chapel Hill, North Carolina

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

#### ***Opinion***

We have audited the consolidated financial statements of The Chapel Hill Residential Retirement Center, Inc. dba: Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively the Center), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2025 and 2024, and the results of their operations, changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
dba: Carol Woods Retirement Community and  
The Carol Woods Charitable Fund, Inc.

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

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

In performing an audit in accordance with GAAS, we:

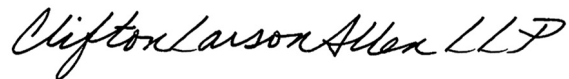
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures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

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

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
dba: Carol Woods Retirement Community and  
The Carol Woods Charitable Fund, Inc.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 34-39 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 23, 2026

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2025 AND 2024**

<b>ASSETS</b>	2025	2024
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 631,733	\$ 2,831,005
Assets Limited as to Use, Current Portion	2,061,087	2,012,585
Accounts Receivable	2,431,051	1,780,985
Allowance for Credit Losses	(1,074,295)	(110,000)
Accounts Receivable, Net	1,356,756	1,670,985
Other Receivables	64,305	436,491
Prepaid Expenses and Inventory	103,952	554,275
Total Current Assets	4,217,833	7,505,341
<b>ASSETS LIMITED AS TO USE</b>		
Reserves Required by State Statute	8,757,000	8,599,000
Externally Restricted Under Bond Indenture Agreements	24,452,688	2,012,585
Subtotal	33,209,688	10,611,585
Less: Amounts Available for Current Liabilities	(2,061,087)	(2,012,585)
Total Assets Limited as to Use	31,148,601	8,599,000
<b>PROPERTY AND EQUIPMENT, NET</b>	69,330,603	66,498,433
<b>INVESTMENTS</b>	53,617,033	46,853,838
<b>INTEREST RATE SWAP AGREEMENT</b>	325,406	885,433
<b>OTHER LONG-TERM ASSETS</b>	27,529	105,105
Total Assets	\$ 158,667,005	\$ 130,447,150
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ 500,000	\$ 7,215,364
Current Maturities of Long-Term Debt	2,650,000	2,550,000
Accounts Payable	112,782	839,082
Accrued Expenses	3,176,499	2,333,816
Refundable Deposits	397,398	179,760
Total Current Liabilities	6,836,679	13,118,022
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	55,747,736	23,884,091
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	52,183,257	53,611,803
<b>PRIORITY LIST DEPOSITS</b>	1,885,500	1,811,000
Total Liabilities	116,653,172	92,424,916
<b>NET ASSETS</b>		
Without Donor Restrictions	40,089,843	36,135,671
With Donor Restrictions	1,923,990	1,886,563
Total Net Assets	42,013,833	38,022,234
Total Liabilities and Net Assets	\$ 158,667,005	\$ 130,447,150

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>		
Resident Services:		
On Campus	\$ 21,446,380	\$ 20,640,038
Early Acceptance	2,415,035	1,929,138
Amortization of Advanced Fees:		
On Campus	6,513,529	5,085,722
Early Acceptance	556,946	563,194
Health Center:		
Routine Services	3,052,775	4,204,165
Special Services	836,212	697,126
Other Resident Related Ancillary Services	495,724	249,452
Total Resident Services	<u>35,316,601</u>	<u>33,368,835</u>
Miscellaneous	441,694	354,530
Undesignated Contributions	604,116	3,440
Investment Interest and Dividends	2,422,614	2,644,052
Net Assets Released from Restrictions Used for Operations	<u>334,986</u>	<u>293,773</u>
Total Revenue, Gains, and Other Support	39,120,011	36,664,630
 <b>EXPENSES</b>		
Health Center	11,135,151	10,267,264
Dietary Services	6,073,931	5,890,763
Facility Services	8,313,539	7,706,559
Early Acceptance	159,869	149,268
Administration	6,843,011	6,840,293
Depreciation	4,716,009	4,355,220
Interest	<u>1,268,494</u>	<u>855,200</u>
Total Expenses	<u>38,510,004</u>	<u>36,064,567</u>
 <b>OPERATING INCOME</b>	610,007	600,063
 <b>NONOPERATING INCOME (LOSS)</b>		
Net Realized Gains on Sale of Investments	1,103,564	4,311,820
Net Unrealized Gains (Losses) on Investments and Assets		
Limited as to Use	3,044,341	(3,163,275)
Change in Fair Value of Interest Rate Swap Agreement	(560,027)	277,929
Loss on Disposal of Property and Equipment	(144,708)	(263,334)
Loss on Extinguishment of Debt	<u>(99,005)</u>	<u>-</u>
Total Nonoperating Income	<u>3,344,165</u>	<u>1,163,140</u>
 <b>EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	 <u><u>\$ 3,954,172</u></u>	 <u><u>\$ 1,763,203</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
 DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
 THE CAROL WOODS CHARITABLE FUND, INC.  
 CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
 YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Excess of Revenues, Gains, and Other Support Over Expenses and Changes in Net Assets Without Donor Restrictions	\$ 3,954,172	\$ 1,763,203
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	372,413	386,465
Net Assets Released from Restrictions Used for Operations	(334,986)	(293,773)
Total Net Assets With Donor Restrictions	37,427	92,692
<b>CHANGE IN NET ASSETS</b>	3,991,599	1,855,895
Net Assets - Beginning of Year	38,022,234	36,166,339
<b>NET ASSETS - END OF YEAR</b>	\$ 42,013,833	\$ 38,022,234

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2025**

	Health Center	Early Acceptance	Dietary Services	Facility Services	Administration	Total
Salaries and Wages, Regular	\$ 8,138,442	\$ 156,736	\$ 2,953,868	\$ 3,931,456	\$ 2,303,296	\$ 17,483,798
Payroll Taxes and Employee Benefits	1,618,847	3,133	827,253	1,159,678	1,332,412	4,941,323
Retirement Benefits	253,445	-	82,797	140,257	89,295	565,794
Supplies	391,068	-	188,325	760,403	7,150	1,346,946
Purchased Services	15,735	-	17,113	413,822	267,142	713,812
Food Purchases	-	-	1,917,552	1,187	1,845	1,920,584
Professional Dues and Subscriptions	134,429	-	54,890	31,774	646,742	867,835
Professional and Consulting Fees	32,335	-	-	-	195,598	227,933
Maintenance and Repairs	9,101	-	-	199,724	115,812	324,637
Prescriptions	22,462	-	-	-	-	22,462
Oxygen	22,629	-	-	-	-	22,629
Equipment Purchases and Rentals	59,890	-	32,104	547,533	24,279	663,806
Physicians' Services	395,954	-	-	-	-	395,954
Laboratory	2,664	-	-	-	-	2,664
Telephone and Internet	-	-	-	-	265,908	265,908
Utilities	-	-	-	1,098,787	-	1,098,787
Advertising	-	-	-	-	46,896	46,896
Investment Fees	-	-	-	-	149,317	149,317
Gifts to Community	-	-	-	-	751,982	751,982
Depreciation	801,722	-	141,480	2,640,965	1,131,842	4,716,009
Interest	215,643	-	38,055	710,357	304,439	1,268,494
Miscellaneous	38,150	-	29	28,918	645,337	712,434
<b>Total Functional Expenses</b>	<b><u>\$ 12,152,516</u></b>	<b><u>\$ 159,869</u></b>	<b><u>\$ 6,253,466</u></b>	<b><u>\$ 11,664,861</u></b>	<b><u>\$ 8,279,292</u></b>	<b><u>\$ 38,510,004</u></b>

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024**

	Health Center	Early Acceptance	Dietary Services	Facility Services	Administration	Total
Salaries and Wages, Regular	\$ 7,581,573	\$ 149,268	\$ 2,779,004	\$ 3,442,684	\$ 2,158,168	\$ 16,110,697
Payroll Taxes and Employee Benefits	1,423,488	-	684,201	952,699	583,688	3,644,076
Retirement Benefits	249,828	-	85,523	133,445	81,980	550,776
Supplies	459,982	-	236,349	580,691	38,130	1,315,152
Purchased Services	21,745	-	5,626	490,926	196,143	714,440
Food Purchases	-	-	2,062,046	-	-	2,062,046
Professional Dues and Subscriptions	9,154	-	-	14,633	564,025	587,812
Professional and Consulting Fees	6,470	-	-	-	293,129	299,599
Maintenance and Repairs	33,969	-	-	817,036	107,253	958,258
Prescriptions	17,328	-	-	-	-	17,328
Oxygen	20,537	-	-	-	-	20,537
Equipment Purchases and Rentals	54,279	-	-	90,796	99,947	245,022
Physicians' Services	332,760	-	-	-	-	332,760
Laboratory	670	-	-	-	-	670
Property Taxes	-	-	-	-	196,947	196,947
Insurance	-	-	-	-	347,250	347,250
Telephone and Internet	-	-	-	-	229,875	229,875
Utilities	-	-	-	1,170,374	-	1,170,374
Advertising	-	-	-	-	56,203	56,203
Investment Fees	-	-	-	-	238,138	238,138
Gifts to Community	-	-	-	-	1,141,474	1,141,474
Depreciation	740,387	-	130,657	2,438,923	1,045,253	4,355,220
Interest	145,384	-	25,656	478,912	205,248	855,200
Miscellaneous	55,481	-	38,014	13,275	507,943	614,713
<b>Total Functional Expenses</b>	<b><u>\$ 11,153,035</u></b>	<b><u>\$ 149,268</u></b>	<b><u>\$ 6,047,076</u></b>	<b><u>\$ 10,624,394</u></b>	<b><u>\$ 8,090,794</u></b>	<b><u>\$ 36,064,567</u></b>

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,991,599	\$ 1,855,895
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Proceeds from Advance Fees, Net of Refunds	5,888,639	7,968,023
Depreciation	4,716,009	4,355,220
Change in Allowance for Credit Losses	(964,294)	(20,000)
Amortization of Advance Fees	(7,070,475)	(5,648,916)
Amortization of Deferred Costs	63,427	18,062
Realized Gains on Sale of Investments	(1,103,564)	(4,311,820)
Loss on Disposal of Property and Equipment	144,708	263,334
Early Extinguishment of Debt	99,005	-
Net Unrealized (Gains) Losses on Investments and Assets Limited as to Use	(3,044,341)	3,163,275
Change in Fair Value of Interest Rate Swaps	560,027	(277,929)
Change in Assets and Liabilities:		
Accounts Receivable	1,216,091	(185,882)
Other Receivables	372,186	(233,852)
Prepaid Expenses and Inventory	527,899	487
Accounts Payable	(726,300)	(517,850)
Accrued Expenses	842,683	(206,848)
Net Cash Provided by Operating Activities	5,513,299	6,221,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(7,692,887)	(9,135,815)
Net Change in Investments	(2,773,290)	633,391
Net Cash Used by Investing Activities	(10,466,177)	(8,502,424)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Debt	35,471,592	346,674
Principal Payments on Long-Term Debt	(4,368,266)	(2,450,000)
Issuance of Bond Premium on Long-Term Debt	1,383,407	-
Payments of Bond Issuance Costs	(685,520)	(133,567)
Proceeds from Line of Credit	44,307,727	61,043,059
Payments on Line of Credit	(51,023,091)	(56,479,319)
Refundable and Priority List Deposits, Net of Refunds	107,860	123,870
Net Cash Provided by Financing Activities	25,193,709	2,450,717
<b>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	20,240,831	169,492
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,843,590	4,674,098
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 25,084,421	\$ 4,843,590

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
 DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
 THE CAROL WOODS CHARITABLE FUND, INC.  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2025 AND 2024**

<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	2025	2024
Cash and Cash Equivalents	\$ 631,733	\$ 2,831,005
Restricted Cash Included in Assets Limited as to Use	24,452,688	2,012,585
Total	\$ 25,084,421	\$ 4,843,590
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 1,330,514	\$ 871,374

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

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

**Organization**

The Chapel Hill Residential Retirement Center, Inc. dba: Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively, the Center), provides housing, health care and other related services to residents through the operation of a retirement community containing 149 apartments, 152 cottages, 14 townhomes, a 35-bed assisted living center, two 12-unit assisted living homes, and a 60-bed health center located in Chapel Hill, North Carolina.

In 2006, The Chapel Hill Residential Retirement Center, Inc. (Carol Woods) created an affiliated corporate entity, The Carol Woods Charitable Fund, Inc. (Charitable Fund). The Charitable Fund has been established as a separate 501(c)(3) charitable organization and has been organized as a “supporting” organization to Carol Woods. Under Internal Revenue Service (IRS) guidelines, a supporting organization is one that is treated as a charitable tax-exempt entity because its primary purpose is to support another charitable, tax-exempt entity. The Charitable Fund’s purpose as described in its Articles of Incorporation and Bylaws follows:

- Support the facilities, grounds, and services of Carol Woods to maintain its high quality and affordability.
- Support Carol Woods as a leader in research and development of innovative housing programs, health care services, technology applications and other needed support services in order to help elderly persons lead meaningful lives as they age.
- Support Carol Woods’ leadership role in the community, identifying and addressing potential gaps in the service delivery system, financial issues and other barriers to seniors being able to access needed services.
- Support Carol Woods’ assistance to elderly persons during periods in which the aging process may lead to personal loss, supporting seniors as long as possible in desired living arrangements and achieving smooth transition to other settings as needed.
- Support Carol Woods’ in promoting the care and service to seniors as a fulfilling career choice for students at high school, college, graduate school, and trade school levels, thereby, increasing the supply of qualified and dedicated personnel available to serve seniors.
- Support Carol Woods’ in its cooperation and collaboration with other public agencies and nonprofit corporations in the community, North Carolina, and the United States in efforts to determine the most satisfying and fulfilling methods of providing living accommodations and supportive services for elderly persons.

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

**Organization (Continued)**

The Charitable Fund can accept charitable donations for which the donor may receive a tax deduction. To maintain sufficient control over the Charitable Fund, all members of the board of directors of the supporting organization are appointed by the Carol Woods Board, and a majority of the Charitable Fund Board must be current members of the Carol Woods Board; including the Center's President/CEO and CFO, who serve as ex-officio voting members of the Charitable Fund Board.

**Principles of Consolidation**

The consolidated financial statements include the accounts of The Chapel Hill Residential Retirement Center, Inc. dba: Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

**Early Acceptance Program**

In 2012, the Center received approval from the North Carolina Department of Insurance to offer a "continuing care without lodging" contract for persons to become residents of the Center while not taking residence at the Center initially. Under the Early Acceptance contract, residents who are living off-campus receive the same access to the Center's campus amenities and the same health care services and future benefits that are afforded residents who are living on campus. North Carolina General Assembly Statute § 58-64-7(c) stipulates that the Center must account for the revenue and expenses related to the Early Acceptance program separate from revenue and expenses for on-campus services on financial statements and five-year forecasts. The Center had 202 residents and 154 residents under contract in the Early Acceptance program as of December 31, 2025 and 2024, respectively.

**Use of Estimates**

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

**Cash and Cash Equivalents**

Cash and cash equivalents, excluding those classified as assets limited as to use, include investments with original maturities of three months or less when purchased. The Federal Deposit Insurance Company (FDIC) covers \$250,000 for substantially all depository accounts. As of December 31, 2025 and 2024, the Center has approximately \$590,000 and \$2,584,000 which exceeds these insured amounts.

Restricted cash included in assets limited as to use represents funds held by the trustee for future principal payments as required under the Center's bond agreements.

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

**Investments**

Investments include money market funds, common stock, an exchange-traded fund, mutual funds, debt, and obligation securities (including U.S. Treasury and government obligations, municipal obligations, corporate obligations, and asset-backed obligations), which are carried at fair value. Investment interest and dividends are included with revenue, gains, and other support and are included in operating loss. Net realized and unrealized gains and losses are reported as nonoperating income (loss), and are included in excess of revenues, gains, and other support over expenses. The cost of securities sold is based on the first in, first out cost method.

**Deferred Bond Issuance Costs**

Deferred bond issuance costs are being amortized on the straight-line basis, which approximates the effective interest method, over the life of long-term debt and other credit instruments issued.

**Assets Limited as to Use**

Assets limited as to use are reported at fair value. Assets limited as to use needed for current liabilities have been classified as current assets on the consolidated balance sheets. Assets limited as to use include assets set aside for the following purposes:

- *Current Assets Limited as to Use* – Current assets limited as to use include funds held by trustee that are held in accordance with the trust and loan agreements. Under the terms of the trust and loan agreements between the Center and the North Carolina Medical Care Commission, these funds are deposited with the trustee. The assets are current because they will be used to repay the current portion of the Center's long-term debt on April 1 of the upcoming year.
- *Reserves Required by State Statute* – Assets limited as to use related to reserves required by state statute include funds held totaling 25% of the current year's total budgeted operating costs set aside to meet the operating reserve requirements of North Carolina General Assembly Statutes – Chapter 58, Article 64.
- *By Board Designation* – Assets limited as to use include funds designated by the board of directors. The board retains control over these assets and may, at its discretion, subsequently re-designate them for other purposes. At December 31, 2025 and 2024, there are no board designated assets limited as to use.

**Property and Equipment, Net**

Property and equipment is reported at cost less accumulated depreciation and include assets costing greater than \$1,000. Contributed property is reported at the estimated fair value at the date of receipt. Depreciation is computed under the straight-line method and is based on estimated useful lives from 3 to 50 years. The costs of routine maintenance and repairs are expensed as incurred.

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

**Property and Equipment, Net (Continued)**

The Center periodically assesses the realizable value of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of any asset may not be recoverable. Impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. At December 31, 2025 and 2024, the Center has determined that no impairment indicators exist.

**Interest Rate Swap Agreements**

The Center entered into an interest rate swap agreement to limit the effect of increases in the interest rates of floating rate debt. The interest rate swap agreement is reported in the accompanying consolidated balance sheets at estimated fair value at December 31, 2025 and 2024. The Center does not hold derivative instruments for any purpose other than limiting the effects of interest rate fluctuations and does not hold interest rate swap agreements for speculative or investment purposes.

**Deferred Revenue from Advance Fees**

Fees paid by each resident upon entering into a continuing care contract are reported as deferred revenue and amortized into net resident services revenue using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. When a contract is terminated, by death of last survivor or withdrawal, any unamortized advance fees, net of refundable amounts, are recognized as net resident services revenue. The total amount of deferred revenue from advance fees was \$52,183,257 and \$53,295,893 for the years ended December 31, 2025 and 2024, respectively.

**Obligation to Provide Future Services**

The Center enters into continuing care contracts with residents — both for those taking residence on campus and those becoming residents under the Early Acceptance program. A continuing care contract is an agreement between a resident and the Center specifying the services and facilities to be provided over the resident's remaining life. Under each contract, the Center has the ability to increase fees as deemed necessary. As of December 31 of each fiscal year, the Center calculates the present value of the estimated net cost of future services to be provided to current residents, including the cost of facilities, and compares the amount with the balance of deferred revenue from advance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the balance of deferred revenue from advance fees, a liability (obligation to provide future services) is recorded. No liability has been recorded as of December 31, 2025 or 2024 because the present value of the estimated net costs of future services and use of facilities is less than the balance of deferred revenue from advance fees.

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

**Net Assets**

The Center reports net assets using the following two classes: without donor restrictions, and with donor restrictions, depending on the presence and type of donor-imposed restrictions limiting the Center's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without donor restrictions include those whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Net assets with donor restrictions are those whose use by the Center has been limited by donors to a specific time period or purpose. The Center reports contributions 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 purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as contributed are reflected as contributions without donor restrictions in the accompanying consolidated statements of operations and changes in net assets.

Net assets with donor restrictions also includes those net assets which have been restricted by donors to be maintained by the Center in perpetuity. At December 31, 2025 and 2024, the Center did not hold any net assets restricted by donors to be maintained in perpetuity.

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

**Excess of Revenues, Gains, and Other Support Over Expenses**

The consolidated statements of operations include excess of revenues, gains, and other support over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues, gains, and other support over expenses, consistent with industry practice, would include permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

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

**Income Tax Status**

Carol Woods and the Charitable Fund are nonprofit corporations exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3). The Charitable Fund is exempt from federal and state income taxes by virtue of being organized and operated for the purpose of supporting the Center through its 501(c)(3) status.

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

**Community Benefit**

The Center provides various outreach programs and volunteer services to the community in addition to direct financial support. The recorded benefit for these services is based on management's assessment of the fair market value of services provided.

**Concentration of Credit Risk**

Concentrations of credit risk with respect to resident accounts receivable are limited due to the formalized agreements with third-party payors. The Center has significant accounts receivable (approximately 63% and 55% in 2025 and in 2024, respectively) whose collectability or realizability is dependent upon the performance of Medicare. Management does not believe there is significant credit risks associated with Medicare.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of operations. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and interest, which are allocated on a square footage basis.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are reported net of an allowance for credit losses to represent the Center's estimate of expected losses at the consolidated balance sheet date. The adequacy of the Center's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. At December 31, 2025 and 2024, the allowance recorded for credit losses was approximately \$1,074,000 and \$110,000, respectively.

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

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs were approximately \$47,000 and \$56,000 for the years ended December 31, 2025 and 2024, respectively.

**Reclassifications**

Certain amounts in the 2024 consolidated financial statements were reclassified for comparison purposes with the 2025 consolidated financial statements. The reclassifications did not result in a change in net assets as previously reported.

**Subsequent Events**

The Center evaluated the effect subsequent events would have on the consolidated financial statements through March 23, 2026, the date the consolidated financial statements were available to be issued.

**NOTE 2 RESIDENT SERVICE REVENUE**

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

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or housing residents receiving services in the facilities.

The Center considers daily services provided to residents of the skilled nursing facilities, and monthly rental for residential services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method.

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

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Center does not believe it is required to provide additional goods or services related to that sale.

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

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

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

Medicare

The Center's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). On October 1, 2019, CMS finalized the Patient Driven Payment Model (PDPM). Under PDPM, the underlying complexity and clinical needs of a patient are used as a basis for reimbursement. In addition, PDPM introduced variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

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

Other

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care.

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

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as allowance for credit losses.

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

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

	2025	2024
Medicare	\$ 1,335,465	\$ 1,100,342
Medicare Advantage	126,627	364,554
Private	33,854,509	31,903,939
Total	<u>\$ 35,316,601</u>	<u>\$ 33,368,835</u>

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

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

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

	<u>2025</u>	<u>2024</u>
Service Lines:		
Independent Living	\$ 24,263,279	\$ 22,801,102
Assisted Living	943,793	923,236
Healthcare	3,039,054	3,995,581
Amortization of Advance Fees	7,070,475	5,648,916
Total	<u>\$ 35,316,601</u>	<u>\$ 33,368,835</u>
Method of Reimbursement:		
Monthly Service Fees	\$ 23,900,145	\$ 22,602,954
Amortization of Advance Fees	7,070,475	5,648,916
Fee for Service	4,345,981	5,116,965
Total	<u>\$ 35,316,601</u>	<u>\$ 33,368,835</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 35,316,601</u>	<u>\$ 33,368,835</u>

**Financing Component**

The Center has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident pays for that service will be one year or less. However, The Center does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The opening and closing contract balances were as follows:

	<u>Accounts Receivable</u>	<u>Deferred Revenue From Advance Fees</u>
Balance - December 31, 2023	\$ 1,465,103	\$ 51,058,870
Balance - December 31, 2024	1,670,985	53,611,803
Balance - December 31, 2025	1,356,756	52,183,257

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**NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE**

The Center allocates its investment portfolios between investments and various categories of assets limited as to use. The allocation between assets limited as to use and investments is set forth in the following table at December 31:

	<u>2025</u>	<u>2024</u>
Assets Limited as to Use:		
Reserves Required by State Statute	\$ 8,757,000	\$ 8,599,000
Contractual Agreement, Including Current Portion	24,452,688	2,012,585
Total Assets Limited as to Use	<u>33,209,688</u>	<u>10,611,585</u>
Investments:		
Investments	<u>53,617,033</u>	<u>46,853,838</u>
Total	<u>\$ 86,826,721</u>	<u>\$ 57,465,423</u>

Investments and assets whose use is limited are summarized as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Investments and Assets Limited as to Use:		
Cash and Short-Term Investments	\$ 24,452,688	\$ 2,012,585
Money Market Funds	2,954,300	2,389,667
Common Stock	30,676,810	29,447,913
Mutual Funds	<u>28,742,923</u>	<u>23,615,258</u>
Total	<u>\$ 86,826,721</u>	<u>\$ 57,465,423</u>

Assets whose use is limited related to contractual agreements are summarized as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Interest Account - 2018 Series Bonds	\$ 77,322	\$ 97,349
Sinking Fund Account - 2018 Series Bonds	1,983,765	1,915,236
Issuance Account - 2025 Series Bonds	29,980	-
Project Account - 2025 Series Bonds	<u>22,361,621</u>	<u>-</u>
Total	<u>\$ 24,452,688</u>	<u>\$ 2,012,585</u>

Investment income, net of fees, consists of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Investment Interest and Dividends	\$ 2,422,614	\$ 2,644,052
Net Realized Gain on Sale of Investments	1,103,564	4,311,820
Net Unrealized Gain (Loss)	<u>3,044,341</u>	<u>(3,163,275)</u>
Total Investment Income (Loss)	<u>\$ 6,570,519</u>	<u>\$ 3,792,597</u>

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**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 4,453,189	\$ 4,453,189
Land Improvements	7,507,190	7,373,284
Buildings	104,414,723	96,156,734
Furniture and Fixtures	4,094,006	3,642,493
Equipment	12,507,496	11,765,319
Construction in Progress	4,425,991	6,697,966
Total	<u>137,402,595</u>	<u>130,088,985</u>
Less: Accumulated Depreciation	<u>(68,071,992)</u>	<u>(63,590,552)</u>
Property and Equipment, Net	<u>\$ 69,330,603</u>	<u>\$ 66,498,433</u>

Depreciation expense was \$4,716,009 and \$4,355,220 for the years ended December 31, 2025 and 2024, respectively. Construction in progress at December 31, 2025 and 2024 is related to apartment renovations, plumbing and sewer upgrade project, master planning for a new project, and other general improvement projects.

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**NOTE 5 LONG-TERM DEBT AND LINE OF CREDIT**

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2025</u>	<u>2024</u>
2018 North Carolina Medical Care Commission Tax-Exempt Variable Rate Non-Bank-Qualified Bonds; payable on a predetermined payment schedule with payments through 2033.	\$ 23,820,000	\$ 26,370,000
2024 Draw-Down Construction Term Loan with a financial institution; payable on a predetermined payment schedule, repaid during the year ended December 31, 2025	-	346,674
2025 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds; payable on a predetermined payment schedule with payments through 2055.	<u>34,000,000</u>	<u>-</u>
Total Long-Term Debt	57,820,000	26,716,674
Unamortized Deferred Bond Issuance Costs	(805,671)	(282,583)
Unamortized Bond Premium	1,383,407	-
Less: Current Maturities of Long-Term Debt	<u>(2,650,000)</u>	<u>(2,550,000)</u>
Total Long-Term Debt, Less: Current Maturities	<u>\$ 55,747,736</u>	<u>\$ 23,884,091</u>

Maturities of long-term debt computed under the bond agreements as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 2,650,000
2027	2,750,000
2028	2,850,000
2029	2,950,000
2030	3,050,000
Thereafter	<u>43,570,000</u>
Long-Term Debt as of December 31, 2025	<u>\$ 57,820,000</u>

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**NOTE 5 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)**

**2018 Series Bonds**

On June 1, 2018, the Center entered into a debt agreement with the North Carolina Medical Care Commission (the Commission) pursuant to the Commission's \$39,570,000 bond offering (Series 2018 Bonds) for the purpose of refinancing the \$22,470,000 outstanding Series 2010 Bonds and the \$17,100,000 outstanding Series 2012 Bonds. Proceeds from this offering were placed in trust and distributed to pay off the existing debt. The Center's 2010 and 2012 bonds were retired on June 12, 2018. The Series 2018 Bonds are held by Branch Banking & Trust Company, now Truist Bank (Truist), under a Continuing Covenants Agreement dated June 1, 2018. Since Truist holds the Series 2018 Bonds, the Bonds are not remarketed in bond markets and credit enhancement of the Series 2018 Bonds is not required. In connection with the retirement of the Series 2010 and 2012 Bonds, the Center recognized a loss on extinguishment of approximately \$538,000 in 2018 related to the write-off of certain deferred costs.

The Series 2018 Bonds are scheduled to amortize over a period of 15 years through April 1, 2033. For the full fifteen years, the bonds carry a blended fixed and variable interest rate of .6478% plus 79% of one-month London Interbank Offer Rate (LIBOR). The fixed portion of .6478% is fixed through April 1, 2033, which is the date when the last of the bonds will be redeemed. Since the interest paid to the bank is exempt from corporate income tax, the .6478% plus 79% of LIBOR rate was priced based upon the bank's corporate tax rate at the time of 21%. Should the corporate tax rate ever change within the 15 years of the term of the bonds, the rate is subject to change. However, the rate established with the 2018 interest rate swap, described in Note 6, would change as well, leaving the effective rate of 3.08% unchanged.

The Center's series 2018 bond agreements have LIBOR as a reference rate; however, the bond agreements also refer to an alternative reference rate that would be substituted should LIBOR be discontinued during the terms of the original bond agreement. During 2023, LIBOR was discontinued, and the bond agreement substituted LIBOR with the Secured Overnight Financing Rate (SOFR) as the new reference rate. No other changes were made to the original bonds as a result of this transaction.

**2024 Draw-Down Construction Term Loan**

On December 12, 2024, the Center entered into a three year draw-down construction term loan (Construction Loan). This Construction Loan is a draw down loan with a maximum principal amount of \$17,000,000. Payments were interest only and were scheduled to be made monthly commencing January 1, 2025 through 2026. Interest was variable and calculated using the SOFR rate for the period plus 1.4% per annum, 5.89% at December 31, 2025. During 2025, amounts outstanding on this Construction Loan were repaid in full through proceeds from the new 2025 Series Bonds.

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**NOTE 5 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)**

**2025 Series Bonds**

On November 1, 2025, the Center entered into a debt agreement with the North Carolina Medical Care Commission (the Commission) pursuant to the Commission's \$34,000,000 bond offering (Series 2025 Bonds) for the purpose of paying costs of certain capital projects, to refinance the 2024 Draw-Down Construction Term Loan, and to pay certain costs incurred with the issuance of the Series 2025 Bonds. Proceeds from this offering were placed in trust and will be distributed to pay construction costs related to the projects. The Series 2025 Bonds are scheduled to amortize over a period of 30 years through December 1, 2055. The bonds carry a fixed interest rate ranging from 5% to 5.25% at maturity on December 1, 2055.

Under the Continuing Covenants Agreement, Master Trust Indenture, and the Supplemental Indentures, the Center is required to comply with various covenants including, but not limited to, making monthly payments of interest and principal to the Trustee, meeting minimum reporting requirements and limitations on incurrence of additional indebtedness and maintaining particular financial ratios at specified reporting dates. According to these agreements, the Center has the ability to remedy any covenant violation within thirty days after receiving written notification from the Commission without accelerating the debt payments. Security for the 2018 and 2025 Series Bonds consists of a pledge and assignment to the Trustee of all rights, title, and interest in and to the Center's deed of trust, which evidences the Center's obligation to repay the loans issued by the Commission. Under the deed of trust, the Commission assigned its rights as beneficiary to the Trustee, which granted the Trustee first priority deed of trust on the site and any buildings or improvements and assigned its rights as secured party with respect to its security interest. As of the year ended December 31, 2025, management is not aware of any covenant violations.

**Line of Credit**

On July 11, 2019, the Center entered into a revolving line of credit with Truist with a maximum limit of \$3,000,000 and maturity date of July 11, 2021. On June 1, 2021, this was renewed with a new maturity date of July 11, 2023. Interest is variable and calculated using the SOFR rate for the period plus 1.35% per annum, which was 5.67% as of December 31, 2023. During 2022, the revolving line of credit was amended to increase the maximum borrowing limit to \$10,000,000. During 2023, the agreement was extended with a new maturity date of July 11, 2024. During 2024, the agreement was amended to reduce the amount available from \$10,000,000 to \$7,500,000 and to extend the maturity date to July 11, 2025. During 2025, the agreement was extended with a new maturity date of January 6, 2026. After the year ended December 31, 2025, the agreement was extended through November 10, 2026 and the limit was amended to \$1,500,000. The funds are used for short-term working capital needs. There was \$500,000 and \$7,215,364 outstanding on the line of credit as of December 31, 2025 and 2024, respectively.

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**NOTE 6 INTEREST RATE SWAP AGREEMENT**

On June 12, 2018, as part of the refinancing of the Series 2010 and Series 2012 Bonds, the Center terminated its two interest rate swaps that had been in place as hedges for the 2010 and 2012 bonds. On June 13, 2018, the Center entered into a new interest swap rate agreement with Truist as a counter party to reduce the volatility of interest rates on the variable rate 2018 bonds. The rates on the 2018 bonds and 2018 swap are such that they achieve an effective rate of 3.08% for the full 15-year term of the bonds. Should the corporate income tax rate change at any time during the 15-year period, the documents of both the bonds and the swap stipulate complementary changes in the bond and swap rates, such that the effective rate of 3.08% would remain. The difference between the fixed and floating rates for the 2018 interest rate swap is accrued monthly and recorded as interest expense in the accompanying consolidated statements of operations. The fair value of the swap agreement is recorded on the consolidated balance sheets as a long-term asset at December 31, 2025 and 2024.

The following schedule outlines the terms and fair market value of the derivative instrument on December 31:

	Truist Bank Swap
Notional Amount - Original	\$ 39,570,000
Notional Amount - December 31, 2025	23,820,000
Trade Date	6/12/2018
Effective Date	6/12/2018
Termination Date	4/1/2033
Fixed Rate	3.08 %
Floating Rate (Percentage of SOFR)	79 %
Fair Value - December 31, 2023	\$ 607,504
Unrealized Losses	277,929
Fair Value - December 31, 2024	885,433
Unrealized Gains	(560,027)
Fair Value - December 31, 2025	<u>\$ 325,406</u>

By using an interest rate swap to hedge exposure to change in interest rates, the Center exposes itself to credit risk and market risk. Credit risk is the failure of the counter party to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. An analysis on the effectiveness of the swap was performed, causing the change in the fair value of the interest rate swap to be included within other changes in net assets without donor restrictions.

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**NOTE 6 INTEREST RATE SWAP AGREEMENT (CONTINUED)**

The Center's interest rate swap agreement has LIBOR as a reference rate; however, the interest rate swap agreement also refers to an alternative reference rate that would be substituted should LIBOR be discontinued during the terms of the original interest rate swap agreement. During 2023, LIBOR was discontinued, and the interest rate swap agreement substituted LIBOR with the Secured Overnight Financing Rate (SOFR) as the new reference rate. No other changes were made to the original interest rate swap as a result of this transaction.

**NOTE 7 NET ASSETS**

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for a Specific Purpose:		
Resident Assistance	\$ 905,508	\$ 905,508
Staff and Workforce Development	322,725	322,725
Resident Life	179,637	179,637
Campus Enhancement	145,192	147,375
Community Mission Development	246,994	246,994
Employee Hardship	123,934	84,324
Total Net Assets With Donor Restrictions	<u>\$ 1,923,990</u>	<u>\$ 1,886,563</u>

During the years ended December 31, 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2025</u>	<u>2024</u>
Donor Restrictions Accomplished:		
Resident Assistance	\$ 92,661	\$ 25,000
Staff and Workforce Development	59,389	47,921
Resident Life	43,017	87,511
Campus Enhancement	17,616	81,658
Employee Hardship	88,908	13,177
Operations	-	38,506
Mission Development	33,395	-
Total Net Assets Released from Restrictions	<u>\$ 334,986</u>	<u>\$ 293,773</u>

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**NOTE 8 REFUNDABLE FEES**

Any resident who takes residency on the Center's campus, and subsequently withdraws before the expiration of the first 90 days of residency is entitled to a full refund of their advance fee. After the first 90 days of residency, the amount refundable upon withdrawal or death declines by 2% per month over the first 50 months of residency. Anyone who becomes a resident under the Early Acceptance program, which does not involve residency initially, the amount of their advance fee that is refundable upon death or withdrawal declines by 4% per month for the first 25 months of the Early Acceptance contract. If an Early Acceptance resident should subsequently move to an independent living unit on the Center's campus, which would involve payment of an additional advance fee for the unit, they would receive an additional 25 months added to any balance of months remaining from the original 25 months allotted during their time in Early Acceptance. The total number of months any advance fees would be refundable for an Early Acceptance resident is 50 months.

The total amount of contractual refund obligations under existing non-refundable contracts (that is, if all residents with a contractually refundable balance were to have withdrawn) totaled \$12,172,305 and \$14,508,985 at December 31, 2025 and 2024, respectively, and is included in deferred revenue from advance fees on the consolidated balance sheets. There were no refunds as of December 31, 2025. There were approximately \$134,600 of refunds as of December 31, 2024.

**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES**

**Fair Value Measurement**

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

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

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

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

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**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Fair Value Measurement (Continued)**

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

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

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

The Fair Value Option Standard for Financial Assets and Financial Liabilities allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for eligible financial assets and liabilities on an instrument-by-instrument basis. The Center has not elected to measure any existing financial assets or financial liabilities at fair value under this option.

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

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**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Fair Value Measurement (Continued)**

The following table presents the fair value hierarchy for the consolidated balances of the assets of the Center measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	2025			Total
	Level 1	Level 2	Level 3	
<b>ASSETS</b>				
Common Stock:				
Large Cap	\$ 15,862,981	\$ -	\$ -	\$ 15,862,981
Mid Cap	4,808,833	-	-	4,808,833
Small Cap	3,034,117	-	-	3,034,117
International	6,970,879	-	-	6,970,879
Total Common Stock	30,676,810	-	-	30,676,810
Mutual Funds:				
Fixed Income	28,742,923	-	-	28,742,923
Total Mutual Funds	28,742,923	-	-	28,742,923
Money Market Funds	2,954,300	-	-	2,954,300
Interest Rate Swap Agreements	-	325,406	-	325,406
Total Assets	<u>\$ 62,374,033</u>	<u>\$ 325,406</u>	<u>\$ -</u>	<u>\$ 62,699,439</u>

The Center had \$24,452,688 of cash and cash equivalents included with investments and assets limited as to use as of December 31, 2025 which are not included in the fair value hierarchy.

	2024			Total
	Level 1	Level 2	Level 3	
<b>ASSETS</b>				
Common Stock:				
Large Cap	\$ 18,825,671	\$ -	\$ -	\$ 18,825,671
Mid Cap	3,722,691	-	-	3,722,691
Small Cap	2,802,642	-	-	2,802,642
International	4,096,909	-	-	4,096,909
Total Common Stock	29,447,913	-	-	29,447,913
Mutual Funds:				
Global Allocation	5,322,911	-	-	5,322,911
Fixed Income	18,292,347	-	-	18,292,347
Total Mutual Funds	23,615,258	-	-	23,615,258
Money Market Funds	2,389,667	-	-	2,389,667
Interest Rate Swap Agreements	-	885,433	-	885,433
Total Assets	<u>\$ 55,452,838</u>	<u>\$ 885,433</u>	<u>\$ -</u>	<u>\$ 56,338,271</u>

The Center had \$2,012,585 of cash and cash equivalents included with investments and assets limited as to use as of December 31, 2024 which are not included in the fair value hierarchy.

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**NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS**

The Center provides assistance to its residents who can no longer afford to provide for themselves financially. Assistance is provided in the form of subsidizing the resident's monthly fee due to the Center. The Center is also involved in the community through participation in various community outreach and educational programs, direct financial support, donated volunteer services and voluntary payments to government agencies. Charity care and community benefits, at cost, for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Resident Assistance/Charitable Care	\$ 80,123	\$ 25,000
Community Benefits:		
Community Benefit	-	80,720
Charitable Donations	859,675	917,873
Donated Volunteer Services	-	15,691
Unreimbursed Health Care	165,112	130,164
Total Community Benefits	1,024,787	1,144,448
 Total Support	 \$ 1,104,910	 \$ 1,169,448

**NOTE 11 RETIREMENT PLANS**

The Center sponsors retirement plans under IRC Section 401(a) and 403(b). The plan under IRC Section 401(a) provides for employer-only discretionary contributions for eligible employees. Employees are eligible if they are hired into a position that would normally work 1,000 hours during the plan year or worked at least 1,000 hours during the plan year and are still employed on December 31. The Center's discretionary contribution was based on 4% of eligible compensation for 2025 and 2024. Employees become fully vested after three years of service. Employer contributions to the plan were \$610,901 and \$550,776 for the years ended December 31, 2025 and 2024, respectively.

The plan under IRC Section 403(b) provides for employee-only contributions in accordance with IRS guidelines with employee balances being fully vested at all times.

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**NOTE 12 COMMITMENTS AND CONTINGENCIES**

The Center has occurrence-based insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims. Management believes that claims, if asserted, would be settled within the limits of coverage, with limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

On August 1, 2016, the Center changed from a fully insured health insurance plan for its employees to a self-insured arrangement. From the employee perspective, the elements of the self-insured plan are identical to what had been in place under the fully insured plan, but the risk for payment of all claims is now borne by the Center rather than an insurance company. The Center has engaged Blue Cross Blue Shield of North Carolina (BCBSNC) as Third-Party Administrator, giving employees access to the BCBSNC network and negotiated provider fees. The Center also has purchased specific stop loss protection from BCBSNC of \$125,000, and aggregate stop loss protection of 125% of expected losses.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, requirements for participation in governmental health care programs, reimbursement for patient services and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

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**NOTE 13 LIQUIDITY**

The Center invests cash in excess of short-term requirements in short-term investments. In addition, the Center has long-term fixed income and equity investments which are liquid within one week. In addition, the Center has an available line of credit in which funds may be drawn for general expenditures. The Center's financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 631,733	\$ 2,831,005
Money Market Funds	2,954,300	2,389,667
Common Stock	30,676,810	29,447,913
Mutual Funds	<u>28,742,923</u>	<u>23,615,258</u>
Total	63,005,766	58,283,843
Accounts Receivable	2,431,051	1,780,985
Less: Net Assets With Donor Restrictions	<u>(1,923,990)</u>	<u>(1,886,563)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 63,512,827</u>	<u>\$ 58,178,265</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2025**

	Carol Woods Retirement Community	The Carol Woods Charitable Fund, Inc.	Eliminations	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 578,075	\$ 53,658	\$ -	\$ 631,733
Assets Limited as to Use, Current Portion	2,061,087	-	-	2,061,087
Accounts Receivable	2,431,051	-	-	2,431,051
Allowance for Credit Losses	(1,074,295)	-	-	(1,074,295)
Accounts Receivable, Net	1,356,756	-	-	1,356,756
Other Receivables	64,305	-	-	64,305
Intercompany Receivables (Payables)	(2,513,894)	2,513,894	-	-
Prepaid Expenses and Inventory	103,952	-	-	103,952
Total Current Assets	1,650,281	2,567,552	-	4,217,833
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	8,757,000	-	-	8,757,000
Externally Restricted Under Bond Indenture Agreements	24,452,688	-	-	24,452,688
Subtotal	33,209,688	-	-	33,209,688
Less: Amounts Available for Current Liabilities	(2,061,087)	-	-	(2,061,087)
Total Assets Limited as to Use	31,148,601	-	-	31,148,601
<b>PROPERTY AND EQUIPMENT, NET</b>	69,330,603	-	-	69,330,603
<b>INVESTMENTS</b>	53,617,033	-	-	53,617,033
<b>INTEREST RATE SWAP AGREEMENT</b>	325,406	-	-	325,406
<b>OTHER LONG-TERM ASSETS</b>	27,529	-	-	27,529
Total Assets	\$ 156,099,453	\$ 2,567,552	\$ -	\$ 158,667,005

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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CONSOLIDATING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2025**

<b>LIABILITIES AND NET ASSETS</b>	<u>Carol Woods Retirement Community</u>	<u>The Carol Woods Charitable Fund, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CURRENT LIABILITIES</b>				
Line of Credit	\$ 500,000	\$ -	\$ -	\$ 500,000
Current Maturities of Long-Term Debt	2,650,000	-	-	2,650,000
Accounts Payable	112,782	-	-	112,782
Accrued Expenses	3,176,499	-	-	3,176,499
Refundable Deposits	397,398	-	-	397,398
Total Current Liabilities	<u>6,836,679</u>	<u>-</u>	<u>-</u>	<u>6,836,679</u>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	55,747,736	-	-	55,747,736
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	52,183,257	-	-	52,183,257
<b>PRIORITY LIST DEPOSITS</b>	<u>1,885,500</u>	<u>-</u>	<u>-</u>	<u>1,885,500</u>
Total Liabilities	116,653,172	-	-	116,653,172
<b>NET ASSETS</b>				
Without Donor Restrictions	39,432,536	657,307	-	40,089,843
With Donor Restrictions	13,745	1,910,245	-	1,923,990
Total Net Assets	<u>39,446,281</u>	<u>2,567,552</u>	<u>-</u>	<u>42,013,833</u>
Total Liabilities and Net Assets	<u>\$ 156,099,453</u>	<u>\$ 2,567,552</u>	<u>\$ -</u>	<u>\$ 158,667,005</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2025**

	Carol Woods Retirement Community	The Carol Woods Charitable Fund, Inc.	Eliminations	Consolidated
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Resident Services:				
On Campus	\$ 21,446,380	\$ -	\$ -	\$ 21,446,380
Early Acceptance	2,415,035	-	-	2,415,035
Amortization of Advanced Fees:				
On Campus	6,513,529	-	-	6,513,529
Early Acceptance	556,946	-	-	556,946
Health Center:				
Routine Services	3,052,775	-	-	3,052,775
Special Services	836,212	-	-	836,212
Other Resident Related Ancillary Services	495,724	-	-	495,724
Resident Service Revenue	35,316,601	-	-	35,316,601
Miscellaneous	441,694	-	-	441,694
Undesignated Contributions	361,252	242,864	-	604,116
Investment Interest and Dividends	2,422,582	32	-	2,422,614
Net Assets Released from Restrictions				
Used for Operations	291,969	43,017	-	334,986
Total Revenue, Gains, and Other Support	38,834,098	285,913	-	39,120,011
<b>EXPENSES</b>				
Health Center	11,135,151	-	-	11,135,151
Dietary Services	6,073,931	-	-	6,073,931
Facility Services	8,313,539	-	-	8,313,539
Early Acceptance	159,869	-	-	159,869
Administration	6,433,600	409,411	-	6,843,011
Depreciation	4,716,009	-	-	4,716,009
Interest	1,268,494	-	-	1,268,494
Total Expenses	38,100,593	409,411	-	38,510,004
<b>OPERATING INCOME (LOSS)</b>	733,505	(123,498)	-	610,007
<b>NONOPERATING INCOME (LOSS)</b>				
Net Realized Gains on Sale of Investments	1,103,564	-	-	1,103,564
Net Unrealized Gains on Investments and Assets Limited as to Use	3,044,341	-	-	3,044,341
Change in Fair Value of Interest Rate Swap Agreement	(560,027)	-	-	(560,027)
Loss on Disposal of Property and Equipment	(144,708)	-	-	(144,708)
Loss on Extinguishment of Debt	(99,005)	-	-	(99,005)
Total Nonoperating Income (Loss)	3,344,165	-	-	3,344,165
<b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 4,077,670</u>	<u>\$ (123,498)</u>	<u>\$ -</u>	<u>\$ 3,954,172</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATING STATEMENTS OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2025**

	Carol Woods Retirement Community	The Carol Woods Charitable Fund, Inc.	Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 4,077,666	\$ (86,067)	\$ -	\$ 3,991,599
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Proceeds from Advance Fees, Net of Refunds	5,888,639	-	-	5,888,639
Depreciation	4,716,009	-	-	4,716,009
Change in Allowance for Credit Losses	(964,294)	-	-	(964,294)
Amortization of Advance Fees	(7,070,475)	-	-	(7,070,475)
Amortization of Deferred Costs	63,427	-	-	63,427
Realized Gains on Sale of Investments	(1,103,564)	-	-	(1,103,564)
Loss on Disposal of Property and Equipment	144,708	-	-	144,708
Early Extinguishment of Debt	99,005	-	-	99,005
Net Unrealized Gains on Investments and Assets Limited as to Use	(3,044,341)	-	-	(3,044,341)
Change in Fair Value of Interest Rate Swaps	560,027	-	-	560,027
Change in Assets and Liabilities:				
Accounts Receivable	1,216,091	-	-	1,216,091
Other Receivables	372,186	-	-	372,186
Intercompany	2,513,894	(2,513,894)	-	-
Prepaid Expenses and Inventory	527,899	-	-	527,899
Accounts Payable	(726,300)	-	-	(726,300)
Accrued Expenses	842,683	-	-	842,683
Net Cash Provided (Used) by Operating Activities	<u>8,113,260</u>	<u>(2,599,961)</u>	<u>-</u>	<u>5,513,299</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of Property and Equipment	(7,692,887)	-	-	(7,692,887)
Net Change in Investments	<u>(2,773,290)</u>	<u>-</u>	<u>-</u>	<u>(2,773,290)</u>
Net Cash Used by Investing Activities	(10,466,177)	-	-	(10,466,177)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Issuance of Debt	35,471,592	-	-	35,471,592
Principal Payments on Long-Term Debt	(4,368,266)	-	-	(4,368,266)
Issuance of Bond Premium on Long-Term Debt	1,383,407	-	-	1,383,407
Payments of Bond Issuance Costs	(685,520)	-	-	(685,520)
Proceeds from Line of Credit	44,307,727	-	-	44,307,727
Payments on Line of Credit	(51,023,091)	-	-	(51,023,091)
Refundable and Priority List Deposits, Net of Refunds	107,860	-	-	107,860
Net Cash Provided by Financing Activities	<u>25,193,709</u>	<u>-</u>	<u>-</u>	<u>25,193,709</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>				
	22,840,792	(2,599,961)	-	20,240,831
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,189,971</u>	<u>2,653,619</u>	<u>-</u>	<u>4,843,590</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 25,030,763</u>	<u>\$ 53,658</u>	<u>\$ -</u>	<u>\$ 25,084,421</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>				
Cash and Cash Equivalents	\$ 578,075	\$ 53,658	\$ -	\$ 631,733
Restricted Cash Included in Assets Limited as to Use	24,452,688	-	-	24,452,688
Total	<u>\$ 25,030,763</u>	<u>\$ 53,658</u>	<u>\$ -</u>	<u>\$ 25,084,421</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
SCHEDULE OF PROPERTY AND EQUIPMENT  
YEAR ENDED DECEMBER 31, 2025**

	Assets, at Cost				Balance December 31, 2025
	Balance December 31, 2024	Acquisitions	Retirements	Transfers	
Land	\$ 4,453,189	\$ -	\$ -	\$ -	\$ 4,453,189
Land Improvements	7,373,284	9,605	-	124,301	7,507,190
Buildings	96,156,734	13,908	(244,204)	8,488,285	104,414,723
Furniture and Fixtures	3,642,493	16,923	(59,604)	494,194	4,094,006
Equipment	11,765,319	221,764	(75,469)	595,882	12,507,496
Construction in Progress	6,697,966	7,430,687	-	(9,702,662)	4,425,991
Total	<u>\$ 130,088,985</u>	<u>\$ 7,692,887</u>	<u>\$ (379,277)</u>	<u>\$ -</u>	<u>\$ 137,402,595</u>
	Accumulated Depreciation				Depreciated Cost
	Balance December 31, 2024	Depreciation	Retirements	Balance December 31, 2025	December 31, 2025
Accumulated Depreciation	<u>\$ (63,590,552)</u>	<u>\$ (4,716,009)</u>	<u>\$ 234,569</u>	<u>\$ (68,071,992)</u>	<u>\$ 69,330,603</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT  
DONOR RESTRICTION (ALTERNATIVE FORMAT)  
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
<b>REVENUE</b>		
Resident Services	\$ 23,861,415	\$ 22,569,176
Other Resident Related Ancillary Services	495,724	249,452
Health Center:		
Routine Services	3,052,775	4,204,165
Special Services	836,212	697,126
Total Resident Services Revenue	<u>28,246,126</u>	<u>27,719,919</u>
Miscellaneous	441,694	354,530
Undesignated Contributions	604,116	3,440
Investment Interest and Dividends	2,422,614	2,644,052
Net Assets Released from Restrictions Used for Operations	<u>334,986</u>	<u>293,773</u>
Total Revenue	<u>32,049,536</u>	<u>31,015,714</u>
<b>EXPENSES</b>		
Health Center	11,135,151	10,267,264
Dietary Services	6,073,931	5,890,763
Facility Services	8,313,539	7,706,559
Early Acceptance	159,869	149,268
Administration	6,843,011	6,840,293
Interest	<u>1,268,494</u>	<u>855,200</u>
Total Expenses	<u>33,793,995</u>	<u>31,709,347</u>
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE AMORTIZATION OF ADVANCE FEES, INVESTMENT INCOME, DEPRECIATION, AND CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT</b>	(1,744,459)	(693,633)
Amortization of Advance Fees	7,070,475	5,648,916
Investment Income (Loss):		
Net Realized Gains on Sales of Investments	1,103,564	4,311,820
Net Unrealized Gains (Losses) on Investments	<u>3,044,341</u>	<u>(3,163,275)</u>
Total Investment Income	4,147,905	1,148,545
Depreciation	(4,716,009)	(4,355,220)
Change in Fair Value of Interest Rate Swap Agreement	(560,027)	277,929
Loss on Disposal of Property and Equipment	(144,708)	(263,334)
Net Gain on Early Extinguishment of Debt and Swap Agreements	<u>(99,005)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 3,954,172</u>	<u>\$ 1,763,203</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Entrance Fee Proceeds, Net of Refunds	<u>\$ 5,888,639</u>	<u>\$ 7,968,023</u>
Capital Expenditures	<u>\$ 7,692,887</u>	<u>\$ 9,135,815</u>



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**Appendix B — Five-Year Prospective Financial Statements**

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**CONSOLIDATED FINANCIAL PROJECTION  
(WITH INDEPENDENT ACCOUNTANTS' COMPILATION  
REPORT THEREON)**

**FOR EACH OF THE FIVE YEARS ENDING  
DECEMBER 31, 2030**



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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
Chapel Hill, North Carolina

Management is responsible for the accompanying consolidated projected balance sheets, consolidated projected statements of operations and changes in net assets, and consolidated projected statements of cash flows of The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively, the "Center") as of December 31, 2026 through 2030, and for each of the five years then ending (the "Projection Period"), including the related summary of significant projection assumptions and accounting policies, in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA") and the accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management ("Management"). Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these projected financial statements or the assumptions. Furthermore, even if the Center is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 5 (the "Hypothetical Assumptions"), the projected results may not be achieved, as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information beginning on page 22 is presented for purposes of additional analysis and is not a required part of the consolidated projection. Such information is the responsibility of Management. Supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, or provide any assurance on such information.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
May 19, 2026

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**PROJECTED CONSOLIDATED BALANCE SHEETS ASSUMING HYPOTHETICAL  
ASSUMPTIONS NOTED ON PAGE 5**

**AT DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2026	2027	2028	2029	2030
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash & Cash Equivalents	\$ 777	\$ 161	\$ 372	\$ 179	\$ 185
Assets Limited as to Use, Current Portion	2,342	2,410	2,478	2,545	2,612
Accounts Receivable, Net	2,203	2,284	2,369	2,455	2,545
Prepaid Expenses and Inventory	106	108	110	113	115
<b>Total Current Assets</b>	<b>5,428</b>	<b>4,963</b>	<b>5,329</b>	<b>5,292</b>	<b>5,457</b>
<b>ASSETS LIMITED AS TO USE</b>					
Reserves Required by State Statute	8,599	4,495	4,783	4,939	5,101
Sinking Fund Accounts	2,342	2,410	2,478	2,545	2,612
Project Fund - Series 2025 Bonds	12,392	1,741	-	-	-
Subtotal	23,333	8,646	7,261	7,484	7,713
Less: Amounts Available for Current Liabilities	(2,342)	(2,410)	(2,478)	(2,545)	(2,612)
<b>Total Assets Limited as to Use</b>	<b>20,991</b>	<b>6,236</b>	<b>4,783</b>	<b>4,939</b>	<b>5,101</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>78,946</b>	<b>89,250</b>	<b>88,757</b>	<b>87,136</b>	<b>85,645</b>
<b>INVESTMENTS</b>	<b>52,082</b>	<b>58,790</b>	<b>61,442</b>	<b>63,656</b>	<b>65,978</b>
<b>INTEREST RATE SWAP AGREEMENT</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>
<b>OTHER LONG-TERM ASSETS</b>	<b>20</b>	<b>13</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 157,792</b>	<b>\$ 159,577</b>	<b>\$ 160,642</b>	<b>\$ 161,348</b>	<b>\$ 162,506</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$ 2,750	\$ 2,850	\$ 2,950	\$ 3,050	\$ 3,150
Accounts Payable	551	566	582	602	620
Accrued Expenses	1,420	1,475	1,529	1,572	1,619
Refundable Deposits	405	413	422	430	439
<b>Total Current Liabilities</b>	<b>5,126</b>	<b>5,304</b>	<b>5,483</b>	<b>5,654</b>	<b>5,828</b>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	<b>52,992</b>	<b>50,137</b>	<b>47,181</b>	<b>44,125</b>	<b>40,970</b>
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	<b>53,662</b>	<b>56,312</b>	<b>59,143</b>	<b>61,571</b>	<b>64,126</b>
<b>PRIORITY LIST DEPOSITS</b>	<b>1,915</b>	<b>1,984</b>	<b>2,053</b>	<b>2,122</b>	<b>2,191</b>
<b>Total Long-Term Liabilities</b>	<b>108,569</b>	<b>108,433</b>	<b>108,377</b>	<b>107,818</b>	<b>107,287</b>
<b>Total Liabilities</b>	<b>113,695</b>	<b>113,737</b>	<b>113,860</b>	<b>113,472</b>	<b>113,115</b>
<b>NET ASSETS</b>					
Without Donor Restrictions	42,389	44,354	45,525	46,855	48,612
With Donor Restrictions	1,708	1,486	1,257	1,021	779
<b>Total Net Assets</b>	<b>44,097</b>	<b>45,840</b>	<b>46,782</b>	<b>47,876</b>	<b>49,391</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 157,792</b>	<b>\$ 159,577</b>	<b>\$ 160,642</b>	<b>\$ 161,348</b>	<b>\$ 162,506</b>

(2)

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

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND  
CHANGES IN NET ASSETS ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5  
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2026	2027	2028	2029	2030
<b>REVENUE, GAINS AND OTHER SUPPORT</b>					
Resident Services					
On Campus	\$ 20,571	\$ 21,394	\$ 22,250	\$ 23,140	\$ 24,065
Early Acceptance	2,789	2,880	3,003	3,115	3,239
Amortization of Advance Fees					
On Campus	5,815	5,990	6,169	6,354	6,545
Early Acceptance	745	767	790	814	839
Health Center:					
Routine Services	6,999	7,283	7,561	7,818	8,104
Special Services	681	701	723	744	767
Other Revenue	985	1,014	1,045	1,076	1,108
Investment Income	2,807	2,604	2,940	3,072	3,183
Net Assets Released from Restrictions Used for Operations	426	439	452	466	480
<b>Total Revenue, Gains and Other Support</b>	<b>41,818</b>	<b>43,072</b>	<b>44,933</b>	<b>46,599</b>	<b>48,330</b>
<b>EXPENSES</b>					
Health Center	11,381	11,825	12,287	12,766	13,265
Dietary Services	6,394	6,625	7,028	7,282	7,546
Facility Services	8,395	8,818	9,136	9,467	9,810
Early Acceptance	56	59	61	63	66
Administration	6,444	6,778	7,014	7,257	7,506
Depreciation	4,996	5,039	5,407	5,682	5,706
Interest and Amortization Expense	1,418	1,515	2,367	2,276	2,183
<b>Total Operating Expenses</b>	<b>39,084</b>	<b>40,659</b>	<b>43,300</b>	<b>44,793</b>	<b>46,082</b>
<b>OPERATING INCOME</b>	<b>2,734</b>	<b>2,413</b>	<b>1,633</b>	<b>1,806</b>	<b>2,248</b>
<b>NONOPERATING INCOME (LOSS)</b>					
Loss on Disposal of Property & Equipment	(435)	(448)	(462)	(476)	(490)
Income from Operations and Change in Net Assets Without Donor Restrictions	2,299	1,965	1,171	1,330	1,758
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions	210	217	223	230	237
Net Assets Released from Restrictions Used for Operations	(426)	(439)	(452)	(466)	(480)
<b>Change in Net Assets With Donor Restrictions</b>	<b>(216)</b>	<b>(222)</b>	<b>(229)</b>	<b>(236)</b>	<b>(243)</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,083</b>	<b>1,743</b>	<b>942</b>	<b>1,094</b>	<b>1,515</b>
<b>NET ASSETS</b>					
Beginning of the Year	42,014	44,097	45,840	46,782	47,876
End of the Year	\$ 44,097	\$ 45,840	\$ 46,782	\$ 47,876	\$ 49,391

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS ASSUMING HYPOTHETICAL  
ASSUMPTIONS NOTED ON PAGE 5**

**FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2026	2027	2028	2029	2030
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 2,083	\$ 1,743	\$ 942	\$ 1,094	\$ 1,515
Operating Activities:					
Proceeds from Advance Fees, Net of Refunds	8,047	9,415	9,799	9,604	9,948
Amortization of Advance Fees	(6,560)	(6,757)	(6,959)	(7,168)	(7,384)
Depreciation	4,996	5,039	5,407	5,682	5,706
Amortization of Deferred Bond Issuance Costs	41	41	41	41	41
Amortization of Bond Premium	(47)	(47)	(47)	(47)	(47)
Loss on Disposal of Property & Equipment	435	448	462	476	490
Change in Accounts Receivable, Prepaid Expenses, Inventory and Other Assets	(776)	(76)	(80)	(83)	(92)
Change in Accounts Payable and Accrued Expenses	(1,318)	71	70	63	66
Net Cash Provided by Operating Activities	6,901	9,877	9,635	9,662	10,243
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Change in Investments and Reserves Required by State Statute	1,693	(2,604)	(2,940)	(2,370)	(2,484)
Purchase of Property and Equipment	(15,046)	(15,791)	(5,376)	(4,537)	(4,705)
Net Cash Used by Investing Activities	(13,353)	(18,395)	(8,316)	(6,907)	(7,189)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Principal Payments on Long-Term Debt	(2,650)	(2,750)	(2,850)	(2,950)	(3,050)
Principal Payments on Line of Credit	(500)	-	-	-	-
Net Change in Priority Deposits	29	69	69	69	69
Net Cash Used by Financing Activities	(3,121)	(2,681)	(2,781)	(2,881)	(2,981)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>(9,573)</b>	<b>(11,199)</b>	<b>(1,462)</b>	<b>(126)</b>	<b>73</b>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	25,084	15,511	4,312	2,850	2,724
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 15,511	\$ 4,312	\$ 2,850	\$ 2,724	\$ 2,797
Cash and Cash Equivalents	\$ 777	\$ 161	\$ 372	\$ 179	\$ 185
Restricted Cash included in Assets Limited as to Use	14,734	4,151	2,478	2,545	2,612
Total	\$ 15,511	\$ 4,312	\$ 2,850	\$ 2,724	\$ 2,797
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>					
Cash Paid for Interest, Net of Interest Capitalized	\$ 1,377	\$ 1,521	\$ 2,373	\$ 2,281	\$ 2,188

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

## **Introduction and Background Information**

### **Nature of Business**

The accompanying consolidated financial projection presents, to the best knowledge and belief of the management (“Management”) of The Chapel Hill Residential Retirement Center, Inc., doing business as Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively, the “Center”), the expected consolidated financial position, changes in net assets and cash flows of the Center as of December 31, 2026, 2027, 2028, 2029 and 2030 and for each of the five years then ending. Accordingly, the projection reflects Management’s judgment of the expected conditions and its expected course of action as of May 19, 2026. The financial projection is based on Management’s assumptions concerning future events and circumstances. The assumptions disclosed herein are those which Management believes are significant to the projection as of the date of this report, or are key factors upon which the financial results depend.

Management has prepared its financial projection for inclusion in the Center’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 consolidated financial statements (herein referred to as “financial statements”). The Center recognizes that the projected results may not be achieved, as 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. Management does not intend to revise this projection to reflect changes in present circumstances or the occurrence of unanticipated events.

**Hypothetical Assumptions** – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that may not occur as expected, but is consistent with the purpose of presentation.

Management has prepared its financial projection with the following hypothetical assumptions:

- The Early Acceptance Program, which had 202 residents as of the end of 2025, will continue to be marketed successfully to the Center’s Priority List;
- The Early Acceptance Program will achieve the census projected;
- Adequate demand exists to support the projected Early Acceptance Program utilization and staffing;
- Management will be able to achieve the operating revenue, entrance fee, and operating expense inflationary rates as projected; and
- Management is able to complete the Project, as defined hereinafter, at the costs and timing disclosed herein

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

### **Introduction and Background Information (continued)**

**Organization** – The Center provides housing, health care and other related services to residents through the operation of a retirement facility containing 315 independent living apartments, cottages and townhomes (collectively the “Independent Living Units”); a 35-bed assisted living center; two 12-unit assisted living homes; and a 60-bed health center (collectively the “Health Center”) located in Chapel Hill, North Carolina. The Center provides care to residents over their remaining lives under terms it establishes for individual residents.

In 2006, The Chapel Hill Residential Retirement Center, Inc. (“Carol Woods”) created an affiliated corporate entity, The Carol Woods Charitable Fund, Inc. (“Charitable Fund”). The Charitable Fund has been established as a separate 501(c)(3) charitable organization and has been organized as a “supporting” organization to Carol Woods. Under IRS guidelines, a supporting organization is one that is treated as a charitable tax-exempt entity because its primary purpose is to support another charitable, tax-exempt entity. The Charitable Fund’s purpose as described in its Articles of Incorporation and Bylaws follows:

- Support the facilities, grounds and services of Carol Woods to maintain its high quality and affordability. Support Carol Woods as a leader in research and development of innovative housing programs, health care services, technology applications and other needed support services in order to help elderly persons lead meaningful lives as they age.
- Support Carol Woods’ leadership role in the community, identifying and addressing potential gaps in the service delivery system, financial issues and other barriers to seniors being able to access needed services.
- Support Carol Woods’ assistance to elderly persons during periods in which the aging process may lead to personal loss, supporting seniors as long as possible in desired living arrangements and achieving smooth transition to other settings as needed.
- Support Carol Woods in promoting the care and service to seniors as a fulfilling career choice for students at high school, college, graduate school and trade school levels, thereby, increasing the supply of qualified and dedicated personnel available to serve seniors.
- Support Carol Woods in its cooperation and collaboration with other public agencies and nonprofit corporations in the community, North Carolina and the United States in efforts to determine the most satisfying and fulfilling methods of providing living accommodations and supportive services for elderly persons.

The Charitable Fund can accept charitable donations for which the donor may receive a tax deduction. To maintain sufficient control over the Charitable Fund, all members of the Board of Directors of the supporting organization are appointed by the Carol Woods Board, and a majority of the Charitable Fund Board must be current members of the Carol Woods Board; including the Center’s President/CEO and Chief Financial Officer, who serve as ex-officio voting members of the Charitable Fund Board.

**Independent Living Unit and Health Center Unit Configuration and Fees** – Table 1 summarizes the type, number, approximate square footage, baseline monthly service fees (“Monthly Fees”) and baseline entrance fees (“Entry Fees” or “Advance Fees”) for Independent Living Units. Table 2 summarizes the type, number, approximate square footage, and the daily fees of the Health Center.

## Summary of Significant Projection Assumptions and Accounting Policies

### Introduction and Background Information (continued)

**TABLE 1**  
**INDEPENDENT LIVING UNIT CONFIGURATION AND BASELINE FEES**  
**EFFECTIVE JANUARY 1, 2026**

Type of Unit	Number of Units	Square Footage	Entry Fees <sup>(1)</sup>	Monthly Fees <sup>(2)</sup>
<b>Early Acceptance</b>				
Each Person	N/A	N/A	\$48,600	\$ 1,202
<b>Central Apartments</b>				
Studio	15	447 - 507	\$116,600 - \$121,000	\$2,905 - \$2,968
One Bedroom Small	7	671	\$203,500 - \$207,900	\$3,898
One Bedroom	65	695	\$214,900 - \$219,300	\$4,082
One Bedroom Large	3	758	\$243,900	\$4,226
Two Bedroom	35	910	\$303,200	\$5,127
Two Bedroom Large	3	1,042	\$355,900	\$5,433
Two Bedroom XL	6	1,160	\$390,100 - \$394,500	\$5,657
Two Bedroom w/Den	12	1,292	\$444,800	\$5,987
Two Bedroom w/Den Large	2	1,345	\$460,200	\$6,143
Two Bedroom w/Den XL	1	1,390	\$471,000	\$6,225
<b>Apartment Total</b>	<b>149</b>		<b>\$260,686</b>	<b>\$4,496</b>
<b>Garden Cottages</b>				
One Bedroom	11	678	\$209,800 - \$218,600	\$4,020
One Bedroom w/Sunroom	3	794	\$209,800 - \$218,600	\$4,225 - \$4,930
One Bedroom w/Den	22	801	\$261,300 - \$270,100	\$4,384
One Bedroom w/Den & Carolina Room	5	1,006	\$332,500	\$5,308
Two Bedroom	12	957	\$315,000 - \$323,800	\$5,049
Two Bedroom w/Sunroom	6	957	\$315,000	\$5,391 - \$5,529
Two Bedroom w/Carolina Room	7	1,149	\$383,400 - \$392,200	\$5,624
Two Bedroom w/Den	8	1,078	\$361,600 - \$370,400	\$5,509
Two Bedroom w/Den & Sunroom	4	1,149	\$361,600	\$5,851 - \$5,990
Two Bedroom w/Den & Carolina Room	12	1,280	\$430,500 - \$439,300	\$5,910
One Bedroom Duplex	4	1,343	\$450,000 - \$461,000	\$6,395
One Bedroom Duplex w/Den	12	1,343	\$450,000 - \$461,000	\$6,053
Two Bedroom Duplex w/Sunroom	3	1,855	\$450,000 - \$523,500	\$6,683
Two Bedroom Duplex w/Den	31	1,538	\$523,500 - \$544,400	\$6,341
Two Bedroom w/Den & Sunroom	12	1,855	\$636,000	\$6,858
<b>Cottage Total</b>	<b>152</b>		<b>\$419,206</b>	<b>\$5,676</b>
Townhomes	14	1,097 - 1,894	\$373,200 - \$671,700	\$6,233 - \$6,858
<b>Townhomes Total</b>	<b>14</b>		<b>\$558,729</b>	<b>\$6,413</b>
<b>ILU Totals</b>	<b>315</b>		<b>\$350,424</b>	<b>\$5,150</b>
Second Person Fees <sup>(3)</sup>			\$ 48,600	\$ 1,481
1st Person Fees upon move to LTC				\$ 2,920

Source: Management

(1) The Entry Fee pricing is effective April 1, 2026. Carol Woods offers only a declining refund option.

(2) The Monthly Fee pricing is effective January 1, 2026.

(3) Second persons are charged the same Entry Fees and Monthly Fees regardless of where they are living.

## Summary of Significant Projection Assumptions and Accounting Policies

### Introduction and Background Information (continued)

**TABLE 2**  
**HIGHER LEVELS OF SUPPORT CONFIGURATION**

Type of Unit	Beds	Approximate Square Footage	Daily Fees <sup>(1)</sup>	Type B Contract Percentage Discount <sup>(1)</sup>
<b>Assisted Living Units</b>				
Central-Private	35	350	\$ 282	
Garden-Private <sup>(2)</sup>	24	250	\$ 435	
Total / Weighted Averages:	59	328	\$ 344	58%
<b>Assisted Nursing Beds</b>				
Private <sup>(2)</sup>	22	280	\$ 460	
Semi-Private	8	140	\$ 443	
Total / Weighted Averages:	30	255	\$ 455	71%
<b>Skilled Nursing Beds</b>				
Private Room	22	280	\$ 499	
Semi-Private	8	140	\$ 484	
Total / Weighted Averages:	30	243	\$ 495	71%
<b>Total:</b>	119			

Source: Management

- (1) The "Daily Fees" shown are the non-resident rates effective January 1, 2026. The Center's residents receive a life care benefit in which they pay Daily Fees that are discounted approximately 60%-70% from the non-resident rates.
- (2) Two private 12-unit Garden Assisted Living facilities can support either Assisted Living or Assisted Nursing, depending upon the needs of the resident.

### THE PROJECT

In December 2024, Management began construction of an expansion of the Center's existing main dining building, and other various capital improvements on the Center's campus (collectively, the "Project").

The Project is projected to cost approximately \$24,998,000 and all components of the Project are projected to be completed in 2028.

The Project is currently funded by the \$34,000,000 Series 2025 Bonds (as defined herein) that was entered into in November 2025 with the North Carolina Medical Care Commission. The Project was initially funded by a \$17,000,000 construction loan, which was refinanced as part of the issuance of the Series 2025 Bonds.

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

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### **Summary of Significant Accounting Policies**

**Basis of Accounting** – The Center maintains its accounting and financial records according to the accrual basis of accounting.

**Principles of Consolidation** - The consolidated financial statements include the accounts of The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

**Use of Estimates** – The preparation of prospective financial statements in accordance with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and Cash Equivalents** – Cash and cash equivalents, excluding those classified as assets limited as to use, include investments with original maturities of three months or less when purchased.

**Assets Limited as to Use** – Assets limited as to use are reported at fair value. Assets limited as to use needed for current liabilities have been classified as current assets on the consolidated balance sheets. Assets limited as to use include assets set aside for the following purposes. Assets limited as to use include the following:

- *Current Assets Limited as to Use* – Current assets limited as to use, also presented as the sinking fund accounts, include funds held by trustee that are held in accordance with the trust and loan agreements. Under the terms of the trust and loan agreements between the Center and the North Carolina Medical Care Commission, these funds are deposited with the trustee. The assets are current because they will be used to repay the current portion of the Center's long-term debt on April 1 of the upcoming year.
- *Reserves Required by State Statute* – Assets limited as to use related to reserves required by state statute include funds held totaling 25% of the current year's total budgeted operating costs set aside to meet the operating reserve requirements of North Carolina General Assembly Statutes – Chapter 58, Article 64A..
- *Project Fund* – A portion of the Series 2025 Bonds proceeds were deposited into a Project Fund account for the construction of the Project.

**Accounts Receivable** – Resident accounts receivable consist of resident Monthly Fees. The Center provides an allowance for expected credit losses using Management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. The adequacy of the Center's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

**Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation and include assets costing greater than \$1,000. Contributed property is recorded at the estimated fair value at the date of receipt. Depreciation is computed under the straight-line method and is based on estimated useful lives that range from 3 to 40 years. The cost of maintenance and repairs is expensed as incurred.

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

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### **Summary of Significant Accounting Policies (continued)**

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

#### **Interest Capitalization**

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets and depreciated over the estimated useful lives by the straight-line method of depreciation.

**Investments** – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the projected consolidated balance sheets. The fair values of investments are determined based upon quoted market prices. Contributed investments are stated at the fair market value at the date of receipt.

**Fair Value Measurements** – Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Center utilizes market data or assumptions that market participants would use in pricing the asset or liability.

**Deferred Bond Issuance Costs** – Deferred bond issuance costs are being amortized on a straight-line basis, which approximates the effective interest method, over the life of long-term debt and other credit instruments. Deferred bond issuance costs are presented in the projected consolidated balance sheets as a deduction from the carrying amount of the related liability. Management has elected to show the interest expense – deferred bond issuance costs as its own line item on the Projected Consolidated Statements of Operations and Changes in Net Assets instead of as a component of interest expense.

**Derivatives** – Derivatives and hedging instruments are recorded at estimated fair value in the projected financial statements using the most recent audited valuations. The Center enters into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The Center does not hold or issue derivative instruments for trading purposes.

**Deferred Revenue from Advance Fees** – Fees paid by residents upon entering into a continuing care contract are recorded as deferred revenue and amortized into net resident services revenue using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. When a contract is terminated, by death of last survivor or withdrawal, any remaining balance of unamortized Advance Fees, net of refundable amounts, are recognized as net resident service revenue.

**Obligation to Provide Future Services** – The Center enters into continuing care contracts with residents. A continuing care contract is an agreement between a resident and the Center specifying the services and facilities to be provided over the resident's remaining life. Under each contract, the Center has the ability to increase fees as deemed necessary. At the end of each year, the Center calculates the present value of the estimated net cost of future services to be provided to current residents, including the cost of facilities, and compares the amount with the balance of deferred revenue from Advance Fees at that date. If the present value of the net cost of future services and use of facilities exceeds the balance of deferred revenue from Advance Fees, a liability (obligation to provide future services) is recorded. No such liability is expected over the span of the projected financial statements.

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

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### **Summary of Significant Accounting Policies (continued)**

**Net Assets – With Donor Restrictions** – Net assets with donor restrictions are those whose use by the Center has been limited by donors to a specific time period or purpose. The Center reports contributions 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 purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the projected consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reflected as unrestricted contributions in the accompanying projected financial statements. The Center's net assets with donor restrictions are comprised of net assets that are temporarily restricted in nature either due to a time or purpose restriction. The Center does not project any donor restricted net assets that are permanent in nature. The Center has projected that approximately \$426,000 for 2026, \$439,000 for 2027, \$452,000 for 2028, \$466,000 for 2029, and \$480,000 for 2030 of donor restricted net assets will meet its purpose or time restriction and will be released from restriction and used for operations, as noted on the projected consolidated statements of operations and changes in net assets.

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

**Income Tax Status** – The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying projected consolidated financial statements do not reflect a provision or liability for federal and state income taxes.

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

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services and housing in the facilities.

The Center considers daily services provided to residents of the skilled nursing facilities, and monthly rental for residential services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future

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

### **Summary of Significant Accounting Policies (continued)**

periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Center does not believe it is required to provide additional goods or services related to that sale.

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

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

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

#### Medicare

The Center's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). On October 1, 2019, CMS finalized the Patient Driven Payment Model (PDPM) which replaced the Medicare Prospective Payment System (PPS), a per diem price-based system. Under PDPM, therapy minutes are removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient are used as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

#### Other

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care.

These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity, including an

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

### **Summary of Significant Accounting Policies (continued)**

assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Management has projected that any adjustments arising from a change in an implicit price concession impacting transaction price will not be significant during the Projection Period.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

#### **Financing Component**

The Center has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident pays for that service will be one year or less. However, The Center does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

**Community Benefit** – The Center provides various outreach programs and volunteer services to the community in addition to direct financial support. The recorded benefit for these services is based on Management assessment of the fair market value of services provided.

**Concentration of Credit Risk** – Concentrations of credit risk with respect to resident accounts receivable are limited due to the formalized agreements with third-party payers. The Center has significant accounts receivable whose collectability is dependent upon the performance of Medicare. Management does not believe there are significant credit risks associated with Medicare.

**Early Acceptance Program** – In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the State of North Carolina to offer “continuing care services without lodging.” In February 2012, the Center received approval from the North Carolina Department of Insurance to offer its Early Acceptance program. As of December 2025, the Center had 202 residents in the program, and will continue to add residents to the program over the course of the next few years as noted in Table 3.

The core elements of the program are as follows:

1. Since the Center has an extensive priority list of persons waiting to move to campus, this program is offered exclusively to persons who have already joined the priority list.
2. Admission to the Early Acceptance program is identical to admissions to the Center's campus, requiring health screening and financial screening. The only difference is that the Early Acceptance candidate does not reserve a residential unit on campus nor is looking to move to campus in the immediate future.

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

### **Summary of Significant Accounting Policies (continued)**

3. Upon acceptance, the person becomes a “Resident” of the Center, but remains living in their current home. They sign an early Acceptance Agreement providing the Resident equal access to all of the campus amenities, as well as to the same access and financial protections for the prospect of needing future health care.
4. They pay an Entry Fee and Monthly Fees that cover the costs of current amenities and future access to health care.
5. Early Acceptance Residents remain on the Center’s priority list, and will be offered opportunity to move to the Center in the future – either to a desired independent living residence or to a health care facility. If they subsequently move to an independent living residence on campus, the Entry Fee that they paid originally for Early Acceptance will be applied in full to the Entry Fee for the residence to which they are moving.
6. Other in-home services that might be needed over time might be provided either by the Center or by other area providers on a fee-for-service basis.

Revenue and expenses related to the Early Acceptance program are reported separately on the projected consolidated financial statements for this projection, as is required by the North Carolina Department of Insurance. The current Entry Fees for Early Acceptance are \$48,000 per person, and the current Monthly Fees are \$1,202 per person.

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

**Basis for Projection of Revenue, Expenses, and Other Items**

**Revenues**

Projected revenue from Monthly Fees and from health care per diems are based on available independent living and health care units, projected average census, and projected fees as are presented in Table 1, and in the following Tables 4, 5, and 6. Monthly Fees and health care per diems are assumed to increase an average of 4.0% annually. The increases may be greater or less than those projected based on the increased costs to operate the Center because of inflation and other factors. Residents of the Center who have vacated a previous independent living unit and made a permanent move to assisted living or to the health center will pay a discounted per diem, and their Monthly Fee will decrease to a lower rate.

In addition, revenue is recognized for residents who have contracts under the Early Acceptance Program (as described previously). Amortization of Advance Fees is also recognized for those residents under the Early Acceptance Program.

Management’s average census assumption for the Early Acceptance Program is as follows:

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**TABLE 3**

**EARLY ACCEPTANCE PROGRAM PROJECTED CENSUS**

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<b>Year</b>	<b>Program Census</b>
2026	202
2027	206
2028	211
2029	215
2030	219

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Source: Management

## Summary of Significant Projection Assumptions and Accounting Policies

### Management's Basis for Projection of Revenues, Expenses and Other Items (continued)

**TABLE 4**  
**Utilization of the Independent Living Units**

Year	Cottages			Apartments			Townhomes			Total
	Occupied	Available	% Occupied	Occupied	Available	% Occupied	Occupied	Available	% Occupied	% Occupied
2026	146	152	96.1%	144	149	96.6%	12	14	85.7%	95.9%
2027	146	152	96.1%	144	149	96.6%	12	14	85.7%	95.9%
2028	146	152	96.1%	144	149	96.6%	12	14	85.7%	95.9%
2029	146	152	96.1%	144	149	96.6%	12	14	85.7%	95.9%
2030	146	152	96.1%	144	149	96.6%	12	14	85.7%	95.9%

Source: Management

**TABLE 5**  
**PROJECTED HEALTH CENTER PER DIEM CHARGES, 2026 THROUGH 2030 <sup>(1)(2)</sup>**

Type of Unit	2026		2027		2028		2029		2030	
	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems
<b>Projected Per Diem Fees</b>										
Central Assisted Living, Private	\$ 282	\$ 124	\$ 293	\$ 129	\$ 305	\$ 134	\$ 317	\$ 139	\$ 330	\$ 145
Garden Assisted Living, Private	\$ 435	\$ 112	\$ 452	\$ 116	\$ 470	\$ 121	\$ 489	\$ 126	\$ 509	\$ 131
Assisted Nursing, Semi-Private	\$ 443	\$ 123	\$ 461	\$ 128	\$ 479	\$ 133	\$ 498	\$ 138	\$ 518	\$ 144
Assisted Nursing, Private	\$ 460	\$ 137	\$ 479	\$ 143	\$ 498	\$ 149	\$ 518	\$ 155	\$ 539	\$ 162
Skilled Nursing, Semi-Private	\$ 484	\$ 134	\$ 503	\$ 139	\$ 523	\$ 145	\$ 544	\$ 151	\$ 566	\$ 157
Skilled Nursing, Private	\$ 499	\$ 145	\$ 519	\$ 150	\$ 540	\$ 156	\$ 562	\$ 162	\$ 585	\$ 168
Skilled Nursing, Medicare <sup>(3)</sup>	\$ 584		\$ 596		\$ 608		\$ 620		\$ 632	

Source: Management

- (1) The Center assumes 5.0% annual increases in private pay per diems, and 5.0% annual increases in CCRC per diems.
- (2) Under the terms of its Residence and Services and Early Acceptance Agreements, residents of the Center are charged a per diem amount that is discounted from the private pay per diem.
- (3) The Medicare per diem is derived using historic weighted averages of rates per day. Medicare rates are assumed to increase 2.0% annually throughout the Projection Period.

**TABLE 6**  
**Utilization of the Higher Levels of Support Units**

Year	Assisted Living - Central			Assisted Living - Garden			Assisted Nursing			Skilled Nursing		
	Occupied	Available	% Occupied	Occupied	Available	% Occupied	Occupied	Available	% Occupied	Occupied	Available	% Occupied
	2026	28	35	80.9%	18	24	75.0%	25	30	83.3%	22	30
2027	28	35	80.9%	18	24	75.0%	25	30	83.3%	22	30	73.3%
2028	28	35	80.9%	18	24	75.0%	25	30	83.3%	22	30	73.3%
2029	28	35	80.9%	18	24	75.0%	25	30	83.3%	22	30	73.3%
2030	28	35	80.9%	18	24	75.0%	25	30	83.3%	22	30	73.3%

Source: Management

Entry Fees are amortized into revenue based on the remaining life expectancy of residents. New Entry Fees are projected to increase an average of 3.0% annually.

Total investment earnings, which is based upon Management's historical investment return experience, is comprised of interest and dividends and net appreciation on investments on the projected consolidated statements of operations and changes in net asset, and is projected on an average yield of 4.0% on temporary cash investments and long-term investments annually.

Other revenue sources are projected to increase at a rate of 3.0% annually.

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

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

#### **Expenses**

Baseline operating expenses for 2026 are taken from budgeted amounts and thereafter are assumed to increase an average of 4.0% annually for salaries and wage expenses and 3.0% annually for all other non-salary operating expenses. Operating expenses are adjusted in years 2027 through 2030 to reflect Management's assumptions of the additional costs of the Early Acceptance program.

Depreciation and amortization is based on current depreciation and amortization tables, factoring in capital additions. Table 7 presents projected capital additions and retirements for 2026 through 2030.

**TABLE 7  
SCHEDULE OF PROPERTY AND EQUIPMENT  
(IN THOUSANDS)**

<b>Years Ending December 31,</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Property and Equipment, Cost Beginning Balance	\$ 137,403	\$ 150,998	\$ 165,293	\$ 169,129	\$ 172,080
Routine Capital Additions	3,881	4,202	4,376	4,537	4,705
Project Additions	10,000	10,651	1,000	-	-
Disposal of fixed assets	(1,451)	(1,496)	(1,540)	(1,586)	(1,633)
Capitalized Interest	1,165	938	-	-	-
Property and Equipment, Cost	150,998	165,293	169,129	172,080	175,152
Accumulated Depreciation	(72,052)	(76,043)	(80,372)	(84,944)	(89,507)
Property and Equipment, Net Ending Balance	\$ 78,946	\$ 89,250	\$ 88,757	\$ 87,136	\$ 85,645

Source: Management

The Center plans for annual additions to capital over the projection period in aggregate amounts that invest proactively in keeping older facilities competitive; causing net property and equipment to increase in order to be proactive in maintaining its facilities.

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

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

#### **Other Items**

##### *Long-Term Debt*

For purposes of this financial projection, it has been assumed that the historical carrying value of long-term debt equals the fair value of such debt. Long-term debt consists of the Series 2018 Bonds, hedged with one interest rate swap instrument, and the Series 2025 Bonds.

1. \$39,570,000 in North Carolina Medical Care Commission bonds issued in 2018 (the "Series 2018 Bonds"), which have a variable rate with predetermined annual principal payments scheduled through 2033. The Series 2018 Bonds are held by Truist Bank (Truist); therefore, no credit enhancement or remarketing fees have been assumed. The Series 2018 Bonds have an outstanding balance of \$23,820,000 as of December 31, 2025.
2. The Center holds an interest rate swap agreement (the "2018 Interest Rate Swap") with Truist that became effective on June 13, 2018. Between the variable interest on the Series 2018 Bonds and the floating-to-fixed rates on the 2018 Interest Rate Swap, the Center pays an effectively fixed rate of 3.08% on an original notional amount of \$39,570,000. The notional amount declines by a predetermined annual schedule commensurate with the amortization schedule of the Series 2018 Bonds, as noted in Table 8. The Series 2018 Bonds will be fully retired, and the 2018 Interest Rate Swap will mature, on April 1, 2033.
3. On November 1, 2025, the Center entered into a debt agreement with the North Carolina Medical Care Commission (the Commission) pursuant to the Commission's \$34,000,000 bond offering (Series 2025 Bonds) for the purpose of paying costs of certain capital projects, to refinance the previously held draw-down construction term loan, and to pay certain costs incurred with the issuance of the Series 2025 Bonds. Proceeds from this offering were placed in trust and will be distributed to pay construction costs related to the Project. The Series 2025 Bonds are scheduled to amortize over a period of 30 years through December 1, 2055. The bonds carry a fixed interest rate ranging from 5.0% to 5.25% at maturity on December 1, 2055.

Table 8 presents the amortization schedules for the Series 2018 Bonds as well as the Series 2025 Bonds.

The Center records the value of its interest rate swap agreement at market value at the end of each year. As of December 31, 2025 the value of the interest rate swap agreement was recorded on the balance sheet as an asset of approximately \$325,406. The Center makes no assumptions about changes in the market value of its interest rate swap agreements, so that the mark-to-market valuations remain unchanged.

Management is projecting the balance on the Center's line of credit to be \$0 as of December 31 of each year during the projection period; assuming that funds are withdrawn from long-term investments each year to pay down the outstanding line of credit to \$0. In actuality, Management will likely manage short-term cash flow fluctuations with the line of credit and only withdraw from long-term investments as needed. Management has projected payment of approximately \$500,000 on the line of credit during 2026.

Amortization expense of bond issuance costs is derived based upon the amortization schedule of each credit instrument.

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

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

**TABLE 8**  
**Schedule of Annual Debt Service**  
**Series 2018 Bonds and Series 2025 Bonds**  
**(In Thousands)**

For the Years Ending December 31,	Series 2018 Bonds		Series 2025 Bonds		Total
	Principal	Interest <sup>(1)</sup>	Principal	Interest	Debt Service
2026	\$ 2,650	\$ 672	\$ -	\$ 1,870	\$ 5,192
2027	2,750	588	-	1,870	5,208
2028	2,850	503	-	1,870	5,223
2029	2,950	411	-	1,870	5,231
2030	3,050	318	-	1,870	5,238
Thereafter	9,570	489	34,000	30,679	74,738
Total	\$ 23,820	\$ 2,981	\$ 34,000	\$ 40,029	\$ 100,830

Source: Management

- (1) Between the quasi-variable rate on the Series 2018 Bonds and the floating-to-fixed terms on the 2018 Interest Rate Swap, an effective annual interest rate of 3.08% is projected to be achieved for the full 15-year term of the bonds and swap.

## Summary of Significant Projection Assumptions and Accounting Policies

### Management's Basis for Projection of Revenues, Expenses and Other Items (continued)

#### Current Assets and Current Liabilities

Current assets limited as to use represent 9/12<sup>ths</sup> of the upcoming year's bonds that are scheduled to be redeemed, since those amounts are escrowed with the bond trustee at a rate of 1/12<sup>th</sup> per month (the "Bond Sinking Funds"). Current maturities of long-term debt are taken from the predetermined amortization schedule of the Series 2018 Bonds and Series 2025 Bonds (refer to Table 8).

Table 9 presents the assumptions related to adjustments to other current assets and current liabilities from 2026 through 2030.

**TABLE 9**  
**WORKING CAPITAL - DAYS ON HAND**

Accounts Receivable, Net	20 Days operating revenues <sup>(1)</sup>
Prepaid Expenses and Inventory	7 Days operating expenses <sup>(2)</sup>
Accounts Payable	20 Days operating expenses <sup>(2)</sup>
Accrued Expenses	20 Days operating expenses <sup>(2)</sup>

Source: Management

- (1) Included in days operating revenues are Resident Services Revenues, Guests' Meals and Lodging, and Health Center Revenues.
- (2) Included in days operating expenses is total operating expenses less depreciation, interest expense and interest expense - deferred bond issuance costs.

#### Operating Reserve Requirement

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

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

Such operating reserves may only be released upon approval of the North Carolina Commissioner of

## Summary of Significant Projection Assumptions and Accounting Policies

### Management's Basis for Projection of Revenues, Expenses and Other Items (continued)

Insurance. Management has projected, based on its projected occupancies, meeting the 25 percent operating reserve requirement for all years of the Projection Period, noting that this can be reduced to 12.5 percent in situations where the debt service coverage ratio also exceeds 2.0.

Table 10 presents the estimated annual reserves required of the Center at year-end 2026 through 2030.

<b>TABLE 10</b>					
<b>NC DEPARTMENT OF INSURANCE</b>					
<b>PROJECTED RESERVES REQUIRED BY STATE STATUTE</b>					
<b>(IN THOUSANDS)</b>					
Years Ending December 31,	2026	2027	2028	2029	2030
<b>Reserves Required, Year-end</b>					
Total Operating Expenses	\$ 39,076	\$ 40,652	\$ 43,291	\$ 44,784	\$ 46,071
Plus: Principal Payment on Long-Term Debt	2,650	2,750	2,850	2,950	3,050
Plus: Amortization of Bond Premium	47	47	47	47	47
Less: Depreciation Expense	(4,996)	(5,038)	(5,406)	(5,680)	(5,704)
Less: Amortization of Deferred Financing Costs	(41)	(41)	(41)	(41)	(41)
Less: Bond Sinking Funds (as of 12/31)	(2,342)	(2,410)	(2,478)	(2,545)	(2,612)
Adjusted Expenses	34,394	35,960	38,263	39,515	40,811
Required Reserve Multiplier <sup>(1)</sup>	25.0%	12.5%	12.5%	12.5%	12.5%
Required Operating Reserve (In Thousands)	\$ 8,599	\$ 4,495	\$ 4,783	\$ 4,939	\$ 5,101
Average Available Independent Living Units for the Year Ending December 31:	315	315	315	315	315
Average Occupied Independent Living Units for the Year Ending December 31:	302	302	302	302	302
Occupancy at December 31:	95.9%	95.9%	95.9%	95.9%	95.9%

Source: Management

(1) Management has projected a debt service coverage ratio over 2.0 for the years 2027-2030, therefore reducing their required reserve to 12.5%.

### Potential Future Events

The Center has initiated a campus master planning process which could result in additional independent living residences, and additional assisted living or nursing capacity. The Board of Directors has established a master planning task force which includes members of the Board, senior management, and residents. A market study was commissioned in 2023 which indicates strong demand from the Center's priority list. An initial master plan was presented to the Board and Management has continued to work with architects to define future plans for the Center. As of the date of this report, the key elements of the future plans are not known.

Each time that the Center has done similar campus expansions in the past, it has resulted in serving more persons from its growing priority list, while strengthening the Center financially. Management expects that any upcoming expansion would produce similar results.

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

### **MANAGEMENT'S BASIS FOR THE PROJECTION OF SUPPLEMENTAL OTHER ITEMS**

#### **Supplemental Information**

The information provided in this section provides Management's key forecast assumptions relating to Carol Woods and has been prepared pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and excludes the activities of the Charitable Fund. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the Projection Period and are the assumptions which Management believes are significant to the financial projection included in the Supplemental Disclosure. However, the projected results may not be achieved as there will usually be differences between the projected and actual results because the events and circumstances frequently do not occur as expected, and those differences may be material.

Management's supplemental projection has been prepared for the specific purpose of presenting the supplemental projected statements of operations and changes in net assets, statements of cash flows and balance sheets for Carol Woods. This presentation is not intended to include the consolidated projected financial statements of The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. which would include Carol Woods and the Charitable Fund. Accordingly, the supplemental projection is not intended to be a presentation in conformity with U. S. generally accepted accounting principles since it excludes the Charitable Fund.

The disclosures in the Supplemental Disclosure add specific disclosures related to Management's supplemental projection (the "Supplemental Projection") included in this Supplemental Disclosure. Other key assumptions have been presented in Management's Summary of Significant Projection Assumptions and Accounting Policies as disclosed previously and also apply to the Supplemental Projection with the exception of the following.

#### **Intercompany Payables**

Management has projected the Intercompany Payables based upon historical experience and has not projected a change in Intercompany Payables during the Supplemental Projection Period.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY  
SUPPLEMENTAL PROJECTED BALANCE SHEETS ASSUMING HYPOTHETICAL  
ASSUMPTIONS NOTED ON PAGE 5  
AT DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2026	2027	2028	2029	2030
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash & Cash Equivalents	\$ 901	\$ 474	\$ 864	\$ 847	\$ 1,028
Assets Limited as to Use, Current Portion	2,342	2,410	2,478	2,545	2,612
Accounts Receivable, Net	2,180	2,260	2,344	2,428	2,517
Prepaid Expenses and Inventory	106	108	110	113	115
<b>Total Current Assets</b>	<b>5,529</b>	<b>5,252</b>	<b>5,796</b>	<b>5,933</b>	<b>6,272</b>
<b>ASSETS LIMITED AS TO USE</b>					
Reserves Required by State Statute	8,599	4,495	4,783	4,939	5,101
Sinking Fund Accounts	2,342	2,410	2,478	2,545	2,612
Project Fund - Series 2025 Bonds	12,392	1,741	-	-	-
Subtotal	23,333	8,646	7,261	7,484	7,713
Less: Amounts Available for Current Liabilities	(2,342)	(2,410)	(2,478)	(2,545)	(2,612)
<b>Total Assets Limited as to Use</b>	<b>20,991</b>	<b>6,236</b>	<b>4,783</b>	<b>4,939</b>	<b>5,101</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>78,946</b>	<b>89,238</b>	<b>88,730</b>	<b>87,094</b>	<b>85,588</b>
<b>INVESTMENTS</b>	<b>49,582</b>	<b>56,165</b>	<b>58,686</b>	<b>60,762</b>	<b>62,939</b>
<b>INTEREST RATE SWAP AGREEMENT</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>
<b>OTHER LONG-TERM ASSETS</b>	<b>20</b>	<b>13</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 155,393</b>	<b>\$ 157,229</b>	<b>\$ 158,326</b>	<b>\$ 159,053</b>	<b>\$ 160,225</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$ 2,750	\$ 2,850	\$ 2,950	\$ 3,050	\$ 3,150
Accounts Payable	550	566	582	601	619
Accrued Expenses	1,420	1,476	1,530	1,572	1,620
Refundable Deposits	405	413	422	430	439
<b>Total Current Liabilities</b>	<b>5,125</b>	<b>5,305</b>	<b>5,484</b>	<b>5,653</b>	<b>5,828</b>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	<b>52,992</b>	<b>50,137</b>	<b>47,181</b>	<b>44,125</b>	<b>40,970</b>
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	<b>53,662</b>	<b>56,312</b>	<b>59,143</b>	<b>61,571</b>	<b>64,126</b>
<b>PRIORITY LIST DEPOSITS</b>	<b>1,915</b>	<b>1,984</b>	<b>2,053</b>	<b>2,122</b>	<b>2,191</b>
<b>Total Long-Term Liabilities</b>	<b>108,569</b>	<b>108,433</b>	<b>108,377</b>	<b>107,818</b>	<b>107,287</b>
<b>Total Liabilities</b>	<b>113,694</b>	<b>113,738</b>	<b>113,861</b>	<b>113,471</b>	<b>113,115</b>
<b>NET ASSETS</b>					
Without Donor Restrictions	41,685	43,477	44,451	45,568	47,096
With Donor Restrictions	14	14	14	14	14
<b>Total Net Assets</b>	<b>41,699</b>	<b>43,491</b>	<b>44,465</b>	<b>45,582</b>	<b>47,110</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 155,393</b>	<b>\$ 157,229</b>	<b>\$ 158,326</b>	<b>\$ 159,053</b>	<b>\$ 160,225</b>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY  
SUPPLEMENTAL PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND  
CHANGES IN NET ASSETS ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5  
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2026	2027	2028	2029	2030
<b>REVENUE, GAINS AND OTHER SUPPORT</b>					
Resident Services					
On Campus	\$ 20,571	\$ 21,394	\$ 22,250	\$ 23,140	\$ 24,065
Early Acceptance	2,789	2,880	3,003	3,115	3,239
Amortization of Advance Fees					
On Campus	5,815	5,990	6,169	6,354	6,545
Early Acceptance	745	767	790	814	839
Health Center:					
Routine Services	6,999	7,284	7,544	7,792	8,069
Special Services	681	701	723	744	767
Other Revenue	985	1,014	1,045	1,076	1,108
Undesignated Contributions	372	383	395	407	419
Investment Income	2,807	2,479	2,808	2,935	3,038
<b>Total Revenue, Gains and Other Support</b>	<b>41,764</b>	<b>42,892</b>	<b>44,727</b>	<b>46,377</b>	<b>48,089</b>
<b>EXPENSES</b>					
Health Center	11,381	11,825	12,287	12,766	13,265
Dietary Services	6,394	6,625	7,028	7,282	7,546
Facility Services	8,395	8,818	9,136	9,467	9,810
Early Acceptance	56	59	61	63	66
Administration	6,436	6,772	7,006	7,250	7,497
Depreciation	4,996	5,038	5,406	5,680	5,704
Interest and Amortization Expense	1,418	1,515	2,367	2,276	2,183
<b>Total Operating Expenses</b>	<b>39,076</b>	<b>40,652</b>	<b>43,291</b>	<b>44,784</b>	<b>46,071</b>
<b>OPERATING INCOME</b>	<b>2,688</b>	<b>2,240</b>	<b>1,436</b>	<b>1,593</b>	<b>2,018</b>
<b>NONOPERATING INCOME (LOSS)</b>					
Loss on Disposal of Property & Equipment	(435)	(448)	(462)	(476)	(490)
Income from Operations and Change in Net Assets Without Donor Restrictions	2,253	1,792	974	1,117	1,528
<b>CHANGE IN NET ASSETS</b>	<b>2,253</b>	<b>1,792</b>	<b>974</b>	<b>1,117</b>	<b>1,528</b>
<b>NET ASSETS</b>					
Beginning of the Year	39,446	41,699	43,491	44,465	45,582
End of the Year	\$ 41,699	\$ 43,491	\$ 44,465	\$ 45,582	\$ 47,110

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY  
SUPPLEMENTAL PROJECTED STATEMENTS OF CASH FLOWS ASSUMING HYPOTHETICAL  
ASSUMPTIONS NOTED ON PAGE 5  
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2026	2027	2028	2029	2030
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 2,253	\$ 1,792	\$ 974	\$ 1,117	\$ 1,528
Operating Activities:					
Proceeds from Advance Fees, Net of Refunds	8,047	9,415	9,799	9,604	9,948
Amortization of Advance Fees	(6,560)	(6,757)	(6,959)	(7,168)	(7,384)
Depreciation	4,996	5,038	5,406	5,680	5,704
Amortization of Deferred Bond Issuance Costs	41	41	41	41	41
Amortization of Bond Premium	(47)	(47)	(47)	(47)	(47)
Loss on Disposal of Property & Equipment	435	448	462	476	490
Change in Accounts Receivable, Prepaid Expenses, Inventory and Other Assets	(753)	(75)	(79)	(81)	(91)
Change in Accounts Payable and Accrued Expenses	(1,320)	73	70	61	67
Net Cash Provided by Operating Activities	7,092	9,928	9,667	9,683	10,256
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Change in Investments and Reserves Required by State Statute	4,193	(2,479)	(2,809)	(2,232)	(2,339)
Purchase of Property and Equipment	(15,046)	(15,778)	(5,360)	(4,520)	(4,688)
Net Cash Used by Investing Activities	(10,853)	(18,257)	(8,169)	(6,752)	(7,027)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Principal Payments on Long-Term Debt	(2,650)	(2,750)	(2,850)	(2,950)	(3,050)
Principal Payments on Line of Credit	(500)	-	-	-	-
Net Change in Priority Deposits	29	69	69	69	69
Change in Intercompany Payables	(2,514)	-	-	-	-
Net Cash Used by Financing Activities	(5,635)	(2,681)	(2,781)	(2,881)	(2,981)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>(9,396)</b>	<b>(11,010)</b>	<b>(1,283)</b>	<b>50</b>	<b>248</b>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	25,031	15,635	4,625	3,342	3,392
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 15,635	\$ 4,625	\$ 3,342	\$ 3,392	\$ 3,640
Cash and Cash Equivalents	\$ 901	\$ 474	\$ 864	\$ 847	\$ 1,028
Restricted Cash included in Assets Limited as to Use	14,734	4,151	2,478	2,545	2,612
Total	\$ 15,635	\$ 4,625	\$ 3,342	\$ 3,392	\$ 3,640
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>					
Cash Paid for Interest, Net of Interest Capitalized	\$ 1,377	\$ 1,521	\$ 2,373	\$ 2,281	\$ 2,188



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**Appendix C — Statement of Actuarial Opinion**



415 Main Street  
Reisterstown, MD 21136-1905  
410-833-4220  
410-833-4229 (fax)  
[www.continuingcareactuaries.com](http://www.continuingcareactuaries.com)

May 18, 2026

Tracy Biesecker  
Chief Financial Officer  
Carol Woods Retirement Community  
750 Weaver Dairy Road  
Chapel Hill, North Carolina 27514

Dear Tracy:

Continuing Care Actuaries was retained by the management of Carol Woods to conduct a Comprehensive Actuarial Study for their community located in Chapel Hill, North Carolina. The purpose of the actuarial analysis was to:

- Review the resident demographic experience,
- Provide a population projection of current and prospective residents,
- Calculate Carol Woods' cash flow projection and Actuarial Balance Sheet, and
- Conduct an Actuarial Pricing Analysis of the current residential contract.

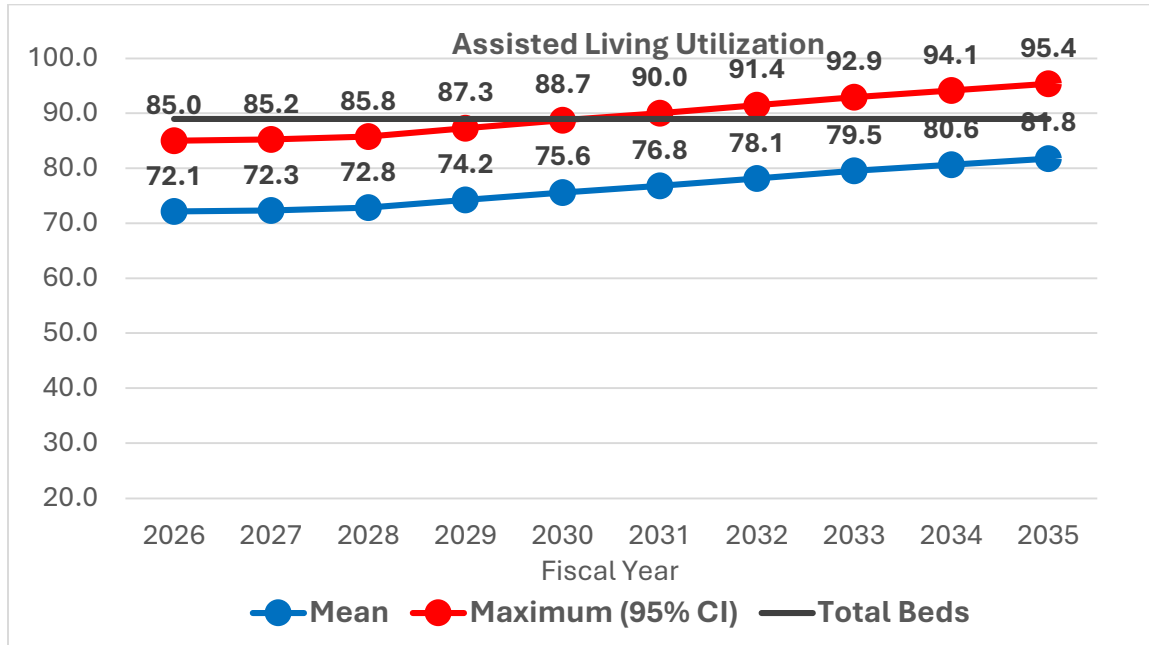
Carol Woods is a Continuing Care Retirement Community with an independent living portion consisting of 315 Independent Living Units. Contract residents have access to Carol Woods' Healthcare center which contains 89 Assisted Living Units, and Health Care Center that is licensed for 30 Skilled Nursing beds. The basic cost of residence at Carol Woods consists of the initial Entrance Fee and the Monthly Service Fee. Residents requiring permanent or temporary health care are able to transfer to the needed level of care as determined appropriate by Carol Woods medical and management staff and in conjunction with residents and their physicians and family. Collectively, Monthly Service Fees and Entrance Fees are intended to cover the cost of constructing and operating the community and providing health care and other services to contract residents, as well as a portion of all other costs related to the operation of the community. Entrance Fees held by Carol Woods are subject to refund requirements.

The scope of our study consisted of (1) development of updated population projections based on the current demographic characteristics of the resident population and the assumptions used in the financial model for Carol Woods; (2) development of projected statements of cash flows and Actuarial Balance Sheet; and (3) preparation of an Actuarial Pricing Analysis. This Comprehensive Actuarial Study and review was performed under the guidelines contained in the American Academy of Actuaries' Actuarial Practice Number 3, "Issues Relating to Continuing Care Retirement Communities."

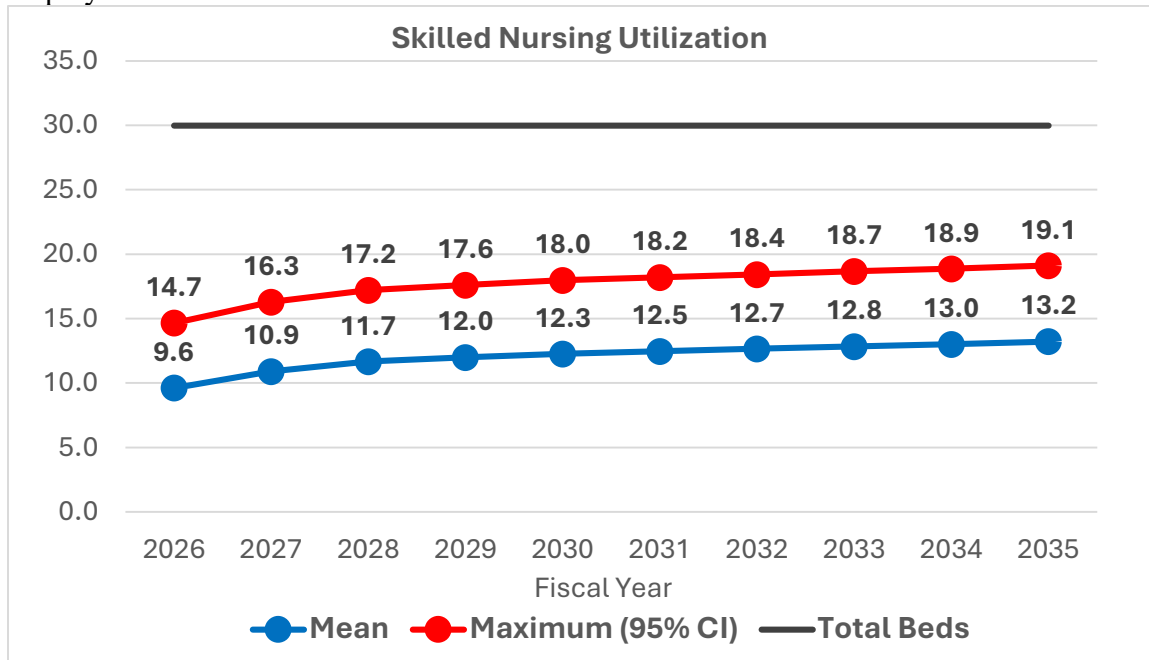
**Summary of Findings and Notes**

1) **Data and Assumptions:** The data and assumptions used for the population and financial projections in this report form a reasonable basis for the projections. The methods used to produce the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of Actuaries.

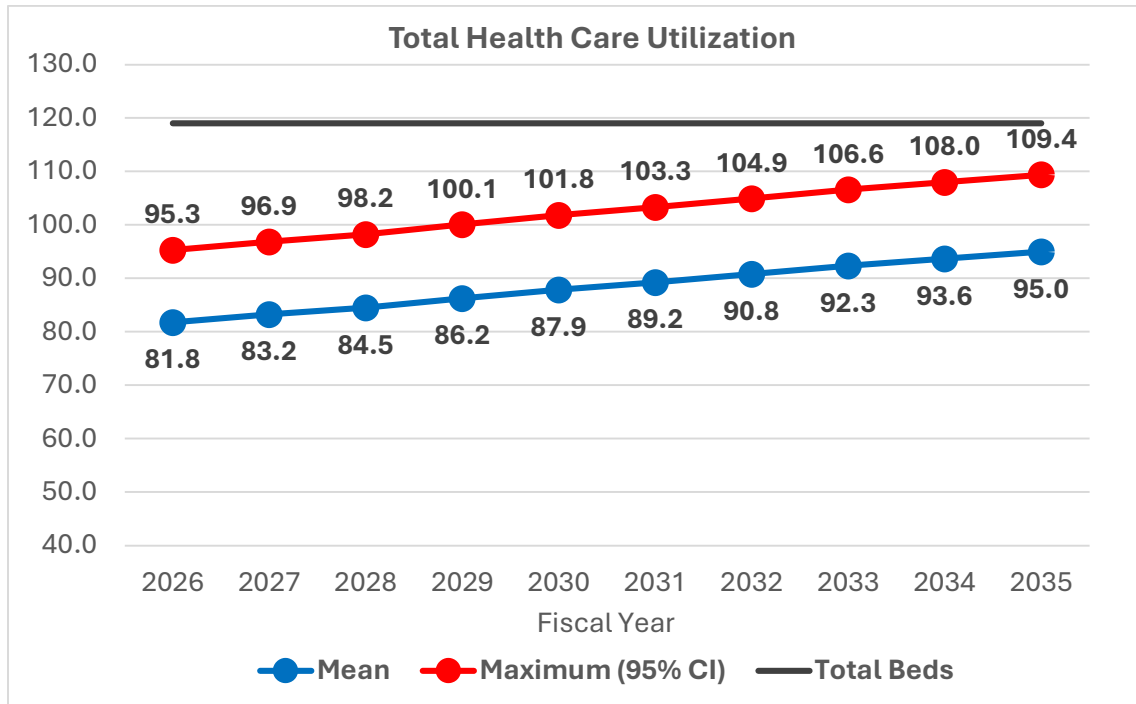
The projected occupancy of assisted living units by residents who originated in independent living units with the 95% confidence interval is displayed below:



The following chart shows the projected occupancy of the skilled nursing facility by residents who originated in independent living units with 95% confidence interval is displayed below:



The projected occupancy of the combined assisted living units and skilled nursing facility by residents who originated in independent living units with 95% confidence interval is detailed below:



- 2) **Cash Flow Projection:** The financial projection indicates that Carol Woods will generate positive annual cash flow throughout the projection, with the exception of 2026 through 2030.
- 3) **Actuarial Balance Sheet:** Based on the result of the Actuarial Balance Sheet as of December 31, 2025, our analysis concluded that Carol Woods has current and future assets of \$393,394,000 with current and future liabilities of \$296,863,000. Based on these projected assets and liabilities, Carol Woods' funded status is 132.5% which is above our recommended target of 110% for a mature community.

The actuarial ratio determines the percent of future expenses that are expected to be covered by future revenues for the expected group of residents as of December 31, 2025. This measure is important in that it represents Carol Woods' ability to deal with adverse experience. This ratio was calculated at 79.7%.

- 4) **Actuarial Pricing Analysis:** In aggregate, based on new entrant contract distribution assumptions, the Actuarial Pricing Analysis for new entrants at Carol Woods is expected to cover the risk of adverse fluctuation, with a margin of 1.1%.
- 5) Generally, it is our recommendation for a mature community to target a margin of approximately 10% in order to cover possible adverse fluctuations that may occur in the future. These adverse fluctuations can include both changes in economic assumptions, such as expected inflation, and changes in demographic assumptions, such as nursing care utilization. In conclusion, Carol Woods is in an *adequate financial condition* to meet its obligations as defined by Actuarial Standard of Practice No. 3 (ASOP 3). ASOP 3 defines adequacy based on the meeting of three required actuarial standards which consist of the actuarial cash flow, the actuarial balance sheet, and the actuarial pricing analysis. Carol Woods meets the actuarial cash flow, actuarial balance sheet and actuarial pricing requirements.

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

Management should scrutinize future developments that may have a negative impact on these projections. These developments include lower independent living occupancy than assumed, higher apartment vacancy rates, higher expense inflation, higher health care utilization and longer life expectancies than assumed in the current projection.

Respectfully,



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

Managing Partner

[dbond@continuingcareactuaries.com](mailto:dbond@continuingcareactuaries.com)

## **Appendix D — Representative Contract(s)**

**RESIDENCE AND SERVICES AGREEMENT  
CAROL WOODS RETIREMENT COMMUNITY  
CHAPEL HILL, NORTH CAROLINA**

This Residence and Services Agreement (referred to as the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ between The Chapel Hill Residential Retirement Center, Inc., d/b/a Carol Woods (referred to as "Carol Woods" or "We or "Us"), a North Carolina nonprofit corporation, and \_\_\_\_\_ (referred to as "Resident", "You" or "Your"). If two persons sign this Agreement as Residents, the words, "Resident", "You" and "Your" apply to both persons jointly and severally unless the context requires otherwise. You agree to take financial responsibility for Your residence on the \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ (the "Date of Financial Responsibility").

**WHEREAS**, Carol Woods owns and operates a retirement community located at 750 Weaver Dairy Road, Chapel Hill, North Carolina; and

**WHEREAS**, the retirement community (referred to as the "Community") consists of independent living apartments in mid-rise buildings, single-story garden cottages, two-story townhomes, a Community Center with common areas and amenities, and on-campus facilities for outpatient healthcare services and 24/7 assisted living and skilled nursing care ("Higher Levels of Support"); and

**WHEREAS**, You desire to enter into this Agreement for residence in the Community, and whereas You have applied for admission to Carol Woods and Your application has been accepted.

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

**I. RESIDENCE, COMMON AREAS, AND GENERAL SERVICES**

**A. Residential Services and Amenities Included in Monthly Fees.** Subject to the terms and conditions set forth in this Agreement, the following residential services and amenities shall be made available to You and are included in the monthly fees that You are charged pursuant to Section V.B. of this Agreement.

1. **Residence.** Subject to the terms and conditions set forth in this Agreement, Carol Woods agrees to provide You a personal, exclusive, non-transferrable right to reside, use, and enjoy residence number \_\_\_\_\_ a \_\_\_\_\_ type of residence located within Carol Woods, or such other residence or accommodation within Carol Woods to which You may be transferred in accordance with this Agreement (referred to as the "Residence").

2. **Furnishings and Appliances.** Carol Woods will provide floor covering, window coverings, kitchen and laundry appliances, and other furnishings as described in the Community's current literature. You will provide all other furnishings and decorations, which shall be purchased and maintained by You at Your risk.
3. **Maintenance and Repair Service.** Carol Woods will perform and provide repairs, maintenance, and replacement of property and equipment owned by Carol Woods. The maintenance, repair, and replacement of Your personal property is Your responsibility. Any change or replacement by You of the property or equipment provided by Carol Woods in Your Residence gives title in the changed or replaced property or equipment to Carol Woods unless otherwise agreed to in writing in advance. Carol Woods may decline to repair, maintain, or replace any property or equipment that You change, modify, or replace. You will be responsible for the cost of repairing any damage to property of Carol Woods caused by Your negligence and/or that of any guest of Yours, ordinary wear and tear excepted.
4. **Grounds.** Carol Woods will furnish basic grounds-keeping care, including lawn service and snow removal. With Carol Woods' approval, You may elect to plant and maintain a specifically defined area adjacent to Your Residence. The cost and maintenance of these plantings will be at Your expense. Title to such plantings is vested in Carol Woods unless otherwise agreed to in writing.
5. **Meals.** Carol Woods will offer meals in accordance with Carol Woods' prevailing dining program and policies which is subject to change from time to time.
6. **Clinic Authorized Meal Service.** Meal service will be provided to Your residence during short-term illness, when ordered by one of Carol Woods' authorized health service personnel. When authorized, meal service includes the delivery and pick-up of selected meals to You at Your Residence.
7. **Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all Residents. Some common areas may require advance reservations. All common areas are tobacco-free environments.
8. **Health Care and Higher Levels of Support.** Carol Woods will provide or arrange admission to the facilities necessary for the health care and support services specified in this Agreement, subject to the terms and conditions of this Agreement. In this Agreement, the term "Higher Levels of Support" includes care provided in all of Carol Woods' 24/7 licensed health care facilities. Carol Woods is a restraint-free, dementia-inclusive community and does not embrace the concept of a segregated unit for residents with dementia. Residents living in all levels of support are

welcome to dine throughout campus and participate in all events and activities.

9. **Security.** We will use reasonable care in providing security on the premises of Carol Woods. Carol Woods will provide twenty-four (24) hour security staffing on-site, in the community, as well as emergency call devices and smoke detectors in each residence. You are responsible for locking Your Residence and taking appropriate security measures to protect Yourself and Your personal property. We are not responsible for theft, loss or damage to Your personal property.
10. **Parking.** Carol Woods will provide and maintain parking areas for Residents and guests.
11. **Laundry & Housekeeping.** Carol Woods will also provide washers and dryers for Your personal laundry in each residence or apartment building as well as common laundry facilities in Higher Levels of Support. You are responsible for arranging and paying for dry cleaning services.  
  
Carol Woods will provide housekeeping services on a regular basis for each residence. You must maintain Your Residence in a clean, safe and sanitary condition. If not, Carol Woods, after providing written notice to You, will maintain the Residence and charge such cost to You.
12. **Utilities.** Carol Woods will furnish heating, air conditioning, water, electricity and/or gas, as appropriate, sewage disposal, and garbage and trash removal from collection points. Carol Woods provides telephone and internet service and supplies connection for standard television service. If You choose to arrange other television streaming, internet or telephone services beyond what is provided, You may do so at Your own expense and receive no credit.
13. **Local Transportation.** Carol Woods will provide limited local, scheduled transportation for Residents, subject to Carol Woods' policies and procedures. Additional charges may be incurred for some transportation.
14. **Taxes.** Subject to any exemptions offered to Carol Woods, Carol Woods will pay all property taxes assessed on Carol Woods' real property. You will be responsible for all taxes owed by You, including, without limitation, all personal income taxes and taxes assessed on Your personal property.
15. **Storage.** Additional storage space is provided for each apartment in the central apartment buildings. Garden cottages and townhomes include additional storage areas inside and/or outside of each unit.
16. **Activities.** Social, recreational, educational, and cultural activities are provided through an active Resident-directed program. Additional charges may be incurred for some programs.

**B. Residential Services and Amenities Available for an Additional Charge.**

Carol Woods shall provide other residential services and amenities which are NOT included in Your monthly fees, which shall be available to You for an additional charge. Fee schedules for these services shall be made available to You and updated from time to time as the services and fees may change.

You may not engage third parties, including private duty nurses, nursing assistants, and companions, for services rendered on Carol Woods's campus without prior notification to and written authorization by Carol Woods' management. You agree to hold Carol Woods harmless for any claims, damages or other harm arising out of Resident's private employment or contracting with any individual(s) or otherwise related to the provisions of such outside services. At any point in time, Carol Woods may revoke its authorization for other services provided should Carol Woods determine such third party poses a risk to You or other residents, or such third party fails to comply with any applicable rule or policy issued by Carol Woods. Such revocation shall be in writing and effective immediately or as specified in the written notice.

**II. HEALTH CARE SERVICES**

**A. Health Care Services Included in Monthly Fees and Health Care Per Diems.** Subject to the provisions set forth in this Agreement, the following health care services are available to You and covered in Your monthly fees or per diem charges.

1. Medical services provided by primary care physicians and geriatric-trained nurse practitioners who are part of Carol Woods' group practice, and who see You at the Carol Woods' on-site clinic; and which are not billable to Your Medicare or Medicare Advantage insurance except that You shall be responsible for all deductibles, co-pays and costs for any non-covered service Your insurer imposes (see Section II.B.1).
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods' Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support; and which are not billable to Your Medicare or Medicare Advantage insurance except that You shall be responsible for all deductibles, co-pays and costs for any non-covered service Your insurer imposes (see Section II.B.2).
3. 24/7 availability of Carol Woods' Security and Nursing staff to respond in an emergency in Your Residence or elsewhere on campus.
4. Assisted Living, Assisted Nursing and Skilled Nursing care are provided in Carol Woods' licensed 24/7 Higher Levels of Support. For every day that You are admitted to one of Carol Woods' accommodations in Higher Levels of Support, You shall be charged a per diem according to the level of support needed, and the type of accommodation. The per diem is charged in addition to Your prevailing Monthly Fee. Your per diem shall be discounted from the prevailing market rate per diem, as established

through written per diem fee schedules, by virtue of Your being a Carol Woods Resident, pursuant to Section V.C. The following outlines the services and supplies provided in Higher Levels of Support that are included in Your discounted per diem charge.

- a. Support from certified Resident Life Specialists for assistance that You need in Your personal care and Activities of Daily Living. If one-on-one support is needed for more extended periods of time, that support is arranged on a fee-for-service basis as outlined in Section II.B.5.
  - b. Support from certified Medication Technicians and licensed nursing staff for administration of prescribed medications.
  - c. Support from licensed Registered Nurses for treatments and other services within their professional Scope of Practice provided in properly licensed facilities.
  - d. Three meals per day in the facility in which You reside, or any other resident dining areas on campus. Nutritional snacks provided between meals.
  - e. Private or semi-private furnished accommodations, all utilities, with regular housekeeping, and regular maintenance.
5. General nursing and personal care are provided in similarly licensed personal care and nursing facilities when space is not available at Carol Woods, and when coordinated by Carol Woods' medical and nursing staff. Carol Woods shall arrange for Your return to an appropriate accommodation on campus as soon as one is available. While at another facility, Carol Woods shall be responsible to pay for Your care and charge You Carol Woods' prevailing Monthly Fees and discounted per diems.

**B. Health Care Services Available for an Additional Charge.** Carol Woods may provide other health care services which are NOT included in Your Monthly Fees or discounted per diems, which may be available to You for an additional charge. Fee schedules for these services may be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of health care services which may be available on a fee-for-service basis.

1. Medical services provided by primary care physicians and licensed nurse practitioners who are part of Carol Woods' group practice, for services that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. If Carol Woods has established a contract with your Insurer, Carol Woods shall accept the allowable rate established with your Insurer, and shall bill You whatever deductibles, co-payments and costs for any non-covered service Your Insurer imposes. If Carol Woods does not have a contract with Your Insurer, Carol Woods will accept the Medicare allowable reimbursement rate for the service and you

may receive a bill for the difference between what Your Insurer pays and the Medicare allowable reimbursement rate.

2. Physical, Occupational, and Speech Therapy provided at Carol Woods' Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support, that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. If Carol Woods has established a contract with your Insurer, Carol Woods shall accept the allowable rate established with your Insurer, and shall bill You whatever deductibles, co-payments and costs for any non-covered service Your Insurer imposes. If Carol Woods does not have a contract with Your Insurer, Carol Woods will accept the Medicare allowable reimbursement rate for the service and you may receive a bill for the difference between what Your Insurer pays and the Medicare allowable reimbursement rate.
  3. Other services provided or offered by other Practitioners in Carol Woods' Clinic and Higher Levels of Support including Podiatry and Audiology services, Integrative Health, Massage Therapy, and others from time to time.
  4. Personal shopping services and one-on-one companionship services provided in Carol Woods 24/7 licensed Higher Levels of Support, since these are beyond what is covered in the discounted per diem charges.
- C. Community Physicians.** Carol Woods will appoint a Medical Director and physicians as needed as determined by Carol Woods. If You choose to use Carol Woods' providers, they will be responsible for Your medical care, including office visits, medical review, visits in Higher Levels of Support, and referral to hospitalists and other specialists. If You choose a physician who is not part of Carol Woods' group practice, a Carol Woods physician will be responsible for Your care if You are admitted to Carol Woods' Higher Levels of Support.
- D. Hospitalization.** When one of Carol Woods' physicians determines that it has become necessary to hospitalize You, the physician will have the authority to arrange such hospitalization. When the conditions necessitating such hospitalization no longer exist, the physician will have the authority to arrange for Your discharge and transfer or return to Carol Woods.
- E. Medical Referrals.** Carol Woods will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by Carol Woods, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of Carol Woods' physicians for treatment or consultation. Such responsibility will be limited to the specific condition for which the referral was made. Carol Woods will not be responsible for secondary referrals or for follow-up visits unless approved in advance in writing by one of Carol Woods' physicians.

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

- F. Health Care Insurance Requirements.** You shall be responsible for carrying both Medicare Part A and Medicare Part B, or Medicare Advantage insurance coverage, or a substitute policy approved in writing by Carol Woods. You shall also carry a supplemental insurance policy or equivalent insurance coverage, approved in writing by Carol Woods, which adequately covers the hospital, medical, prescriptions, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize Carol Woods as a health care provider; or You assume the financial responsibility for services provided that otherwise could be covered.

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

- G. Carol Woods' Filing for and Rights to Insurance Benefits.** Carol Woods shall be responsible for filing for reimbursement from Your Medicare, Medicare Advantage and supplemental health insurance plans for covered medical, skilled nursing, and outpatient therapy services when provided by Carol Woods. By law, the patient is responsible for payment of any deductible, co-payment, co-insurance and non-covered service. You are responsible for payment of all deductibles, co-payment, co-insurance and non-covered service billed by Carol Woods upon receipt of the bill. Payments received from Your insurance carrier for Medicare Part A co-insurance will be applied to Your monthly statement when received. Outpatient services (e.g., therapy) not paid by Your insurance carrier within Ninety (90) Days of the date of service will become due and payable by You unless the claim is subject to Medicare, Medicaid, or an insurance plan in which Carol Woods participates. In the event Your health insurance determines a service is "not covered," You will be responsible for payment. Carol Woods tries to inform Residents when services may not be covered; however, it is Your responsibility to understand Your policy limitations. Carol Woods has a right to the benefits payable under the insurance You carry for services provided by Carol Woods as required in this Agreement, except where costs of care were borne solely by You and not Carol Woods. You hereby authorize Carol Woods to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable Carol Woods to collect or enforce such claims. If, for any reason, Carol Woods cannot

apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay Carol Woods the proceeds received that are due for services provided by Carol Woods. Carol Woods reserves the right, in its discretion, to eliminate or change its participation with any and all insurance plans.

- H. Assignment of Benefits.** You will, from time to time, authorize any provider of medical and health services, including Carol Woods, to receive reimbursement as provided under Medicare/Medicaid, any or all Federal, State, and local benefits for which You may be eligible or entitled, and any supplementary insurance programs. If requested by Carol Woods, You will, from time to time, make assignments to the provider of medical and other health services of all benefits otherwise accruing to You under Medicare/Medicaid or other programs and supplementary extended coverage plans to compensate for services rendered. You hereby irrevocably authorize Carol Woods to make claims and to take other actions to secure receipt by Carol Woods of all payments from a third-party payor to reimburse Carol Woods for its charges for Your stay and care.
- I. Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.
- J. Carol Woods' Rights in Case of Injury Caused by a Third Party.** You hereby grant Carol Woods an irrevocable power of attorney to act on Your behalf to recover any claims for compensation from injuries caused by a third party.

After Carol Woods has been reimbursed for all costs, expenses, and damages incurred by Carol Woods on Your behalf (including reasonable costs of care Carol Woods may furnish You because of such accident or injury), the balance of any amount recovered on Your behalf from all sources will be paid to You or credited to Your account; or, in the event of Your death, will be paid to Your estate.

- K. Consent to Receive Health Care Services.** You hereby authorize Carol Woods to provide those health care-related services that are specifically set forth in this Agreement. You also hereby authorize Carol Woods to obtain all necessary clinical and/or financial information from Your attending physician, and any other health care providers treating You, including, but not limited to, any hospital or nursing facility from which You may be transferring from or may transfer to in the future and hereby authorize such health care provider(s) to provide such health care information to Carol Woods.

### **III. MEDICAL AND OTHER HEALTHCARE SERVICES EXCLUDED IN THIS AGREEMENT**

- A. Use of Medical Practitioners and Facilities Not Referred by Carol Woods.** You may engage the services of primary care physicians other than those who are part of the Carol Woods practice, and seek care at other

hospital, specialty medical, surgical or allied health services with whom Carol Woods' does not have referral relationships. However, if You do so, it is at Your own expense. Further, Carol Woods will not be liable for any subsequent expenses resulting from such care including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities.

In situations when Carol Woods' medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish Carol Woods, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

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

- B. Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community is not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should Carol Woods determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued presence is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in the Community, then Carol Woods may transfer You to another facility of Your choosing.

Until the time this agreement is terminated, You will continue to be responsible for payment of the Monthly Fee as if You were at Carol Woods. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. Carol Woods will pay a portion of the cost of Your care in that facility up to an amount equal to Your Monthly Fee. You must pay Your Monthly Fee each month before Carol Woods will take responsibility for its share of the costs of Your care in the other facility.

- C. Other Excluded Services.** Carol Woods will not be responsible for any services not described in Section II.A. These excluded services include, but are not limited to payment for prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.
- D. Illness or Accident Away from the Community.** If You have an accident or are ill while You are away from Carol Woods, We will have no responsibility to pay for costs resulting from such accident or illness until You return to Carol Woods and become subject to the care of one of Carol Woods' physicians.

#### IV. TERMS OF RESIDENCY

- A. Rights of Resident.** If You are 62 years of age, and the second person who may be party to this Agreement is at least 55 years of age, You have the right during Your lifetime to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of Carol Woods, subject to and as provided in the terms of this Agreement, unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Carol Woods other than the rights and privileges described in this Agreement.
- B. Policies and Procedures.** You understand and agree that: (i) in order for Carol Woods to operate in the best interests of the entire Community, it is essential that We have the cooperation of and compliance with applicable policies, rules, and regulations by You, Your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of You or who may come on the premises of Carol Woods in any capacity or for any purpose in connection with or as a result of Your residency at Carol Woods; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by Carol Woods that it is impracticable or impossible for Carol Woods to continue to accommodate You as a Resident; and (iii) upon such determination by Carol Woods, We shall have the right to terminate this Agreement. Carol Woods reserves the right to amend or change its policies, rules, and regulations, including, without limitation, those pertaining to the Community, from time to time at its sole discretion. By signing this Agreement, You or Your responsible party acknowledges understanding of how to access Carol Woods policies. Failure by You, Your representatives, family members or guests to abide by Carol Woods' policies and procedures may be cause for termination of this Agreement.
- C. Relationships Between Residents and Staff.** Carol Woods will employ management and staff and/or agents to manage the operations of Carol Woods and its facilities. Carol Woods is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ Carol Woods' employees nor hire former Carol Woods' employees without the prior written consent of management.
- D. Modifications to Residence.** Modifications to any Residence by You will require prior written approval by Carol Woods of both the plans for the modifications and the firm or individual retained to make such modifications. The firm or individual retained to make the modifications shall be licensed appropriately and shall carry insurance that adequately protects Carol Woods against the risks of injury or liability occasioned by the work being done on Carol Woods' property. Such modifications will be at Your expense.

Approval of such modifications may be conditioned upon Your payment to Carol Woods of a sum sufficient to restore the Residence to its original condition at a later date. All such modifications become the property of Carol Woods. You may also be responsible for the cost of repairing or replacing furnishes or appliances damaged as the result of extraordinary wear and tear.

- E. Changes in the Residence/Relocation.** Carol Woods has the right to change the Residence to meet requirements of any applicable statutes, law, regulation or ordinance. The Residence may not be used in any manner that violates any zoning ordinances or other governmental law or regulation. Carol Woods has the right to relocate You to another accommodation when deemed necessary in order for Carol Woods to fulfill its mission and/or its strategic, financial or other obligations. Carol Woods will use reasonable efforts to relocate You to an accommodation of the same or similar type as Your Residence. Any such decision to relocate You will be discussed thoroughly with You to enlist Your understanding of the need for and cooperation with the relocation. However, any such decision to relocate You shall be at the sole discretion of Carol Woods. Carol Woods will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between Your Residence and any new accommodation to which You may be relocated.
- F. Guests and Visitors.** Guests and visitors are welcome at Carol Woods. Guests may use Carol Woods guest accommodations, subject to availability and additional charges. Guests may also stay in Your Residence for visits of limited duration (less than two weeks, except with Carol Woods approval). Guests approved for stays in Your Residence for longer than two weeks may result in additional charges. No other person, except the Resident(s), may reside in Your Residence without approval from Carol Woods. At all times, You shall be responsible for any injury to others or damage to the property of others or Carol Woods caused by You or Your guest(s). Carol Woods reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.
- G. Loss of Property.** Carol Woods will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, vandalism, fire, employee accident, or any other cause. You shall also be responsible for any loss or damage that You or Your guests cause to property at Carol Woods, excluding ordinary wear and tear. You hereby agree to indemnify and reimburse Carol Woods for any loss or damage suffered by Carol Woods because of Your or Your guests' or invitee's acts or omissions. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.
- H. Appliances.** Carol Woods is not obligated to determine Your ability to safely utilize the appliances, if any, in Your Residence. However, should we determine that You have demonstrated an inability to utilize appliances in Your Residence safely; we will have the right to turn off the power servicing such appliance(s) and/or to remove all such appliances. In any such instance, You shall remain obligated to pay for the full Monthly Fee for Your

Residence, any extra meals, and any fire alarm charges issued by the fire department.

- I. **Right of Entry.** You hereby authorize employees or agents of Carol Woods to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.
- J. **Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by Carol Woods as a basis for entering into this Agreement. Carol Woods has accepted You as a Resident based on the information contained in Your Application for Admission, Personal Health History and Confidential Financial Statement and has agreed to enter into this Agreement based on such information. You hereby affirm that all the information provided in Your Application is true and correct to the best of the knowledge of each person who signs the Agreement, and each also acknowledges that any material misrepresentation or omission in Your Application for Admission, Personal Health History and Confidential Financial Statement shall render this Agreement voidable at the option of Carol Woods. You agree to provide updated copies of the information requested in the Application for Admission, Personal Health History and Confidential Financial Statement in a timely way when requested by Us from time to time during the term of this Agreement.
- K. **Subordination.** You agree that all of Your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Community, which have been or will be executed by Carol Woods. Upon request, You agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. You shall not be liable for any such indebtedness.
- L. **Occupancy by Two Residents.** In the event that two Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to the Higher Levels of Support or the death of one of such Residents, or in the event of the termination of this Agreement with respect to one of such Residents, such as in the case of death or divorce, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence or to move to a smaller Residence, in which event there will be no refund of the Entry Fee. The remaining or surviving Resident will thereafter pay the Monthly Fee for one Resident associated with the Residence occupied by the Resident. No refund will be payable with respect to the Residence surrendered, except as provided in the Termination and Refund Provisions of Section VIII. Any fees paid for a second Resident are not transferable to a future second Resident, such as in the case of a subsequent marriage. When two Residents occupy a Residence under the terms of this Agreement, the rights and obligations of each Resident are joint and severally except as the context otherwise requires.

## V. FINANCIAL ARRANGEMENTS

A. **Entry Fee.** You agree to pay Carol Woods an Entry Fee in the amount of \$\_\_\_\_\_ as a condition for becoming a Resident. The Entry Fee is a lump sum payment and will not be increased or changed during the term of this Agreement, except for changes required by state or federal law or regulation, or upon transfer to a larger residence, marriage, or entry of another resident to share the Residence. Your right to a refund of any portion of this Entry Fee is outlined in Section VIII.J. of this Agreement.

B. **Monthly Fee and Other Charges.** You agree to pay a Monthly Fee for the term of this Agreement. This fee will be payable before the fifth day of each month or within Five (5) Days of the date monthly statements are distributed. The current Monthly Fee associated with the Residence is \$\_\_\_\_\_ per month and an additional \$\_\_\_\_\_ per month if a second person occupies the Residence. The Monthly Fee will commence on the Date of Financial Responsibility. It will be charged and paid on a prorated basis for any partial month.

You will be invoiced monthly for services and supplies which may be provided for You beyond that which is included in the Monthly Fee, and those invoices are also to be paid by the fifth of the month or within Five (5) Days of the date monthly statements are distributed.

If You fail to make payment within Thirty (30) Days after receiving the monthly statement, Carol Woods may give You written notice that You must make payment within Fifteen (15) Days after receiving such notice. If You fail to comply, We may terminate this Agreement. Carol Woods reserves the right to apply late fees up to the then-current legal maximum for any late payment.

C. **Higher Levels of Support Charges and Free Days.** If You need care in Carol Woods' 24/7 licensed Higher Levels of Support facilities, You will be charged an additional daily fee (per diem) based on the level of support and the type of accommodation. This fee is in addition to the Monthly Fee, which You will continue to be charged. The daily charge to You, however, will be discounted to reflect Your prepayment of health care costs in Your Entry Fee and Monthly Fees.

As part of the Entry Fee and Monthly Fee, each Resident accrues Fifteen (15) "Free Days" each year (prorated in the first calendar year of this Agreement), which may be used to cover the additional, discounted per diem charged to You; at either the semi-private or private rate, depending upon Your particular accommodation at the time. Unused Free Days may accumulate over time, with no limit. No credit, however, is provided for Free Days that are never used; nor can Free Days be transferred to another resident.

D. **Adjustments in the Monthly Fee and Other Charges.** Carol Woods may adjust the Monthly Fee, Per Diems in Higher Levels of Support, and other charges from time to time on the basis of experience or to reflect changes in

the cost of achieving the mission or purposes of Carol Woods. Carol Woods agrees that, in the exercise of its discretion, which will be binding on You, Carol Woods will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of Carol Woods, is consistent with sound financial operation and maintenance of the quality of facilities, programs and services provided. Carol Woods shall provide You written notice of changes in fees prior to the effective date of the change.

## **VI. TRANSFERS, MOVES, RELOCATION, AND CHANGES IN RESIDENCE**

- A. **Transfers.** Residents may move to a different Residence at Carol Woods which become available upon payment of such fees, consent by Carol Woods, and compliance with such guidelines regarding transfers as may be adopted by Carol Woods. Fees, policies, and guidelines may be changed at the discretion of Carol Woods.

If a Resident transfers to another Residence, he or she is responsible for paying any difference in the Entry Fee, if the amount of the Entry Fee of the new Residence is greater than the original Entry Fee paid for the previous Residence to be vacated. If the Entry Fee for the new Residence is less than the Entry Fee for the previous Residence to be vacated, no refund will be paid for the difference. Either the Single or Two Person Entry Fees will be applied in the calculations depending upon the number of people that are party to this Agreement at the date of Your move. You will pay the applicable Monthly Fee for the new Residence effective the date of Your move.

- B. **Refurbishing Expenses.** If You make a preference move as defined in Section VI.C. from one Residence to another, You will be responsible for the prevailing cost per square foot for refurbishing the Residence You are moving to. If You make a need-based move, or if You move permanently to Higher Levels of Support, an outside facility under III. B., or the hospital, You are only responsible for reversal of Residence Modifications made under IV.D.
- C. **Preference Versus Need-Based Moves.** Carol Woods considers a move as “need-based” if the move is conditioned by a change in Your health status or marital status, permanent transfer of a spouse to a higher level of support, by financial need, or if required by Carol Woods to fulfill its mission and/or its strategic, financial or other obligations; and that change creates a sense of urgency to move. If the move is made to another Residence for any other reason, it is considered a “preference move.” For any preference move, not only will Your Monthly Fee be adjusted effective the date of the move to the new Residence as outlined in Sections VI.A. and VI.A., but You will also be charged the prevailing Administrative Fee to support the administrative and operational work required to coordinate and complete a preference move.
- D. **Sharing Occupancy With a New Resident.** If a non-resident is joining You as a resident, the additional Entry Fee due is the difference in the amount actually paid by You for the current Residence and the total Entry Fee due for

the same Residence at the double occupancy rate effective at the time double occupancy commences.

A non-resident must apply for admission as a Resident and be approved. If the non-resident is not approved as a Resident, Carol Woods may grant admission with limited rights.

- E. **Addition of a Resident Occupant.** If a Resident, while occupying an accommodation at Carol Woods, wishes to share an accommodation with a person who is also a Resident, the two Residents may, with the prior written consent of Carol Woods, occupy the accommodation of either Resident and shall surrender the accommodation not to be occupied by them. No refund will be payable with respect to the accommodation surrendered, except as provided in the Termination and Refund Provisions of Section VIII. Such Residents will pay the Monthly Fee for double occupancy associated with the Residence occupied by them.
- F. **Combination of Accommodations.** Various circumstances may make it desirable that an accommodation occupied by a Resident be combined with an adjoining accommodation to form one combined accommodation. You agree that if a determination is made by Carol Woods that it is desirable to combine Your Residence with an accommodation which adjoins Your Residence, You will surrender occupancy of Your Residence, within a reasonable time after receiving notice of such determination. In the event that Carol Woods makes such determination and notifies You of such, You have the option to (i) transfer into the combined accommodation when such combined accommodation is ready for occupancy, or (ii) transfer to another accommodation, when available, of the same type as the Residence previously occupied by You.

If You elect to occupy the combined accommodation and the Entry Fee established for such combined accommodation exceeds the Entry Fee paid by You for Your previous Residence, You shall pay the amount of such excess upon occupancy. You will pay the Monthly Fee associated with the combined accommodation as established by Carol Woods.

If You elect to transfer to a Residence of the same type as the Residence previously occupied, Carol Woods will repaint and re-carpet, if needed, such Residence at our expense prior to occupancy.

- G. **Permanent Transfer to Assisted Living, the Health Center, a Special Service Facility, or a Hospital.** When possible, all decisions regarding Your permanent transfer to Higher Levels of Support, a special service facility, or to a hospital will be made after consultation with You and, when appropriate, with Your physician, Your family members, or Your representative or responsible party. A transfer of living accommodations to Higher Levels of Support, a special service facility, or a hospital will require no additional Residence and Services agreement. This Agreement will remain in effect, subject to any applicable amendments referred to in this Agreement. You

agree that Carol Woods shall have authority to determine that You should be transferred from Your Residence to Higher Levels of Support facilities or a separate area within such facilities. Such determinations shall be made solely by Carol Woods and based on the professional opinion of Your physician. Carol Woods' decision will be binding.

No Entry Fee adjustment is made with these types of transfers. The Entry Fee is subject to refund when a Resident leaves the Community in accordance with Section VIII. If You are a member of a couple, and the other person remains in Your Independent Residence, the Monthly Fee will continue to include the applicable Second Person Fee in addition to the single-occupancy rate for the Independent Residence. You will also be responsible for any applicable per diem rates associated with the Higher Levels of Support. For single residents, or when both members of a couple make a permanent transfer, the Monthly Fee shall be reduced to the prevailing rate comparable to other singles or couples who have made such a permanent transfer. The lower Monthly Fee takes effect on the date that Your previous Residence is completely cleared and ready for remarketing.

You must remove all personal belongings from the Independent Residence within Thirty (30) Days of transfer to Higher Levels of Support. If you are transferring between residences within Higher Levels of Support, you must remove all personal belongings within Two (2) Days of such transfer. If You or Your designee is unable to arrange for the removal, Carol Woods has the authority to make the necessary arrangements, place belongings in storage and bill all costs related to such a move and storage to You or Your estate.

If Carol Woods subsequently determines that You can resume occupancy in an Independent Residence or an accommodation comparable to the one occupied by You prior to such transfer, You will have priority to such accommodation as soon as one becomes available.

- H. **Room or Unit Assignment in Higher Levels of Support.** You understand that You acquire no ownership in any property at Carol Woods under this Agreement; also, that no room or unit in Higher Levels of Support is subject to reservation or permanent assignment, and that we may change Your room or unit assignment in Higher Levels of Support. Though we retain the right to change Your room or unit assignment in the skilled nursing facilities, we agree that we will make changes only as we find such changes to be necessary or advisable.
- I. **Moving Costs.** You are responsible for arranging and paying for all packing and moving costs for moves into, within, and out of Carol Woods.

## VII. **FINANCIAL ASSISTANCE**

- A. **Carol Woods' Policy.** Carol Woods' policy is that, if the sole reason for non-payment of Your financial obligations to Carol Woods is insufficient funds or other financial circumstances beyond Your control, Carol Woods will review

the matter with You, provided, however, this policy shall not change the right of Carol Woods to expect payment from You or to terminate this Agreement for Your failure to pay, under the terms of this Agreement.

If special financial consideration is determined by Carol Woods to be warranted, Carol Woods may, in its sole discretion, partly or wholly subsidize Your fees provided that such subsidy will not impair Carol Woods' sound financial operation and maintenance of the quality of service provided. Carol Woods may request that You make every effort to obtain assistance from all available resources both private and public. Carol Woods shall be entitled to require You to move to a smaller or less costly accommodation.

All determinations regarding financial assistance will be final and binding on You and will be handled as a confidential transaction except for reports required to financial institutions providing credit to Carol Woods or to regulatory or governmental bodies.

**B. Transfer of Property.** You hereby represent that You have not made and will not make any gift or other transfer of money or personal property, nor pledge Your money or personal property as collateral for another who is not party to this Agreement, to the degree to which the amount transferred or pledged would impair Your ability or Your estate's ability to satisfy financial obligations under this Agreement. If Your fees are subsidized by Carol Woods, You may not sell or otherwise transfer or pledge property without Carol Woods' written consent. Carol Woods may request updated financial information from time to time and/or copies of Your tax returns.

**C. Recovery of Subsidies Provided by Carol Woods.** When You die, if Your fees have been subsidized wholly or partly by Us, Your estate, if any, will be liable to Carol Woods for the full amount of the subsidy You received for the entire time of residency. This paragraph will apply whether or not You are in residence at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to Carol Woods of so much of Your property as is necessary to cover such liability. Any amount due Carol Woods under this paragraph may be deducted from any refund payable to You or to Your estate.

## **VIII. TERMINATION AND REFUNDS**

**A. Termination Prior to Occupancy.** This Agreement may be terminated by You for any reason prior to occupancy at Carol Woods for any reason by giving written notice to Carol Woods. This Agreement will automatically be canceled due to death or physical or mental conditions that would make You ineligible for entry to Carol Woods.

This Agreement may be terminated by Carol Woods at any time prior to the date that you take occupancy if the Corporation determines that you do not meet the physical, mental or financial requirements for entry or it is

determined by Carol Woods that you have misrepresented or omitted medical, financial, or other information given to Carol Woods during the application process.

In the event such termination (including death, illness, injury, or incapacity), You shall receive a refund of the Entry Fee paid less the Acceptance Fee (4% of the Entry Fee) and any nonstandard costs that have been incurred by Carol Woods at Your request. Any such refund shall be paid by Carol Woods within sixty (60) days following termination pursuant to this paragraph.

- B. **Voluntary Termination After Occupancy.** This Agreement may be terminated by You at any time by serving Carol Woods Sixty (60) Days advance written notice of such termination. Such termination will be effective Sixty (60) Days after Carol Woods' receipt of such written notice, or such other date agreed to in writing by You and Carol Woods. If termination occurs within the first Fifty (50) Months of residency, You will be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.J.
- C. **Abandoned Residence.** You may be deemed to have abandoned Your Residence and terminated this Agreement if You do not occupy an accommodation at Carol Woods for a period of one continuous year. In the event of such termination (including death, illness, injury, or incapacity), You shall receive a refund of the Entry Fee paid in accordance with Section VIII.J. Any such refund shall be paid by Carol Woods within Sixty (60) Days following termination pursuant to this paragraph.
- D. **Temporary Absence.** Temporary absence because of illness, trips, or other will not affect Your rights to retain occupancy of Your Residence, if applicable Monthly Fees are paid.
- E. **Termination Upon Death.** In the event of Your death at any time after the Date of Financial Responsibility and You are not survived by a Co-Resident under this Agreement, this Agreement will terminate upon the date of death or the date Your Residence is vacated, whichever is later. Your estate may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.J.

Any refund to which You are entitled shall be paid to Your estate unless You execute a designation and name a trust revocable by You at the time of Your death to receive applicable refunds. Should You execute a revocable trust subsequent to signing this Agreement, You or Your estate's executor may submit a written beneficiary designation form designating a trust, revocable by You at the time of Your death, to receive applicable refunds.

In the event of Your death and You are survived by a co-Resident residing at Carol Woods who has signed this Agreement, then this Agreement shall not terminate, and no refund will be payable.

In the event a refund comes due, the date that the deceased Resident's responsible party/estate executor removes all personal belongings from the

Residence shall determine the termination date. Any refund due to the Resident's estate under this paragraph will be made at such time as the Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to Carol Woods such prospective resident's full Entry Fee; provided, however, that the Resident's estate shall continue to be obligated to pay the applicable Monthly Fee for such Resident's Residence until it is vacated and left in good condition except for normal wear and tear.

- F. **Termination by Carol Woods.** Carol Woods may terminate this Agreement at any time if there has been any material misrepresentation or omission made by You during the application process or in the application forms; if a material change in Your health takes place before the Date of Financial Responsibility; or if You fail to make payment to Carol Woods and Carol Woods gives notice provided for in Section V.B. In such events, You may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.J. Carol Woods also reserves the right to terminate the Agreement if You fail to abide by Carol Woods' policies and procedures, breach the terms and conditions of this Agreement; if Your continued presence is considered by Carol Woods to be a serious disruption, endangerment or threat to the life, health or safety of others, as determined by a physician, physician assistant or nurse practitioner; the discharge is necessary for Your welfare and Your needs cannot be met by Carol Woods as documented by Your physician, physician assistant or nurse practitioner; if You refuse to relocate as may be required by Carol Woods in accordance with this Agreement; or You engage in activities or conduct that is abusive or disruptive to the Community or is detrimental to Your health, safety or welfare or that of other Residents of the Community or to the Residents' peaceful enjoyment of the Community. Carol Woods will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and Carol Woods' policies.

Following termination of this Agreement pursuant to this Section VIII.G., You will be responsible for paying the Monthly Fee for the applicable Residence for the full notice period and for each day of occupancy. Any refund of the Entry Fee due to the Resident following voluntary termination of this Agreement by Carol Woods will be made in accordance with this Section VIII.J.

Except in cases of discharge necessary to protect your life, health, safety or welfare or that of others or in cases of emergency, You will receive a notice of the termination by Carol Woods at least Thirty (30) Days prior to the effective date of termination. You may be entitled to appeal Carol Woods' decision to terminate this Agreement, and except in cases of emergency, Carol Woods will not discharge You before the final decision resulting from the appeal has been rendered.

- G. **Termination by One of Two Residents Sharing a Residence.** In the event that two (2) Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to a Health Center or the death of one (1) of such Residents, or in the event of the termination of this Agreement

with respect to one (1) of such Residents, the Agreement will continue in effect as to the remaining or surviving Resident and there will be no refund of any portion of the Entry Fee. In the event of one or both Residents transferring to a residence in Higher Levels of Support, the monthly fee continues to reflect the double occupancy rate. Upon death of one (1) Resident, the surviving Resident will pay the single person rate of the associated residence.

- H. **Condition of Residence.** Upon termination of this Agreement, You will vacate the Residence and will leave it in good condition except for normal wear and tear. You or Your estate will be liable to Carol Woods for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Such costs may be deducted from any refundable portion of the Entry Fee (if any) due to You or Your estate.
- I. **Removal of Personal Property.** In the event of termination of this Agreement, You agree to surrender the Residence and any storage areas that were occupied by You within Thirty (30) Days of the notice of termination.

Carol Woods reserves the right to remove Your belongings from the Residence and any storage areas. You will pay a reasonable storage fee or the actual cost of external storage, whichever is applicable. Carol Woods is not responsible for any damages incurred to Your property if storage becomes necessary. Unclaimed property will become the property of Carol Woods after Thirty (30) Days following the termination of this Agreement and will be disposed of at the sole discretion of Carol Woods.

In the event of Your death, while You are a Resident of Carol Woods under this Agreement, only the executor(s) named in Your will (or such person or entity designated by such executor(s)) will be allowed to remove or dispose of Your furnishings and belongings in Your Residence and any related storage areas at Carol Woods. Members of Your family or those to whom You have granted power of attorney will not be allowed access to Your personal property after Your death, unless they are the executor(s) named in Your will.

- J. **Calculation for Pro-Rated Refunds.**
1. **Calculation of Refund.** If termination of this Agreement occurs during the first Fifty (50) Months from the Date of Financial Responsibility, You or Your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to the Entry Fee, less the Acceptance Fee (4%), less Two Percent (2%) for each month or portion of a month for up to Fifty (50) Months. In calculating amortization for purposes of this section, a period of more than fifteen (15) days will be considered a full month; fifteen (15) days or less will be disregarded for purposes of this calculation. After Fifty (50) Months, there is no refund of the Entry Fee. Residency begins on the Date of Financial Responsibility. You will not receive a refund of any amounts paid for non-standard features added to Your Residence. The cost to repair damages to the Residence and storage areas in excess of normal wear and tear, the cost

of storage paid by Carol Woods and any amounts due and unpaid relating to the cost of care provided by Carol Woods or any third party health care provider, including without limitation, the Monthly Fee or other amounts payable to Carol Woods which remain outstanding and the amount of any charges due by Carol Woods on behalf of the Resident, or by the Resident, to the pharmacy, rehabilitation services or any other third party, will be deducted from any applicable refund. Entry Fees will not be refunded upon transfer to Higher Levels of Support.

2. **Payment.** Other than exercise of the Right of Rescission (Section IX), payment of any refund due of an Entry Fee may be made only when a new Entry Fee has been paid for Your Residence by a subsequent Resident. Any refund due You under this paragraph will be made within Thirty (30) Days from the date that Your Residence shall have been re-occupied by a prospective resident, and such prospective resident shall have paid to Carol Wood such prospective resident's full Entry Fee.
- K. **Release from Obligations upon Termination.** Upon termination of this Agreement, Carol Woods is released from any further obligations to You except for the payment of any refund which may be due under this Agreement.

## **IX. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to Carol Woods within Thirty (30) Days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less the Administrative Fee. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less the Acceptance Fee which will be retained to cover the costs to Carol Woods of Your rescission following acceptance. You will not be required to move to Carol Woods before the expiration of such Thirty (30) Day period. Any such refund will be paid by Carol Woods within Sixty (60) Days following receipt of written notice of rescission pursuant to this Section.

## **X. GENERAL**

- A. **Assignment and Delegation.** The rights and privileges for You under this Agreement to the Residence, common areas and amenities, and services and programs of Carol Woods are personal to You and may not be transferred or assigned by You or otherwise. Resident acknowledges the right of Carol Woods to contract for the various services provided by this Agreement, including, but not limited to, management services for the Community.
- B. **Management of the Community; No Tenancy Interest or Management Rights.** The absolute rights of management are reserved by Carol Woods and its Board of Directors. Carol Woods reserves the right to accept or reject any person for residency. Residents do not have the right to determine

admission or terms of admission of any Resident. Carol Woods reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the Community at its sole discretion. Subject to the terms and conditions of this Agreement, this Agreement gives Resident the right to live in Carol Woods and to receive or have access to the services and amenities described in this Agreement. However, it does not give Resident the rights of a “tenant” as that term is defined by North Carolina state law. Carol Woods retains the exclusive authority to make all management decisions regarding the management of the Community, including decisions about admission and discharges, setting charges, Carol Woods’ policies and procedures, and the scope of services offered by Carol Woods, consistent with state law and the terms of this Agreement.

- C. **Entire Agreement; Counterparts.** This Agreement constitutes the entire agreement between Carol Woods and You. Carol Woods will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Carol Woods, unless such statements, representations, or promises are set forth in this Agreement or in an amendment to this Agreement signed by a duly authorized representative of Carol Woods and by You. This Agreement may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. This Agreement and any amendments hereto, to the extent signed and/or delivered by means of a facsimile machine, electronic mail or other electronic means, shall be treated in all manners and respects and for all purposes as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of Carol Woods and bind Your heirs, executors, trustees, responsible parties, powers of attorney and administrators.
- E. **Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are Subordinate to the right of the lender under any mortgage now or in the future executed by The Chapel Hill Residential Retirement Center, Inc.
- F. **Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to execute a Durable Power of Attorney designating a competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Health Care Power of Attorney. You will provide Carol Woods with copies of Durable Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of the Will upon execution, and within Ninety (90) Days of assuming financial responsibility.
- G. **Resident Contracted Employees.** If You wish to employ outside assistance privately for any reason, Your contracted employee must adhere to all Carol Woods policies, and You must obtain the prior written approval of Carol

Woods to hire such individual. You agree to hold Carol Woods harmless for any claim, damages or other harm arising out of Resident's private employment or contracting with any individual(s) or otherwise related to the provisions of such outside services. Carol Woods has the right to require that the Resident terminate immediately the employment or contract with such a person at any time upon written notice to Resident.

- H. **Uncontrollable Interruption of Services.** No breach of Carol Woods' obligations under this Agreement and no liability for injury to You or Your property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Carol Woods, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather, pandemic or Your acts. Carol Woods shall make every effort to continue to provide the usual services in such event.
- I. **Confidentiality.** Carol Woods has the responsibility to keep all the personal, medical and financial information You have supplied to it confidential. You consent to the release of any of Your personal and medical records maintained by Carol Woods (i) to Carol Woods' employees, staff, and agents; (ii) to persons and organizations from whom You receive health care services; (iii) to third-party payors of health care services provided by Carol Woods or other organizations; and (iv) to others deemed reasonably necessary by Carol Woods for purposes of treatment, payment and operations of the Community, consistent with applicable state and federal health care privacy laws. You understand and agree that authorized agents of the state or federal government, including the Long-Term Care Ombudsman, may obtain Your records without Your written consent or authorization. Release of Your records for other purposes shall be made in accordance with applicable law, with specific authorization from You or Your legal representative where required.
- J. **Indemnity.** You agree to indemnify, defend and hold Carol Woods harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with Your negligent or intentional act or omission or those of Your guests, including private duty nurses, nursing assistants, companions, or any other third party service contracted by You. This Section X.J. shall survive the termination of this Agreement.
- K. **Affiliated Corporation.** In compliance with N.C.G.S. § 58-64-25(b)(8), Carol Woods hereby discloses that it has a close affiliation with The Carol Woods Charitable Fund, Inc. ("Charitable Fund"). The Charitable Fund was created by Carol Woods as a Supporting Corporation, whose purpose is to support Carol Woods in its charitable mission. The full Board of the Charitable Fund is appointed by the Board of Carol Woods, and at least half of the Charitable Fund Board is comprised of current members of the Carol Woods Board, as

well as Carol Woods' President/CEO and Vice President of Finance/CFO. The Charitable Fund has no responsibility for the financial and contractual obligations of this Agreement. Carol Woods is solely responsible for the financial and contractual obligations of this Agreement.

- L. **Notice Provisions.** Any notices, consents, or other communications to Carol Woods hereunder (collectively "notices") will be in writing and addressed as follows:

Chief Executive Officer  
Carol Woods  
750 Weaver Dairy Road  
Chapel Hill, North Carolina 27514-1502

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

- M. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- N. **Limitation of Liability.** You understand and agree that the services provided by Carol Woods and others within the Community are not designed to protect You from the everyday, normal risks and responsibilities of living, including, but not limited to, such general accidents and situations such as falling, choking on food, and weight loss and/or dehydration resulting from Your failure to partake of food and drink. Additionally, You understand and agree that the services provided by the Community do not include one-on-one monitoring of You and that Your expectations will be consistent with this understanding. Carol Woods shall exercise reasonable care toward You based on Your known condition. However, You agree that Carol Woods is not an insurer of Your welfare and safety. You agree that You will exercise due care to protect Yourself from harm.
- O. **Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent, or employee of ours shall have any personal liability hereunder to You under any circumstances. If Resident is, or becomes, unable to understand or communicate his or her health care or financial decision, and is determined by Resident's attending physician to be incapacitated, then in the absence of Resident's prior designation of an authorized legal representative, or upon the unwillingness or inability of a designated legal representative to act, Carol Woods shall have the right to commence a legal proceeding to adjudicate Resident incapacitated and to have a court appoint a guardian for Resident. The cost of the legal proceedings, including attorneys' fees, shall be paid by the Resident or Resident's estate.
- P. **Tax Considerations.** You should consult with Your tax advisor regarding the tax considerations associated with this Agreement.

- Q. **Amendments.** Generally, this Agreement can be changed only by mutual written consent. However, Carol Woods reserves the right, upon Thirty (30) Days prior written notice to Resident, to modify or amend this Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to Carol Woods, in particular, or to residential life care communities, in general, or whenever doing so is deemed by Carol Woods to be in the best interest of the Community and the Residents in light of changes in health insurance laws and coverages and/or local, state or federal tax laws or regulations.
- R. **Behavior Deemed Harmful to Carol Woods.** If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO of Carol Woods to be disruptive, hostile, illegal, or otherwise harmful to others or to Carol Woods, Carol Woods reserves the right to terminate this Agreement. If such a circumstance arises, Carol Woods will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by Carol Woods. Carol Woods will provide Resident with a written warning to desist from the behavior or any similarly disruptive, hostile, illegal, or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, Carol Woods will have the right to terminate this Agreement.
- S. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- T. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege (“Right”) under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- U. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of Resident’s stay at Carol Woods that remain unpaid as of such termination.

## **XI. MEDIATION AND ADHERENCE TO GOVERNING LAW FOR DISPUTES**

- A. **Mediation.** You and Carol Woods hereby agree that any claim or dispute relating to this Agreement, or any other matters, disputes, or claims between the two parties shall be subject to non-binding mediation within Thirty (30) Days of either party making a request in writing to the other. The mediation sessions shall be held at a place agreed upon by both parties, or in the

absence of such agreement, at Carol Woods, and shall be conducted according to the mediation rules of the National Arbitration Forum. This Section XI.A. shall survive termination of this Agreement.

- B. **Governing Law; Venue; Disputes.** If the Parties cannot agree to the terms and conditions of private mediation, then the Parties can seek the appropriate remedy by filing a lawsuit in the jurisdiction specified in this Agreement. This Agreement shall be governed by, interpreted, construed and enforced in accordance with the internal laws of the State of North Carolina without regard to principles of conflict of laws or provisions that would cause the application of laws of any jurisdiction other than North Carolina. Any controversy or dispute arising out of or relating to this Agreement shall be brought and enforced exclusively in the courts (federal and state) situated in North Carolina, Orange County, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. As a condition for filing a lawsuit to resolve any claims, a Party must first give Thirty (30) Days prior notice of such claim to the other Party in order to determine whether such matter can be resolved through private mediation.

This Section XI.B. shall survive the termination of this Agreement.

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

Carol Woods will stand behind all of the statements, promises, and representations in this Agreement, but no others. If You feel something has been promised to You, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before You sign this Agreement.

You understand this matter involves a financial commitment and associated risk as well as a legally binding contract. You acknowledge that you have had the opportunity to consult with an attorney and/or financial advisor regarding this Agreement.

You hereby acknowledge receipt of Carol Woods’ current Disclosure Statement. You acknowledge that the Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to Carol Woods, whichever occurred first.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, as of the day and year first above written. Your signature below certifies that you have read, understand and accept this Agreement as of this (*current date*) \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_.

<b>Carol Woods</b>	<b>Resident(s)</b>
By (signature)	(signature)
Printed Name	(signature)
Title	Current Address: Street
	City, State, Zip Code
	Telephone

**EARLY ACCEPTANCE AGREEMENT  
CAROL WOODS RETIREMENT COMMUNITY  
CHAPEL HILL, NORTH CAROLINA**

This Early Acceptance Agreement (referred to as the “Agreement”) is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between The Chapel Hill Residential Retirement Center, Inc., d/b/a Carol Woods (referred to as “Carol Woods” or “We”, “Our” or “Us”), a North Carolina nonprofit corporation, and \_\_\_\_\_ (referred to as “Resident”, “You” or “Your”). If two persons sign this Agreement as Residents, the words “Resident”, “You”, and “Your” apply to both persons jointly and severally unless the context requires otherwise. You agree to take financial responsibility for this Agreement on the above date (the “Date of Early Acceptance”).

**WHEREAS**, Carol Woods owns and operates a retirement community located at 750 Weaver Dairy Road, Chapel Hill, North Carolina; and

**WHEREAS**, the retirement community (referred to as the “Community”) consists of independent living apartments in mid-rise buildings, single-story garden cottages, and two-story townhomes, a Community Center with common areas and amenities, and on-campus facilities for outpatient healthcare services and 24/7 assisted living and skilled nursing care (“Higher Levels of Support”); and

**WHEREAS**, Carol Woods has established a continuing care without lodging program known as the Early Acceptance Program (the “Early Acceptance Program” or “Program”) which allows for its residents to remain in their private residences not on the campus of the Community while enjoying some of the traditional benefits of a continuing care retirement community until a residence becomes available to You;

**WHEREAS**, You desire to enter into this Agreement for acceptance as a resident of the Community (“Resident”) without lodging to access some of the services provided by Carol Woods in the Early Acceptance Program.

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

I. **EARLY ACCEPTANCE AS CAROL WOODS RESIDENT**

- A. **General.** You have gone through the admission process, and Carol Woods has accepted You as a Resident of Carol Woods. As a Resident of Carol Woods, You are hereby entitled to the general services provided on the Carol Woods campus, as outlined in this Agreement. If there is a fee related to particular services provided to You as a Resident, You will be charged the fee that corresponds to being a Resident of Carol Woods rather than a guest.

During the time that You are a Carol Woods Resident, but not yet residing on campus, You will reside in Your own private residence not on the campus of the Community, and Carol Woods will provide an opportunity for an annual check-in with Carol Woods staff either on campus or in Your home. If more frequent in-home visits are required of Carol Woods' staff, those visits will be provided to You on a fee-for-service basis.

As a Resident of Carol Woods, You will remain on Our Priority List. Your Priority List Date will remain \_\_\_\_\_, which is the date on which You joined Our Priority List originally. As a member of Our Priority List, You will have the same rights as other members of Our Priority List and will be offered on-campus accommodations as described in the then current Carol Woods' Priority List Policy.

At the time You choose to reserve an apartment, cottage, or townhome on Carol Woods' campus, although having already been accepted as a Carol Woods Resident, Carol Woods reserves the right to seek updated medical, cognitive and financial information in order to determine Your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. We reserve the right to decline Your admission to Independent Living residency on our campus if Your medical and financial circumstances have changed so that You are not able to live independently or are not able to afford the additional entry fee and higher monthly fees required for residency in the particular unit.

- B. **Execution of the Residence and Services Agreement Following Early Acceptance.** Prior to taking occupancy and financial responsibility for a particular residential unit on Carol Woods' campus, You agree to execute the Residence and Services Agreement Following Early Acceptance then in effect. Your occupancy of a residence shall be expressly conditioned upon Your execution of such agreement. The executed Residence and Services Agreement Following Early Acceptance shall supersede and replace this Agreement in its entirety.

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

## II. **GENERAL SERVICES PROVIDED ON CAMPUS**

- A. **Services and Amenities Included in Monthly Fees.** Carol Woods will provide You the following services and facilities upon the Date of Early

Acceptance. Unless otherwise specified in this Agreement, there will be no additional charge made for any of these services and facilities other than payment of the Entry Fee and Monthly Fees, each of which is described in this Agreement.

1. **Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all Residents. Some common areas may require advance reservation, and such use shall be subject to change or restriction from time to time at the sole discretion of Carol Woods. All common areas are smoke free environments.
2. **Health Care and Higher Levels of Support.** Carol Woods will provide or arrange admission to the facilities necessary for the health care and support services specified in this Agreement. In this Agreement, the term “Higher Levels of Support” includes care provided in all of Carol Woods’ 24/7 licensed health care facilities. Carol Woods is a restraint-free, dementia-inclusive community and does not embrace the concept of a segregated unit for residents with dementia. Residents living in all levels of support are welcome to dine throughout campus and participate in all events and activities.
3. **Parking.** Carol Woods will provide and maintain unassigned parking areas for Residents and guests.
4. **Activities.** Social, recreational, educational, and cultural activities are provided through an active Resident-directed program. Additional charges may be incurred for some programs.
5. **Meals.** You may eat in the Carol Woods dining rooms and will be charged the prevailing Resident additional meal charge and will be billed monthly.
6. **Security.** We will use reasonable care in providing security on the premises of Carol Woods. Carol Woods will provide twenty-four (24) hour security staffing on-site in the Community. You are responsible for taking appropriate security measures to protect Yourself and Your personal property in the Community. We are not responsible for providing security to You in Your home nor for theft, loss or damage to Your personal property.

### III. **HEALTH CARE SERVICES**

- A. **Health Care Services Included in Monthly Service Fees and Health Care Per Diems.** Subject to the provisions set forth in this Agreement, the following health care services are available to You and covered in Your monthly fees or per diem charges.

1. Medical services provided by primary care physicians and geriatric-trained nurse practitioners who are part of Carol Woods' group practice, and who see You at the Carol Woods' on-site clinic; and which are billable to Your Medicare or Medicare Advantage insurance except that You shall be responsible for all deductibles, co-pays and costs for any non-covered service Your insurer imposes (see Section III.B.1).
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support; which are billable to Your Medicare or Medicare Advantage insurance except that You shall be responsible for all deductibles, co-pays and costs for any non-covered service Your insurer imposes (see Section III.B.2).
3. Assisted Living, Assisted Nursing and Skilled nursing care are provided in Carol Woods' licensed 24/7 Higher Levels of Support. For every day that You are admitted to one of Carol Woods' accommodations in Higher Levels of Support, You shall be charged a per diem according to the level of support needed, and the type of accommodation. The per diem is charged in addition to Your prevailing Monthly Fee. Your per diem shall be discounted from the prevailing market rate per diem, as established through written per diem schedules, by virtue of You being a Carol Woods Resident, pursuant to Section VI.C. The following outlines the services and supplies provided in Higher Levels of Support that are included in Your discounted per diem charge.
  - a. Support from Resident Life Specialists for assistance that You need in Your personal care and Activities of Daily Living. If one-on-one support is needed for extended periods of time, that support is arranged on a fee-for-service basis as outlined in Section III.B.4.
  - b. Support from certified Medication Technicians and licensed nursing staff for administration of prescribed medications.
  - c. Support from licensed Registered Nurses for treatments and other services within their Scope of Practice provided in properly licensed facilities.
  - d. Three meals per day in the facility in which You reside. Nutritional snacks provided between meals.
  - e. Private or semi-private furnished accommodations, all utilities, with regular housekeeping, and regular maintenance.
4. General nursing and personal care provided in a similarly licensed nursing facility when space is not available at Carol Woods, and when coordinated by Carol Woods' medical and other care management staff. While at

another facility, Carol Woods shall be responsible for paying for Your care and charge You Carol Woods' prevailing Monthly Fees and discounted per diems.

**B. Health Care Services Available for an Additional Charge.** Carol Woods may provide other health care services which are NOT included in Your Monthly Fees or discounted per diems, which may be available to You for an additional charge. Fee schedules may be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of health care services which may be available on a fee-for-service basis.

1. Medical services provided by primary care physicians and licensed nurse practitioners who are part of Carol Woods' group practice, for services that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. If Carol Woods has established a contract with your Insurer, Carol Woods shall accept the allowable rate established with your Insurer, and shall bill You whatever deductibles, co-payments and costs for any non-covered service Your Insurer imposes. If Carol Woods does not have a contract with Your Insurer, Carol Woods will accept the Medicare allowable reimbursement rate for the service, and you may receive a bill for the difference between what Your Insurer pays and the Medicare allowable reimbursement rate.
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support, that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. If Carol Woods has established a contract with your Insurer, Carol Woods shall accept the allowable rate established with your Insurer, and shall bill You whatever deductibles, co-payments and costs for any non-covered service Your Insurer imposes. If Carol Woods does not have a contract with Your Insurer, Carol Woods will accept the Medicare allowable reimbursement rate for the service, and you may receive a bill for the difference between what Your Insurer pays and the allowable reimbursement rate.
3. Other services provided or offered by other Practitioners in Carol Woods' Clinic and Higher Levels of Support include Podiatry and Audiology services, Integrative Health, Massage Therapy, and others from time to time.
4. Personal shopping services and one-on-one companionship services provided in Carol Woods' 24/7 Higher Levels of Support, since those are beyond what is covered in the discounted per diem charges.

For those services provided by Carol Woods that are covered by Medicare, We will accept Medicare Assignment, billing Medicare first and accepting Medicare's allowable reimbursement rates as payment in full. You shall be responsible for amounts allowed by Medicare that are treated as deductibles, co-payments or other cost-sharing amounts imposed by Medicare or Your supplemental insurance.

- C. **Community Physicians.** Carol Woods will appoint a Medical Director and physicians as needed as determined by Carol Woods. They will be responsible for Your medical care, including office visits, medical review, visits in Higher Levels of Support, and referral to hospitalist and other specialists.
- D. **Hospitalization.** When one of Carol Woods' physicians determines that it has become necessary to hospitalize You, the physician will have the authority to arrange such hospitalization. When the conditions necessitating such hospitalization no longer exist, the physician will have the authority to arrange for Your discharge and transfer or return to Your home, or to Higher Levels of Support at Carol Woods if that is needed.
- E. **Medical Referrals.** Carol Woods will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by Carol Woods, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of Carol Woods' physicians for treatment or consultation. Such responsibility will be limited to the specific condition for which the referral was made. Carol Woods will not be responsible for secondary referrals or follow-up visits unless approved in advance by one of Carol Woods' physicians.
- Carol Woods cannot be responsible for filing for insurance reimbursement for services provided by other providers of Your choice. However, Carol Woods will supply the referral provider with Your policy information upon request.
- F. **Service Navigation.** Carol Woods shall furnish services to You by qualified staff to assist in decisions related to transfers to Carol Woods' Higher Levels of Support, a Special Service Facility, or a Hospital. Staff members may assist with the following "Services":
1. annual check-ins with You on Carol Woods' campus or in Your home if Carol Woods requests to conduct a visit in Your home;
  2. home visits between annual check-ins if Carol Woods determines there is a need to assess the adequacy of support in Your home environment;
  3. on-campus or home visits at a frequency determined by Carol Woods' staff to assess safety and functional abilities;

4. needs assessment;
5. identification of services and resources that may be available through Carol Woods that may meet Your needs;
6. assistance to identify reputable providers in the area outside of Carol Woods to whom You can be referred for services to meet those needs; and
7. follow up to ensure that those services are meeting Your needs.

You are responsible for participating in annual check-ins with Carol Woods' staff or other periodic visits deemed necessary by Carol Woods whether on Carol Woods' campus or in Your home to enable Carol Woods to assess Your needs, and for cooperating with Carol Woods' staff in the provision of Services to You.

You hereby acknowledge and agree that Carol Woods is not responsible for furnishing You or causing to be furnished to You care management, care arrangement, care coordination, and medical or other personal care services in Your home. All decisions regarding Services, including the prospect of Your need for support services in Your home, temporary or permanent transfer to Carol Woods' Higher Levels of Support, a special service facility, or to a hospital will be made in consultation with You and, when appropriate, with Your Health Care Power of Attorney.

If it is determined by Carol Woods' staff that Your needs require temporary or permanent transfer to Carol Woods' Higher Levels of Support, and if You choose not to make the move to those facilities, then You must agree to sufficient services to provide for appropriate care and safety in Your home. If, in Our sole judgment, the services You elect to receive are insufficient for appropriate care and safety in Your home, You must move to an appropriate level of support at Carol Woods, or We will have the right to terminate this Agreement. Carol Woods' decision will be binding.

You (and Your Health Care Power of Attorney, as appropriate) are ultimately responsible for Your care and safety, including, but not limited to, Your care and safety in Your home, Your care management, care arrangement, care coordination and medical or other personal care services.

No Entry Fee adjustment is made with permanent transfer from Your home to Carol Woods' Higher Levels of Support or to another special service facility. If You are a member of a couple, and the other Resident remains in Your home, the Monthly Fee for the Resident remaining in the home will continue to reflect the single rate, and the Monthly Fee for the Resident making the permanent move shall reflect the prevailing 1<sup>st</sup> Person Monthly Fee for Residents who have made a permanent move to Higher Levels of Support. For single Residents, or when both members of a couple make a permanent

transfer, the Monthly Fee shall be charged at the prevailing rate comparable to other singles or couples who have made such a permanent transfer. The new Monthly Fee takes effect on the date that You make such a permanent transfer.

- G. **Health Care Insurance Requirements.** You shall be responsible for carrying, at Your expense, the maximum coverage available to You under both Medicare Part A and Medicare Part B or Medicare Advantage insurance coverage, or, if You are not eligible for such plans, a substitute policy approved in writing by Carol Woods. You shall also carry a supplemental insurance policy or equivalent insurance coverage, approved in writing by Carol Woods, which adequately covers the hospital, medical, prescriptions, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize Carol Woods as a health care provider; or You assume the financial responsibility for services provided that otherwise could be covered.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide Carol Woods with evidence of such coverage upon request. If Your health insurance coverage should lapse, Carol Woods may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, Carol Woods shall charge You for any costs of medical and other health care services provided to You that otherwise would have been covered by an approved policy. If You fail to arrange for or maintain health insurance coverage, Carol Woods may, in its sole discretion, terminate this Agreement. You shall furnish Carol Woods evidence of such health insurance coverage at any time upon request. All changes to Your health insurance must be submitted in writing to Carol Woods within 10 (ten) calendar days of such changes.

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

- I. **Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.
- J. **Carol Woods' Rights in Case of Injury Caused by a Third Party.** You hereby grant Carol Woods an irrevocable power of attorney to act on Your behalf to recover any claims for compensation from injuries caused by a third party. After Carol Woods has been reimbursed for all costs, expenses and damages incurred by Carol Woods on Your behalf (including reasonable costs of care Carol Woods may furnish You because of such accident or injury), the balance of any amount recovered on Your behalf from all sources will be paid to You or credited to Your account; or, in the event of Your death, paid to Your estate.
- K. **Consent to Receive Health Care Services.** You hereby authorize Carol Woods to provide those health care-related services that are specifically set forth in this Agreement. You also hereby authorize Carol Woods to obtain all necessary clinical and/or financial information from Your attending physician, and any other health care providers treating You, including, but not limited to, any hospital or nursing facility from which You may be transferring from or may transfer to in the future and hereby authorize such health care provider(s) to provide such health care information to Carol Woods.

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

- A. **Use of Medical Practitioners and Facilities Not Referred by Carol Woods.** You may engage the services of primary care physicians other than those who are part of the Carol Woods practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom Carol Woods' does not have referral relationships. However, if You do so, it is at Your own expense. Further, Carol Woods will not be liable for any subsequent expenses resulting from such care including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities.

In situations when Carol Woods' medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish Carol Woods, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

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

- B. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community's facilities and services are not designed to care for people who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should Carol Woods determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued stay in Your home or use of the Community facilities is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in Your home or in the Community, then Carol Woods may transfer You to another facility of Your choosing. Carol Woods may terminate this Agreement if You refuse to make the recommended transfer.

Until a time at which this agreement is terminated, You will continue to be responsible for payment of the Monthly Fee as if You were at home. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. Carol Woods will pay a portion of the cost of Your care in that facility up to an amount equal to Your Monthly Fee. You must pay Your Monthly Fee each month before Carol Woods will take responsibility for its share of the costs of Your care in the other facility.

- C. **Transportation.** Carol Woods will not be responsible for providing any type of transportation to You during this Agreement, including but not limited to any transportation to or from the Carol Woods campus and emergency transportation to any hospital or other health care facility.
- D. **Security.** Carol Woods will not be responsible for providing any type of security, staff emergency response, emergency call devices, smoke detectors or the like to Your home or personal residence during this Agreement.
- E. **Housekeeping and Grounds Keeping.** Carol Woods will not be responsible for providing any type of laundry or housekeeping services to Your home or personal residence during this Agreement. Carol Woods will not be responsible for providing any type of grounds keeping care to Your home or personal residence during this Agreement.
- F. **Utilities.** Carol Woods will not be responsible for furnishing any type of utilities, including but not limited to heating, air conditioning, water, electricity and/or gas, sewage disposal, trash removal, television service, internet service and telephone service, to You during this Agreement.
- G. **Taxes.** Carol Woods will not be responsible for paying any taxes owed by You, including, without limitation, any income taxes or personal or real property taxes assessed on Your personal or real property during this Agreement. You are solely responsible for all taxes, owed by You, including, without limitation, all personal income taxes and all taxes assessed on Your personal and real property.

- H. **Other Excluded Services.** Carol Woods will not be responsible for payment for any services not described in Section III.A. These excluded services include, but are not limited to prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.
- I. **Illness or Accident.** If You have an accident or if You are ill, We will have no responsibility to pay for costs resulting from such accident or illness until You become subject to the care of one of Carol Woods' physicians.

V. **TERMS OF BEING A CAROL WOODS RESIDENT**

- A. **Rights of Resident.** As a Resident, You have the right to use and enjoy the common areas, amenities, programs, and services of Carol Woods, subject to and as provided in the terms of this Agreement, unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Carol Woods other than the rights and privileges described in this Agreement.
- B. **Policies and Procedures.** You understand and agree that: (i) in order for Carol Woods to operate in the best interests of the entire Community, it is essential that We have the cooperation of and compliance with applicable policies, rules, and regulations by You, Your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of You or who may come on the premises of Carol Woods in any capacity or for any purpose in connection with or as a result of Your residency at Carol Woods; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by Carol Woods that it is impracticable or impossible for Carol Woods to continue to accommodate You as a Resident; and (iii) upon such determination by Carol Woods, We shall have the right to terminate this Agreement. Carol Woods reserves the right to amend or change its policies, rules, and regulations, including, without limitation, those pertaining to the Community, from time to time at its sole discretion. By signing this Agreement, You or Your responsible party acknowledges understanding of how to access Carol Woods policies. Failure by You, Your representatives, family members or guests to abide by Carol Woods' policies and procedures may be cause for termination of this Agreement.
- C. **Relationships Between Residents and Staff.** Carol Woods will employ management and staff and/or agents to manage the operations of Carol Woods and its facilities. Carol Woods is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by Residents in the

performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ Carol Woods' employees nor hire former Carol Woods' employees without the prior written consent of the management of Carol Woods.

- D. **Loss of Property.** Carol Woods will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, vandalism, fire, employee accident, or any other cause. You shall also be responsible for any loss or damage that You or Your guests cause to property at Carol Woods, excluding ordinary wear and tear. You hereby agree to indemnify and reimburse Carol Woods for any loss or damage suffered by Carol Woods because of Your or Your guests' or invitee's acts or omissions. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.
- E. **Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by Carol Woods as basis for entering into this Agreement. As one of those representations, You affirm that You are at least 62 years old and that Your spouse, if a party to this Agreement, is at least 55 years old. Carol Woods has accepted You as a Resident based on the information contained in Your Application for Admission, Personal Health History and Confidential Financial Statement and has agreed to enter into this Agreement based on such information. You hereby affirm that all the information provided in Your Application is true and correct to the best of the knowledge of each person who signs the Agreement, and each also acknowledges that any material misrepresentation or omission in Your Application for Admission, Personal Health History and Confidential Financial Statement shall render this Agreement voidable at the option of Carol Woods. You agree to provide updated copies of the information requested in the Application for Admission, Personal Health History and Confidential Financial Statement in a timely way when requested by Us from time to time during the term of this Agreement.
- F. **Emergency.** You agree to provide Carol Woods with the following information prior to the Date of Early Acceptance, as well as any changes during the term of this Agreement:
1. Names, addresses, and phone numbers of persons to notify in an emergency (a minimum of two are required);
  2. Names, addresses, and phone numbers of physician, lawyer and executor;
  3. Names, addresses, and phone numbers of Healthcare and Durable Powers of Attorney; and

4. Names, addresses, and phone numbers for pet emergency contacts, if applicable.

## VI. **FINANCIAL ARRANGEMENTS**

A. **Entry Fee.** You agree to pay Carol Woods an entry fee in the amount of \$\_\_\_\_\_ as a condition for becoming a Resident. The Entry Fee is a lump sum payment and will not be increased or changed during the term of this Agreement, except for changes required by state or federal programs, execution of a subsequent Residence and Services Agreement Following Early Acceptance should You move to Carol Woods sometime in the future, marriage, or acceptance of another Resident as party to this Agreement. Your right to a refund of any portion of this Entry Fee is outlined in Section VIII.E. of this Agreement.

B. **Monthly Fee and Other Charges.** You agree to pay a Monthly Fee during the term of this Agreement. This fee will be payable before the fifth day of each month or within Five (5) Days of the date monthly statements are distributed. The current Monthly Fee associated with this Agreement is \$\_\_\_\_\_per month and an additional \$\_\_\_\_\_per month if a second person becomes a party to this Agreement. The Monthly Fee will commence at the Date of Early Acceptance. It will be paid on a prorated basis for any partial month.

You will be invoiced monthly for services and supplies which may be provided for You beyond that which is included in the Monthly Fee, and those invoices are to be paid by the fifth day of the month or within Five (5) Days of the date monthly statements are distributed. Carol Woods reserves the right, with Thirty (30) Days' notice, to change the billing date and the payment due date.

If You fail to make payment within Thirty (30) Days after receiving the monthly statement, Carol Woods may give You written notice that You must make payment within Fifteen (15) Days after receiving such notice. If You fail to comply, We may terminate this Agreement. Termination of this Agreement does not end the obligation of You or Your estate to pay all amounts due, no matter when incurred. Carol Woods reserves the right to apply late fees up to the then-current legal maximum for any late payment. In the event We initiate any collection actions or legal proceedings to collect payments due from You under this Agreement, You and Your current and future responsible parties (i.e., power(s) of attorney, executor(s)) on Your behalf, from Your assets and income, shall be responsible to pay all costs and attorneys' fees incurred by Us in pursuing the enforcement of Your financial obligations under this Agreement.

C. **Higher Level of Support Charges and Free Days.** If You need care in Carol Woods' 24/7 Higher Levels of Support facilities, You will be charged an additional daily fee (per diem) based on the level of support and type of

accommodation. This fee is in addition to the Monthly Fee, which You will continue to be charged. The daily charge to You, however, will be discounted to reflect Your prepayment of health care costs in Your Entry Fee and Monthly Fees.

As part of the Entry Fee and Monthly Fee, each Resident accrues Fifteen (15) "Free Days" each year (prorated in the first calendar year of this Agreement), which may be used to cover the additional, discounted per diem charged to You; at either the semi-private or private rate, depending upon Your particular accommodation at the time. Unused Free Days may accumulate over time, with no limit. No credit, however, is provided for Free Days that are never used; nor can Free Days be transferred to another Resident.

- D. **Adjustments to the Monthly Fee and Other Charges.** Carol Woods may adjust the Monthly Fee, Per Diems in Higher Levels of Support, and other charges from time to time based on experience or to reflect changes in the cost of achieving the mission or purposes of Carol Woods. Carol Woods agrees that, in the exercise of its discretion, which will be binding on You, Carol Woods will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of Carol Woods, is consistent with sound financial operation and maintenance of the quality of facilities, program and services provided. Carol Woods shall provide You written notice of changes in fees prior to the effective date of the change.

## VII. **FINANCIAL ASSISTANCE**

- A. **Carol Woods' Policy.** Carol Woods' policy is that, if the sole reason for non-payment of Your financial obligations to Carol Woods is insufficient funds or other circumstances beyond Your control, Carol Woods will review the matter with You, provided, however, this policy shall not change the right of Carol Woods to expect payment from You or to terminate this Agreement for Your failure to pay, under the terms of this Agreement.

If special financial consideration is determined by Carol Woods to be necessary, Carol Woods may, in its sole discretion, partly or wholly subsidize Your fees provided that such subsidy will not impair Carol Woods' sound financial operation and maintenance of the quality of service provided. Carol Woods may request that You make every effort to obtain assistance from all available resources both private and public.

All determinations regarding financial assistance will be final and binding on You and will be handled as a confidential transaction except for reports required to financial institutions lending moneys to Carol Woods or to regulatory or governmental bodies.

- B. **Transfer of Property.** You hereby represent that You have not made and will not make any gift or other transfer of money or personal property, nor pledge Your money or personal property as collateral for another who is not party to this Agreement, to the degree to which the amount transferred or pledged would impair Your ability to satisfy financial obligations under this Agreement. If Your fees are subsidized by Carol Woods, You may not sell or otherwise transfer or pledge property without Carol Woods' prior written consent. Carol Woods may request updated financial information from time to time and/or copies of Your tax returns.
- C. **Recovery of Subsidies Provided by Carol Woods.** When You die, if Your fees have been subsidized wholly or partly by Us, Your estate, if any, will be liable to Carol Woods for the full amount of the subsidy You received for the entire time of this Agreement. This Agreement will operate as a lifetime assignment, transfer, and conveyance to Carol Woods of so much of Your property as is necessary to cover such liability. Any amount due Carol Woods under this paragraph may be deducted from any refund payable to You or to Your estate.

## VIII. **TERMINATION AND REFUNDS**

- A. **Voluntary Termination After Date of Early Acceptance.** This Agreement may be terminated by You at any time by providing Carol Woods at least Sixty (60) Days advanced written notice of such termination. Such termination will be effective Sixty (60) Days after Carol Woods' receipt of such written notice, or such other date agreed to in writing by You and Carol Woods. You may be entitled to a prorated refund of the Entry Fee pursuant to Section VIII.E.
- B. **Termination Upon Death.** In the event of Your death at any time after the Date of Early Acceptance, this Agreement will terminate upon the date of death. Your estate may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.E.
- C. **Termination by Carol Woods.** Carol Woods may terminate this Agreement at any time (i) pursuant to Section III.F, Section IV.B. or Section VIII.C of this Agreement, (ii) if there has been any material misrepresentation or omission made by You during the application process or in the application forms, (iii) if You fail to make payment to Carol Woods and Carol Woods gives notice provided for in Section VI. B., (iv) if You fail to abide by Carol Woods' policies and procedures, or You fail to perform any of Your other obligations under this Agreement, (v) if You breach the terms and conditions of this Agreement, (vi) the termination is necessary for Your welfare and Your needs cannot be met by Carol Woods as documented by Your physician, physician assistant or nurse practitioner, or (vii) You engage in activities or conduct that is abusive or disruptive to the Community or is disruptive or is detrimental to Your health, safety or welfare or that of other Residents of the Community or to the

Residents' peaceful enjoyment of the Community. In such events, You may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.E. Carol Woods will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and Carol Woods' policies.

Following termination of this Agreement pursuant to this Section VIII.C, You will be responsible for paying the Monthly Fee for the full notice period. Any refund of the Entry Fee due to You following voluntary termination of this Agreement by Carol Woods will be made in accordance with Section VIII.E.

Except in cases of the circumstances set forth in Section VIII.C.(vi) or (vii) or in cases of emergency, You will receive a notice of the termination by Carol Woods at least thirty (30) days prior to the effective date of termination. You may be entitled to appeal Carol Woods' decision to terminate this Agreement, and except in cases of emergency, Carol Woods will not discharge You from the Community before the final decision resulting from the appeal has been rendered.

- D. **Termination by One of Two Residents to the Agreement.** In the event that two (2) individuals are party to the terms of this Agreement, upon the termination of this Agreement for any reason with respect to one (1) of the individuals, the Agreement will continue in effect as to the remaining individual, there will be no refund of any portion of the Entry Fee and the remaining individual will pay the single Monthly Fee.
- E. **Calculation for Pro-Rated Refunds.** If termination of this Agreement occurs during the first Twenty-Five (25) Months of this Agreement, You or Your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) Four Percent (4%) for each month that this Agreement has been in effect for up to Twenty-Five (25) Months; less (iii) the 4% Acceptance Fee; less (iv) any amounts due to Carol Woods. After Twenty-Five (25) Months there is no refund of the Entry Fee. The Twenty-Five (25) Month period begins with the Date of Early Acceptance. In calculating amortization for purposes of this section, a period of more than fifteen (15) days will be considered a full month; fifteen (15) days or less will be disregarded for purposes of this calculation. Payment, if any, shall be made within Sixty (60) Days of written notice of termination.
- F. **Residency at Carol Woods.** If you choose to become a resident of Carol Woods and enter into a new agreement with Carol Woods for residency, your Entry Fee under this Agreement will be applied to the Entry Fee for Independent Living. Residents that move directly into a higher level of service will not be charged an additional entry fee and will not receive a refund of this Entry Fee.

## **IX. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to Carol Woods within Thirty (30) Days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less the Application Fee. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less an "Acceptance Fee" equal to four percent (4%) of the Entry Fee, which will be retained to cover the costs to Carol Woods of Your rescission following acceptance. Any such refund will be paid by Carol Woods within Sixty (60) Days following receipt of written notice of rescission pursuant to this Section.

## X. **GENERAL**

- A. **Assignment.** The rights and privileges for You under this Agreement to the common areas, amenities, and services and programs of Carol Woods are personal to You and may not be transferred or otherwise assigned by You.
- B. **Management of the Community; No Tenancy Interest or Management Rights.** The absolute rights of management are reserved by Carol Woods and its Board of Directors. You acknowledge the right of Carol Woods to contract for the various services as provided by this Agreement, including, but not limited to, management services for the Community. Carol Woods reserves the right to accept or reject any person as a Resident. Residents do not have the right to determine admission or terms of acceptance of any other Resident. Carol Woods reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the Community at its sole discretion. Subject to the terms and conditions of this Agreement, this Agreement gives Resident the right to receive or have access to the services and amenities described in this Agreement. Carol Woods retains the exclusive authority to make all management decisions with regard to the management of the Community, including decisions about admission and discharges, setting charges, Carol Woods' policies and procedures, and the scope of services offered by Carol Woods, consistent with state law and the terms of this Agreement.
- C. **Entire Agreement; Counterparts.** This Agreement constitutes the entire Agreement between Carol Woods and You. Carol Woods will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Carol Woods, unless such statements, representations, or promises are set forth in this Agreement. or in an amendment to this Agreement signed by a duly authorized representative of Carol Woods and by You. This Agreement may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. This Agreement and any amendments hereto, to the extent signed and/or delivered by means of a

facsimile machine, electronic mail or other electronic means, shall be treated in all manners and respects and for all purposes as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

- D. **Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of Carol Woods and shall bind Your heirs, executors, trustees, responsible parties, powers of attorney and administrators.
- E. **Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are subordinate to the right of the lender under any mortgage executed now or in the future by The Chapel Hill Residential Retirement Center, Inc.
- F. **Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to execute a Durable Power of Attorney designating some competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. Within Ninety (90) Days of the Date of Early Acceptance, You will provide Carol Woods with copies of Your Durable Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of Your executed Will.
- G. **Resident Contracted Employees.** If You wish to privately employ Carol Woods employed staff, for whatever reason, all Carol Woods policies must be upheld, and You must obtain the prior written approval of Carol Woods to hire such individual. You agree to hold Carol Woods harmless for any claim, damages or other harm arising out of Resident's private employment or contracting with any individual(s) or otherwise related to the provisions of such outside services. Carol Woods has the right to require that the Resident terminate immediately the employment or contract with such a person at any time upon written notice to the Resident.
- H. **Uncontrollable Interruption of Services.** No breach of Carol Woods' obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Carol Woods, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. Carol Woods shall make every effort to continue to provide the usual services in such an event.
- I. **Confidentiality.** Carol Woods has the responsibility to keep all of the personal, medical and financial information You have supplied confidential. You consent to the release of any of Your personal and medical records maintained by Carol Woods (i) to Carol Woods' employees, staff, and agents;

(ii) to persons and organizations from whom You receive health care services; (iii) to third-party payors of health care services provided by Carol Woods or other organizations; and (iv) to others deemed reasonably necessary by Carol Woods for purposes of treatment, payment and operations of the Community, consistent with applicable state and federal health care privacy laws. You understand and agree that authorized agents of the state or federal government, including the Long-Term Care Ombudsman, may obtain Your records without Your written consent or authorization. Release of Your records for other purposes shall be made in accordance with applicable law, with specific authorization from You or Your legal representative where required.

- J. Indemnity.** You agree to indemnify, defend and hold Carol Woods harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with Your negligent or intentional act or omission or those of Your guests, including private duty nurses, nursing assistants, companions or any other third party service contracted by You. This Section X.J. shall survive termination of this Agreement.
- K. Affiliated Corporation.** In compliance with N.C.G.S. § 58-64-25(b)(8), Carol Woods hereby discloses that it has a close affiliation with The Carol Woods Charitable Fund, Inc. ("Charitable Fund"). The Charitable Fund was created by Carol Woods as a Supporting Corporation, whose purpose is to support Carol Woods in its charitable mission. The full Board of the Charitable Fund is appointed by the Board of Carol Woods, and at least half of the Charitable Fund Board is comprised of current members of the Carol Woods Board, as well as Carol Woods' President/CEO and CFO. The Charitable Fund has no responsibility for the financial and contractual obligations of this Agreement. Carol Woods is solely responsible for the financial and contractual obligations of this Agreement.
- L. Notice Provisions.** Any notices, consents, or other communications to Carol Woods hereunder (collectively "notices") will be in writing and addressed as follows:
- Chief Executive Officer  
Carol Woods  
750 Weaver Dairy Road  
Chapel Hill, North Carolina 27514-1502
- Your address for the purpose of giving notice is the address appearing after Your signature below.
- M. No Guarantee of Residence.** Carol Woods' execution of this Agreement does not guarantee that any apartment or cottage will become available for

Your occupancy during Your lifetime or prior to the termination of this Agreement for any reason.

- N. **Severability**. The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- O. **Limitation of Liability**. You understand and agree that the services provided by Carol Woods and others within the Community are not designed to protect You from the everyday, normal risks and responsibilities of living, including, but not limited to, such general accidents and situations such as falling, choking on food, and weight loss and/or dehydration resulting from Your failure to partake of food and drink. Additionally, You understand and agree that the services provided by the Community do not include one-on-one monitoring of You and that Your expectations will be consistent with this understanding. Carol Woods shall exercise reasonable care toward You based on Your known condition. However, You agree that Carol Woods is not an insurer of Your welfare and safety. You agree that You will exercise due care to protect Yourself from harm.
- P. **Capacity**. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent, or employee of ours shall have any personal liability hereunder to You under any circumstances. If Resident is, or becomes, unable to understand or communicate his or her health care or financial decision, and is determined by Resident's attending physician to be incapacitated, then in the absence of Resident's prior designation of an authorized legal representative, or upon the unwillingness or inability of a designated legal representative to act, Carol Woods shall have the right to commence a legal proceeding to adjudicate Resident incapacitated and to have a court appoint a guardian for Resident. The cost of the legal proceedings, including attorneys' fees, shall be paid by the Resident or Resident's estate.
- Q. **Tax Considerations**. You should consult with Your tax advisor regarding the tax considerations associated with this Agreement.
- R. **Amendments**. Generally, this Agreement can be changed only by mutual written consent. However, Carol Woods reserves the right, upon Thirty (30) Days prior written notice to Resident, to modify or amend this Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to Carol Woods, in particular, or to residential life care communities, in general, or whenever doing so is deemed by Carol Woods to be in the best interest of the Community and the Residents in light of changes in health insurance laws and coverages and/or local, state or federal tax laws or regulations.

- S. **Behavior Deemed Harmful to Carol Woods.** If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO of Carol Woods to be disruptive, hostile, illegal, or otherwise harmful to others or to Carol Woods, Carol Woods reserves the right to terminate this Agreement. If such a circumstance arises, Carol Woods will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by Carol Woods. Carol Woods will provide Resident with a written warning to desist from the behavior or any similarly disruptive, hostile, illegal, or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, Carol Woods will have the right to terminate this Agreement.
- T. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- U. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege (“Right”) under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- V. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of Resident’s stay at Carol Woods that remain unpaid as of such termination.

## **XI. MEDIATION AND ADHERENCE TO GOVERNING LAW FOR DISPUTES**

- A. **Mediation.** You and Carol Woods hereby agree that any claim or dispute relating to this Agreement, or any other matters, disputes, or claims between the two parties shall be subject to non-binding mediation within Thirty (30) Days of either party making a request in writing to the other. The mediation sessions shall be held at a place agreed upon by both parties, or in the absence of such agreement, at Carol Woods, and shall be conducted according to the mediation rules of the National Arbitration Forum. This Section XI.A. shall survive termination of this Agreement.
- B. **Governing Law.** If the Parties cannot agree to the terms and conditions of private mediation, then the Parties can seek the appropriate remedy by filing a lawsuit in the jurisdiction specified in this Agreement. This Agreement shall be governed by, interpreted, construed and enforced in accordance with the internal laws of the State of North Carolina without regard to principles of conflict of laws or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Any controversy or dispute arising out of or relating to this Agreement shall be brought and enforced exclusively in the courts (federal and state) situated in North Carolina, Orange County, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. As a condition for filing a lawsuit to resolve any claims, a Party must first give Thirty (30) Days prior notice of such claim to the other Party in order to determine whether such matter can be resolved through private mediation.

This Section XI.B. shall survive termination of this Agreement.

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

Carol Woods will stand behind all of the statements, promises, and representations in this Agreement, but no others. If You feel something has been promised to You, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before You sign this Agreement.

You understand this matter involves a financial commitment and associated risk as well as a legally binding contract. You acknowledge that you have had the opportunity to consult with an attorney and/or financial advisor regarding this Agreement.

You hereby acknowledge receipt of Carol Woods’ current Disclosure Statement. You acknowledge that the Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to Carol Woods, whichever occurred first.

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

Your signature below certifies that you have read, understand and accept this Agreement as of this (*current date*) \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_.

<b>Carol Woods</b>	<b>Resident(s)</b>
By (signature)	(signature)
Printed Name	(signature)
Title	Current Address: Street
	City, State, Zip Code
	Telephone

## **Appendix E — Examination Report**

*Not Applicable* – The North Carolina Department of Insurance has not conducted an examination of Carol Woods pursuant to Article 64A of the North Carolina General Statutes.

## 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.

**Appendix G — Schedule of Fees**



## Schedule of Fees

Effective January 1, 2026

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# Independent Living – Monthly Service Fees

## Garden Cottages

Type of Unit	2025			2026		
	First Person	Second Person	Total for Two Persons	First Person	Second Person	Total for Two Persons
1 BR	\$3,775	\$1,481	\$5,256	\$4,020	\$1,577	\$5,597
1 BR w Den	\$3,967	\$1,481	\$5,448	\$4,225	\$1,577	\$5,802
1 BR w Sunroom	\$4,096	\$1,481	\$5,577	\$4,362	\$1,577	\$5,939
1 BR w Den	\$4,116	\$1,481	\$5,597	\$4,384	\$1,577	\$5,961
1 BR w Sunroom	\$4,226	\$1,481	\$5,707	\$4,501	\$1,577	\$6,078
1 BR w Den/Sunroom	\$4,308	\$1,481	\$5,789	\$4,588	\$1,577	\$6,165
1 BR w Den/Sunroom	\$4,437	\$1,481	\$5,918	\$4,725	\$1,577	\$6,302
1 BR w Den/Sunroom	\$4,567	\$1,481	\$6,048	\$4,864	\$1,577	\$6,441
1 BR w Den/Sunroom	\$4,629	\$1,481	\$6,110	\$4,930	\$1,577	\$6,507
1 BR w Den/Carolina Room	\$4,984	\$1,481	\$6,465	\$5,308	\$1,577	\$6,885
2 BR	\$4,741	\$1,481	\$6,222	\$5,049	\$1,577	\$6,626
2 BR w Sunroom1	\$5,062	\$1,481	\$6,543	\$5,391	\$1,577	\$6,968
2 BR w Den	\$5,173	\$1,481	\$6,654	\$5,509	\$1,577	\$7,086
2 BR w Sunroom2	\$5,192	\$1,481	\$6,673	\$5,529	\$1,577	\$7,106
2 BR w Carolina Room	\$5,281	\$1,481	\$6,762	\$5,624	\$1,577	\$7,201
2 BR w Den w Sunroom	\$5,494	\$1,481	\$6,975	\$5,851	\$1,577	\$7,428
2 BR w Den/Carolina Room	\$5,549	\$1,481	\$7,030	\$5,910	\$1,577	\$7,487
2 BR w Den w Sunroom	\$5,624	\$1,481	\$7,105	\$5,990	\$1,577	\$7,567
1 BR Duplex	\$5,684	\$1,481	\$7,165	\$6,053	\$1,577	\$7,630
1 BR Duplex w Den	\$6,005	\$1,481	\$7,486	\$6,395	\$1,577	\$7,972
2 BR Duplex w Den	\$5,954	\$1,481	\$7,435	\$6,341	\$1,577	\$7,918
2 BR Duplex w Sunroom	\$6,275	\$1,481	\$7,756	\$6,683	\$1,577	\$8,260
2 BR Duplex w Den Sunroom	\$6,439	\$1,481	\$7,920	\$6,858	\$1,577	\$8,435

## Central Apartments

Type of Unit	2025			2026		
	First Person	Second Person	Total for Two Persons	First Person	Second Person	Total for Two Persons
Studio	\$ 2,728	N/A	N/A	\$ 2,905	N/A	\$ 2,905
Studio Expanded	\$ 2,787	N/A	N/A	\$ 2,968	N/A	\$ 2,968
1 BR Small	\$ 3,660	\$ 1,481	\$ 5,141	\$ 3,898	\$ 1,577	\$ 5,475
1 BR	\$ 3,833	\$ 1,481	\$ 5,314	\$ 4,082	\$ 1,577	\$ 5,659
1 BR Large	\$ 3,968	\$ 1,481	\$ 5,449	\$ 4,226	\$ 1,577	\$ 5,803
2 BR	\$ 4,814	\$ 1,481	\$ 6,295	\$ 5,127	\$ 1,577	\$ 6,704
2 BR Large	\$ 5,101	\$ 1,481	\$ 6,582	\$ 5,433	\$ 1,577	\$ 7,010
2 BR Extra Large	\$ 5,312	\$ 1,481	\$ 6,793	\$ 5,657	\$ 1,577	\$ 7,234
2 BR w Den	\$ 5,622	\$ 1,481	\$ 7,103	\$ 5,987	\$ 1,577	\$ 7,564
2 BR w Den Large	\$ 5,768	\$ 1,481	\$ 7,249	\$ 6,143	\$ 1,577	\$ 7,720
2 BR w Den Extra Large	\$ 5,845	\$ 1,481	\$ 7,326	\$ 6,225	\$ 1,577	\$ 7,802

## Townhomes

Type of Unit	2025			2026		
	First Person	Second Person	Total for Two Persons	First Person	Second Person	Total for Two Persons
T100	\$6,025	\$1,481	\$7,506	\$6,417	\$1,577	\$7,994
T102	\$5,954	\$1,481	\$7,435	\$6,341	\$1,577	\$7,918
T103	\$5,853	\$1,481	\$7,334	\$6,233	\$1,577	\$7,810
T104	\$6,236	\$1,481	\$7,717	\$6,641	\$1,577	\$8,218
T105	\$5,853	\$1,481	\$7,334	\$6,233	\$1,577	\$7,810
T106	\$6,014	\$1,481	\$7,495	\$6,405	\$1,577	\$7,982
T108	\$5,204	\$1,481	\$6,685	\$5,542	\$1,577	\$7,119
T113	\$5,975	\$1,481	\$7,456	\$6,363	\$1,577	\$7,940
T115	\$6,439	\$1,481	\$7,920	\$6,858	\$1,577	\$8,435
T119	\$5,928	\$1,481	\$7,409	\$6,313	\$1,577	\$7,890
T125	\$6,013	\$1,481	\$7,494	\$6,404	\$1,577	\$7,981
T129	\$6,386	\$1,481	\$7,867	\$6,801	\$1,577	\$8,378
T131	\$5,983	\$1,481	\$7,464	\$6,372	\$1,577	\$7,949
T140	\$6,439	\$1,481	\$7,920	\$6,858	\$1,577	\$8,435

## Early Acceptance – Monthly Service Fees

	2025			2026		
	First Person	Second Person	Total for Two Persons	First Person	Second Person	Total for Two Persons
Early Acceptance	\$1,129	\$1,129	\$2,258	\$1,202	\$1,202	\$2,404

## Higher Levels of Support Fees

Assisted Living and Skilled Nursing care are provided in Carol Woods' licensed 24/7 Higher Levels of Support (HLOS). Within Assisted Living areas, the higher level of care, *Assisted Nursing*, is available in Buildings 4, 6, and 7. There is a daily fee charged for each day of admission in one of Carol Woods' accommodations in HLOS. The rate is determined according to the level of support needed and the type of accommodation.

### Higher Level of Support Monthly Service Fees

Carol Woods charges a "leveled" monthly service fee for those residents who are living permanently in Higher Levels of Support (Buildings 4, 5, 6 or 7) (HLOS), and who do not have another person still living in an apartment, cottage or townhome. The following Monthly Service Fees for HLOS apply once a single person or couple has **vacated** the previous cottage, apartment or townhome. The Monthly Service Fees for HLOS take effect on the date that an Independent Living unit is "cleared" of all one's belongings, and the key is returned to Carol Woods. Prior to the Independent Living being cleared, the Independent Living Monthly Service Fees, including second-person fees, applies.

	2025			2026		
	First Person	Second Person	Total for Two Persons	First Person	Second Person	Total for Two Persons
HLOS	\$2,657	\$1,481	\$4,138	\$2,920	\$1,577	\$4,497

## Carol Woods Residents

In addition to the daily fee, residents of Carol Woods are charged the prevailing Monthly Service Fee for HLOS listed in the previous section when permanently moved into the HLOS. Daily Rates are as follows:

Type of Unit	2025 Daily Rate	Monthly Equivalent **	2026 Daily Rate	Monthly Equivalent **
<b>Skilled Nursing – Building 4</b>				
Private Room	\$132.00	\$6,617	\$145.00	\$7,270
Semi-Private Room	\$122.00	\$6,317	\$134.00	\$6,940
<b>Assisted Living – Building 4 (Assisted Nursing Level Only)</b>				
Private Room	\$122.00	\$6,317	\$137.00	\$7,030
Semi-Private Room	\$112.00	\$6,017	\$123.00	\$6,610
<b>Assisted Living – Building 5 (Assisted Living Base Level Only)</b>				
Unit Type 1	\$96.00	\$5,537	\$105.50	\$6,085
Unit Type 2	\$98.00	\$5,597	\$112.00	\$6,280
Unit Type 3	\$102.00	\$5,717	\$123.00	\$6,610
Unit Type 4	\$106.00	\$5,837	\$131.50	\$6,865
Unit Type 5	\$108.00	\$5,897	\$139.50	\$7,105
2 <sup>nd</sup> Person (Unit Type 4 and 5 only)	\$102.00	\$5,717	\$123.00	\$6,610
<b>Assisted Living – Building 6/7</b>				
Assisted Living Base Level of Care	\$102.00	\$5,717	\$112.00	\$6,280
Assisted Nursing Level of Care	\$122.00	\$6,317	\$137.00	\$7,030

**\*\*The Monthly Equivalent is based on the first person HLOS Monthly Fee plus 30 calendar days in the month.**

Carol Woods' Resident accrues Fifteen (15) "Free Days" each year which may be used to cover the daily rate charged at either the semi-private or private rate, depending upon the particular accommodation at the time. Unused Free Days may accumulate over time, with no limit. No credit, however, is provided for Free Days that are never used; nor can Free Days be transferred to another resident.

## Non-Residents of Carol Woods

Type of Unit	2025 Daily Rate	Monthly Equivalent ^	2026 Daily Rate	Monthly Equivalent ^
<b>Skilled Nursing – Building 4</b>				
Private Room	\$443.00	\$13,290	\$499.00	\$14,970
Semi-Private Room	\$428.00	\$12,840	\$484.00	\$14,520
<b>Assisted Living – Building 4 (Assisted Nursing Level Only)</b>				
Private Room	\$400.00	\$12,000	\$460.00	\$13,800
Semi-Private Room	\$385.00	\$11,550	\$443.00	\$13,290
<b>Assisted Living – Building 5 (Assisted Living Base Level Only)</b>				
Unit Type 1 - 5	\$257.00	\$7,710	\$282.00	\$8,460
<b>Assisted Living – Building 6/7</b>				
Assisted Living Base Level of Care	\$257.00	\$7,710	\$435.00	\$13,050
Assisted Nursing Level of Care	\$400.00	\$12,000	\$460.00	\$13,800

*^The Monthly Equivalent is based on 30 calendar days in the month.*

## Dining Services

Within the Monthly Service Fees, Carol Woods provides 3 meals per day in the HLOS, and one meal credit per day per month to those living in Independent Living's cottages, apartments, and townhomes which may be used at any point during the month. Residents living on campus may purchase meal plans above the credits provided within the Monthly Service Fee. Those residents in Early Acceptance may also purchase a monthly meal plan for an additional fee. Beer & wine are not included within meal credits and prices are available within the dining room.

### On-Campus Residents Meal Programs

Double Meal Credits per Month .....	\$300.00
Triple Meal Credits per Month.....	\$550.00

### Early Acceptance Meal Programs

Single Meal Credits per Month.....	\$315.00
Double Meal Credits per Month .....	\$470.00
Triple Meal Credits per Month.....	\$600.00

## Additional Resident Meals

Breakfast .....	\$8.00
Lunch.....	\$12.00
Dinner.....	\$16.00

## Guest Meals

Breakfast .....	\$12.00
Lunch.....	\$19.00
Dinner.....	\$25.00

## Catering, Memorial Services, & Special Events

Carol Woods offers Residents catering services for special events. Charges are determined by the Dining Services department for events. The hourly rate for servers at events is \$21.00 per hour.

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## Other Ancillary Services and Supplies

All ancillary services prices are subject to change based on cost. In Assisted Nursing and Skilled Nursing levels of support, the daily rate includes most (but not all) routine “ancillary” supplies provided by Carol Woods.

## Transportation Fees

Medical transportation is included at no additional charge to residents who are residing in any of the licensed HLOS buildings. Medical escort services, however, are charged to all residents who have staff accompany them to an appointment regardless of where one resides. For Medical Escort Services, there is a minimum charge of 1.5 hours of service, and the residents are charged in half-hour increments thereafter. All partial half-hours are treated as full half-hours. Carol Woods provides services within the zones of Chapel Hill, Durham, and Hillsborough only. Beyond these zones, Residents should make other arrangements. Transportation fees within zones are for round trip and are half-price for one-way only.

Transportation – Zone 1 (Chapel Hill) .....	\$20.00
Transportation – Zone 2 (South & West Durham & Hillsborough) .....	\$30.00
Transportation – Zone 3 (North Durham) .....	\$40.00
Medical Escort (per hour) .....	\$35.00

Non-emergency ambulance/stretchers are billed by the provider of that service to the residents.

## Nutritional Supplements

Nutritional supplements ..... Cost + 10%

## HLOS Ancillary Fees

Personal Needs Supplies..... Cost + 10%

Routine Medical Supplies ..... Cost + 10%

Air Mattress (per day) ..... \$10.00

## Physical, Occupational and Speech Therapy

Carol Woods is a Medicare participating provider and accepts Medicare allowable rates as payment in full when coverage conditions are met.

Medicare/Insurance does not cover cancellation fees.

Evaluation/Re-evaluation ..... \$200.00

Treatment (per 15 minutes)..... \$50.00

## In Home Support Services

Carol Woods' In Home Support Services provides companion services. If personal care is required, in most cases those services will be arranged through a relationship with other local providers.

Companion (Monday to Friday, 8:30 am to 5:00 pm, per hour) ..... \$37.00

Companion Evening/Weekend/Holidays (per hour) ..... \$52.00

In Home Support Services also provides Concierge Services, which includes a variety of services in one's home that are not personal care in nature; including pet sitting, plant watering, deep cleaning, decluttering, personal shopping, prescription pick-ups, moving furniture, picture hanging, etc. Charges start at a half-hour minimum.

Concierge Services (Monday to Friday, 8:30 am to 5:00 pm, per hour). \$35.00

Concierge Services Evening/Weekend/Holidays (per hour)..... \$52.00

Concierge Services – Mileage (per mile) . Current IRS Standard Mileage Rate

## Miscellaneous

Guest House – Single Occupancy (per night).....\$110.00

Guest House – Double Occupancy (per night)..... \$120.00

Guest House – Each Additional Person (per night)..... \$10.00

Non-emergency Nurse Visit (per hour)..... \$70.00

Medical Pendant..... Cost + 10%

Technology Support (per hour) .....	\$80.00
Electric Vehicle (per vehicle, per month) .....	\$16.00
Replacement Smart Key .....	\$100.00
Replacement FOB .....	\$10.00
Personal Gardening Service (per hour).....	\$35 plus cost of supplies + 10%
Maintenance and Housekeeping Services (not within Monthly Service Fee, per hour) .....	\$35.00 plus cost +10%
Internal Preference Move:	
Renovation Fee .....	\$50 per Square Foot
Administration Fee .....	\$10,000

# Entrance Fees

Type of Unit	Number of Units	2025	2026
<b>Apartments</b>			
Studio	15	\$106,000 - \$110,000	\$116,600 - \$121,000
One Bedroom Small	7	\$185,000 - \$189,000	\$203,500 - \$207,900
One Bedroom	65	\$195,400 - \$199,400	\$214,900 - \$219,300
One Bedroom Large	3	\$221,700	\$243,900
Two Bedroom	35	\$275,600	\$303,200
Two Bedroom Large	3	\$323,500	\$355,900
Two Bedroom XL	6	\$354,600 - \$ 358,600	\$390,100 - \$394,500
Two Bedroom w/Den	12	\$404,400	\$444,800
Two Bedroom w/Den Large	2	\$418,400	\$460,200
Two Bedroom w/Den XL	1	\$428,200	\$471,000
<b>Cottages</b>			
One Bedroom	11	\$190,700 - \$198,700	\$209,800 - \$218,600
One Bedroom w/Sunroom	3	\$190,700 - \$198,700	\$209,800 - \$218,600
One Bedroom w/Den	22	\$237,500 - \$245,500	\$261,300 - \$270,100
One Bedroom w/Den & Carolina Room	5	\$302,300	\$332,500
Two Bedroom	12	\$286,400 - \$294,400	\$315,000 - \$323,800
Two Bedroom w/Sunroom	6	\$286,400	\$315,000
Two Bedroom w/Carolina Room	7	\$348,500 - \$356,500	\$383,400 - \$392,200
Two Bedroom w/Den	8	\$328,700 - \$336,700	\$361,600 - \$370,400
Two Bedroom w/Den & Sunroom	4	\$328,700	361,600
Two Bedroom w/Den & Carolina Room	12	\$391,400- \$399,400	\$430,500 - \$439,300
One Bedroom Duplex	4	\$409,100 - \$419,100	\$450,000 - \$461,000
One Bedroom Duplex w/Den	12	\$409,100 - \$419,100	\$450,000 - \$461,000
Two Bedroom Duplex w/Sunroom	3	\$409,100 - \$475,900	\$450,000 - \$523,500
Two Bedroom Duplex w/Den	31	\$475,900 - \$494,900	\$523,500 - \$544,400
Two Bedroom w/Den & Sunroom	12	\$578,200	\$636,000
<b>Townhomes</b>			
Townhomes	14	\$339,300 - \$610,600	\$373,200 - \$671,700
<b>2<sup>nd</sup> Person Fee</b>			
2 <sup>nd</sup> Person Fee		\$44,200	\$48,600
<b>Early Acceptance</b>			
Early Acceptance		\$44,200	\$48,000