



## **Disclosure Statement**

May 30, 2025

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

- **This Disclosure Statement may be delivered until revised, but not after May 30, 2025.**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract is required.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

Carolina Meadows is located at: 100 Carolina Meadows, Chapel Hill, NC 27517. The corporate website is: [www.carolinameadows.org](http://www.carolinameadows.org)

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## Contents

|   |           |
|---|-----------|
| <b>Section 1: Provider Introduction and Information.....</b>                          | <b>5</b>  |
| Name and Business Address .....   | 5         |
| Not-for-Profit Status .....   | 5         |
| Affiliations and Memberships.....   | 5         |
| Required Criminal Violations Statement .....  | 6         |
| Board of Directors.....   | 7         |
| Key Executive Management Team .....   | 10        |
| <b>Section 2: Facility Introduction and Information.....</b>                          | <b>13</b> |
| On-Campus Living and Early Advantage Program (“EA Program”).....                      | 14        |
| <b>Section 3: Ongoing or Proposed Expansion/Repositioning.....</b>                    | <b>15</b> |
| <b>Section 4: Admissions and Residency Requirements .....</b>                         | <b>16</b> |
| Financial and Insurance Criteria .....  | 19        |
| <b>Section 5: General Amenities, Health Care/Wellness Benefits and Services .....</b> | <b>21</b> |
| General Campus Amenities included in Fees .....                                       | 21        |
| Residential Services Included in Fees.....  | 22        |
| Amenities, Personal Services, and Concierge Services (Extra Fees May Apply) .....     | 23        |
| Health Care and Wellness Services and Benefits Included in Fees .....                 | 24        |
| Health Care and Wellness Services for an Extra Charge .....                           | 25        |
| <b>Section 6: Entrance and Periodic Fees .....</b>                                    | <b>26</b> |
| On Campus Fees .....  | 26        |
| Early Advantage Program Fees.....   | 28        |
| Historical Changes in Fees.....   | 28        |
| <b>Section 7: Marriages/New Second Occupants/School-Age Children.....</b>             | <b>31</b> |
| <b>Section 8: Financial Assistance for Residents with Financial Hardships .....</b>   | <b>32</b> |
| <b>Section 9: Refunds in the Event of Cancellation and Rescission .....</b>           | <b>32</b> |
| Cancellation of Waiting or Ready List/Early Advantage Reservations .....              | 32        |
| Rescission Period .....   | 33        |
| Cancellation of Early Advantage Agreement After Recission Period .....                | 33        |
| Cancellation of Residence and Services Agreement After Recission Period .....         | 34        |
| Cancellation Upon Death.....  | 37        |

|  |           |
|--|-----------|
| <b>Section 10: Resident Transfers or Moves .....</b>                   | <b>37</b> |
| <b>Section 11: Financial and Other Information.....</b>                | <b>38</b> |
| Reserves, Escrows, and Trusts: Operating Reserve Requirement .....     | 38        |
| Shared Appreciation.....   | 39        |
| <b>Attachments.....</b>  | <b>40</b> |
| Attachment 1: Audited Financial Statements.....                        | 41        |
| Attachment 2: Actual vs. Projected Results.....                        | 42        |
| Attachment 3: Interim Financial Statements.....                        | 43        |
| Attachment 4: Forecasted Financial Statements .....                    | 44        |
| Attachment 5: Most Recent Actuarial Report.....                        | 45        |
| Attachment 6: 75% Refund Option Residence and Services Agreement ..... | 46        |
| Attachment 7: Equity Advantage Residence and Services Agreement: ..... | 47        |
| Attachment 8: Early Advantage Agreement .....                          | 48        |



## **Section 1: Provider Introduction and Information**

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### **Name and Business Address**

The name of the corporation is Carolina Meadows, Inc. (the “CCRC”) and is usually referred to as simply Carolina Meadows. It is licensed as a Continuing Care Retirement Community and may also be referred to as a Life Plan Community in marketing and print materials.

The organization is located in Chatham County at 100 Whippoorwill Lane, just south of Chapel Hill, North Carolina. The mailing address is 100 Carolina Meadows, Chapel Hill, NC 27517.

### **Not-for-Profit Status**

Incorporated in 1983 as a North Carolina nonprofit corporation, the CCRC is exempt from corporate income taxes as a 501(c) (3) nonprofit corporation under the Internal Revenue Code. This tax-exempt category allows the organization to receive charitable contributions. Contributions to the organization may generally be deductible by the donor. Under IRS regulations, no earnings of the CCRC may be distributed to the Directors, Officers, or other private individuals. All excess funds remain with the CCRC for use in its programs and services to residents.

### **Affiliations and Memberships**

The CCRC is affiliated with Carolina Meadows Senior Communities & Services, Inc. (“the Parent”), Carolina Meadows Home Care (“Home Care”), Carolina Meadows Foundation (“Foundation”), and Carolina Meadows Management and Development (“Management and Development”). The Parent is the sole member of the CCRC, Home Care, Foundation, and Management and Development boards of directors. The Parent is also the sole shareholder of Management and Development, a North Carolina for profit corporation.

The Parent, Home Care, and Foundation organizations are North Carolina nonprofit corporations recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. The Parent, Home Care, Foundation, and Management and Development are recognized as Section 509(a)(3) supporting organizations of the CCRC.

The Parent elects its own board directors and elects board directors of each affiliate including the CCRC board. The Parent does not have any members. A majority of the CCRC board directors must be directors of the Parent board. A majority of the board of directors of Home Care, Foundation, and Management and Development must also be directors of the CCRC board of directors. Certain actions of each affiliate board require the consent and approval of the Parent.

The CCRC is also affiliated with Novare, LLC, a consortium of single-site and small-system CCRCs in non-competing markets around the country that provide opportunities for collaboration, sharing best practices, leadership development, and fostering innovation within the senior living industry. None of the entities affiliated with the CCRC is responsible for the financial and contractual obligations of the CCRC and the CCRC is not responsible for any of the financial and contractual obligations of other consortium members.

The CCRC is a member of both LeadingAge – North Carolina and LeadingAge – National in Washington, DC. LeadingAge is a community of nonprofit aging services providers and other mission-driven organizations serving older adults.

The CCRC is also a member of Caring Communities, a self-insured insurance company providing insurance policies for Professional and General Liability, Employment Practices, Directors and Officers, Fiduciary, and Crime coverage for industry leading organizations throughout the country. It is a member-owned organization with strong roots in preventative risk analysis and education.

#### **Required Criminal Violations Statement**

Neither the President/Chief Executive Officer, any management staff, nor any member of the Board of Directors has been convicted of a felony or pleaded nolo-contendere to a felony charge or judgment, for a felony or civil action involved in fraud, embezzlement, fraudulent conversion, or misappropriation of property. Neither is any member of management or Board of Directors subject to a currently effective injunction or restrictive court order, or within the last five years has any State or Federal license or permit been suspended or revoked as a result of any action brought by a governmental agency or department, arising out of or relative to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to North Carolina G.S. 58-64 or similar laws in another state.

## **Board of Directors**

Carolina Meadows is governed and managed by a volunteer, community-based, board of directors. The By-Laws call for no less than twelve (12) voting directors up to a maximum of fifteen (15) voting directors and two (2) Ex-Officio non-voting directors made up of the President of the Residents Association and the Chief Executive Officer of Carolina Meadows. Four of the voting directors are required to be residents living at Carolina Meadows. The following is a list of the current board of directors of Carolina Meadows, Inc.

**Dean Block (Resident and Secretary)**  
**342 Carolina Meadows Villa**  
**Chapel Hill, NC 27517**

Mr. Block served as an executive in local government until his retirement. He served as Budget Director for over 20 years in two cities developing and monitoring both operating and capital programs. He has also served as Director of Public works overseeing construction contracting and project management. He also served on the Board and as President of the local chapter of the Military Officers Association of America.

**Dr. Nancy Chescheir, MD (Chair)**  
**441 Lystra Estates Drive**  
**Chapel Hill, NC 27517**

Dr. Chescheir is a retired clinical professor of Obstetrics and Gynecology and a Maternal Fetal Medicine Specialist. She has served in multiple administrative roles, including the chair of obstetrics and gynecology at Vanderbilt University School of Medicine, acting chair at UNC School of Medicine, Associate Dean for the Curriculum at UNC, and Chief of Staff at Bokamoso Private Hospital in Botswana.

**Judy Jones (Resident)**  
**323 Carolina Meadows Villa**  
**Chapel Hill, NC 27517**

Ms. Jones is a retired high school teacher and has occasionally served as an adjunct professor at UNC-Chapel Hill to support the science teacher observation and evaluation process. She earned her National Board Certification for Adolescent Science and was a Presidential Awardee for

Excellence in Science Teaching. She is a past President of the Carolina Meadows Residents Association.

**Ralph Karpinos (Vice Chair)**  
**112 Braswell Road**  
**Chapel Hill, NC 27516**

Mr. Karpinos is a retired Town Attorney for Chapel Hill. He is the past president of the N.C. Association of Municipal Attorneys and past chair of the Government and Public Sector Section of the N.C. Bar Association. Following his retirement from local government service in North Carolina, he received the Order of the Long Leaf Pine from Governor Roy Cooper.

**Dr. Judith Kramer (Resident)**  
**267 Carolina Meadows Villa**  
**Chapel Hill, NC 27517**

Dr. Kramer's professional career has included direct patient care, clinical research, and scientific administration at Duke University School of Medicine and Burroughs Wellcome. In addition, she has served as Professor of Pharmaceutical Sciences and Director of Clinical Research Programs at Campbell University.

**Robert Lewis**  
**1134 Fieldstone Drive,**  
**Mebane, NC 27302**

Robert "Rob" Lewis is a certified public accountant and an assurance partner at Blackman & Sloop Advisors, Inc. He grew up in Jessup, Pennsylvania, and joined the firm in 1998. Rob specializes in providing assurance services, such as audits, reviews, compilations, and agreed-upon procedures, to a variety of clients, including construction contractors, small business entities, and nonprofit organizations.

**Dr. Pat Mandell (Resident and ex officio Board Member)**  
**502 Carolina Meadows Villa**  
**Chapel Hill, NC 27217**

Dr. Mandell taught elementary grades, special education, and university courses in colleges of education. In addition to teaching, Dr. Mandell served as Head of School in three private schools

in Texas. She served as the founding president of a national organization of Reform Jewish Day Schools. She is the current President of the Carolina Meadows Residents Association.

**Leah Ogden**  
**320 Kirkwood Dr. Chapel Hill, NC 27514**  
**Chapel Hill, NC 27514**

Ms. Ogden is a Chartered Financial Analyst (CFA) and currently serves as a Financial Advisor with Morgan Stanley. Prior to joining Morgan Stanley, she was an advisor with Raymond James, where she focused on collaborative and holistic financial planning, creating customized investment strategies for high-net-worth clients. She also held senior and vice president-level positions in the bond and fixed income industry, where she led the management of multibillion-dollar portfolios.

**Dr. Aron Silverstone**  
**6 Osborne Place**  
**Durham, NC 27705**

Dr. Silverstone retired from Syngenta Crop where he provided extensive leadership in agriculture, biotechnology, and Residue Science. He led teams of scientists overseeing residue studies for regulatory submissions in the U.S. and Canada. He served on leadership teams to ensure Residue Science perspectives continue to contribute to overall strategic decisions in crop science.

**Dr. Rose Snipes**  
**2312 Jo Mac Rd.**  
**Chapel Hill, NC 27516**

Dr. Snipes was trained in internal medicine, nephrology, and endocrinology. She spent 30 years in pharmaceutical clinical research with GlaxoSmithKline where she retired as VP of US Medical Affairs. She recently returned to work as Senior Medical Director of Developmental Medicines at UCB Biosciences where her passion for science meets her passion for people.

**Dr. Hugh Tilson, MD (Resident)**  
**525 Carolina Meadows Villa**  
**Chapel Hill, NC 27517**

Dr. Tilson, M.D. spent fifteen years each in public service, the multinational pharmaceutical industry, and academia. He continues as an active consultant and researcher. Recognized as a public health systems and workforce, pharmacoepidemiology, and outcomes researcher focusing

on drug safety, he is a Lifetime National Associate of the National Academies of Science. He recently completed his duties as a member of the national Public Health Accreditation Board (PHAB).

**Kevin Tunick**  
**56 South Flanders Street**  
**Chapel Hill, NC 27517**

Mr. Tunick is former Vice President and Managing Director of Private Investments for UNC Management Company. Prior to his fifteen years at UNC Management, he spent seventeen years at Harvard Management Company as Manager of Private Equity and co-managed a portfolio of alternative investment partnerships. Prior to Harvard Management, he was Chief Investment Analyst for The Rockefeller Foundation.

**Mrs. Rosemary Waldorf**  
**106 Gurnsey Trail**  
**Chapel Hill, NC 27517**

Mrs. Waldorf is a long-standing and highly involved resident of Chapel Hill. She has served on many community boards and projects, including the Chapel Hill Town Council and six years as Mayor of Chapel Hill (1995-2001). From 2003-2017 she worked for a real estate development firm based in Chapel Hill.

### **Key Executive Management Team**

**Dr. Donna Miller, DO**  
**Medical Director**

Dr. Miller earned her DO degree from Philadelphia College of Osteopathic Medicine where she also completed an internship and residency in Internal Medicine. She was the first DO to complete a two-year Geriatric Fellowship at The Cleveland Clinic in Ohio. She returned to Pennsylvania to head the newly created Geriatrics Institute at St. Luke's Hospital and Health Network. She left St. Luke's Hospital to open her own private practice which specialized in long term care and was the Medical Director of two Pennsylvania nursing

homes before coming to Carolina Meadows. Dr. Miller is a Certified Medical Director. She has a broad range of experience in geriatric care in all settings.

**Adam Melton**  
**Health Center Administrator**

Mr. Melton is responsible for the day-to-day operations, regulatory compliance, and strategic planning for the Pines Health Center, the skilled nursing community within Carolina Meadows. Mr. Melton has over 20 years of experience in long-term care administration, with a majority of that time in the senior living field. He is dedicated to ensuring residents have a person-centered experience with their healthcare needs. He is passionate about advocating for the aging services field on the local, state and federal levels.

**Sandy Mouras**  
**Fairways Assisted Living Administrator**

Ms. Mouras is the Administrator of the Fairways Assisted Living program at Carolina Meadows where she oversees the nursing and administrative functions of the Assisted Living and Memory Care programs. Throughout her career in senior living, she has been responsible for developing robust programs and services for those residents who reside in CCRCs. Additionally, she is an advocate for strategic services and program development that plan to the emerging needs of older adults.

**Melissa Kass**  
**Vice President - Sales and Marketing**

Ms. Kass is the Vice President of Sales and marketing at Carolina Meadows. She is responsible for developing and implementing the overall marketing and sales strategy for Carolina Meadows. Prior to joining Carolina Meadows, she spent 10 years as Director of Sales at a larger continuing care retirement community in University Park in Cleveland, Ohio. There she was part of a team that launched one of the first “At Home” programs in the country, Judson Smart Living at Home continues today to be a successful model that supports the ever-growing option of aging in place. She began her career as a pharmaceutical sales representative where she promoted a new antidepressant that was successfully utilized in long term care settings.

**Gary Levine, CPA**  
**Executive Vice President and Chief Financial Officer**

Mr. Levine is the Executive Vice President and Chief Financial Officer. He is a licensed CPA. Prior to serving as the Chief Financial Officer, he served as the Director of Finance for Carolina Meadows from 2009 to 2015. Prior to Carolina Meadows, Mr. Levine spent almost 20 years in the biotechnology and pharmaceutical industries including Eli Lilly Research Laboratories. He also worked for a land developer and real estate management group in Raleigh, North Carolina. Mr. Levine received his Bachelor of Science in Business Administration with a double major in Sociology and History. He is member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

**Ben Cornthwaite**  
**Executive Vice President and Chief Operating Officer**

Mr. Cornthwaite is the Executive Vice President and Chief Operating Officer where he oversees all operational areas of Carolina Meadows. Mr. Cornthwaite is deeply involved with all aspects of the business and works closely with the CEO to develop and implement strategic plans for the organization. Before joining Carolina Meadows, he served as a Vice President and Executive Director for Erickson Living. He has also served as the Associate Executive Director, Senior Administrator, and Nursing Home Administrator. He is a past Board member of Leading Age North Carolina.

**Kevin A. McLeod, CPA**  
**President and Chief Executive Officer**

Mr. McLeod is the President and Chief Executive Officer of Carolina Meadows Senior Communities and Services, Inc. He is a licensed CPA and Chartered Global Management Account. He currently serves as Board member, Treasurer and Chair of the Finance Committee of Caring Communities, Inc., a member-owned professional and general liability insurance company exclusively serving not-for-profit senior housing and care organizations around the nation. He currently serves on the NC Department of Insurance Continuing Care Advisory Committee as an appointed member. Mr. McLeod formerly served as a financial and administrative surveyor with CARF, the international accrediting organization for continuing care



retirement communities. He is a former Board Member and Past Chair of the Board of Directors of Leading Age North Carolina. He is a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

## **Section 2: Facility Introduction and Information**

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Situated on 166 acres of rolling wooded land, Carolina Meadows is located in north Chatham County approximately four miles south of Chapel Hill. There are 481 independent living homes consisting of 161 apartments in six three-story buildings, 280 single story villas and 40 hybrid homes arranged in four separate buildings providing multiple views and outdoor connections. Four of the apartments are currently used as guest rooms and one apartment is used as a marketing selections showroom. The campus is home to over 770 residents living in apartments, villas, hybrid homes, assisted living, memory care, and nursing accommodations. A system of walkways, most of which are covered, connect the apartment buildings with the central Club Center. Numerous outdoor seating areas are accessible from a walking path system encompassing the par 3, nine-hole golf course and meandering throughout the campus.

A large two-story Club Center building serves as the campus core. It houses a 350-seat auditorium, resident business center, enclosed swimming pool and Jacuzzi, library, craft and activity areas, and administrative offices. The adjoining Activities Center houses a café, fitness area and exercise studio, art studio, activity areas, and conference rooms. Other major amenities include two tennis and pickleball courts, a croquet court, bocce courts, garden space with raised planter beds, meditation labyrinth, resident memorial gardens and a woodworking shop.

The Club Center Dining facilities include multiple dining venues including a pub, bakery, formal dining room, and a less formal dining area all serving a variety of fresh, made-to-order meals. The newest dining venue, known as the Piedmont, features a fully stocked bar serving adult alcoholic beverages. A private dining room with state-of-the-art audio and visual amenities for meetings and presentations is also nestled in the Club Center area.

The Fairways Assisted Living is licensed for 95 beds in 78 units as an Adult Care Home by the State of North Carolina Division of Health Service Regulation. It is a 103,000 square foot Residential Assisted Living Facility. It includes 64 apartments along with spacious communal

areas, an upscale dining venue, activity and lounge space, as well as The Green memory care with 15 beds in 14 rooms providing special care for memory-challenged residents. The Green is licensed as an Adult Care Home Special Care facility.

The Pines Health Center is licensed for 90 beds and does not participate in the Medicare program. Residents who have Medicare qualifying hospital stays may choose to pay prevailing per diem charges in the Pines Health Center or avail themselves of Medicare Part A benefits in local Medicare certified nursing facilities with reciprocal care arrangements with Carolina Meadows. Upon completion of a qualified Medicare stay at the local nursing facilities, residents may return to Carolina Meadows Health Center, Assisted Living or Independent Living.

Rehabilitation is provided on site through contract services in areas specially equipped to encompass both physical and occupational therapies. Speech therapy is available as well. To the extent that services provided by the rehabilitation services contractor are covered by Medicare Part B, the contractor will bill both Medicare and secondary insurances. Rehabilitation services that are not covered by Medicare will be billed to the residents.

A Community Health Clinic includes exam rooms, a laboratory area and offices for private consultation. In addition to nurse practitioners and registered nurses, Carolina Meadows employs its own full-time physician who is a geriatrician. Carolina Meadows also contracts for physician services through UNC Health Care to support the health care needs of residents. The Clinic accepts Medicare Part B for the billing of medical services provided by physicians and medical staff. Secondary insurance may also be billed in the Clinic. Other contracted medical services include dentistry, audiology and psychology and are billed separately by the provider.

### **On-Campus Living and Early Advantage Program (“EA Program”)**

Carolina Meadows offers two ways by which persons can become residents of Carolina Meadows:

1. On-Campus Living: If a villa or apartment is available, one can reserve that accommodation, proceed through Carolina Meadows’ admission process, take residency of the accommodation, and enjoy on-campus retirement living and related services, plus ensure access to future health care services as needed.

2. EA Program membership: If a vacancy in the EA Program is available, a person who is a member of the Waiting/Ready Lists can join the EA Program, proceed through Carolina Meadows' admission process, become a resident of Carolina Meadows with full access to the campus amenities, and ensure access to future health care services as needed while remaining in their current home until their desired unit becomes available on campus.

Only persons who are on Carolina Meadows' Ready List will be offered available residences on campus, and only those on the Ready/Waiting Lists will be offered membership in the EA Program. Once a person has reserved a residence or desires to become a member of the EA Program, the admission process is identical, and includes financial and health assessments. Once a person becomes a resident of Carolina Meadows, whether living on campus or through the EA Program, they have equal access to all common areas of campus, equal standing as members of the Residents Association, and equal access to Carolina Meadows' health care facilities.

To emphasize the wide array of similarities and differences between the EA Program and On-Campus Living, Sections 4 and 5 provide helpful tables with side-by-side comparisons of the EA Program and On-Campus Living.

### **Section 3: Ongoing or Proposed Expansion/Repositioning**

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The current skilled nursing facility at Carolina Meadows offers the highest quality of care to our residents as evidenced by multiple years of deficiency free surveys. Current industry trends in skilled nursing favor more home-like environments that facilitate person-directed care with a more holistic approach to wellness. The Board of Directors of Carolina Meadows, after having participated in a master planning process over the last 18 months, voted in June 2024 to replace the existing skilled nursing center. Construction started in July 2024 with anticipated completion in June 2026. The project was financed by tax-exempt bonds through the North Carolina Medical Care Commission. Total bond debt for the new skilled nursing facility was \$76,170,000 at par with an additional \$3,177,479 in net premium for total debt of \$79,347,479 to cover the cost of construction, issuance costs, and funded interest during the period of construction.

The Board has been engaged in a much broader master campus planning process to modernize parts of the campus and add new resident amenities and housing options that do not currently exist.

As part of master planning, it is estimated that an additional 88 independent living units could be constructed on the site of the current skilled nursing facility and the Board of Carolina Meadows has approved management to further explore a plan to construct 88 units beginning in late 2026 after the existing older skilled nursing building has been demolished. The master plan is a multi-stage plan that is intended to address short term needs over the next 3 – 5 years and longer term needs beyond 5 years.

## **Section 4: Admissions and Residency Requirements**

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Carolina Meadows is an inclusive community offering single, couple, or co-resident occupancy. The admission requirements for on-campus living and the EA Program at Carolina Meadows are non-discriminatory with respect to race, creed, religion, gender, sexual orientation or gender expression. Admission to the Carolina Meadows EA program or on-campus living is restricted to persons 62 or older. If a couple or co-resident is moving on campus, at least one person must be 62 or older. Please refer to the Tables below that explain the agreement type, their purpose, and the expected time entry fees and monthly accommodation fees are due:

1. Table 1 – Agreement Type and Purpose
2. Table 2 – Comparison of Admission Requirements
3. Table 3 – Comparison of Timing of Signing of Agreements and Entry Fee Payments

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| <b>Table 1 - Agreement Type and Purpose</b>  |                                       |                                   |
|--|---------------------------------------|-----------------------------------|
|  | <b>Agreement Type</b>                 |                                   |
| <b>Purpose</b>   | <b>Early Advantage</b>                | <b>On Campus</b>                  |
| Individual expresses initial interest  | Waiting or Ready List Agreement       | Waiting or Ready List Agreement   |
| Upon availability of an independent living unit, an individual decides to move forward with either moving to campus or joining the Early Advantage Program | Early Advantage Reservation Agreement | Residential Reservation Agreement |
| Individual becomes a resident of Carolina Meadows or joins the Early Advantage Program   | Early Advantage Agreement             | Residence and Services Agreement  |
| Early Advantage member moves to campus   | Residence and Services Agreement      | Not applicable                    |

| <b>Table 2- Comparison of Admissions Requirements</b> |   |  |
|---|---|--|
|   | <b>Early Advantage</b>  | <b>On-Campus</b>   |
| 1) Access to Programs                                 | Available to Members of Carolina Meadows' Ready and Waiting Lists.  | Available to Members of Carolina Meadows Ready List.   |
| 2) Geographical Consideration                         | Persons must live in Chatham County, NC or surrounding counties, in convenient proximity to Carolina Meadows.                       | No geographical constraint, since people are seeking a move to Carolina Meadows.   |
| 3) Offering Admission                                 | When an Early Advantage slot is available, persons on the Interest List for Early Advantage are contacted in sequential order.      | When an apartment or villa is available, persons on the Ready List who have expressed interest in that accommodation type are contacted in sequential order. |
| 4) Admissions Process                                 |   |  |
| a) Reservation Agreement                              | Applicant signs an Early Advantage Reservation Agreement to reserve the available slot.   | Applicant signs a Residential Reservation Agreement to reserve the available residence.  |
| b) Financial Analysis                                 | Applicant submits a Confidential Financial Statement with 10 days of signing an Early Advantage Residential Reservation.            | Applicant submits a Confidential Financial Statement with 10 days of signing a Residential Reservation Agreement.  |
| c) Insurance Requirements                             | Residents must carry Medicare parts A and B or comparable alternative primary medical insurance and supplemental medical insurance. | Same   |

| <b>Table 3 – Comparison of Timing of Signing Agreements and Entry Fee Payments</b>      |  |  |
|---|--|--|
|   | <b>Early Advantage</b>   | <b>On-Campus</b>   |
| Upon 10 days of receiving notice of acceptance by Carolina Meadows Admissions Committee | Any previous Ready List deposit made will be applied to the balance of Early Advantage Entry fee owed                              | Resident's Ready List deposit of 5% is transferred to their entry fee specified in their Residence and Services Agreement  |
| Date of Financial Responsibility  | Within 10 days of when Early Advantage Agreement is executed, and remaining Entry Fee is paid.                                     | Within 110 days of executing the Residence and Services Agreement. Customized modifications may delay your move in date but will not delay date of Financial Responsibility. |
|   | 30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received. | 30-day Rescission period begins at the latter of the execution of the agreement or the date this disclosure statement is received.   |

### **Financial and Insurance Criteria**

Prospective residents are required to provide a comprehensive financial statement plus supporting documents from which Carolina Meadows uses a widely accepted actuarial-based program to measure an applicant's income and assets against projected expenses over their life expectancy. The results of this comparison are used to determine one's ability to meet projected future service and care costs over their actuarially determined life expectancy and to identify potential deemed financial risks, if any, to Carolina Meadows.

While Carolina Meadows encourages you to utilize long-term care insurance as an

important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic proof, and as reasonably requested, that your coverage remains in effect. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the monthly accommodation fees and other costs associated with living at Carolina Meadows.

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## Section 5: General Amenities, Health Care/Wellness Benefits and Services

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### General Campus Amenities included in Fees

| General Campus Amenities   | Early Advantage | On Campus |
|--|-----------------|-----------|
| 1) Membership in Carolina Meadows Residents Association  | ✓               | ✓         |
| 2) Participation in all social, educational, recreational and cultural activities offered at Carolina Meadows and/or to other off-campus activities or events sponsored by Carolina Meadows or the Residents Association | ✓               | ✓         |
| 3) Use of all Carolina Meadows' common areas, meeting rooms, classrooms and private dining rooms   | ✓               | ✓         |
| 4) Wellness Center, indoor pool and Jacuzzi  | ✓               | ✓         |
| 5) Library   | ✓               | ✓         |
| 6) Craft/Woodworking Shops and Art Studio  | ✓               | ✓         |
| 7) Golf Course, Croquet Court, Bocce Court, Tennis Courts and Walking Trails   | ✓               | ✓         |
| 8) Resident Business Center  | ✓               | ✓         |
| 9) Resident rate for meals at any of the six dining venues at Carolina Meadows: Courtyard Dining, The Pub, The Marketplace, Café, Bakeshop, and The Fairways Dining Room   | ✓               | ✓         |

## **Residential Services Included in Fees**

The following services are included in the monthly accommodation fees and Entry Fee.

| <b>Responsibilities of and Services Provided by Carolina Meadows</b>   | <b>Early Advantage</b> | <b>On-Campus</b> |
|--|------------------------|------------------|
| 1) Emergency call systems and in-home security systems monitored by 24-hour security and nursing staff   | N/A                    | Included         |
| 2) Professional management of the community and its facilities   | N/A                    | Included         |
| 3) Regularly scheduled transportation from campus  | Included               | Included         |
| 4) Maintenance of all buildings and grounds; upkeep of roads and walkways; routine landscaping around campus   | N/A                    | Included         |
| 5) Repair of all equipment and appliances that we provide  | N/A                    | Included         |
| 6) Housekeeping in all common areas and spaces   | N/A                    | Included         |
| 7) General liability and property insurance coverage of Carolina Meadows' property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your home or unit. (We do not insure the personal contents of your home or unit and you are strongly encouraged to insure, at your own expense, the personal contents of your home or unit) | N/A                    | Included         |
| 8) Water and sewer services; standard Cable TV and high-speed internet service throughout the campus; all utilities in common areas  | N/A                    | Included         |
| 9) Removal of garbage, recyclables, and hazardous household waste  | N/A                    | Included         |
| 10) Social services, counseling, and support programs coordinated by the Care Coordination Team  | Included               | Included         |
| 11) County property taxes and fees   | N/A                    | Included         |

### **Amenities, Personal Services, and Concierge Services (Extra Fees May Apply)**

| <b>Service or Amenity</b>   | <b>Early Advantage</b>                           | <b>On-Campus</b>  |
|---|--|---|
| 1) Resident Gift Shop   | Available on campus                              | Available on campus   |
| 2) Beauty Shop managed by licensed beauticians  | Available on campus                              | Available on campus   |
| 3) Integrative Health Therapies (massage, acupuncture) provided by licensed therapists  | Available on campus                              | Available on campus   |
| 4) Medical specialty services (podiatry, audiology) provided by independent licensed practitioners in the Primary Care Medical Practice | Available on campus                              | Available on campus   |
| 5) Pick up and drop off services at a local dry-cleaning business   | Available only from campus location              | Available on campus   |
| 6) Concierge services including assistance with email correspondence, notary services, assistance with postage and shipping from campus | Available only from campus location              | Available on campus   |
| 7) Scheduled bus trips to shopping and other community events   | Available from campus                            | Available from campus   |
| 8) Pick up and drop off point for UPS, FedEx, and other express mail services   | Available only from campus location              | Available on campus   |
| 9) Housekeeping and/or Handyman services  | Not Available                                    | Available on campus   |
| 10) On-campus guest apartment accommodations (reservations required)  | Access to preferred partner hotels               | Available on campus   |
| 11) Guest meals for your visitors   | Available on campus                              | Available on campus   |
| 12) Resident rate for on campus dining/meals  | Members charged same rate as on-campus residents | Residents charged a monthly meal minimum; additional charges at resident rate |

### **Health Care and Wellness Services and Benefits Included in Fees**

| <b>Services and Benefits</b>  | <b>Early Advantage</b>  | <b>On-Campus Living</b>                  |
|---|---|--|
| 1) Health Care “Free Days” which, when used, make the applicable daily rate for health care charge zero dollars (\$0).          | Accrue 5 days a year.<br>Maximum of 10 lifetime days prior to move into community | Not included                             |
| 2) Ability to access Carolina Meadow’s on-site Primary Care Medical Practice that bills Medicare part B for payment.            | Same benefits as residents living on campus                                       | Same benefits as Early Advantage members |
| 3) Priority access to care in the Fairways Assisted Living, the Pines Skilled Nursing Center and the Green with memory support. | Same benefits as residents living on campus                                       | Same benefits as Early Advantage members |
| 4) Per diem charges in Assisted Living and Skilled Nursing levels of care.  | Same benefits as residents living on campus                                       | Same benefits as Early Advantage members |
| 5) Scheduled medical transportation during regular hours  | Two trips per month covered; additional trips available fee-for-service           | Included (no maximum number of trips)    |
| 6) Social services, counseling and support programs coordinated by Carolina Meadows’ Care Coordination Team or Wellness Staff   | Same benefits as residents living on campus                                       | Same benefits as Early Advantage members |
| 7) Activities and programs provided on campus through Carolina Meadows’ Wellness Program and Activities Department              | Same benefits as residents living on campus                                       | Same benefits as Early Advantage members |
| 8) Annual In-Home Assessment by Carolina Meadows’ Care Coordination Team or Wellness Staff                                      | Included  | Available as Needed                      |

### **Health Care and Wellness Services for an Extra Charge**

For Both Early Advantage and On-Campus, residents are charged per diem charges each day that they receive assisted living, assisted nursing or skilled nursing services.

| <b>Services and Benefits</b>   | <b>Early Advantage</b>                                 | <b>On- Campus Living</b>   |
|--|--|--|
| 1) Prevailing per diem charges in Fairways Assisted Living, Green Assisted Living with Memory Support, and the Pines Skilled Nursing levels of care                  | Same per diem charges as residents living on campus    | Same per diem charges as Early Advantage members                             |
| 2) Rehabilitation services available on Campus   | Billed to insurance. Resident pays deductibles /copays | Billed to insurance. Resident pays deductibles / copays                      |
| 3) Medical supplies, personal need supplies, and other “ancillary” items supplied to residents while in the Fairways or Green Assisted Living                        | Same charges as On-Campus residents                    | Same charges as Early Advantage members                                      |
| 4) Off-hours medical transportation for a fee  | Not available  | Available from Carolina Meadows staff or other vetted vendor at Extra Charge |
| 5) Medical Accompaniment (costs of additional staff person accompanying resident to the medical appointment)   | Carolina Meadows can provide a list of vendors         | Carolina Meadows can provide a list of vendors                               |
| 6) Full access to Carolina Meadows on-campus Primary Medical Practice, including the services of Carolina Meadows’ medical director, medical staff and nursing staff | Billed to insurance. Resident pays deductibles /copays | Billed to insurance. Resident pays deductibles / copays                      |
| 7) Temporary assistance by a nurse or aide through a licensed home care agency   | List of partner home care agencies provided            | List of preferred vendors will be provided                                   |
| 8) Home meal delivery as medically necessary   | Not available  | Available at Extra Charge  |
| 9) Assistance obtaining Home Care or Home Health Care as medically required  | Available at Extra Charge                              | Available at Extra Charge  |
| 10) On-Campus Nutrition and Diet Counseling  | Available at Extra Charge                              | Available at Extra Charge  |

## Section 6: Entrance and Periodic Fees

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### On Campus Fees

Carolina Meadows requires the following fees to be paid for admission: A non-refundable application fee, currently \$500 per unit, and a non-refundable Resident Assistance Fee, currently \$8,500 for single residents or \$17,000 for couples. In addition, an entry fee based on the desired floor plan chosen is required on or before entry. Residents can choose between two entry fee refund agreements: the Equity Advantage Refund or the Seventy-Five Percent (75%) Entrance Fee Refund.

**Equity Advantage Refund Agreement:** Under this agreement, residents have an opportunity to share in the appreciation of their living unit as entry fees may increase annually at amounts determined by Carolina Meadows based on local and regional real estate conditions. After deducting remarketing and refurbishment costs from the current entry fee for a Residence, any amount in excess of the resident's original entry fee is split equally between Carolina Meadows and the resident or their estate. The Equity Advantage Refund Agreement will no longer be offered after December 2028. Please see Attachment 5 for the agreement.

**Seventy-Five percent (75%) Entrance Fee Refund Agreement:** Under this agreement, a non-refundable administrative fee equal to 1% of the entry fee is due upon signing the agreement. The entry fee is then amortized 2% per month over the next 12 months. At the end of the 12 months amortization period, the entry fee refund is guaranteed to be 75% of the original entry fee paid. There are no remarketing and refurbishment costs associated with the 75% refundable contract. The 75% Entrance Fee Refund Agreement provides a predictable refund at the time of entry into the community. Please see Attachment 6 for the agreement.

Carolina Meadows maintains a Waiting List and a Ready List. The Waiting List is designed for applicants whose desired occupancy date is undetermined. A \$500 non-refundable application fee is required upon application. Once approved, a fully refundable deposit of \$3,000 is required. A refund of the deposit is without interest.

The Ready List is designed for applicants who plan to move as soon as their chosen unit type is available within the next 1 to 2 years. The Ready List deposit requirement is 5% of the entry fee of the highest priced preferred floorplan plus the \$3,000 initial deposit. If you choose to withdraw once on the Ready List, there is a \$1,000 forfeiture fee withheld from the refund of the Ready List deposit amount. The refund is without interest. Both the \$3,000 waiting list and the 5% ready list deposits are applicable toward the entry fee.

The following fees illustrate the fee schedules in effect as of January 1, 2025; it is subject to change from time to time but generally changes each January 1.

#### Entry Fees

|  |           |    |           |
|--|-----------|----|-----------|
| Apartments                             | \$147,300 | to | \$430,300 |
| Villas and Duplexes                    | \$354,200 | to | \$881,000 |
| Non-Refundable Second Person Entry Fee |           |    | \$15,000  |
| <u>Resident Assistance Fee</u>         | \$8,500   | to | \$17,000  |

#### Monthly Accommodation Fees

|  |         |    |         |
|--|---------|----|---------|
| Single Occupancy                           | \$3,528 | to | \$4,640 |
| Double Occupancy                           | \$4,691 | to | \$5,803 |
| Monthly Food Minimum ( <i>per person</i> ) | \$300   |    |         |

#### Assisted Living and Health Care Accommodations (All rates are per day)

| <i>Assisted Living</i> |       | <i>Nursing Care</i> |       |
|------------------------|-------|---------------------|-------|
| Single                 | \$283 | Private             | \$437 |
| Couple/2 bath          | \$455 | Semi-Private        | \$415 |
| Single/1.5 bath        | \$318 |                     |       |
| Couple/1.5 bath        | \$422 |                     |       |
| Special Care           | \$360 |                     |       |

### **Early Advantage Program Fees**

If you should desire to join the Early Advantage Program, your entry fees and monthly program fees are as follows:

#### **Entry and Monthly Program Fees**

Entry Fee: \$20,000 per person

Monthly Program Fee: \$605 per person

The Entry fee is amortized over 25 months, at which point there is no refund. Please see Attachment 7 for the agreement. If your membership within the Early Advantage program should terminate, you will be refunded any unamortized balance remaining, without interest, within 30 days of termination from the program. If you decide to move on to campus into independent living, your entire Early Advantage entry fee will be credited to the entry fee for your desired unit regardless of whether the 25-month amortization has been completed or not. You will pay the prevailing rates as noted above for the applicable level of care. You will be required to pay the Resident Assistance Fee once you move permanently to campus.

### **Historical Changes in Fees**

Fees are generally changed annually on January 1 in conjunction with approval of Carolina Meadows' annual budget. Resident input in the annual budgeting process is channeled through the Residents Association Budget & Finance Advisory Committee, prior to presentation to the Board at its November meeting. All fee changes are approved by the Board of Directors. Residents are provided with at least thirty days (30) written notice of such changes. Carolina Meadows' goal is to maintain fees at the lowest rate consistent with sound fiscal policies while providing for continued quality service to its residents and generating sufficient surplus to provide for proper maintenance and operation of its facilities.

The following are Tables 4, 5 and 6. Table 4 illustrates the 5-year historical changes in Carolina Meadows' Monthly Accommodation Fee structure. Table 5 illustrates the Remarketing Fee Percentage charged upon resale of a unit. Table 6 illustrates the 5-year historical changes in Carolina Meadows' Entry Fees.



**Table 4 – Historical Monthly Accommodation Fee and Per Diem Increases**

|   | 2025                          | 2024                          | 2023                          | 2022                           | 2021                          |
|---|-------------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|
| <b>Independent Living Monthly Accommodation Fees</b>                |                               |                               |                               |                                |                               |
| <b>Single Occupancy</b>   | <b>\$3,528 to<br/>\$4,640</b> | <b>\$3,376 to<br/>\$4,440</b> | <b>\$3,220 to<br/>\$4,235</b> | <b>\$3,038 to<br/>\$3,995</b>  | <b>\$2,938 to<br/>\$3,864</b> |
| <i>Average Monthly Increase</i>                                     | <i>\$166</i>                  | <i>\$175</i>                  | <i>\$205</i>                  | <i>\$112</i>                   | <i>\$94</i>                   |
| <b>Double Occupancy</b>   | <b>\$4,691 to<br/>\$5,803</b> | <b>\$4,489 to<br/>\$5,553</b> | <b>\$4,281 to<br/>\$5,296</b> | <b>\$34,039 to<br/>\$4,996</b> | <b>\$3,929 to<br/>\$4,855</b> |
| <i>Average Monthly Increase</i>                                     | <i>\$211</i>                  | <i>\$223</i>                  | <i>\$260</i>                  | <i>\$115</i>                   | <i>\$91</i>                   |
| <b>Monthly Food Allowance per Person</b>                            | <b>\$300</b>                  | <b>\$300</b>                  | <b>\$265</b>                  | <b>\$250</b>                   | <b>\$250</b>                  |
| <i>Average Monthly Increase</i>                                     | <i>0</i>                      | <i>\$35</i>                   | <i>\$0</i>                    | <i>\$0</i>                     | <i>\$0</i>                    |
| <b>Health Center Per Diems</b>                                      |                               |                               |                               |                                |                               |
| <b>Private - Daily</b>  | <b>\$437</b>                  | <b>\$418</b>                  | <b>\$399</b>                  | <b>\$380</b>                   | <b>\$370</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$19</i>                   | <i>\$19</i>                   | <i>\$10</i>                   | <i>\$10</i>                    | <i>\$10</i>                   |
| <b>Semi-Private - Daily</b>   | <b>\$415</b>                  | <b>\$397</b>                  | <b>\$379</b>                  | <b>\$361</b>                   | <b>\$351</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$18</i>                   | <i>\$18</i>                   | <i>\$18</i>                   | <i>\$10</i>                    | <i>\$9</i>                    |
| <b>Assisted Living Per Diems</b>                                    |                               |                               |                               |                                |                               |
| <b>Single</b>   | <b>\$283</b>                  | <b>\$271</b>                  | <b>\$258</b>                  | <b>\$246</b>                   | <b>\$239</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$12</i>                   | <i>\$13</i>                   | <i>\$12</i>                   | <i>\$6</i>                     | <i>\$6</i>                    |
| <b>Couple - 2 bath</b>  | <b>\$455</b>                  | <b>\$435</b>                  | <b>\$415</b>                  | <b>\$395</b>                   | <b>\$384</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$20</i>                   | <i>\$20</i>                   | <i>\$20</i>                   | <i>\$10</i>                    | <i>\$10</i>                   |
| <b>Single - 1.5 bath</b>  | <b>\$318</b>                  | <b>\$304</b>                  | <b>\$290</b>                  | <b>\$276</b>                   | <b>\$269</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$14</i>                   | <i>\$14</i>                   | <i>\$14</i>                   | <i>\$7</i>                     | <i>\$7</i>                    |
| <b>Couple - 1.5 bath</b>  | <b>\$422</b>                  | <b>\$404</b>                  | <b>\$385</b>                  | <b>\$367</b>                   | <b>\$357</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$18</i>                   | <i>\$19</i>                   | <i>\$18</i>                   | <i>\$10</i>                    | <i>\$10</i>                   |
| <b>Special Care</b>   | <b>\$360</b>                  | <b>\$345</b>                  | <b>\$329</b>                  | <b>\$313</b>                   | <b>\$305</b>                  |
| <i>Average Per Diem Increase</i>                                    | <i>\$15</i>                   | <i>\$16</i>                   | <i>\$16</i>                   | <i>\$8</i>                     | <i>\$8</i>                    |
| <b>Early Advantage Program Monthly Fee</b>                          |                               |                               |                               |                                |                               |
| <i>Monthly per person fee</i>                                       | <i>\$630</i>                  | <i>\$605</i>                  | <i>\$575</i>                  | <i>\$575</i>                   | <i>\$575</i>                  |
| <b>Table 5 – Remarketing Fee Percentage Charged on Unit Resales</b> |                               |                               |                               |                                |                               |
| <i>Based on the current entry fee amount</i>                        | <b>5%</b>                     | <b>5%</b>                     | <b>5%</b>                     | <b>5%</b>                      | <b>5%</b>                     |

**Table 6- Historical Villa and Apartment Entry Fee Increases**

|                        | 2025     |           | 2024     |           | 2023     |           | 2022     |           | 2021     |           |
|------------------------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
|                        | Inc.     | Entry Fee | Inc.     | Entry Fee | Inc.     | Entry Fee | Inc.     | Entry Fee | Inc.     | Entry Fee |
| <b>Villas</b>          |          |           |          |           |          |           |          |           |          |           |
| Redwood                | 42,000   | 881,000   | 20,500   | 839,000   | 20,000   | 818,500   | 19,500   | 798,500   | -        | 779,000   |
| Poplar                 | 39,300   | 824,300   | 19,100   | 785,000   | 18,700   | 765,900   | 18,200   | 747,200   | -        | 729,000   |
| Laurel                 | 37,000   | 777,900   | 18,100   | 740,900   | 17,600   | 722,800   | 17,200   | 705,200   | -        | 688,000   |
| Aspen                  | 35,500   | 746,200   | 17,300   | 710,700   | 16,900   | 693,400   | 16,500   | 676,500   | -        | 660,000   |
| Montgomery             | 38,100   | 800,400   | 18,600   | 762,300   | 18,100   | 743,700   | 17,700   | 725,600   | 13,900   | 707,900   |
| Madison                | 34,800   | 730,100   | 17,000   | 695,300   | 16,500   | 678,300   | 16,100   | 661,800   | 12,700   | 645,700   |
| Hanover                | 32,900   | 691,000   | 16,100   | 658,100   | 15,700   | 642,000   | 15,300   | 626,300   | 12,000   | 611,000   |
| Caldwell               | 30,500   | 641,200   | 14,900   | 610,700   | 14,500   | 595,800   | 14,200   | 581,300   | 11,100   | 567,100   |
| Regent                 | 30,400   | 638,300   | 14,800   | 607,900   | 14,500   | 593,100   | 14,100   | 578,600   | 11,100   | 564,500   |
| Fairfax                | 29,700   | 622,900   | 14,500   | 593,200   | 14,100   | 578,700   | 13,800   | 564,600   | 10,800   | 550,800   |
| Manchester             | 28,800   | 604,200   | 14,000   | 575,400   | 13,700   | 561,400   | 13,400   | 547,700   | 10,500   | 534,300   |
| Chatham                | 26,400   | 554,800   | 12,900   | 528,400   | 12,600   | 515,500   | 12,300   | 502,900   | 9,600    | 490,600   |
| Davidson               | 24,200   | 507,600   | 11,800   | 483,400   | 11,500   | 471,600   | 11,200   | 460,100   | 8,800    | 448,900   |
| Brunswick              | 23,100   | 484,500   | 11,300   | 461,400   | 11,000   | 450,100   | 10,700   | 439,100   | 8,400    | 428,400   |
| Cumberland             | 21,700   | 462,500   | 10,800   | 440,800   | 10,500   | 430,000   | 10,200   | 419,500   | 8,000    | 409,300   |
| Albemarle              | 16,900   | 354,200   | 8,200    | 337,300   | 8,000    | 329,100   | 7,800    | 321,100   | 6,100    | 313,300   |
| <i>Avg Inc.</i>        | \$30,706 |           | \$14,994 |           | \$14,619 |           | \$14,263 |           | \$10,250 |           |
| <b>Apartments</b>      |          |           |          |           |          |           |          |           |          |           |
| Kinston                | 20,500   | 430,300   | 10,000   | 409,800   | 9,800    | 399,800   | 9,500    | 390,000   | 7,500    | 380,500   |
| Halifax                | 16,500   | 345,800   | 8,000    | 329,300   | 78,700   | 321,300   | 7,600    | 313,500   | 6,000    | 305,900   |
| Julian                 | 16,400   | 344,200   | 8,000    | 327,800   | 7,800    | 319,800   | 7,600    | 312,000   | 6,000    | 304,400   |
| Iredell                | 14,600   | 306,500   | 7,100    | 291,900   | 6,900    | 284,800   | 6,800    | 277,900   | 5,300    | 271,100   |
| Forsyth                | 11,200   | 235,600   | 5,500    | 224,400   | 5,300    | 218,900   | 2,100    | 213,600   | 2,100    | 211,500   |
| Lenoir                 | 8,000    | 167,200   | 3,900    | 159,200   | 3,800    | 155,300   | 1,500    | 151,500   | 1,500    | 150,000   |
| Edgecombe              | 7,000    | 147,300   | 3,400    | 140,300   | 3,300    | 136,900   | 1,300    | 133,600   | 1,300    | 132,300   |
| <i>Avg Inc.</i>        | \$13,457 |           | \$6,838  |           | \$6,663  |           | \$5,600  |           | \$4,538  |           |
| <b>Early Advantage</b> |          |           |          |           |          |           |          |           |          |           |
|                        | \$4,500  | \$20,000  | -        | \$15,500  | -        | \$13,500  | -        | \$13,500  |          | \$13,500  |

## **Section 7: Marriages/New Second Occupants/School-Age Children**

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In the event a resident marries, remarries, or elects to share a living unit with another non-resident person, the new non-resident spouse or such other non-resident person may become a resident by filing a new application with the payment of an Application Fee and Resident Assistance Fund Fee. Such new prospective residents shall be required to meet the prerequisites for living at Carolina Meadows with regard to age, health, financial ability, and approval of the Admissions Committee and to execute a Residence and Services Agreement.

If the new spouse or second occupant does not meet Carolina Meadows' requirements for residency, the current resident may continue to live at Carolina Meadows without that spouse/second person or may terminate his/her Residence and Services Agreement upon two months written notice. A resident is responsible for monthly fees during the notice period. Upon vacancy of the Independent Living unit, the occupancy right will be marketed and sold by Carolina Meadows as set forth in the Residence and Services Agreement.

If an existing resident of Carolina Meadows marries another resident of Carolina Meadows, it is presumed that one resident may wish to move into the residence of the other. The resident wishing to move shall notify Carolina Meadows, in writing, thirty (30) days prior to moving. When the couple begins living in the same unit together, then the monthly accommodation fee will convert to a two-person monthly fee.

If the couple elects to retain their two separate residences, then they will continue under their initial Residence and Services Agreements and will continue to pay the single monthly accommodation fees for their residences.

The resident shall receive a refund thirty (30) days after resale of the existing residence. The refund will be calculated by taking the current Entry Fee for the residence and subtracting a remarketing fee based on the Current Entry Fee. In addition, refurbishment costs required to restore the residence to its original condition will be subtracted from the

Current Entry Fee. After subtracting the remarketing fee and the refurbishment costs, the result is the Net Proceeds. The difference between the Net Proceeds and the Original Entry Fee paid is the appreciation (positive or negative) realized. The resident is also entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred percent (100%) of the negative appreciation, if any.

Except for reasonable visitation, school age children are prohibited from living on campus.

## **Section 8: Financial Assistance for Residents with Financial Hardships**

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Carolina Meadows has established a Residents' Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. All residents or their responsible party(s) are required to provide updated financial information every other year. Financial assistance is determined on an individual basis, and there is no guarantee of assistance to any individual resident. All residents or their responsible party(s) are required to provide updated financial information every other year.

As long as a resident has acted in good faith in his/her dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with the resident toward a confidential plan that will assist in his/her continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

## **Section 9: Refunds in the Event of Termination and Rescission**

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### **Termination of Waiting or Ready List/Early Advantage Reservations**

- 1) Waiting List Reservation Deposit:** Applicants on the Waiting List (whether waiting for membership in Early Advantage or moving to campus) may cancel Waiting List Reservations anytime upon written request and be removed from the Waiting List.

The \$3,000 Waiting list deposit is fully refundable. The \$500 application deposit is non-refundable. Refunds will be paid thirty (30) days after a request is received.

- 2) Ready List/Early Advantage Reservation Deposit:** Applicants on the Ready List (whether waiting for Early Advantage or Residential contracts) may cancel Ready List/Early Advantage Reservations anytime upon written request. The Ready List/Early Advantage Deposit, without interest, minus a \$1,000 forfeiture fee shall be refunded within thirty (30) days. The \$500 application fee is non-refundable.

### **Rescission Period**

**Right of Rescission - Residence and Services Agreement:** A resident may rescind the Residence and Services Agreement within thirty (30) after execution of the Agreement. A resident is not required to move into Carolina Meadows during such thirty (30) day period.

A resident will receive a refund of all Entrance Fees paid to Carolina Meadows within sixty (60) days after notice of rescission has been received, without interest, less (i) any periodic charges applicable only to the period during which the unit was actually occupied and as specified in the Residence and Services Agreement, (ii) any non-standard costs incurred by Carolina Meadows at the resident's request, and (iii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs paid by a Resident are non-refundable.

**Right of Rescission - Early Advantage Agreement:** A resident may rescind the Early Advantage Agreement within thirty (30) days of execution of the Agreement. Residents will receive a refund of the entry fee paid within sixty (60) days after notice of rescission has been received, without interest, less a service charge not to exceed the greater of one thousand dollars (\$1,000) or 2% of the entry fee paid.

### **Termination of Early Advantage Agreement After Rescission Period**

**Termination by Resident:** A resident may terminate the Early Advantage Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days written notice of intent to cancel.

**Termination by Carolina Meadows:** Carolina Meadows may terminate the Early Advantage Agreement (i) automatically if a Member dies; (ii) with a sixty (60) day written notice if a Member misrepresents or omits material financial, medical, or other information given during the application process; or (iii) with a sixty (60) day written notice if a Member's financial status changes such that he or she no longer meets the financial requirements for admission; (iv) with a sixty (60) day written notice if a Member no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

**Refund:** If termination occurs within the first 25 months after execution of the Agreement, the Member is entitled to a pro-rated refund of the entry fee paid less any unpaid membership fees up to the date cancellation occurs. The portion of the Entry Fee that is refundable, without interest, shall decline at a rate of 4% per month following the Early Advantage Agreement Date. After 25 months, there is no refund of the Early Advantage Entry Fee. The refund will be paid within sixty (60) days after notice of cancellation has been given. The Member shall be responsible for payment of the monthly membership fees accrued through the date that the Early Advantage Agreement is cancelled.

#### **Termination of Residence and Services Agreement After Recission Period**

**Prior to Occupancy - Termination by Carolina Meadows:** Carolina Meadows may terminate the Residence and Services Agreement (i) automatically if a resident dies; (ii) with a sixty (60) day notice if a resident misrepresents or omits material financial, medical, or other information given during the application process; (iii) with a sixty (60) day written notice if a change in financial status has occurred such that a resident no longer meets the financial requirements for admission; or (iv) with a sixty (60) day written notice if a resident no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

**Refund:** A resident will receive a refund, without interest, of the Entry Fee and the Resident Assistance Fee paid within sixty (60) days after the unit has been resold and a new Entry Fee has been collected from the new resident less a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid and less any non-standard costs incurred by Carolina Meadows at the resident's request. Modification costs to a residence are non-refundable. Monthly Accommodation Fees and Monthly Meal Minimum fees shall apply from the Date of Financial Occupancy, as defined in the Residence and Services Agreement, until sixty (60) days after notice to terminate is given by Carolina Meadows. If unpaid, these fees will be deducted from the Entry Fee refund.

**Prior to Occupancy - Termination by Resident:** A resident may terminate the Residence and Services Agreement prior to occupancy for any reason by giving sixty (60) days advance written notice of intent to cancel.

**Refund:** The Entry Fee and the Resident Assistance Fee paid shall be refunded, without interest, less a remarketing fee based on the current sales price of the unit and any nonstandard charges incurred by Carolina Meadows at the request of the resident. The refund shall be made sixty (60) days after the residence is covered by a new Residence and Services Agreement and all new fees have been paid in full by a new resident. In addition, Carolina Meadows shall withhold a reasonable administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entry Fee paid. Modification costs incurred are non-refundable. Monthly Accommodation Fees and Monthly Meal Minimum fees shall apply from the Date of Financial Occupancy, as defined in the Residence and Services Agreement, until sixty (60) days after written notice of intent to terminate from resident is received. If unpaid, these fees will be deducted from the Entry Fee refund.

**After Occupancy - Termination by Carolina Meadows:** Carolina Meadows may terminate the Residence and Services Agreement with a sixty (60) day written notice if a resident (i) has misrepresented or omitted financial, medical, or other information given during the application process; (ii) fails to comply with the provisions of the Residence and

Services Agreement; (iii) fails to comply with the rules and regulations as Carolina Meadows may establish; (iv) fails to pay the monthly fees or any other required charges as specified by the Residence and Services Agreement, or by the rules and regulations of Carolina Meadows; (v) abandons the residence; or (vi) develops a physical or mental condition that cannot be cared for by Carolina Meadows within the limits of Carolina Meadows' license; (vii) no longer qualifies for Independent Living and fails to follow recommendations of the Carolina Meadows Care Coordination Team, including moving to a higher level of care or obtaining sufficient support in the home.

**Refund:** A refund, without interest, will be made sixty (60) days after the residence is covered by a new Residence and Services Agreement and all new fees have been paid in full by a new resident. Deducted from the refund will be (i) any nonstandard charges incurred by Carolina Meadows at the request of the resident; (ii) a remarketing fee based on the new sales price; (iii) costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as (iv) any unpaid monthly accommodation fees and monthly meal minimum for the actual time the unit was occupied. Modification costs incurred and the Residents Assistance Fee are non-refundable.

**After Occupancy - Termination by Resident:** A resident may cancel the Residence and Services Agreement after occupancy. A resident must give sixty (60) days advance written notice of intent to terminate.

**Refund:** The entry fee, less the Residence Assistance fee, shall be refunded, without interest, sixty (60) days after the residence is covered by a new Residence and Services Agreement and all new fees have been paid in full. Deducted from the refund will be any nonstandard charges incurred by Carolina Meadows at the request of the resident; a remarketing fee based on the current sales price; and costs to refurbish the residence to its original condition, as determined in the sole discretion of Carolina Meadows, as well as any unpaid monthly accommodation fees and monthly meal minimum for the actual time the unit was occupied. Modification costs incurred are non-refundable.



## **Termination Upon Death**

If you, your spouse, or partner dies prior to or after occupying your Residence or you, your spouse, or partner becomes ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be automatically terminated upon our receipt of notice of your death, incapacity, illness or written notice from a surviving spouse or partner, if any, to terminate this Agreement. Monthly Accommodation Fees and Monthly Meal Minimum fees shall apply from the Date of Financial Occupancy, as defined in the Residence and Services Agreement, until your date of death, incapacity, illness or written notice to terminate is received.

If death, illness incapacity, or written notice to terminate occurs before occupying the Residence, we will refund, without interest, the Entrance Fee and Resident Assistance Fee minus any non-standard charges incurred by Carolina Meadows at your request including any outstanding Monthly Accommodation Fees and Monthly Meal Minimum fees. Refunds will be issued within thirty (30) days.

If death, illness, incapacity, or notice to terminate occurs after occupying the Residence, we will refund, without interest, the Entrance Fee minus any non-standard charges incurred by Carolina Meadows at your request including any outstanding Monthly Accommodation Fees and Monthly Meal Minimum fees. Refunds will be issued within sixty (60) days after the residence is covered by a new Residence and Services Agreement and all new fees have been paid in full by a new resident. The Resident Assistance Fee is nonrefundable.

## **Section 10: Resident Transfers or Moves**

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Carolina Meadows may require residents to move from their Independent Living units to Assisted Living or Nursing Care, on either a temporary or permanent basis. Such moves may be made only after consultation with Carolina Meadows' medical staff, the resident (if able), the resident's family or legal representative and resident's attending physician. Additionally, the move must be deemed in the best interest of the resident, to protect personal health and safety and/or in the general welfare of all Carolina Meadows residents.

Moves from one Independent Living unit to another are permitted usually in cases where

changes have occurred in a resident’s health status, financial status, marital status, or some other necessity prompting being closer to the center of the campus. Management, in its sole discretion, approves of such moves. Charges and credits are adjusted pursuant to the then prevailing entry fees and monthly accommodation fees for the Independent Living units in question.

Carolina Meadows is committed to the delivery of quality services in environments exemplary of good health for both residents and staff. As a tobacco free campus, Carolina Meadows has designated all enclosed public areas of its campus as well as The Fairways and The Pines Health Center as smoking and vaping free environments.

## **Section 11: Financial and Other Information**

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### **Reserves, Escrows, and Trusts: Operating Reserve Requirement**

NCGS 58-64-33 requires Carolina Meadows to maintain an operating reserve equal to 50% of its forecasted operating costs for the twelve-month period following the period covered by the most recent annual disclosure statement filed with the North Carolina Department of Insurance. The reserve requirement drops to 25% of the total forecasted operating costs if occupancy levels are in excess of 90%. Such reserves may only be released upon approval by the Commissioner of the North Carolina Department of Insurance. Occupancy is calculated on the number of Independent Living Units and Assisted Living Units but does not include occupancy in skilled nursing.

According to the Operating Reserve Requirements, Carolina Meadows’ forecasted financial statements as of December 31, 2025, (Attachment 4) indicate a minimum reserve requirement of \$11,082,000 based on forecasted occupancy of 94.8%. Occupancy is forecasted to exceed 90% throughout the forecast period 2025 to 2029.

As of March 31, 2025, Carolina Meadows, Inc. had the following investments available to fund the Operating Reserve Requirement for 2025:

|                   |              |
|-------------------|--------------|
| Equity Securities | \$23,384,320 |
| Cash Equivalents  | 8,255,695    |

|                            |                     |
|----------------------------|---------------------|
| Bond Funds                 | <u>9,014,890</u>    |
| Total at Fair Market Value | <u>\$40,654,905</u> |

Carolina Meadows’ investment accounts are maintained and managed by Truist Financial Corporation (“Truist”). Overall policies and decisions relative to the magnitude of reserve funds, investment of reserve funds and financial assistance funds are under the direction of the Finance Committee of the Board of Directors. Within the parameters of these policies, specific investment decisions made Truist and their investment managers must follow the asset allocation guidelines developed and approved by the Board of Directors of Carolina Meadows, Inc.

### **Shared Appreciation**

Carolina Meadows’ Equity Advantage program and its contract (Attachment 6) provide residents the opportunity to share in appreciation of their independent living unit upon resale of their occupancy right. We recommend you consult with your tax advisor regarding treatment and reporting of any such appreciation.

## Attachments

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## **Attachment 1: Audited Financial Statements**

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC.  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS' REPORT</b>  | <b>1</b>  |
| <b>CONSOLIDATED FINANCIAL STATEMENTS</b>   |           |
| <b>CONSOLIDATED BALANCE SHEETS</b>   | <b>4</b>  |
| <b>CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)</b> | <b>5</b>  |
| <b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>                                     | <b>7</b>  |
| <b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>                                | <b>8</b>  |
| <b>SUPPLEMENTARY INFORMATION</b>   |           |
| <b>CONSOLIDATING BALANCE SHEET</b>   | <b>28</b> |
| <b>CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)</b> | <b>30</b> |
| <b>CONSOLIDATING STATEMENT OF CASH FLOWS</b>                                     | <b>32</b> |
| <b>COMBINING STATEMENTS OF LEVELS OF CARE</b>                                    | <b>33</b> |





## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Carolina Meadows Senior Communities  
& Services, Inc. and Affiliates  
Chapel Hill, North Carolina

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Carolina Meadows Senior Communities & Services, Inc. and Affiliates (Carolina Meadows), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Carolina Meadows as of December 31, 2024 and 2023, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Carolina Meadows 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 Carolina Meadows's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.



***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 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 Carolina Meadows'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 Carolina Meadows'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  
Carolina Meadows Senior Communities  
& Services, Inc. and Affiliates

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2024 supplemental consolidating schedules listed in the table of contents are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. The supplemental combining information in the combining statements of levels of care is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of each level of care, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 24, 2025

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

| <b>ASSETS</b>                                  | <u>2024</u>                  | <u>2023</u>                  |
|--|------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>                          |                              |                              |
| Cash and Cash Equivalents                      | \$ 6,753,785                 | \$ 6,819,099                 |
| Accounts Receivable                            | 2,698,213                    | 2,339,345                    |
| Sales Tax Refund Receivable                    | 253,226                      | 215,195                      |
| Inventories                                    | 409,929                      | 397,156                      |
| Prepaid Expenses                               | 511,071                      | 445,346                      |
| Total Current Assets                           | <u>10,626,224</u>            | <u>10,216,141</u>            |
| <b>ASSETS LIMITED AS TO USE</b>                | 85,173,581                   | 15,806,728                   |
| <b>INVESTMENTS</b>                             | 31,272,018                   | 23,738,734                   |
| <b>PROPERTY AND EQUIPMENT</b>                  | 118,321,876                  | 107,308,691                  |
| <b>INTEREST RATE SWAP AGREEMENTS</b>           | <u>936,491</u>               | <u>923,979</u>               |
| Total Assets                                   | <u><u>\$ 246,330,190</u></u> | <u><u>\$ 157,994,273</u></u> |
| <b>LIABILITIES AND NET ASSETS (DEFICIT)</b>    |                              |                              |
| <b>CURRENT LIABILITIES</b>                     |                              |                              |
| Current Maturities of Long-Term Debt           | \$ 785,000                   | \$ 760,000                   |
| Accounts Payable                               | 4,796,674                    | 3,168,742                    |
| Accrued Expenses                               | 2,707,718                    | 2,225,658                    |
| Total Current Liabilities                      | <u>8,289,392</u>             | <u>6,154,400</u>             |
| <b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b> | 86,018,961                   | 8,920,309                    |
| <b>DEFERRED REVENUE AND OTHER LIABILITIES</b>  |                              |                              |
| Deferred Revenue from Advance Fees             | 3,657,494                    | 1,603,590                    |
| Advance Fee Liability                          | 188,339,900                  | 185,207,500                  |
| Other Deferred Revenue                         | 269,647                      | 413,947                      |
| Deposits on Occupied Units                     | 4,911,980                    | 4,454,520                    |
| Agency Funds Due Residents                     | 490,279                      | 527,208                      |
| Total Deferred Revenue and Other Liabilities   | <u>197,669,300</u>           | <u>192,206,765</u>           |
| Total Liabilities                              | 291,977,653                  | 207,281,474                  |
| <b>NET ASSETS (DEFICIT)</b>                    |                              |                              |
| Net Deficit Without Donor Restrictions         | (45,769,557)                 | (49,453,699)                 |
| Net Assets With Donor Restrictions             | 122,094                      | 166,498                      |
| Total Net Assets (Deficit)                     | <u>(45,647,463)</u>          | <u>(49,287,201)</u>          |
| Total Liabilities and Net Assets (Deficit)     | <u><u>\$ 246,330,190</u></u> | <u><u>\$ 157,994,273</u></u> |

See accompanying Notes to Consolidated Financial Statements.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

|  | 2024          | 2023          |
|--|---------------|---------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b> |               |               |
| Resident Fees Earned:  |               |               |
| On Campus  | \$ 41,726,115 | \$ 39,551,881 |
| Early Advantage  | 748,831       | 736,361       |
| Amortization of Advance Fees:  |               |               |
| On Campus  | 161,725       | 329,115       |
| Early Advantage  | 166,283       | 224,559       |
| Contributions  | 512,760       | 611,989       |
| Resident Assistance Fund Fees  | 433,500       | 518,500       |
| Dining Services  | 2,770,837     | 2,508,172     |
| Maintenance Services   | 84,541        | 89,574        |
| Housekeeping Services  | 263,759       | 281,150       |
| Resident Services  | 132,580       | 102,587       |
| Medical and Ancillary Charges  | 757,867       | 656,324       |
| Home Care Services   | 1,763,780     | 1,543,035     |
| Miscellaneous Income   | 354,684       | 315,136       |
| Remarketing Income   | 747,570       | 660,920       |
| Modification and Refurbishment Revenue                               | 1,678,540     | 1,800,539     |
| Realized Gains on Investments, Net                                   | 2,764,544     | 524,657       |
| Investment Income  | 1,596,419     | 1,025,352     |
| Total Revenues, Gains, and Other Support Without Donor Restrictions  | 56,664,335    | 51,479,851    |
| <b>EXPENSES</b>  |               |               |
| Administrative Services  | 4,180,509     | 4,158,379     |
| Early Advantage  | 33,867        | 33,344        |
| Dining Services  | 9,494,792     | 8,865,492     |
| Housekeeping and Laundry Services                                    | 2,159,638     | 1,959,939     |
| Plant Operations   | 5,111,351     | 5,157,537     |
| Grounds  | 1,326,777     | 1,236,810     |
| Resident Services  | 862,403       | 803,497       |
| Human Resources  | 986,245       | 965,713       |
| On-site Medical Practice   | 1,492,150     | 1,326,147     |
| Wellness   | 429,347       | 412,732       |
| Home Care Services   | 1,511,075     | 1,250,311     |
| Nursing Services   | 6,243,229     | 5,430,392     |
| Assisted Living Services   | 2,468,927     | 2,224,831     |
| Marketing  | 750,767       | 736,117       |
| Social Services  | 381,097       | 539,855       |
| Community Life   | 688,355       | 643,039       |
| Information Technology   | 2,062,903     | 1,729,442     |
| General  | 2,750,004     | 2,381,171     |
| Upgrades and Refurbishments  | 173,240       | 96,438        |
| Shared Appreciation Expense  | 2,725,877     | 2,264,933     |
| Depreciation   | 6,294,146     | 5,818,944     |
| Interest Expense and Amortization                                    | 139,346       | 149,997       |
| Resident Assistance Expense  | 493,781       | 237,792       |
| Total Expenses   | 52,759,826    | 48,422,852    |
| Net Operating Income   | 3,904,509     | 3,056,999     |

See accompanying Notes to Consolidated Financial Statements.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**(CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

|  | 2024                   | 2023                   |
|--|------------------------|------------------------|
| Net Operating Income   | \$ 3,904,509           | \$ 3,056,999           |
| Change in Fair Value of Interest Rate Swap Agreements  | 12,511                 | (169,631)              |
| Unrealized Gains (Losses) on Investments, Net  | (365,359)              | 3,220,670              |
| Net Assets Released From Restrictions  | 103,476                | 25,115                 |
| Gain on Sale of Assets   | 23,475                 | -                      |
| <b>EXCESS OF REVENUES OVER EXPENSES AND CHANGE<br/>IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b> | <b>3,678,612</b>       | <b>6,133,153</b>       |
| <b>NET ASSETS WITH DONOR RESTRICTIONS</b>  |                        |                        |
| Restricted Contributions   | 64,602                 | 116,613                |
| Net Assets Released From Restrictions  | (103,476)              | (25,115)               |
| <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>  | <b>(38,874)</b>        | <b>91,498</b>          |
| <b>CHANGE IN NET ASSETS (DEFICIT)</b>  | <b>3,639,738</b>       | <b>6,224,651</b>       |
| Net Deficit - Beginning of Year  | (49,287,201)           | (55,511,852)           |
| <b>NET DEFICIT - END OF YEAR</b>   | <b>\$ (45,647,463)</b> | <b>\$ (49,287,201)</b> |

*See accompanying Notes to Consolidated Financial Statements.*

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

|   | 2024                       | 2023                       |
|---|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                            |                            |
| Change in Net Assets (Deficit)  | \$ 3,639,738               | \$ 6,224,651               |
| Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities: |                            |                            |
| Amortization of Advance Fees  | (328,008)                  | (553,674)                  |
| Amortization of Deferred Revenue  | (280,627)                  | -                          |
| Depreciation  | 6,294,146                  | 5,818,944                  |
| Amortization of Bond Premium and Deferred Financing Costs   | 1,569                      | 26,145                     |
| Losses (Gains) Related to Interest Rate Swap Agreements   | (12,511)                   | 169,631                    |
| Net Unrealized and Realized Investment Gains  | (2,399,185)                | (3,745,327)                |
| Net Change in:  |                            |                            |
| Accounts Receivable   | (358,868)                  | (164,967)                  |
| Sales Tax Refund Receivable   | (38,031)                   | 3,998                      |
| Inventories   | (12,773)                   | (13,317)                   |
| Prepaid Expenses and Other Assets   | (65,725)                   | (140,411)                  |
| Accounts Payable  | 1,627,931                  | 2,024,164                  |
| Accrued Expenses  | 482,060                    | 86,068                     |
| Net Cash Provided by Operating Activities   | <u>8,549,716</u>           | <u>9,735,905</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                            |                            |
| Proceeds from Sales and Maturities of Investments and Assets Limited as to Use                        | 11,288,397                 | 3,279,116                  |
| Purchase of Investments and Assets Limited as to Use  | (85,826,278)               | (4,522,355)                |
| Acquisition and Construction of Property and Equipment  | (17,307,331)               | (8,714,284)                |
| Net Cash Used by Investing Activities   | <u>(91,845,212)</u>        | <u>(9,957,523)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                            |                            |
| Net Change from Deposits on Occupied and Unconstructed Units  | 457,460                    | 308,866                    |
| Proceeds from Advance Fees  | 17,929,939                 | 17,103,135                 |
| Refunds of Advance Fees   | (12,279,300)               | (10,552,580)               |
| Principal Payments on Long-Term Debt  | (760,000)                  | (735,000)                  |
| Proceeds from Long-Term Debt  | 79,347,479                 | -                          |
| Payments of Issuance Costs  | (1,465,396)                | -                          |
| Net Change from Deposits in Agency Accounts   | (36,929)                   | 48,040                     |
| Net Cash Provided by Financing Activities   | <u>83,193,253</u>          | <u>6,172,461</u>           |
| <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>                         | (102,243)                  | 5,950,843                  |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year                                       | <u>7,346,307</u>           | <u>1,395,464</u>           |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>                                      | <u><u>\$ 7,244,064</u></u> | <u><u>\$ 7,346,307</u></u> |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>                                  |                            |                            |
| Cash and Cash Equivalents   | \$ 6,753,785               | \$ 6,819,099               |
| Restricted Cash Included in Assets Limited as to Use (See Note 3)                                     | 490,279                    | 527,208                    |
| Total   | <u><u>\$ 7,244,064</u></u> | <u><u>\$ 7,346,307</u></u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>  |                            |                            |
| Cash Payments for Interest  | <u><u>\$ 719,055</u></u>   | <u><u>\$ 95,776</u></u>    |
| Property and Equipment Purchases in Accounts Payable  | <u><u>\$ 2,532,705</u></u> | <u><u>\$ -</u></u>         |

See accompanying Notes to Consolidated Financial Statements.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION**

The accompanying consolidated financial statements include the consolidated balance sheets, statements of operations, and cash flows of Carolina Meadows Senior Communities & Services, Inc. and its Affiliates. The entities and activities comprising "Carolina Meadows" consist of the following:

**Carolina Meadows Senior Communities & Services, Inc.**

Carolina Meadows Senior Communities & Services, Inc. (Senior Services) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Senior Services is the sole member of Carolina Meadows, Inc. (Carolina Meadows or the CCRC) and supports the CCRC as its management and administrative service provider. Senior Services provides the common management team for all entities under the "Carolina Meadows umbrella."

**Carolina Meadows Management and Development Services, Inc.**

Carolina Meadows Management and Development Services, Inc. (Management and Development) was incorporated on April 25, 2017. Management and Development provides services to the CCRC and will provide similar services to other senior living organizations and development projects that align with a shared mission and business interest that enriches and improves the lives of residents and those connected to the community while supporting the overall mission and values of Carolina Meadows, Inc. Senior Services is the sole shareholder of Management and Development.

**Carolina Meadows Home Care, Inc.**

Carolina Meadows Home Care, Inc. (Home Care) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Home Care provides in-home care services and support to the residents of Carolina Meadows, Inc. Senior Services, the sole member of Home Care.

**Carolina Meadows, Inc.**

Carolina Meadows, Inc. (Carolina Meadows or the CCRC) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3). The CCRC provides housing, health care and other related services to residents through the operation of a continuing care retirement community consisting of 280 villas, 196 apartments, 78 assisted living apartments and a 90-bed skilled nursing health center located in Chatham County, North Carolina. There are five additional apartments, including four guest suites and one marketing showcase and selection center.

**Carolina Meadows Foundation, Inc.**

Carolina Meadows Foundation, Inc. (Foundation) was incorporated on May 1, 2018. The Foundation provides support for Carolina Meadows. Senior Services is the sole member of Foundation.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2    NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The accompanying consolidated financial statements include the consolidated accounts of Senior Services, Management and Development, Home Care, Foundation, and the CCRC. All material intercompany accounts and transactions have been eliminated.

**Net Assets**

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets consisting of all resources that have no donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

**Accounts Receivable**

Resident accounts receivable consist of resident monthly accommodation fees. Carolina Meadows provides an allowance for 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 due upon receipt of invoice or claim submitted. At December 31, 2024 and 2023, management has determined that no allowance for credit losses is necessary related to resident accounts receivable.

**Inventories**

Inventories are valued at the lower of cost or market on a first-in, first-out basis.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2    NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets Limited as to Use**

Assets limited as to use include assets set aside by the board of directors for resident assistance payments, resident funds held in agency accounts, bond funds, and contingencies over which the board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64-33.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments are included in the excess (deficit) of revenues over (under) expenses.

**Fair Value Measurements**

Carolina Meadows categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

Subsequent to initial recognition, Carolina Meadows may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2    NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Carolina Meadows adopted the policy to value certain financial instruments at fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by Carolina Meadows include interest rate swap agreements, equity securities held in partnerships and certain alternative investments. Level 3 inputs held by Carolina Meadows include certain alternative investments.

**Derivatives**

Derivatives and hedging instruments are recorded at fair value in the consolidated financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying consolidated balance sheets at estimated fair value at December 31, 2024 and 2023. Carolina Meadows does not hold or issue financial instruments for trading purposes.

**Risks and Uncertainties**

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

**Excess of Revenues Over Expenses**

The consolidated statements of operations and changes in net assets (deficit) include excess of revenues over expenses, which Carolina Meadows uses as its measure of operations.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2    NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. During the year ended December 31, 2024, Carolina Meadows capitalized interest costs of approximately \$581,000. No Interest was capitalized during the year ended December 31, 2023. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Depreciation of new construction begins the month following the date the facilities are placed in service.

**Early Advantage Program**

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow’s campus amenities and the same access to health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on consolidated financial statements and five-year forecasts. Carolina Meadows had 102 and 99 residents under contract in the Early Advantage program as of December 31, 2024 and 2023, respectively.

**Advance Fees**

Under the terms of the residency and care agreement, each resident pays an entrance fee. A deposit of 5% or 10% of the entrance fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net entrance fees, along with monthly accommodation fees, primarily pay for the cost of services provided to residents. Residents may also enter into a nonrefundable Modification Agreement with Carolina Meadows.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2    NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advance Fees (Continued)**

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable entrance fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees from the Early Advantage Program, Modification Agreements, and direct admit residents are amortized into revenue as amortization of advance fees using the straight-line method based on the terms of the contract. The unamortized portion of the advance fees from the Early Advantage Program, Modification Agreements, and direct admit residents are shown on the consolidated balance sheets as deferred revenue. Refundable advance fees are recorded as Advance Fee Liability on the consolidated balance sheet.

**Deferred Costs**

Carolina Meadows presents bond issue costs as a direct deduction from the face amount of the related borrowings, amortize bond issue costs using the effective interest method over the life of the debt and record the amortization as a component of interest expense.

Unamortized bond issuance costs related to Carolina Meadows' long-term debt are being amortized over the maturity of the related bonds.

**Income Tax Status**

Carolina Meadows Senior Communities & Services, Inc., Carolina Meadows Home Care, Inc., Carolina Meadows Foundation, Inc., and Carolina Meadows, Inc. are nonprofit, tax-exempt organizations exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. Carolina Meadows Management and Development Services, Inc., a taxable corporation, utilizes the liability method of accounting for income taxes in accordance with standards on accounting for income taxes.

Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise or other taxes.

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation has had no impact on Carolina Meadows' consolidated financial statements. Carolina Meadows has determined that it does not have any material unrecognized tax benefit or obligation as of December 31, 2024.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2    NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Allowance for Credit Losses**

At the beginning of 2023, Carolina Meadows adopted Financial Accounting Standards Board (FASB) ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. Carolina Meadows adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on Carolina Meadows' consolidated financial statements but did change how the allowance for credit losses is determined.

Accounts receivables are reported net of an allowance for credit losses to represent the Carolina Meadows' estimate of expected losses at the balance sheet date. The adequacy of Carolina Meadows' 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.

Management believes no allowance for expected credit loss estimate is considered necessary based on historical credit losses and estimated future credit losses.

**Subsequent Events**

Carolina Meadows has evaluated the effect subsequent events would have on the consolidated financial statements through April 24, 2025, which is the date the consolidated financial statements were available to be issued.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

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

Assets limited as to use and investments stated at fair value at December 31 include:

|  | 2024                  | 2023                 |
|--|-----------------------|----------------------|
| Cash and Certificates of Deposit                   |                       |                      |
| Unavailable for Investment                         | \$ 490,279            | \$ 527,208           |
| Liquid Investments, Principally Money Market Funds | 24,309,418            | 1,687,001            |
| Mutual Funds                                       | 56,640,882            | 12,539,723           |
| Equity Securities                                  | 31,394,936            | 22,280,910           |
| Government Bonds                                   | 839,037               | 750,636              |
| Corporate Bonds                                    | 1,390,810             | 250,707              |
| Alternative Investments                            | 1,380,237             | 1,509,277            |
| Total  | <u>\$ 116,445,599</u> | <u>\$ 39,545,462</u> |

These investments are classified on the consolidated balance sheets as follows:

|  | 2024                  | 2023                 |
|--|-----------------------|----------------------|
| Assets Limited as to Use:              |                       |                      |
| By Board Designation                   | \$ 4,911,980          | \$ 4,454,520         |
| NC Operating Reserve                   | 11,009,750            | 10,825,000           |
| Resident Funds Held in Agency Accounts | 490,279               | 527,208              |
| Bond Funds                             | 68,761,572            | -                    |
| Total Assets Limited as to Use:        | 85,173,581            | 15,806,728           |
| Unrestricted Investments               | 31,272,018            | 23,738,734           |
| Total                                  | <u>\$ 116,445,599</u> | <u>\$ 39,545,462</u> |

Historical cost of investments was \$111,941,189 and \$35,019,595 at December 31, 2024 and 2023, respectively.

Board designations of investments at December 31 are summarized as follows:

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| Designated for Unit Deposits and Reservations | <u>\$ 4,911,980</u> | <u>\$ 4,454,520</u> |

Carolina Meadows has adopted investment policies and monitors the allocation of investments between types of investments including mutual funds, common stocks, bonds, and alternative investments.

**Alternative Investments**

As Carolina Meadows has the ability and intent to hold these investments until fair value is recovered, it does not consider the impairment of these investments to be other-than-temporary at December 31, 2024 and 2023.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES**

Carolina Meadows uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Carolina Meadows measures fair value refer to Note 2. The following table presents the fair value hierarchy for the balances of the assets and liabilities of Carolina Meadows measured at fair value on a recurring basis as of December 31:

| 2024                    |                      |                      |                   |                     |
|-------------------------|----------------------|----------------------|-------------------|---------------------|
|                         | Total                | Level 1              | Level 2           | Level 3             |
| Assets:                 |                      |                      |                   |                     |
| Mutual Funds            | \$ 56,640,882        | \$ 56,640,882        | \$ -              | \$ -                |
| Equity Securities       | 31,394,936           | 31,394,936           | -                 | -                   |
| Government Bonds        | 839,037              | 839,037              | -                 | -                   |
| Corporate Bonds         | 1,390,810            | 1,390,810            | -                 | -                   |
| Alternative Investments | 1,380,237            | -                    | -                 | 1,380,237           |
| Interest Rate Swaps     | 936,491              | -                    | 936,491           | -                   |
| Financial Assets        | <u>\$ 92,582,393</u> | <u>\$ 90,265,665</u> | <u>\$ 936,491</u> | <u>\$ 1,380,237</u> |
| 2023                    |                      |                      |                   |                     |
|                         | Total                | Level 1              | Level 2           | Level 3             |
| Assets:                 |                      |                      |                   |                     |
| Mutual Funds            | \$ 12,539,723        | \$ 12,539,723        | \$ -              | \$ -                |
| Equity Securities       | 22,280,910           | 22,280,910           | -                 | -                   |
| Government Bonds        | 750,636              | 750,636              | -                 | -                   |
| Corporate Bonds         | 250,707              | 250,707              | -                 | -                   |
| Alternative Investments | 1,509,277            | -                    | -                 | 1,509,277           |
| Interest Rate Swaps     | 923,979              | -                    | 923,979           | -                   |
| Financial Assets        | <u>\$ 38,255,232</u> | <u>\$ 35,821,976</u> | <u>\$ 923,979</u> | <u>\$ 1,509,277</u> |

Investments include cash equivalents of \$24,799,697 and \$2,214,209 as of December 31, 2024 and 2023, respectively.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)**

Carolina Meadows values certain investment holdings at fair value using their net asset value and has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

Fair Value Measurements using significant unobservable (Level) inputs as of December 31:

|   | 2024                |                      |                                   |                          |                               |                           |
|---|---------------------|----------------------|-----------------------------------|--------------------------|-------------------------------|---------------------------|
|   | Net Asset Value     | Unfunded Commitments | Frequency (If Currently Eligible) | Redemption Notice Period | Principal Valuation Technique | Unobservable Inputs       |
| Brown Advisory Private Equity Partners III, LLP | \$ 339,950          | \$ -                 | N/A                               | -                        | Net Asset Value               | Value of Underlying Asset |
| Viking Global Opportunities                     | 742,845             | -                    | Monthly                           | 95 Business Days         | Net Asset Value               | Value of Underlying Asset |
| Novare  | 16,428              | -                    | N/A                               | -                        | Net Asset Value               | Value of Underlying Asset |
| Ziegler Link-Age Fund II, L.P.                  | 281,014             | -                    | N/A                               | -                        | Net Asset Value               | Value of Underlying Asset |
| Total   | <u>\$ 1,380,237</u> | <u>\$ -</u>          |                                   |                          |                               |                           |

  

|   | 2023                |                      |                                   |                          |                               |                           |
|---|---------------------|----------------------|-----------------------------------|--------------------------|-------------------------------|---------------------------|
|   | Net Asset Value     | Unfunded Commitments | Frequency (If Currently Eligible) | Redemption Notice Period | Principal Valuation Technique | Unobservable Inputs       |
| Brown Advisory Private Equity Partners III, LLP | \$ 434,287          | \$ 10,687            | N/A                               | -                        | Net Asset Value               | Value of Underlying Asset |
| Viking Global Opportunities                     | 778,501             | -                    | Monthly                           | 95 Business Days         | Net Asset Value               | Value of Underlying Asset |
| Novare  | 12,287              | -                    | N/A                               | -                        | Net Asset Value               | Value of Underlying Asset |
| Ziegler Link-Age Fund II, L.P.                  | 284,202             | -                    | N/A                               | -                        | Net Asset Value               | Value of Underlying Asset |
| Total   | <u>\$ 1,509,277</u> | <u>\$ 10,687</u>     |                                   |                          |                               |                           |

The investment funds are valued at the net asset value of units, which are based on market prices of the underlying investments, held by Carolina Meadows at year-end. Brown Advisory Private Equity Partners III's investment objective is to provide a vehicle for investors to invest in various private investment funds. Viking Global Opportunities' investment objective is to achieve long-term capital appreciation at or above that of the broad global equity market. Ziegler Link-Age Fund's and Novare investment objectives are to achieve long-term capital appreciation by making equity and equity-like usually minority investments in early to mid-stage, emerging-growth companies that are operating or developing business focused on either the aging or post-acute care markets.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment at December 31 are summarized as follows:

|                                     | 2024                  | 2023                  |
|-------------------------------------|-----------------------|-----------------------|
| Land                                | \$ 2,469,975          | \$ 2,469,975          |
| Land Improvements                   | 7,966,660             | 7,550,623             |
| Buildings and Building Improvements | 173,670,228           | 167,940,241           |
| Construction in Progress            | 14,025,619            | 3,712,135             |
| Furniture and Fixtures              | 14,612,964            | 14,126,863            |
| Computer Equipment                  | 4,108,781             | 3,887,064             |
| Vehicles                            | 841,592               | 853,993               |
| Subtotal                            | 217,695,819           | 200,540,894           |
| Less: Accumulated Depreciation      | (99,373,943)          | (93,232,203)          |
| Total                               | <u>\$ 118,321,876</u> | <u>\$ 107,308,691</u> |

Construction in progress at December 31, 2024 consists of the construction of a new nursing facility with an estimated cost of approximately \$76,000,000 and an expected completion date of June 2026, and various other projects. Construction in progress at December 31, 2023 relates to various projects expected to be completed in the future.

**NOTE 6 LONG-TERM DEBT**

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

| <u>Description</u>   | 2024                 | 2023                |
|--|----------------------|---------------------|
| Public Finance Authority Retirement Facilities Revenue Bond Series 2019, Bank Qualified Debt Maturing in 2034, Bearing Interest at a Variable Rate (4.63% and 5.27% at December 31, 2024 and 2023)                               | \$ 9,075,000         | \$ 9,835,000        |
| North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds Series 2024, Maturities in Varying Annual Amounts Through December 2034, 2039, 2044, 2049, and 2054 Bearing Interest at 4.00% - 5.25%. | 76,170,000           | -                   |
| Subtotal   | 85,245,000           | 9,835,000           |
| Plus: Unamortized Premium  | 3,131,382            | -                   |
| Less: Unamortized Deferred Financing Costs   | (1,572,421)          | (154,691)           |
| Less: Current Maturities   | (785,000)            | (760,000)           |
| Total Long-Term Debt, Less Current Maturities  | <u>\$ 86,018,961</u> | <u>\$ 8,920,309</u> |

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

The following is a schedule by year of the aggregate maturities of long-term debt:

| <u>Year Ending December 31,</u> | <u>Amount</u>        |
|---------------------------------|----------------------|
| 2025                            | \$ 785,000           |
| 2026                            | 810,000              |
| 2027                            | 1,655,000            |
| 2028                            | 1,710,000            |
| 2029                            | 1,770,000            |
| Thereafter                      | 78,515,000           |
| Total                           | <u>\$ 85,245,000</u> |

The following is a discussion of significant terms and conditions regarding the Public Finance Authority issuance of a \$12,700,000 Retirement Facilities Revenue Bond, Series 2019:

On November 1, 2019, Carolina Meadows entered into a loan agreement with the Public Finance Authority pursuant to the Public Finance Authority bond offering for purposes of refunding the North Carolina Medical Care Commission Weekly Adjustable Rate HealthCare Facilities revenue Bonds, Series 2014 and pay certain expenses incurred in connection with the issuance of the Series 2019 Bond. Proceeds from this offering were placed in trust. The trustee paid off the existing North Carolina Medical Care Commission tax-exempt variable rate demand bonds on November 21, 2019, thereby relieving Carolina Meadows of its liability for the outstanding Series 2004 bonds.

Beginning December 1, 2019 Carolina Meadows was required to make the first monthly payment of principal in the amount of \$55,000. Interest on the Series 2019 Bond is payable monthly with interest rate of Secured Overnight Financing Rate (SOFR) plus 1.05%.

The following is a discussion of significant terms and conditions regarding the North Carolina Medical Care Commission Issuance of \$76,170,000 Retirement Facilities First Mortgage Revenue Bonds, Series 2024:

On July 24, 2024, Carolina Meadows entered into a loan agreement with the North Carolina Medical Care Commission. This agreement was part of the Commission's bond offering aimed at providing funds to Carolina Meadows, Inc. for project costs, paying interest on the bonds, and covering issuance expenses. The proceeds from this offering were placed in trust, and the trustee will manage the funds according to the terms of the Trust Agreement.

Starting December 1, 2024, interest on the Series 2024 Bonds is payable semi-annually on December 1 and June 1. Starting on December 1, 2027, principal payments are due annually through maturity in 2034. Interest on the Series 2024 Bond is payable monthly with interest rate of 4.00% to 5.25%.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

Under the terms of the Master Trust Indenture, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1.00x. Management is not aware of any noncompliance with all such covenants at December 31, 2024.

Under the Credit Agreement with Truist Bank (Truist), Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1.00x. In addition, Carolina Meadows must meet minimum reporting requirements and limit investment exposure as outlined by the Carolina Meadows investment policy. According to these agreements, Carolina Meadows has the ability to remedy any covenant violation within thirty days after receiving written notification from Truist, without accelerating the debt payments. Management is not aware of any noncompliance with all such covenants at December 31, 2024.

As security for all obligations issued under the Master Trust Indenture, Carolina Meadows has granted (1) a security interest in certain pledged assets, such as accounts and equipment, to the Master Trustee (Truist Bank) and (2) a first priority lien on certain real property owned by Carolina Meadows for the benefit of the Master Trustee, in each case subject to certain permitted liens.

Future maturities of the bond have been classified in accordance with established installment schedule requirements in anticipation that covenant violations, if any, will be waived or remedied.

For the Series 2019 debt, Carolina Meadows has entered into two interest rate swap agreements with Truist to reduce the impact of changes in interest rates. Both swap agreements had an original notional amount of \$5,987,500. Each became effective December 22, 2020 and terminates on December 1, 2034. These agreements effectively limit Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44% and 0.86%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counter-party to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counter-party. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

As described in Note 2 and Note 4, interest rate swaps are required to be measured at fair value on a recurring basis. As noted in Note 4, the interest rate swap was categorized as Level 2 in the valuation hierarchy.

Below is a table listing the fair value of the asset for interest rate swaps as of December 31:

|  | 2024       | 2023       |
|--|------------|------------|
| Derivatives Designated as Hedging Instruments: |            |            |
| Interest Rate Swap Agreements                  | \$ 936,491 | \$ 923,979 |

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

An analysis on the effectiveness of the swaps was not performed, causing the change in fair value of the swap to be included in the excess of revenues over expenses. Below is a table listing the gain (loss) recognized in excess of revenues over expenses on the interest rate swaps for the years ended December 31:

|   | 2024             | 2023                |
|---|------------------|---------------------|
| Changes in Value of Interest Rate Swap Agreements | <u>\$ 12,511</u> | <u>\$ (169,631)</u> |

**NOTE 7 LINE OF CREDIT**

In February 2015, Carolina Meadows entered into a loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$2,500,000, to meet cash flow needs, if any. In June 2024 Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to June 30, 2025.

This line of credit bears interest at Term SOFR plus 1.85%. At the close of business on December 31, 2024 and 2023, the rate was 6.16% and 7.21%, respectively, on the outstanding balance and is secured by deposits and investments maintained by the borrower with Truist and any affiliates. At December 31, 2024 and 2023, Carolina Meadows had no balance outstanding.

Under the Agreement to Commercial Note with Truist, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 200 days' cash on hand and a debt service coverage ratio of at least 1.25x to 1.00x. Management is not aware of any noncompliance with all such covenants at December 31, 2024.

**NOTE 8 RETIREMENT PLAN**

Carolina Meadows has a retirement plan under Internal Revenue Code Section 403(b), which operates as a deferred annuity contract and is available to all regular full-time employees. Carolina Meadows may, at its discretion, elect to make a qualified matching contribution to the retirement plan. Carolina Meadows matches 100% of participant deferrals up to 5% of their compensation. Effective July 2019, The Carolina Meadows Retirement Plan was amended to include an Automatic Enrollment Arrangement of 1% of compensation for all eligible employees, including an opportunity to opt out of the Arrangement. Participants may make voluntary contributions between 1% and 20% of their annual compensation not to exceed the statutory limit (\$23,000 for year ended December 31, 2024). Eligible participants are also permitted to make after-tax Roth contributions. Participants who have attained age 50 before the end of the plan year are eligible to make statutory limit catch-up contributions. Expenses relating to the plan were approximately \$605,000 and \$559,000 in 2024 and 2023, respectively.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 9 AGENCY FUNDS DUE RESIDENTS**

Resident funds held in agency accounts represent advance fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents' behalf in certificates of deposit or money market funds with a financial institution. Carolina Meadows acts as custodian for the agency accounts, which are legally owned by the residents. At December 31, 2024 and 2023, agency funds due residents were approximately \$490,000 and \$527,000, respectively.

**NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS**

Carolina Meadows is actively involved in the community through participation in various community outreach, educational, charitable and volunteer service programs sponsored on campus and throughout the community at large.

Carolina Meadows has estimated its direct and indirect costs of providing benevolent care under its benevolence care policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amount charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent care. Using this methodology, Carolina Meadows has estimated the costs for services under its benevolence care policy to be approximately \$469,000 and \$225,000 for the years ended December 31, 2024 and 2023, respectively.

Charitable donations and community benefits for the years ended December 31 are summarized as follows:

|  | 2024                | 2023                |
|--|---------------------|---------------------|
| Charges Foregone for Benevolent Care                 | \$ 493,781          | \$ 237,792          |
| Charitable Donations                                 | 136,878             | 96,789              |
| Voluntary Property Taxes Paid to Chatham County      | 1,418,864           | 1,229,425           |
| Donated Volunteer Services of Carolina Meadows Staff | 58,596              | 49,485              |
| Total  | <u>\$ 2,108,119</u> | <u>\$ 1,613,491</u> |

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

Carolina Meadows self-insures a portion of its employee health benefits exposure up to \$150,000 per employee, at December 31, 2024 and 2023, respectively, with stop-loss coverage for the majority of the employee claims in excess of \$150,000 in 2024 and 2023. An accrual for the self-insurance program was established to provide for estimated claims and losses and applicable legal expenses for claims incurred through December 31, 2024 but not reported. This accrual was determined by management and totaled approximately \$220,000 and \$178,000 at December 31, 2024 and 2023, respectively. The accrual is included in accrued expenses in the consolidated balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

**NOTE 12 LIQUIDITY AND AVAILABILITY**

Carolina Meadows' general philosophy is to maintain daily liquidity on all investments. The one exception is the alternative investment category. Carolina Meadows' investment committee is limited to selecting fund groups with no more than 90-day liquidity. The alternative investment category equals approximately 5% of the total assets available to meet liquidity needs. Carolina Meadows' historical turnover of net accounts receivables is no more than 30 days.

Carolina Meadows' financial assets available within one year of the consolidated balance sheets for general expenditures are as follows:

|  | 2024                 | 2023                 |
|--|----------------------|----------------------|
| Cash and Cash Equivalents                      | \$ 6,753,785         | \$ 6,819,099         |
| Investments                                    | 31,272,018           | 23,738,734           |
| Board-Designated Assets Limited As To Use      | 4,911,980            | 4,454,520            |
| Subtotal                                       | 42,937,783           | 35,012,353           |
| Resident Accounts Receivable                   | 2,570,496            | 2,238,817            |
| Sales Tax Refund Receivable                    | 253,226              | 215,195              |
| Total Assets Available to Meet Liquidity Needs | <u>\$ 45,761,505</u> | <u>\$ 37,466,365</u> |

**NOTE 13 FUNCTIONALIZED EXPENSES**

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square-footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

The following is a summary of functional expenses for the year ended December 31, 2024:

|                                   | Program Services     |                     |                          |                        | Management and General | Total                |
|-----------------------------------|----------------------|---------------------|--------------------------|------------------------|------------------------|----------------------|
|                                   | Independent Living   | Assisted Living     | Other Healthcare Service | Total Program Services |                        |                      |
| Salaries and Benefits             | \$ 10,707,843        | \$ 3,976,014        | \$ 11,821,637            | \$ 26,505,494          | \$ 1,846,167           | \$ 28,351,661        |
| Depreciation                      | 5,847,795            | 358,862             | 87,489                   | 6,294,146              | -                      | 6,294,146            |
| Other Operating Expenses          | 9,601,991            | 1,095,626           | 4,465,614                | 15,163,231             | 2,811,442              | 17,974,673           |
| Interest and Amortization Expense | 53,482               | 85,851              | 13                       | 139,346                | -                      | 139,346              |
| Total                             | <u>\$ 26,211,111</u> | <u>\$ 5,516,353</u> | <u>\$ 16,374,753</u>     | <u>\$ 48,102,217</u>   | <u>\$ 4,657,609</u>    | <u>\$ 52,759,826</u> |



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 13 FUNCTIONALIZED EXPENSES (CONTINUED)**

The following is a summary of functional expenses for the year ended December 31, 2023:

|                                   | Program Services     |                     |                          | Management and General | Total                |
|-----------------------------------|----------------------|---------------------|--------------------------|------------------------|----------------------|
|                                   | Independent Living   | Assisted Living     | Other Healthcare Service |                        |                      |
| Salaries and Benefits             | \$ 10,346,472        | \$ 3,553,745        | \$ 10,614,075            | \$ 944,370             | \$ 25,458,662        |
| Depreciation                      | 5,373,483            | 357,369             | 88,092                   | -                      | 5,818,944            |
| Other Operating Expenses          | 8,795,483            | 1,106,670           | 3,706,985                | 3,386,111              | 16,995,249           |
| Interest and Amortization Expense | 61,190               | 86,987              | 1,820                    | -                      | 149,997              |
| Total                             | <u>\$ 24,576,628</u> | <u>\$ 5,104,771</u> | <u>\$ 14,410,972</u>     | <u>\$ 4,330,481</u>    | <u>\$ 48,422,852</u> |

**NOTE 14 RESIDENT SERVICE REVENUE**

Performance obligations are determined based on the nature of the services provided by Carolina Meadows. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Carolina Meadows 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 living at Carolina Meadows receiving independent living, assisted living or other healthcare services. Carolina Meadows considers daily services provided to residents of assisted living and the health center, and monthly fees charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, meals or guest rooms) and Carolina Meadows does not believe it is required to provide additional goods or services related to that sale.

Carolina Meadows determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with Carolina Meadows' policy, and/or implicit price concessions provided to residents. Carolina Meadows determines its estimate of implicit price concessions based on its historical collection experience.

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

Resident revenue is primarily private pay for the years ended December 31, 2024 and 2023.

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)**

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

Carolina Meadows has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Carolina Meadows's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Carolina Meadows 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.

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

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

|                                    | 2024                 | 2023                 |
|------------------------------------|----------------------|----------------------|
| Service Lines:                     |                      |                      |
| Independent Living                 | \$ 30,862,977        | \$ 29,471,412        |
| Assisted Living                    | 7,817,179            | 7,017,030            |
| Healthcare                         | 11,018,668           | 10,732,702           |
| Home Care                          | 1,763,780            | 1,543,035            |
| Amortization of Advance Fees       | 328,008              | 553,674              |
| Total                              | <u>\$ 51,790,612</u> | <u>\$ 49,317,853</u> |
| Method of Reimbursement:           |                      |                      |
| Monthly Accommodation Fees         | \$ 42,474,946        | \$ 40,288,242        |
| Amortization of Advance Fees       | 328,008              | 553,674              |
| Fee for Service                    | 8,987,658            | 8,475,937            |
| Total                              | <u>\$ 51,790,612</u> | <u>\$ 49,317,853</u> |
| Timing of Revenue and Recognition: |                      |                      |
| Services Transferred Over Time     | <u>\$ 51,790,612</u> | <u>\$ 49,317,853</u> |

There is no impact to the contractual language on residency and care agreements or the calculation of refunds to former occupants upon re-occupancy.



**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)**

The opening and closing contract balances were as follows:

|                                 | Accounts<br>Receivable | Deferred<br>Revenue from<br>Advance Fees |
|---------------------------------|------------------------|--|
| Balance as of January 1, 2023   | \$ 2,174,378           | \$ 449,078                               |
| Balance as of December 31, 2023 | 2,339,345              | 1,603,590                                |
| Balance as of December 31, 2024 | 2,698,213              | 3,657,494                                |

**NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisting of contributions restricted as to purpose consist of the following at December 31:

|                           | 2024              | 2023              |
|---------------------------|-------------------|-------------------|
| Employee Assistance Funds | \$ 45,459         | \$ 30,383         |
| OMB Solar Energy Project  | -                 | 78,000            |
| Scholarship Fund          | 12,112            | 13,693            |
| Other Donor Restrictions  | 64,523            | 44,422            |
| Total                     | <u>\$ 122,094</u> | <u>\$ 166,498</u> |

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

|                           | 2024              | 2023             |
|---------------------------|-------------------|------------------|
| Employee Assistance Funds | \$ 10,977         | \$ 8,810         |
| Memorial Funds            | -                 | 10,400           |
| OMB Solar Energy Project  | 78,000            | -                |
| Other Donor Restrictions  | 14,499            | 5,905            |
| Total                     | <u>\$ 103,476</u> | <u>\$ 25,115</u> |

## **SUPPLEMENTARY INFORMATION**

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|                                      | Carolina Meadows<br>Senior<br>Communities<br>& Services, Inc. | Carolina Meadows<br>Management and<br>Development<br>Services, Inc. | Carolina Meadows<br>Home Care, Inc. | Carolina Meadows,<br>Inc. | Carolina Meadows<br>Foundation, Inc. | Elimination  | Consolidated<br>Totals |
|--------------------------------------|---|---|-------------------------------------|---------------------------|--------------------------------------|--------------|------------------------|
| <b>ASSETS</b>                        |   |   |                                     |                           |                                      |              |                        |
| <b>CURRENT ASSETS</b>                |   |   |                                     |                           |                                      |              |                        |
| Cash and Cash Equivalents            | \$ 1,458,727  | \$ -  | \$ 477,559                          | \$ 4,685,869              | \$ 131,630                           | \$ -         | \$ 6,763,785           |
| Accounts Receivable                  | -   | -   | 147,062                             | 2,551,151                 | -                                    | -            | 2,698,213              |
| Sales Tax Refund Receivable          | -   | -   | -                                   | 253,226                   | -                                    | -            | 253,226                |
| Inventories                          | -   | -   | -                                   | 409,929                   | -                                    | -            | 409,929                |
| Prepaid Expenses                     | -   | -   | -                                   | 511,071                   | -                                    | -            | 511,071                |
| Total Current Assets                 | 1,458,727   | -   | 624,621                             | 8,411,246                 | 131,630                              | -            | 10,626,224             |
| <b>ASSETS LIMITED AS TO USE</b>      |   |   |                                     |                           |                                      |              |                        |
|                                      | -   | -   | -                                   | 85,173,581                | -                                    | -            | 85,173,581             |
| <b>INVESTMENTS</b>                   |   |   |                                     |                           |                                      |              |                        |
| Investments                          | -   | -   | -                                   | 28,511,200                | 2,760,818                            | -            | 31,272,018             |
| Total Investments                    | -   | -   | -                                   | 28,511,200                | 2,760,818                            | -            | 31,272,018             |
| <b>PROPERTY AND EQUIPMENT</b>        |   |   |                                     |                           |                                      |              |                        |
|                                      | -   | -   | -                                   | 118,321,876               | -                                    | -            | 118,321,876            |
| <b>DUE FROM RELATED PARTY</b>        |   |   |                                     |                           |                                      |              |                        |
|                                      | -   | -   | -                                   | 374,606                   | -                                    | (374,606)    | -                      |
| <b>INTEREST RATE SWAP AGREEMENTS</b> |   |   |                                     |                           |                                      |              |                        |
|                                      | -   | -   | -                                   | 936,491                   | -                                    | -            | 936,491                |
| Total Assets                         | \$ 1,458,727  | \$ -  | \$ 624,621                          | \$ 241,729,000            | \$ 2,892,448                         | \$ (374,606) | \$ 246,330,190         |

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Carolina Meadows<br>Senior<br>Communities<br>& Services, Inc. | Carolina Meadows<br>Management and<br>Development<br>Services, Inc. | Carolina Meadows<br>Home Care, Inc. | Carolina Meadows<br>Inc. | Carolina Meadows<br>Foundation, Inc. | Elimination  | Consolidated<br>Totals |
|---|---|---|-------------------------------------|--------------------------|--------------------------------------|--------------|------------------------|
| <b>LIABILITIES AND NET ASSETS (DEFICIT)</b>     |   |   |                                     |                          |                                      |              |                        |
| <b>CURRENT LIABILITIES</b>                      |   |   |                                     |                          |                                      |              |                        |
| Current Maturities of Long-Term Debt            | \$ -  | \$ -  | \$ -                                | \$ 785,000               | \$ -                                 | \$ -         | \$ 785,000             |
| Accounts Payable                                | -   | -   | 1,461                               | 4,795,039                | 174                                  | -            | 4,796,674              |
| Accrued Expenses                                | 285,453   | -   | 95,549                              | 2,326,716                | -                                    | -            | 2,707,718              |
| Total Current Liabilities                       | 285,453   | -   | 97,010                              | 7,906,755                | 174                                  | -            | 8,289,392              |
| <b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>  | -   | -   | -                                   | 86,018,961               | -                                    | -            | 86,018,961             |
| <b>DEFERRED REVENUE AND OTHER LIABILITIES</b>   |   |   |                                     |                          |                                      |              |                        |
| Deferred Revenue from Advance Fees              | -   | -   | -                                   | 3,657,494                | -                                    | -            | 3,657,494              |
| Advance Fee Liability                           | -   | -   | -                                   | 188,339,900              | -                                    | -            | 188,339,900            |
| Other Deferred Revenue                          | -   | -   | -                                   | 269,647                  | -                                    | -            | 269,647                |
| Deposits on Occupied Units                      | -   | -   | -                                   | 4,911,980                | -                                    | -            | 4,911,980              |
| Agency Funds Due Residents                      | -   | -   | -                                   | 490,279                  | -                                    | -            | 490,279                |
| Due to Related Parties                          | 204,982   | 48,607  | 112,871                             | -                        | 8,146                                | (374,606)    | -                      |
| Total Deferred Revenue and Other Liabilities    | 204,982   | 48,607  | 112,871                             | 197,669,300              | 8,146                                | (374,606)    | 197,669,300            |
| Total Liabilities                               | 490,435   | 48,607  | 209,881                             | 291,595,016              | 8,320                                | (374,606)    | 291,977,653            |
| <b>NET ASSETS (DEFICIT)</b>                     |   |   |                                     |                          |                                      |              |                        |
| Net Assets (Deficit) Without Donor Restrictions | 968,292   | (48,607)  | 414,740                             | (49,866,016)             | 2,762,034                            | -            | (45,769,557)           |
| Net Assets With Donor Restrictions              | -   | -   | -                                   | -                        | 122,094                              | -            | 122,094                |
| Total Net Assets (Deficit)                      | 968,292   | (48,607)  | 414,740                             | (49,866,016)             | 2,884,128                            | -            | (45,647,463)           |
| Total Liabilities and Net Assets (Deficit)      | \$ 1,458,727  | \$ -  | \$ 624,621                          | \$ 241,729,000           | \$ 2,892,448                         | \$ (374,606) | \$ 246,330,190         |

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEAR ENDED DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS**

Resident Fees Earned:

On Campus  
Early Advantage  
Amortization of Advanced Fees:  
On Campus  
Early Advantage  
Contributions  
Resident Assistance Fund Fees  
Maintenance Services  
Housekeeping Services  
Resident Services  
Medical and Ancillary Charges  
Home Care Services  
Miscellaneous Income  
Remarketing Income  
Modification and Refurbishment Revenue  
Realized Gains on Investments, Net  
Investment Income  
Management Fee

|   | Carolina Meadows Senior Communities & Services, Inc. | Carolina Meadows Management and Development Services, Inc. | Carolina Meadows Home Care, Inc. | Carolina Meadows, Inc. | Carolina Meadows Foundation, Inc. | Elimination | Consolidated Totals |
|---|--|--|----------------------------------|------------------------|-----------------------------------|-------------|---------------------|
| \$  | -  | \$   | \$                               | \$                     | \$                                | \$          | \$                  |
|   | -  | -  | -                                | 41,726,115             | -                                 | -           | 41,726,115          |
|   | -  | -  | -                                | 748,831                | -                                 | -           | 748,831             |
|   | -  | -  | -                                | 161,725                | -                                 | -           | 161,725             |
|   | -  | -  | -                                | 166,283                | -                                 | -           | 166,283             |
|   | -  | -  | -                                | 67,996                 | 444,764                           | -           | 512,760             |
|   | -  | -  | -                                | -                      | 433,500                           | -           | 433,500             |
|   | -  | -  | -                                | 2,770,837              | -                                 | -           | 2,770,837           |
|   | -  | -  | -                                | 84,541                 | -                                 | -           | 84,541              |
|   | -  | -  | -                                | 263,759                | -                                 | -           | 263,759             |
|   | -  | -  | -                                | 132,580                | -                                 | -           | 132,580             |
|   | -  | -  | -                                | 757,867                | -                                 | -           | 757,867             |
|   | -  | -  | 1,763,780                        | -                      | -                                 | -           | 1,763,780           |
|   | -  | -  | -                                | 354,684                | -                                 | -           | 354,684             |
|   | -  | -  | -                                | 747,570                | -                                 | -           | 747,570             |
|   | -  | -  | -                                | 1,678,540              | -                                 | -           | 1,678,540           |
|   | -  | -  | -                                | 2,597,306              | 167,238                           | -           | 2,764,544           |
|   | -  | -  | -                                | 1,502,412              | 94,007                            | -           | 1,596,419           |
|   | 2,459,150  | -  | -                                | -                      | -                                 | (2,459,150) | -                   |
| Total Revenues, Gains, and Other Support Without Donor Restrictions | 2,459,150  | -  | 1,763,780                        | 53,761,046             | 1,139,509                         | (2,459,150) | 56,664,335          |

**EXPENSES**

Administrative Services  
Early Advantage  
Dining Services  
Housekeeping and Laundry Services  
Plant Operations  
Grounds  
Resident Services  
Human Resources  
On-site Medical Practice  
Wellness  
Home Care Services  
Nursing Services  
Assisted Living Services  
Marketing  
Social Services  
Community Life  
Information Technology  
General  
Upgrades and Refurbishments  
Shared Appreciation Expense  
Depreciation  
Interest Expense and Amortization  
Resident Assistance Expense  
Total Expenses

|  |           |         |           |            |         |             |            |
|--|-----------|---------|-----------|------------|---------|-------------|------------|
|  | 1,309,542 | 2,761   | 49,431    | 2,265,115  | 553,660 | -           | 4,180,509  |
|  | -         | -       | -         | 33,867     | -       | -           | 33,867     |
|  | -         | -       | -         | 9,494,792  | -       | -           | 9,494,792  |
|  | -         | -       | -         | 2,159,638  | -       | -           | 2,159,638  |
|  | -         | -       | -         | 5,111,351  | -       | -           | 5,111,351  |
|  | -         | -       | -         | 1,326,777  | -       | -           | 1,326,777  |
|  | -         | -       | -         | 862,403    | -       | -           | 862,403    |
|  | -         | -       | 6,619     | 979,626    | -       | -           | 986,245    |
|  | -         | -       | -         | 1,492,150  | -       | -           | 1,492,150  |
|  | -         | -       | -         | 429,347    | -       | -           | 429,347    |
|  | -         | -       | 1,511,075 | -          | -       | -           | 1,511,075  |
|  | -         | -       | -         | 6,243,229  | -       | -           | 6,243,229  |
|  | -         | -       | -         | 2,468,927  | -       | -           | 2,468,927  |
|  | -         | -       | 169       | 750,598    | -       | -           | 750,767    |
|  | -         | -       | -         | 381,097    | -       | -           | 381,097    |
|  | -         | -       | -         | 688,355    | -       | -           | 688,355    |
|  | -         | -       | -         | 2,062,903  | -       | -           | 2,062,903  |
|  | -         | -       | 2,573     | 5,206,581  | -       | (2,459,150) | 2,750,004  |
|  | -         | -       | -         | 173,240    | -       | -           | 173,240    |
|  | -         | -       | -         | 2,725,877  | -       | -           | 2,725,877  |
|  | -         | -       | -         | 6,294,146  | -       | -           | 6,294,146  |
|  | -         | -       | -         | 139,346    | -       | -           | 139,346    |
|  | -         | -       | -         | 493,781    | -       | -           | 493,781    |
|  | 1,309,542 | 2,761   | 1,569,867 | 51,783,146 | 553,660 | (2,459,150) | 52,759,826 |
|  | 1,149,608 | (2,761) | 193,913   | 1,977,900  | 585,849 | -           | 3,904,509  |

Net Operating Income (Loss)

(30)

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Carolina Meadows<br>Senior<br>Communities<br>& Services, Inc. | Carolina Meadows<br>Management and<br>Development<br>Services, Inc. | Carolina Meadows<br>Home Care, Inc. | Carolina Meadows<br>Inc. | Carolina Meadows<br>Foundation, Inc. | Elimination | Consolidated<br>Totals |
|---|---|---|-------------------------------------|--------------------------|--------------------------------------|-------------|------------------------|
| Net Operating Income (Loss)   | \$ 1,149,608  | \$ (2,761)  | \$ 193,913                          | \$ 1,977,900             | \$ 585,849                           | \$ -        | \$ 3,904,509           |
| Change in Fair Value of Interest Rate Swap Agreements   | -   | -   | -                                   | 12,511                   | -                                    | -           | 12,511                 |
| Unrealized Losses on Investments, Net   | -   | -   | -                                   | (355,704)                | (9,655)                              | -           | (365,359)              |
| Net Assets Released From Restrictions   | -   | -   | -                                   | -                        | 103,476                              | -           | 103,476                |
| Gain on Sale of Assets  | -   | -   | -                                   | 23,475                   | -                                    | -           | 23,475                 |
| <b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER)<br/>EXPENSES AND CHANGE IN NET ASSETS (DEFICIT)<br/>WITHOUT DONOR RESTRICTIONS</b> | 1,149,608   | (2,761)   | 193,913                             | 1,658,182                | 679,670                              | -           | 3,678,612              |
| <b>NET ASSETS WITH DONOR RESTRICTIONS</b>   | -   | -   | -                                   | -                        | 64,602                               | -           | 64,602                 |
| Restricted Contribution   | -   | -   | -                                   | -                        | (103,476)                            | -           | (103,476)              |
| Net Assets Released From Restrictions   | -   | -   | -                                   | -                        | (38,874)                             | -           | (38,874)               |
| <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>   | -   | -   | -                                   | -                        | -                                    | -           | -                      |
| <b>CHANGE IN NET ASSETS (DEFICIT)</b>   | 1,149,608   | (2,761)   | 193,913                             | 1,658,182                | 640,796                              | -           | 3,639,738              |
| Net Assets (Deficit) - Beginning of Year  | (181,316)   | (45,846)  | 220,827                             | (51,524,198)             | 2,243,332                            | -           | (49,287,201)           |
| <b>NET ASSETS (DEFICIT) - END OF YEAR</b>   | \$ 968,292  | \$ (48,607)   | \$ 414,740                          | \$ (49,866,016)          | \$ 2,884,128                         | \$ -        | \$ (45,647,463)        |



## (32)

**CAROLINA MEADOWS, INC.**  
**COMBINING STATEMENTS OF LEVELS OF CARE**  
**YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | 2024                  |                  |                    |                     | 2023                |
|---|-----------------------|------------------|--------------------|---------------------|---------------------|
|   | Independent<br>Living | Health<br>Center | Assisted<br>Living | Total               | Total               |
| Resident Fees Earned:                                     |                       |                  |                    |                     |                     |
| On Campus   | \$ 23,051,453         | \$ 10,897,638    | \$ 7,777,024       | \$ 41,726,115       | \$ 39,551,881       |
| Early Advantage   | 748,831               | -                | -                  | 748,831             | 736,361             |
| Amortization of Advance Fees:                             |                       |                  |                    |                     |                     |
| On Campus   | 9,625                 | -                | 152,100            | 161,725             | 329,115             |
| Early Advantage   | 166,283               | -                | -                  | 166,283             | 224,559             |
| Contributions   | 67,996                | -                | -                  | 67,996              | 250                 |
| Dining Services   | 2,765,300             | 547              | 4,990              | 2,770,837           | 2,508,172           |
| Maintenance Services                                      | 78,390                | 948              | 5,203              | 84,541              | 89,574              |
| Housekeeping Services                                     | 263,759               | -                | -                  | 263,759             | 281,150             |
| Resident Services   | 132,580               | -                | -                  | 132,580             | 102,587             |
| Medical and Ancillary                                     | 619,587               | 119,535          | 18,745             | 757,867             | 656,324             |
| Miscellaneous Income                                      | 354,684               | -                | -                  | 354,684             | 315,136             |
| Remarketing Income  | 747,570               | -                | -                  | 747,570             | 660,920             |
| Modification and Refurbishment Revenue                    | 1,667,323             | -                | 11,217             | 1,678,540           | 1,800,539           |
| Realized Gains on Investments, Net                        | 1,453,015             | 720,259          | 424,032            | 2,597,306           | 493,344             |
| Investment Income   | 992,024               | 337,995          | 172,393            | 1,502,412           | 974,828             |
| Total Operating Revenues                                  | 33,118,420            | 12,076,922       | 8,565,704          | 53,761,046          | 48,724,740          |
| Administrative Services                                   | 1,076,807             | 624,896          | 563,412            | 2,265,115           | 3,476,256           |
| Early Advantage   | 33,867                | -                | -                  | 33,867              | 33,344              |
| Dining Services   | 6,537,361             | 1,526,475        | 1,430,956          | 9,494,792           | 8,865,492           |
| Housekeeping and Laundry Services                         | 972,019               | 793,289          | 394,330            | 2,159,638           | 1,959,939           |
| Plant Operations  | 4,582,400             | 239,716          | 289,235            | 5,111,351           | 5,157,537           |
| Grounds   | 1,326,777             | -                | -                  | 1,326,777           | 1,236,810           |
| Resident Services   | 862,403               | -                | -                  | 862,403             | 803,497             |
| Human Resources   | 979,626               | -                | -                  | 979,626             | 957,700             |
| On-site Medical Practice                                  | 1,492,150             | -                | -                  | 1,492,150           | 1,326,147           |
| Wellness  | 429,347               | -                | -                  | 429,347             | 412,732             |
| Nursing Services  | -                     | 6,243,229        | -                  | 6,243,229           | 5,430,392           |
| Assisted Living Services                                  | -                     | -                | 2,468,927          | 2,468,927           | 2,224,831           |
| Marketing   | 750,598               | -                | -                  | 750,598             | 733,439             |
| Social Services   | 381,097               | -                | -                  | 381,097             | 539,855             |
| Community Life  | 258,328               | 241,156          | 188,871            | 688,355             | 643,039             |
| Information Technology                                    | 2,062,903             | -                | -                  | 2,062,903           | 1,729,442           |
| General   | 3,387,834             | 1,056,160        | 762,587            | 5,206,581           | 2,378,921           |
| Upgrades and Refurbishments                               | 67,937                | 47,906           | 57,397             | 173,240             | 96,438              |
| Shared Appreciation Expense                               | 2,725,877             | -                | -                  | 2,725,877           | 2,264,933           |
| Depreciation  | 5,848,078             | 87,206           | 358,862            | 6,294,146           | 5,818,944           |
| Interest Expense and Amortization                         | 53,482                | 13               | 85,851             | 139,346             | 140,616             |
| Resident Assistance Expense                               | -                     | 409,634          | 84,147             | 493,781             | 237,792             |
| Overhead Allocations                                      | (1,648,914)           | 692,945          | 955,969            | -                   | -                   |
| Total Operating Expenses                                  | 32,179,977            | 11,962,625       | 7,640,544          | 51,783,146          | 46,468,096          |
| Total Operating Surplus Before<br>Nonoperating Activities | 938,443               | 114,297          | 925,160            | 1,977,900           | 2,256,644           |
| Nonoperating Activities:                                  |                       |                  |                    |                     |                     |
| Changes in Fair Value of Interest                         |                       |                  |                    |                     |                     |
| Rate Swap Agreements                                      | 12,511                | -                | -                  | 12,511              | (169,631)           |
| Unrealized Gains (Losses) on Investments, Net             | (224,706)             | (67,923)         | (63,075)           | (355,704)           | 3,114,963           |
| Gain on Sale of Assets                                    | 23,475                | -                | -                  | 23,475              | -                   |
| Total Nonoperating Activities                             | (188,720)             | (67,923)         | (63,075)           | (319,718)           | 2,945,332           |
| <b>Change in Net Assets Without Donor Restrictions</b>    | <b>\$ 749,723</b>     | <b>\$ 46,374</b> | <b>\$ 862,085</b>  | <b>\$ 1,658,182</b> | <b>\$ 5,201,976</b> |





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## **Attachment 2: Actual vs. Projected Results**

**Carolina Meadows, Inc.**  
**Balance Sheets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Fiscal Year Ended December 31, 2024**

|   | Per Audited Financials | Per Five Year Forecast |                     |         |
|---|------------------------|------------------------|---------------------|---------|
|   | 2024                   | 2024                   | Variance            |         |
|   | Actual                 | Forecasted             | Over (Under)        | Notes * |
| <b>CURRENT ASSETS</b>   |                        |                        |                     |         |
| Cash and Cash Equivalents                                     | \$ 4,685,869           | \$ 6,698,000           | \$ (2,012,131)      | 1       |
| Accounts Receivable   | 2,551,151              | 2,204,000              | 347,151             |         |
| Sales Tax Refund Receivable                                   | 253,226                | 215,000                | 38,226              |         |
| Inventories   | 409,929                | 418,000                | (8,071)             |         |
| Prepaid Expenses  | 511,071                | 468,000                | 43,071              |         |
| Total Current Assets  | 8,411,246              | 10,003,000             | (1,591,754)         |         |
| <b>TOTAL ASSETS LIMITED AS TO USE, Including Agency Funds</b> | 85,173,581             | 67,449,000             | 17,724,581          | 2       |
| <b>INVESTMENTS</b>  | 28,511,200             | 20,867,000             | 7,644,200           | 3       |
| <b>PROPERTY AND EQUIPMENT, NET</b>                            | 118,321,876            | 132,963,000            | (14,641,124)        | 4       |
| <b>DUE FROM OTHER ASSETS, INCL. RELATED PARTY</b>             | 374,606                | 346,000                | 28,606              |         |
| <b>INTEREST RATE SWAP AGREEMENTS</b>                          | 936,491                | 924,000                | 12,491              |         |
| <b>Total Assets</b>   | <u>\$ 241,729,000</u>  | <u>\$ 232,552,000</u>  | <u>\$ 9,177,000</u> |         |
| <b>CURRENT LIABILITIES</b>                                    |                        |                        |                     |         |
| Current Maturities of Long-Term Debt                          | \$ 785,000             | \$ 785,000             | \$ -                |         |
| Accounts Payable  | 4,795,039              | 1,242,000              | 3,553,039           | 5       |
| Accrued Expenses  | 2,326,716              | 2,245,000              | 81,716              |         |
| Accrued Interest Payable                                      | -                      | 359,000                | (359,000)           |         |
| Total Current Liabilities                                     | 7,906,755              | 4,631,000              | 3,275,755           |         |
| <b>NET LONG-TERM DEBT, LESS CURRENT MATURITIES</b>            | 86,018,961             | 87,183,000             | (1,164,039)         |         |
| <b>DEFERRED REVENUE AND OTHER LIABILITIES</b>                 |                        |                        |                     |         |
| Deferred Revenue from Advance Fees, Including Modifications   | 3,657,494              | 2,735,000              | 922,494             | 6       |
| Advance Fee Liability   | 188,339,900            | 184,755,000            | 3,584,900           | 7       |
| Other Deferred Revenue  | 269,647                | 414,000                | (144,353)           |         |
| Deposits on Occupied Units                                    | 4,911,980              | 4,455,000              | 456,980             |         |
| Agency Funds Due Residents                                    | 490,279                | 527,000                | (36,721)            |         |
| Due to Related Parties  | -                      | -                      | -                   |         |
| Total Deferred Revenue and Other Liabilities                  | 197,669,300            | 192,886,000            | 4,783,300           |         |
| <b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>                 | (49,866,016)           | (52,148,000)           | 2,281,984           | 8       |
| <b>Total Liabilities and Net Deficit</b>                      | <u>\$ 241,729,000</u>  | <u>\$ 232,552,000</u>  | <u>\$ 9,177,000</u> |         |

*\*See Notes on Following Page for Variances Greater than \$538,000 which is 1% of actual operating revenues*

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## **Balance Sheets**

### **Comparison of Actual Results with Forecasted Proforma Projections**

#### **Notes for Variances**

**As of and for the Fiscal Year Ended December 31, 2024**

*Carolina Meadows considers anything greater than \$538,000 to be material for purposes of analyzing Balance Sheet variances between actual and forecasted results.*

- Cash was below forecast due to various factors including higher than anticipated census requiring increased staffing, including direct care overtime and contract labor, timing of turnovers of Independent Living units, as well as increased cost of campus-wide employee health benefits.
1. Cash was below forecast due to various factors including higher than anticipated census requiring increased staffing, including direct care overtime and contract labor, timing of turnovers of Independent Living units, as well as increased cost of campus-wide employee health benefits.
  2. Assets Limited As To Use were higher than forecasted from stock market performance and recovery, including material realized investment gains, as well as higher than forecast construction account bond funds.
  3. Investments were higher than forecasted from stock market performance and recovery, including material realized investment gains.
  4. Property and Equipment was lower than forecast for buildings and building improvements, as well as construction in progress.
  5. Accounts Payable were higher than forecasted due to timing of payments including those on new skilled nursing facility construction and related retainage billing.
  6. Deferred Revenue from Advance Fees exceeded forecast primarily for modifications chosen by incoming residents for independent living units.
  7. Advance Fee Liability was higher than forecast due to the timing, size, and mix of unit types that were resold during 2024, as well as greater independent living census and entry fee price increases.
  8. Net Deficit Without Donor Restrictions improved on the forecast due to both better than forecasted net operating income including gains on investments.

**Carolina Meadows, Inc.**  
**Statements of Operations and Changes in Net Assets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Fiscal Year Ended December 31, 2024**

|  | Per Audited Financials | Per Five Year Forecast | Variance            | Notes *  |
|--|------------------------|------------------------|---------------------|----------|
|  | 2024<br>Actual         | 2024<br>Forecasted     | Over (Under)        |          |
| Resident Fees Earned:  |                        |                        |                     |          |
| On Campus Resident Fees  | \$ 41,726,115          | \$ 40,831,000          | \$ 895,115          | 1        |
| Early Advantage Resident Fees  | 748,831                | 741,000                | 7,831               |          |
| Amortization of Advance Fees:  |                        |                        |                     |          |
| On Campus Advance Fees   | 161,725                | 280,000                | (118,275)           |          |
| Early Advantage Advance Fees   | 166,283                | 234,000                | (67,717)            |          |
| Contributions  | 67,996                 | -                      | 67,996              |          |
| Dining Services  | 2,770,837              | 2,690,000              | 80,837              |          |
| Maintenance Services   | 84,541                 | 84,000                 | 541                 |          |
| Housekeeping Services  | 263,759                | 321,000                | (57,241)            |          |
| Resident Services  | 132,580                | 103,000                | 29,580              |          |
| Medical and Ancillary Charges  | 757,867                | 555,000                | 202,867             |          |
| Miscellaneous Income   | 354,684                | 290,000                | 64,684              |          |
| Realized Gains on Investments, Net   | 2,597,306              | -                      | 2,597,306           | 2        |
| Investment Income  | 1,502,412              | 1,974,000              | (471,588)           |          |
| <b>Total Revenues, Gains, and Other Support Without Donor Restrictions</b> | <b>51,334,936</b>      | <b>48,103,000</b>      | <b>3,231,936</b>    |          |
| Administrative and General Services  | 7,471,696              | 8,740,000              | (1,268,304)         | 3        |
| Early Advantage  | 33,867                 | 23,000                 | 10,867              |          |
| Dining Services  | 9,494,792              | 8,901,000              | 593,792             | 4        |
| Housekeeping and Laundry Services  | 2,159,638              | 2,037,000              | 122,638             |          |
| Plant Operations   | 5,111,351              | 4,990,000              | 121,351             |          |
| Grounds  | 1,326,777              | 1,281,000              | 45,777              |          |
| Resident Services  | 862,403                | 844,000                | 18,403              |          |
| Human Resources  | 979,626                | 1,288,000              | (308,374)           |          |
| On-site Medical Practice   | 1,492,150              | 1,425,000              | 67,150              |          |
| Wellness   | 429,347                | 411,000                | 18,347              |          |
| Nursing Services   | 6,243,229              | 5,327,000              | 916,229             | 5        |
| Assisted Living Services   | 2,468,927              | 2,469,000              | (73)                |          |
| Marketing  | 750,598                | 783,000                | (32,402)            |          |
| Social Services  | 381,097                | 539,000                | (157,903)           |          |
| Community Life   | 688,355                | 688,000                | 355                 |          |
| Information Technology   | 2,062,903              | 1,813,000              | 249,903             |          |
| Upgrades and Refurbishments  | 173,240                | 318,000                | (144,760)           |          |
| Shared Appreciation Expense, Net of Remarketing and Mods/Refurbs           | 299,767                | 534,000                | (234,233)           |          |
| Depreciation   | 6,294,146              | 5,880,000              | 414,146             |          |
| Interest Expense and Amortization  | 139,346                | 255,000                | (115,654)           |          |
| Resident Assistance Expense  | 493,781                | 181,000                | 312,781             |          |
| <b>Total Expenses</b>  | <b>49,357,036</b>      | <b>48,727,000</b>      | <b>630,036</b>      |          |
| <b>Net Operating Income</b>  | <b>1,977,900</b>       | <b>(624,000)</b>       | <b>2,601,900</b>    |          |
| <b>Other Revenues and Expenses</b>   |                        |                        |                     |          |
| Change in Fair Value of Interest Rate Swap Agreements                      | 12,511                 | -                      | 12,511              |          |
| Unrealized Losses on Investments, Net                                      | (355,704)              | -                      | (355,704)           |          |
| Gain on Sales of Assets  | 23,475                 | -                      | 23,475              |          |
| <b>Total Other Revenues and Expenses</b>                                   | <b>(319,718)</b>       | <b>-</b>               | <b>(319,718)</b>    |          |
| <b>Change in Net Assets Without Donor Restrictions</b>                     | <b>\$ 1,658,182</b>    | <b>\$ (624,000)</b>    | <b>\$ 2,282,182</b> | <b>6</b> |

*\*See Notes on Following Page for Variances Greater than \$538,000 which is 1% of actual operating revenues*



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**Statements of Operations and Changes in Net Assets**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Notes for Variances**  
**As of and for the Fiscal Year Ended December 31, 2024**

*Carolina Meadows considers anything greater than \$538,000 to be material for purposes of analyzing Balance Sheet variances between actual and forecasted results.*

1. On Campus Resident Fees Earned were higher than forecasted due to greater actual occupancy for all levels of care; specifically actual occupancy of 96.1% for independent living, 83.6% for skilled nursing, and 90.0% for assisted living, versus forecast occupancy of 96.0% for independent living, 82.6% for skilled nursing, and 87.2% for assisted living.
2. Realized Gains on Investments are uncertain, unpredictable, and not forecasted.
3. Administrative and General Services expenses are below forecast due to cost control and lower than anticipated labor and general expenditures.
4. Dining Services expenses are greater than forecast due largely to higher than anticipated employee health benefits and raw food costs.
5. Nursing Services expenses are greater than forecast due to higher than anticipated census requiring increased staffing and the related cost of employee health benefits.
6. The change in the Net Surplus Without Donor Restrictions was higher than forecasted largely due to realized gains on investments which are uncertain, unpredictable, and not forecasted, as well as unanticipated easing of inflation and related impact on costs including supply chain pricing, staff recruiting, and staff retention.

**Carolina Meadows, Inc.**  
**Statements of Cash Flows**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Fiscal Year Ended December 31, 2024**

|   | Per Audited Financials<br><b>2024</b> | Per Five Year Forecast<br><b>2024</b> | <b>Variance</b><br><b>Over (Under)</b> | <b>Notes *</b> |
|---|---------------------------------------|---------------------------------------|--|----------------|
|   | <b>Actual</b>                         | <b>Forecasted</b>                     |  |                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                       |                                       |  |                |
| Change in Net Surplus (Deficit) Without Donor Restrictions                                  | \$ 1,658,182                          | \$ (624,000)                          | \$ 2,282,182                           | 1              |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: |                                       |                                       |  |                |
| Depreciation  | 6,294,146                             | 5,880,000                             | 414,146                                |                |
| Amortization of Deferred Revenue  | (280,627)                             | -                                     | (280,627)                              |                |
| Equity Refund Advances  | -                                     | -                                     | -                                      |                |
| Amortization of Advance Fees  | (328,008)                             | (514,000)                             | 185,992                                |                |
| Amortization of Bond Premium and Deferred Financing Costs                                   | 1,569                                 | 62,000                                | (60,431)                               |                |
| Loss Related to Interest Rate Swap Agreements   | (12,511)                              | -                                     | (12,511)                               |                |
| Due to (from) Related Parties   | (28,761)                              | -                                     | (28,761)                               |                |
| Realized and Unrealized Investment Gains, Net   | (2,241,602)                           | -                                     | (2,241,602)                            | 2              |
| Net Change in:  |                                       |                                       |  |                |
| Accounts Receivable   | (416,238)                             | (68,000)                              | (348,238)                              |                |
| Accrued Interest Receivable   | -                                     | -                                     | -                                      |                |
| Sales Tax Refund Receivable   | (38,031)                              | -                                     | (38,031)                               |                |
| Inventories   | (12,773)                              | (21,000)                              | 8,227                                  |                |
| Prepaid Expenses and Other Assets   | (65,725)                              | (23,000)                              | (42,725)                               |                |
| Accounts Payable  | 1,627,567                             | (1,925,000)                           | 3,552,567                              | 3              |
| Accrued Expenses and Interest   | 193,906                               | 471,000                               | (277,094)                              |                |
| Deferred Revenue - Provider Relief Funding  | -                                     | -                                     | -                                      |                |
| <b>Net Cash Provided By Operating Activities</b>  | <b>6,351,094</b>                      | <b>3,238,000</b>                      | <b>3,113,094</b>                       |                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                       |                                       |  |                |
| Proceeds from Sales and Maturities of Investments and Assets Limited as to Use              | 8,841,908                             | -                                     | 8,841,908                              | 4              |
| Purchase of Investments and Net Change in Assets Limited as to Use                          | (82,787,113)                          | (50,781,000)                          | (32,006,113)                           | 5              |
| Net Purchases of Property and Equipment - Routine, Project, and Interest Costs Capitalized  | (17,307,331)                          | (31,534,000)                          | 14,226,669                             | 6              |
| <b>Net Cash (Used) in Investing Activities</b>  | <b>(91,252,536)</b>                   | <b>(82,315,000)</b>                   | <b>(8,937,536)</b>                     |                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                       |                                       |  |                |
| Net Change from Deposits on Occupied and Unconstructed Units, Including Modifications       | 457,460                               | 1,411,000                             | (953,540)                              | 7              |
| Proceeds from Advance Fees  | 17,929,939                            | 14,315,000                            | 3,614,939                              | 8              |
| Refunds of Advance Fees   | (12,279,300)                          | (14,534,000)                          | 2,254,700                              | 9              |
| Principal Payments on Long-Term Debt  | (760,000)                             | (760,000)                             | -                                      |                |
| Proceeds from Long-Term Debt  | 79,347,479                            | 80,549,000                            | (1,201,521)                            | 10             |
| Payment of Issuance Costs   | (1,465,396)                           | (1,563,000)                           | 97,604                                 |                |
| Net Change from Deposits in Agency Accounts   | (36,929)                              | -                                     | (36,929)                               |                |
| <b>Net Cash Provided By (Used) in Financing Activities</b>                                  | <b>83,193,253</b>                     | <b>79,418,000</b>                     | <b>3,775,253</b>                       |                |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | <b>(1,708,189)</b>                    | <b>341,000</b>                        | <b>(2,049,189)</b>                     | <b>11</b>      |
| <b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>                       | <b>6,884,337</b>                      | <b>6,884,000</b>                      | <b>337</b>                             |                |
| <b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>                             | <b>\$ 5,176,148</b>                   | <b>\$ 7,225,000</b>                   | <b>\$ (2,048,852)</b>                  | <b>12</b>      |
| <b>Supplemental Disclosures of Cash Flow Information:</b>                                   |                                       |                                       |  |                |
| Cash Paid for Interest  | \$ 719,055                            | \$ 2,047,000                          | (1,327,945)                            | 13             |
| Property and Equipment Purchases in Accounts Payable  | \$ 2,532,705                          | \$ -                                  | 2,532,705                              | 14             |
| Cash and Cash Equivalents   | \$ 4,685,869                          | \$ 6,698,000                          | (2,012,131)                            | 15             |
| Restricted Cash Included in Assets Limited as to Use (Resident Funds Held in Agency)        | \$ 490,279                            | \$ 527,000                            | (36,721)                               |                |
| Total Cash, Cash Equivalents and Restricted Cash - End of Year                              | <b>\$ 5,176,148</b>                   | <b>\$ 7,225,000</b>                   | <b>\$ (2,048,852)</b>                  | <b>16</b>      |

*\*See Notes on Following Page for Variances Greater than \$538,000 which is 1% of actual operating revenues*

**Carolina Meadows, Inc.**  
**Statements of Cash Flows**  
**Comparison of Actual Results with Forecasted Proforma Projections**  
**Notes for Variances**  
**As of and for the Fiscal Year Ended December 31, 2024**

*Cash Flows are determined by the changes within the Balance Sheet accounts and the operating results contained with the Statements of Operations and since those variances have been identified in the preceding pages, Carolina Meadows considers anything greater than \$538,000 to be material for purposes of analyzing variances between actual and forecasted cash flows.*

1. The change in the Net Surplus Without Donor Restrictions was higher than forecasted largely due to realized gains on investments which are uncertain, unpredictable, and not forecasted, as well as unanticipated easing of inflation and related impact on costs including supply chain pricing, staff recruiting, and staff retention.
2. The actual change in Realized and Unrealized Investment Gains was uncertain, unpredictable, and not forecasted.
3. The actual change in Accounts Payable was uncertain and unpredictable largely due to the timing of vendor payments, including those on new skilled nursing facility construction and related retainage billing.
4. Proceeds from Sales and Maturities of Investments and Assets Limited As To Use was uncertain, unpredictable, and not forecasted.
5. Purchases of Investments and Net Change in Assets Limited as to Use specifically for bond funds and related skilled nursing project construction was greater than anticipated.
6. Net Purchases of Property and Equipment, including the skilled nursing project and routine investments in technology and physical plant upgrades, were lower than anticipated.
7. Net Change from Deposits on Occupied and Unconstructed Units, Including Modifications were lower than anticipated based on unit mix and type, including timing on resales and refunds to incoming and outgoing independent living residents.
8. Proceeds From Advance Fees - On Campus were higher than the forecast due to the timing, size, and mix of unit types that were resold during 2024, as well as maintained independent living occupancy and entry fee price increases.
9. Refunds of Advance Fees - On Campus were lower than the forecast due to fewer than anticipated refunds during 2024, as well as variation in the timing, size, and mix of unit types refunded.
10. Proceeds From Long-Term Debt were lower than forecast due to lower anticipated cost of construction and total debt needed to fund the construction project in addition to favorable interest rates upon issuance.
11. Refer to cash discussion in Note 12 below.
12. Cash, Cash Equivalents, and Restricted Cash was below forecast due to various factors including higher than anticipated census requiring increased staffing, including direct care overtime and contract labor, timing of turnovers of Independent Living units, as well as increased cost of campus-wide employee health benefits.
13. Supplemental Disclosure for Cash Paid for Interest was lower than forecasted based on the mix for timing of payments and prevailing interest rates.
14. Supplemental Disclosure for Property and Equipment Purchases in Accounts Payable was uncertain, unpredictable, and not forecasted, while accounts payable included amounts related to skilled nursing facility construction and related retainage billing.
15. Refer to cash discussion in Note 12 above.
16. Refer to cash discussion in Note 12 above.

### **Attachment 3: Interim Financial Statements**

**CAROLINA MEADOWS, INC.**  
**Statements of Financial Position**  
**For the Quarters Ended March 31, 2025 and 2024**

| <b>ASSETS</b>                            | <b>2025</b>                  | <b>2024</b>                  |
|--|------------------------------|------------------------------|
| Current Assets                           |                              |                              |
| Cash and cash equivalents                | \$ 6,030,608                 | \$ 6,060,870                 |
| Accounts receivable                      | 2,355,261                    | 2,300,791                    |
| Sales tax refund                         | 485,530                      | 329,154                      |
| Inventories                              | 409,929                      | 397,156                      |
| Prepaid expenses                         | 1,125,155                    | 1,239,106                    |
| Total current assets                     | <u>10,406,483</u>            | <u>10,327,077</u>            |
| Assets Limited as to Use                 |                              |                              |
| Board designated funds                   | 5,396,260                    | 4,776,510                    |
| N.C. operating reserve fund              | 11,009,750                   | 10,825,000                   |
| Project Fund (2024 Bonds)                | 61,329,927                   | -                            |
| Interest Fund (2024 Bonds)               | 4,449,125                    | -                            |
| Cost of Issuance Fund (2024 Bonds)       | -                            | -                            |
| Resident funds held in agency accounts   | 489,636                      | 451,057                      |
| Total asset limited as to use            | <u>82,674,698</u>            | <u>16,052,567</u>            |
| Investments and Other Assets             |                              |                              |
| Investments                              | 27,492,712                   | 23,383,856                   |
| Deferred costs (2019)                    | 221,733                      | 148,155                      |
| Deferred costs (2024)                    | 2,100,264                    | -                            |
| Total investments and other assets       | <u>29,814,709</u>            | <u>23,532,011</u>            |
| Property and Equipment                   | <u>124,218,972</u>           | <u>107,302,058</u>           |
| <b>Total Assets</b>                      | <b><u>247,114,862</u></b>    | <b><u>157,213,713</u></b>    |
| <b>LIABILITIES AND NET ASSETS</b>        |                              |                              |
| Current Liabilities                      |                              |                              |
| Bonds Payable - Current (2019)           | 810,000                      | 785,000                      |
| Due to (from) Parent Company             | (231,041)                    | 226,740                      |
| Due to (from) Home Care Company          | (166,082)                    | (63,838)                     |
| Due to (from) Foundation                 | (8,154)                      | (84,035)                     |
| Due to (from) Management Company         | (48,607)                     | (45,846)                     |
| Accounts payable                         | 6,644,381                    | 2,406,079                    |
| Accrued expenses                         | 3,757,547                    | 2,683,345                    |
| Advance fees and refunds due             | -                            | -                            |
| Total current liabilities                | <u>10,758,044</u>            | <u>5,907,445</u>             |
| Bonds Payable - Non-Current (2019)       | 8,070,000                    | 8,810,000                    |
| Bonds Payable - Non-Current (2024)       | 76,170,000                   | -                            |
| Bond Premium, Net of Amortization (2024) | 3,104,920                    | -                            |
| Total bonds payable - non-current        | <u>87,344,920</u>            | <u>8,810,000</u>             |
| Deferred Revenue and Other Liabilities   |                              |                              |
| Deferred revenue from advance fees       | 198,588                      | 410,488                      |
| Other deferred revenue                   | 3,877,282                    | 2,248,590                    |
| Advance reservation deposits             | 5,396,260                    | 4,776,510                    |
| Advanced fee liability                   | 189,853,820                  | 184,960,100                  |
| Agency funds due residents               | 489,636                      | 451,057                      |
| Interest rate swap agreements            | (797,458)                    | (1,024,627)                  |
| Total deferred revenue & other liabs     | <u>199,018,128</u>           | <u>191,822,118</u>           |
| <b>Total Liabilities</b>                 | <b><u>297,121,092</u></b>    | <b><u>206,539,563</u></b>    |
| Net Assets without Donor Restrictions    | <u>(50,006,230)</u>          | <u>(49,325,850)</u>          |
| <b>Total Liabilities and Net Assets</b>  | <b><u>\$ 247,114,862</u></b> | <b><u>\$ 157,213,713</u></b> |

**Unaudited - For Management Purposes Only**

10:12 AM 4/24/2025



**CAROLINA MEADOWS, INC.**  
**Statements of Activities**  
**For the Quarters Ended March 31, 2025 and 2024**

|   | 2025                | 2025               | 2025                    | 2024                |
|---|---------------------|--------------------|-------------------------|---------------------|
|   | Actual              | Budget             | Variance<br>Fav (Unfav) | Actual              |
| <b>Operating Revenues</b>   |                     |                    |                         |                     |
| Resident Fees Earned  | \$ 10,928,872       | \$ 10,459,110      | \$ 469,762              | \$ 10,551,872       |
| Amortization of Advance Fees & Other Deferred Revenue                           | 85,620              | 99,863             | (14,243)                | 89,599              |
| Early Advantage Fees  | 168,851             | 189,863            | (21,012)                | 183,396             |
| Contributions   | 18,300              | -                  | 18,300                  | -                   |
| Dining Services   | 651,865             | 682,027            | (30,162)                | 649,013             |
| Maintenance Services  | 17,132              | 23,499             | (6,367)                 | 16,947              |
| Housekeeping Services   | 69,636              | 82,110             | (12,474)                | 66,913              |
| Resident Services   | 32,617              | 26,384             | 6,233                   | 35,479              |
| Ancillary and Miscellaneous Services  | 202,889             | 247,858            | (44,969)                | 267,334             |
| Remarketing Income  | 300,215             | -                  | 300,215                 | 188,230             |
| Refurbishment and Modification Income   | 941,250             | 65,342             | 875,908                 | 306,676             |
| Realized Gains (Losses) on Investments  | 978,977             | -                  | 978,977                 | 313,908             |
| CARES Act and State Grants  | -                   | -                  | -                       | -                   |
| Investment Income   | 223,881             | 528,411            | (304,530)               | 185,046             |
| <b>Total Operating Revenues</b>   | <b>14,620,105</b>   | <b>12,404,467</b>  | <b>2,215,638</b>        | <b>12,854,413</b>   |
| <b>Operating Expenses</b>   |                     |                    |                         |                     |
| Administrative Services   | 867,343             | 1,049,498          | 182,155                 | 1,143,821           |
| Early Advantage   | 8,250               | 7,326              | (924)                   | 7,975               |
| Dining Services   | 2,299,627           | 2,284,906          | (14,721)                | 2,235,829           |
| Housekeeping and Laundry  | 467,786             | 547,287            | 79,501                  | 480,215             |
| Plant Operations  | 1,231,226           | 1,302,795          | 71,569                  | 1,222,512           |
| Grounds   | 358,523             | 339,533            | (18,990)                | 363,238             |
| Resident Services   | 207,200             | 239,515            | 32,315                  | 219,977             |
| Human Resources   | 324,051             | 321,964            | (2,087)                 | 232,827             |
| On-site Medical Practice  | 376,086             | 401,597            | 25,511                  | 311,957             |
| Wellness  | 104,156             | 109,442            | 5,286                   | 102,095             |
| Nursing Services  | 1,470,111           | 1,423,056          | (47,055)                | 1,443,501           |
| Assistant Living Services   | 607,152             | 638,725            | 31,573                  | 586,921             |
| Marketing   | 122,468             | 194,145            | 71,677                  | 179,170             |
| Social Services   | 88,713              | 112,631            | 23,918                  | 101,636             |
| Community Life  | 140,438             | 188,974            | 48,536                  | 159,893             |
| Information Technology  | 593,210             | 450,740            | (142,470)               | 520,652             |
| General Expenses  | 687,008             | 697,425            | 10,417                  | 665,891             |
| Refurbishment and Modification Expense  | 8,036               | 86,500             | 78,464                  | 60,343              |
| Shared Appreciation Expense   | 1,180,977           | 159,000            | (1,021,977)             | 598,837             |
| Interest Expense  | 42,025              | 44,000             | 1,975                   | 47,930              |
| <b>Total Operating Expenses</b>   | <b>11,184,386</b>   | <b>10,599,059</b>  | <b>(585,327)</b>        | <b>10,685,220</b>   |
| <b>Total Operating Surplus (Deficit)<br/>Before Other Revenues and Expenses</b> | <b>3,435,719</b>    | <b>1,805,408</b>   | <b>1,630,311</b>        | <b>2,169,193</b>    |
| <b>Other Revenues and (Expenses)</b>  |                     |                    |                         |                     |
| Change in Fair Value of Interest Rate Swap Agreements                           | (139,032)           | -                  | (139,032)               | 100,648             |
| Unrealized Gains (Losses) on Investments  | (1,639,898)         | -                  | (1,639,898)             | 1,527,658           |
| Depreciation  | (1,617,398)         | (1,600,650)        | (16,748)                | (1,504,252)         |
| Amortization  | (6,536)             | 11,500             | (18,036)                | (6,536)             |
| Gain/(Loss) on Disposition of Asset   | 7,600               | -                  | 7,600                   | -                   |
| Resident Assistance Expense   | (180,562)           | (69,550)           | (111,012)               | (88,363)            |
| <b>Total Other Revenues and Expenses</b>  | <b>(3,575,826)</b>  | <b>(1,658,700)</b> | <b>(1,917,126)</b>      | <b>29,155</b>       |
| <b>Change in Net Assets without Donor Restrictions</b>                          | <b>\$ (140,107)</b> | <b>\$ 146,708</b>  | <b>\$ (286,815)</b>     | <b>\$ 2,198,348</b> |

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10:13 AM 4/24/2025

**CAROLINA MEADOWS, INC.**  
**Statements of Cash Flows**  
**For the Quarters Ended March 31, 2025 and 2024**

|  | <u>2025</u>         | <u>2024</u>         |
|--|---------------------|---------------------|
| <b>CASH FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Change in net assets   | \$ (140,107)        | \$ 2,198,348        |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                     |                     |
| Depreciation   | 1,617,398           | 1,504,252           |
| Amortization of advance fees   | (167,112)           | (44,545)            |
| Amortization of deferred costs, including financing  | -                   | -                   |
| Equity refund advances   | (139,417)           | (17,250)            |
| Amortization of other deferred revenue   | -                   | -                   |
| (Gains) losses related to interest rate swap agreements  | 139,033             | (100,648)           |
| Net unrealized and realized investment (gains) losses  | 660,921             | (1,841,566)         |
| Net change in:   |                     |                     |
| Accounts receivable  | 335,307             | (148,628)           |
| Sales tax refund receivable  | (232,304)           | (113,959)           |
| Inventories  | -                   | -                   |
| Prepaid expenses and other assets  | (614,084)           | (793,760)           |
| Due to (from) Parent Company   | (26,058)            | 408,056             |
| Due to (from) Home Care Company  | (53,212)            | (28,587)            |
| Due to (from) Management Company   | -                   | -                   |
| Due to (from) Foundation   | (8)                 | (603)               |
| Accounts payable   | 1,849,335           | (761,392)           |
| Accrued expenses   | 1,430,831           | 550,535             |
| Net cash provided by operating activities  | <u>4,660,523</u>    | <u>810,253</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Proceeds from sales and maturities of investments<br>and assets limited as to use              | 924,652             | 4,040,000           |
| Purchase of investments and assets limited as to use   | (567,085)           | (4,099,954)         |
| Acquisition and construction of prop & equip - Routine   | (2,416,540)         | (1,497,619)         |
| Increase in deferred marketing costs   |                     |                     |
| Acquisition and construction of prop & equip - Project   | (5,098,054)         | -                   |
| Net change in assets limited as to use - 2024 Project Fund, Net                                | -                   | -                   |
| Net change in assets limited as to use - 2024 Interest Fund, Net                               | -                   | -                   |
| Interest costs capitalized - 2024 Project, Net   | (187,188)           | -                   |
| Increase in debt issuance costs  | 18,891              | 6,536               |
| Net cash used in investing activities  | <u>(7,325,324)</u>  | <u>(1,551,037)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Net change from unit deposits  | -                   | 321,990             |
| Net proceeds from line of credit   | -                   | -                   |
| Principal payments on 2019 long-term debt  | (195,000)           | (240,000)           |
| Principal payments on 2024 long-term debt  | 2,982,520           | -                   |
| Proceeds from 2024 Bonds   | 26,462              | -                   |
| Unamortized premium and deferred financing cost  | (634,203)           | -                   |
| Proceeds from advance fees, including Birchtree  | 7,164,194           | 4,053,708           |
| Refunds of advance fees, including Birchtree   | (5,331,326)         | (3,615,022)         |
| Net change in refunds due  | -                   | -                   |
| Deferred modification revenue  | (3,107)             | -                   |
| Deferred government grants (PFR) revenue   | -                   | -                   |
| Net change from deposits in agency accounts  | -                   | (76,151)            |
| Net cash used in financing activities  | <u>4,009,540</u>    | <u>444,525</u>      |
| Net increase (decrease) in cash  | 1,344,739           | (296,259)           |
| Cash beginning   | <u>4,685,869</u>    | <u>6,357,129</u>    |
| Cash ending  | <u>\$ 6,030,608</u> | <u>\$ 6,060,870</u> |

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10:14 AM 4/24/2025

#### **Attachment 4: Forecasted Financial Statements (5-Years)**

**CAROLINA MEADOWS, INC.**

**FORECASTED FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

**FOR THE FIVE YEARS ENDING  
DECEMBER 31, 2025 THROUGH DECEMBER 31, 2029**



CPAs | CONSULTANTS | WEALTH ADVISORS

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# TABLE OF CONTENTS

|   |    |
|---|----|
| Independent Accountants' Compilation Report.....  | 1  |
| Forecasted Statements of Operations and Changes in Net Deficit<br>For the Years Ending December 31, 2025 through 2029 ..... | 2  |
| Forecasted Statements of Cash Flows<br>For the Years Ending December 31, 2025 through 2029 .....                            | 3  |
| Forecasted Statements of Financial Position<br>December 31, 2025 through 2029 .....   | 4  |
| Summary of Significant Forecast Assumptions and Accounting Policies:  |    |
| Background and Information .....  | 5  |
| Summary of Significant Accounting Policies .....  | 12 |
| Basis for Forecast of Revenues and Advance Fees .....   | 17 |
| Basis for Forecast of Expenses .....  | 21 |
| Basis for Forecast of Other Items .....   | 22 |





## INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors  
Carolina Meadows, Inc.  
Chapel Hill, North Carolina

Management is responsible for the accompanying forecasted financial statements of Carolina Meadows, Inc. (the "Corporation"), which comprise the forecasted balance sheets as of December 31, 2025, 2026, 2027, 2028, and 2029, and the related forecasted statements of operations and changes in net deficit, and cash flows for the years then ending, and the related summaries of significant forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasted financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

Furthermore, the forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
May 21, 2025

**CAROLINA MEADOWS, INC.**  
**FORECASTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDING DECEMBER 31,**  
**(IN THOUSANDS)**

|  | 2025               | 2026               | 2027               | 2028               | 2029               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>                           |                    |                    |                    |                    |                    |
| Resident Fees Earned:  |                    |                    |                    |                    |                    |
| On Campus Resident Fees  | \$ 42,502          | \$ 44,337          | \$ 46,332          | \$ 48,443          | \$ 50,490          |
| Early Advantage Resident Fees  | 770                | 801                | 833                | 866                | 901                |
| Amortization of Advance Fees:  |                    |                    |                    |                    |                    |
| On Campus Advanced Fees  | 429                | 581                | 740                | 905                | 1,077              |
| Early Advantage Advanced Fees  | 243                | 253                | 263                | 273                | 284                |
| Dining Services Revenue  | 2,766              | 2,877              | 2,992              | 3,111              | 3,236              |
| Maintenance Services   | 95                 | 99                 | 103                | 107                | 111                |
| Housekeeping Services  | 333                | 346                | 360                | 375                | 390                |
| Resident Services Revenue  | 107                | 111                | 116                | 120                | 125                |
| Medical and Ancillary Charges  | 704                | 732                | 762                | 792                | 824                |
| Miscellaneous Income   | 301                | 313                | 326                | 339                | 352                |
| Remarketing Income   | 785                | 834                | 892                | 942                | 993                |
| Refurbishment Revenue  | 1,412              | 1,503              | 1,613              | 1,720              | 1,808              |
| Investment Income  | 2,142              | 2,636              | 2,706              | 2,723              | 2,777              |
| <b>Total Revenue, Gains, and Other Support Without Donor Restrictions</b>                      | <b>52,589</b>      | <b>55,423</b>      | <b>58,038</b>      | <b>60,716</b>      | <b>63,368</b>      |
| <b>EXPENSES</b>  |                    |                    |                    |                    |                    |
| Administrative Services  | 4,244              | 4,414              | 4,590              | 4,774              | 4,965              |
| Early Advantage  | 30                 | 31                 | 32                 | 34                 | 35                 |
| Dining Services  | 9,260              | 9,655              | 10,068             | 10,470             | 10,889             |
| Housekeeping and Laundry Services  | 2,223              | 2,337              | 2,456              | 2,555              | 2,657              |
| Plant Operations   | 5,612              | 5,861              | 6,122              | 6,367              | 6,621              |
| Grounds  | 1,371              | 1,426              | 1,483              | 1,542              | 1,604              |
| Resident Services  | 975                | 1,014              | 1,055              | 1,097              | 1,141              |
| Human Resources  | 1,301              | 1,353              | 1,407              | 1,463              | 1,522              |
| Community Health Clinic Services   | 1,633              | 1,698              | 1,766              | 1,837              | 1,910              |
| Wellness   | 445                | 463                | 481                | 501                | 521                |
| Nursing Services   | 5,806              | 6,213              | 6,644              | 6,910              | 7,186              |
| Assisted Living Services   | 2,606              | 2,710              | 2,819              | 2,931              | 3,049              |
| Marketing  | 789                | 821                | 853                | 888                | 923                |
| Social Services  | 460                | 478                | 498                | 517                | 538                |
| Activities   | 768                | 799                | 831                | 864                | 898                |
| Information Technology   | 1,806              | 1,878              | 1,953              | 2,032              | 2,113              |
| General  | 2,790              | 2,902              | 3,018              | 3,138              | 3,264              |
| Upgrades and Refurbishments  | 331                | 344                | 358                | 372                | 387                |
| Shared Appreciation Expense  | 2,833              | 3,058              | 3,307              | 3,554              | 3,833              |
| Depreciation   | 7,074              | 7,508              | 9,171              | 9,796              | 10,281             |
| Interest   | 176                | 2,039              | 3,898              | 3,841              | 3,780              |
| Interest- Amortization of Issuance Costs   | 100                | 100                | 100                | 99                 | 88                 |
| Interest- Amortization of Bond Premium   | (147)              | (147)              | (147)              | (145)              | (143)              |
| Resident Assistance Expense  | 279                | 290                | 302                | 314                | 326                |
| <b>Total Operating Expenses</b>  | <b>52,765</b>      | <b>57,245</b>      | <b>63,065</b>      | <b>65,751</b>      | <b>68,388</b>      |
| <b>Deficit of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions</b> | <b>(176)</b>       | <b>(1,822)</b>     | <b>(5,027)</b>     | <b>(5,035)</b>     | <b>(5,020)</b>     |
| <b>Change in Net Assets</b>  | <b>(176)</b>       | <b>(1,822)</b>     | <b>(5,027)</b>     | <b>(5,035)</b>     | <b>(5,020)</b>     |
| <b>Net Deficit, Beginning of Year</b>  | <b>(49,866)</b>    | <b>(50,042)</b>    | <b>(51,864)</b>    | <b>(56,891)</b>    | <b>(61,926)</b>    |
| <b>NET DEFICIT, END OF YEAR</b>  | <b>\$ (50,042)</b> | <b>\$ (51,864)</b> | <b>\$ (56,891)</b> | <b>\$ (61,926)</b> | <b>\$ (66,946)</b> |

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

**CAROLINA MEADOWS, INC.**  
**FORECASTED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDING DECEMBER 31,**  
**(IN THOUSANDS)**

|   | 2025            | 2026            | 2027            | 2028            | 2029            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                 |                 |                 |                 |                 |
| Deficit of Revenues Over Under Expenses and Change in Net Deficit Without Donor Restrictions  | \$ (176)        | \$ (1,822)      | \$ (5,027)      | \$ (5,035)      | \$ (5,020)      |
| Adjustments to Reconcile Deficit of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions to Net Cash Flows From Operating Activities: |                 |                 |                 |                 |                 |
| Amortization of Advance Fees  | (672)           | (834)           | (1,003)         | (1,178)         | (1,361)         |
| Depreciation  | 7,074           | 7,508           | 9,171           | 9,796           | 10,281          |
| Amortization of Bond Issuance Costs   | 100             | 100             | 100             | 99              | 88              |
| Amortization of Bond Premium  | (147)           | (147)           | (147)           | (145)           | (143)           |
| Net Change in Current Assets:   |                 |                 |                 |                 |                 |
| Accounts Receivable   | 62              | (107)           | (117)           | (123)           | (120)           |
| Inventories   | (21)            | (38)            | (39)            | (19)            | (21)            |
| Prepaid Expenses  | 33              | (28)            | (30)            | (24)            | (26)            |
| Net Change in Current Liabilities:  |                 |                 |                 |                 |                 |
| Accounts Payable  | (195)           | (3,050)         | 92              | 74              | 80              |
| Accrued Expenses  | (71)            | 112             | 119             | 97              | 103             |
| Accrued Interest  | -               | -               | (4)             | (3)             | (3)             |
| Net Cash Provided by Operating Activities   | 5,987           | 1,694           | 3,115           | 3,539           | 3,858           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |                 |                 |                 |                 |
| Net Purchase of Investments   | (3,395)         | (1,397)         | 1,273           | (220)           | (667)           |
| Net Purchases of Property and Equipment- Routine  | (6,137)         | (6,381)         | (6,650)         | (6,920)         | (7,178)         |
| Net Purchases of Property and Equipment- Project  | (34,291)        | (26,190)        | -               | -               | -               |
| Interest Costs Capitalized in Property and Equipment  | (2,332)         | (1,090)         | -               | -               | -               |
| Net Change in Assets Whose Use Is Limited   | 37,253          | 29,385          | (1,250)         | (529)           | (555)           |
| Net Cash Used in Investing Activities   | (8,902)         | (5,673)         | (6,627)         | (7,669)         | (8,400)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                 |                 |                 |                 |                 |
| Proceeds from Advance Fees  | 15,696          | 16,687          | 17,841          | 18,838          | 19,850          |
| Refunds of Advance Fees   | (12,217)        | (12,899)        | (13,722)        | (14,381)        | (14,973)        |
| Modification Receipts   | 1,467           | 1,526           | 1,587           | 1,650           | 1,716           |
| Principal Payments on Long-Term Debt  | (785)           | (810)           | (1,655)         | (1,710)         | (1,770)         |
| Net Cash Provided by Financing Activities   | 4,161           | 4,504           | 4,051           | 4,397           | 4,823           |
| <b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>   | <b>1,246</b>    | <b>525</b>      | <b>539</b>      | <b>267</b>      | <b>281</b>      |
| <b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>  | <b>5,176</b>    | <b>6,422</b>    | <b>6,947</b>    | <b>7,486</b>    | <b>7,753</b>    |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>  | <b>\$ 6,422</b> | <b>\$ 6,947</b> | <b>\$ 7,486</b> | <b>\$ 7,753</b> | <b>\$ 8,034</b> |
| Supplemental Disclosure of Cash Flow Information:   |                 |                 |                 |                 |                 |
| Cash Paid for Interest  | \$ 3,934        | \$ 3,918        | \$ 3,902        | \$ 3,844        | \$ 3,783        |
| Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash   |                 |                 |                 |                 |                 |
| Cash and Cash Equivalents   | \$ 5,932        | \$ 6,457        | \$ 6,996        | \$ 7,263        | \$ 7,544        |
| Restricted Cash   | 490             | 490             | 490             | 490             | 490             |
| Total Cash, Cash Equivalents, and Restricted Cash   | \$ 6,422        | \$ 6,947        | \$ 7,486        | \$ 7,753        | \$ 8,034        |

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

**CAROLINA MEADOWS, INC.**  
**FORECASTED STATEMENTS OF FINANCIAL POSITION**  
**AT DECEMBER 31,**  
**(IN THOUSANDS)**

|  | 2025       | 2026       | 2027       | 2028       | 2029       |
|--|------------|------------|------------|------------|------------|
| <b>ASSETS</b>  |            |            |            |            |            |
| Current Assets:                                      |            |            |            |            |            |
| Cash and Cash Equivalents                            | \$ 5,932   | \$ 6,457   | \$ 6,996   | \$ 7,263   | \$ 7,544   |
| Accounts Receivable                                  | 2,489      | 2,596      | 2,713      | 2,836      | 2,956      |
| Sales Tax Refund Receivable                          | 253        | 253        | 253        | 253        | 253        |
| Inventories  | 431        | 469        | 508        | 527        | 548        |
| Prepaid Expenses                                     | 478        | 506        | 536        | 560        | 586        |
| Assets Limited as to Use, Current Portion            | 395        | 463        | 463        | 463        | 463        |
| Total Current Assets                                 | 9,978      | 10,744     | 11,469     | 11,902     | 12,350     |
| Assets Limited as to Use:                            |            |            |            |            |            |
| Statutory Operating Reserve                          | 11,631     | 12,649     | 13,899     | 14,428     | 14,983     |
| By Board Designation                                 | 4,912      | 4,912      | 4,912      | 4,912      | 4,912      |
| Resident Funds Held in Escrow                        | 490        | 490        | 490        | 490        | 490        |
| Constuction Account                                  | 28,763     | -          | -          | -          | -          |
| Funded Interest Account                              | 1,708      | -          | -          | -          | -          |
| Issuance Account                                     | 21         | 21         | 21         | 21         | 21         |
| Bond Fund  | 395        | 463        | 463        | 463        | 463        |
| Total Assets Limited as to Use                       | 47,920     | 18,535     | 19,785     | 20,314     | 20,869     |
| Less: Current Portion                                | (395)      | (463)      | (463)      | (463)      | (463)      |
| Total Assets Limited as to Use, Less Current Portion | 47,525     | 18,072     | 19,322     | 19,851     | 20,406     |
| Investments  | 31,906     | 33,303     | 32,030     | 32,250     | 32,917     |
| Property and Equipment                               | 209,807    | 294,117    | 300,767    | 307,687    | 314,865    |
| Construction in Progress                             | 50,649     | -          | -          | -          | -          |
| Less: Accumulated Depreciation                       | (106,448)  | (113,956)  | (123,127)  | (132,923)  | (143,204)  |
| Net Property and Equipment                           | 154,008    | 180,161    | 177,640    | 174,764    | 171,661    |
| Due From Related Party                               | 375        | 375        | 375        | 375        | 375        |
| Interest Rate Swap Agreement                         | 936        | 936        | 936        | 936        | 936        |
| Total Assets   | \$ 244,728 | \$ 243,591 | \$ 241,772 | \$ 240,078 | \$ 238,645 |
| <b>Liabilities and Net Assets</b>                    |            |            |            |            |            |
| Current Liabilities:                                 |            |            |            |            |            |
| Current Maturities of Long-Term Debt                 | \$ 810     | \$ 1,655   | \$ 1,710   | \$ 1,770   | \$ 1,835   |
| Accounts Payable                                     | 4,600      | 1,550      | 1,642      | 1,716      | 1,796      |
| Accrued Expenses                                     | 1,903      | 2,015      | 2,134      | 2,231      | 2,334      |
| Accrued Interest Payable                             | 352        | 352        | 348        | 345        | 342        |
| Total Current Liabilities                            | 7,665      | 5,572      | 5,834      | 6,062      | 6,307      |
| Long-Term Debt, Net of Current Portion               | 83,650     | 81,995     | 80,285     | 78,515     | 76,680     |
| Deferred Financing Costs                             | (1,472)    | (1,372)    | (1,272)    | (1,173)    | (1,085)    |
| Unamortized Bond Premium                             | 2,984      | 2,837      | 2,690      | 2,545      | 2,402      |
| Net Long-Term Debt                                   | 85,162     | 83,460     | 81,703     | 79,887     | 77,997     |
| Deferred Revenue from Advanced Fees                  | 589        | 589        | 589        | 589        | 589        |
| Deferred Revenue from Modification Revenue           | 4,107      | 5,052      | 5,899      | 6,644      | 7,283      |
| Advanced Fee Liability                               | 191,576    | 195,111    | 198,967    | 203,151    | 207,744    |
| Other Deferred Revenue                               | 269        | 269        | 269        | 269        | 269        |
| Deposits on Occupied Units                           | 4,912      | 4,912      | 4,912      | 4,912      | 4,912      |
| Agency Funds Due to Residents                        | 490        | 490        | 490        | 490        | 490        |
| Total Liabilities                                    | 294,770    | 295,455    | 298,663    | 302,004    | 305,591    |
| Net Assets (Deficit):                                |            |            |            |            |            |
| Without Donor Restriction                            | (50,042)   | (51,864)   | (56,891)   | (61,926)   | (66,946)   |
| Total Net Deficit                                    | (50,042)   | (51,864)   | (56,891)   | (61,926)   | (66,946)   |
| Total Liabilities and Net Deficit                    | \$ 244,728 | \$ 243,591 | \$ 241,772 | \$ 240,078 | \$ 238,645 |

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

## **BACKGROUND AND INFORMATION**

### **Basis of Presentation**

The accompanying financial forecast presents, to the best of the knowledge and belief of management ("Management") of Carolina Meadows, Inc. (the "Corporation"), the expected financial position, results of operations and cash flows as of December 31, 2025, 2026, 2027, 2028 and 2029 and for each of the five years then ending (the "Forecast Period").

Accordingly, the financial forecast reflects Management's judgment as of May 21, 2025, the date of this forecast, of the expected conditions and its expected course of action during the Forecast Period. The assumptions disclosed herein are the assumptions which Management believes are significant to the financial forecast. There usually will be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

***The accompanying forecast information and the 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 64 and is included in the Corporation's 2025 disclosure statement filing) and is not intended to be and should not be used, by anyone other than these specified parties.***



**The Corporation**

Carolina Meadows, Inc. was incorporated in 1983 as a nonprofit North Carolina corporation. The Corporation was formed to develop, own and manage a continuing care retirement community located in Chatham County, just south of Chapel Hill, North Carolina and known as Carolina Meadows (the "Retirement Facility" or "Carolina Meadows"). The Corporation has been granted tax-exempt status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The Retirement Facility is located on an approximately 170-acre campus and presently serves over 775 residents on campus and over 100 residents through Early Advantage, a Continuing Care Without Lodging Program. There are 481 independent living homes consisting of 161 apartments in six three-story buildings, 280 single story villas, and 40 hybrid homes arranged in four separate buildings providing multiple views and outdoor connected areas. Four of the apartments are currently used as guest room suites and one apartment is currently used as a marketing selections showroom, so 476 independent living units are considered available for occupancy even though the four guest apartments could be sold to new residents in the future. The Retirement Facility also includes 95 licensed adult care beds in 78 units (which are referred to herein as the "Assisted Living Facility" or "The Fairways") and 90 licensed skilled nursing beds of which Management is only operating 86 beds (which are referred to herein as the "Skilled Nursing Facility" or the "Pines Health Center"). Fifteen of the beds in fourteen units of the Assisted Living Facility are separately designated as memory care beds.

***Independent Living Units***

In general, residency in an Independent Living Unit requires payment of a one-time entrance fee or advance fee (the "Advance Fee"), and ongoing service fees as described in further detail herein.

The following table presents a summary of the unit mix, square footage, monthly accommodation fees and advance fees of the Independent Living Units as of January 1, 2025. Fees are adjusted on January 1 of each year and disclosed to residents in November of the prior year.

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

**Table 1**  
**Independent Living Units**  
**Unit Mix, Square Footage, Monthly Accommodation Fees, and Advance Fees**  
**Effective January 1, 2025 through December 31, 2025**

| Unit Name                                       | Unit Type            | Total Units <sup>(1)</sup> | Square Footage | Monthly Accommodation Fee <sup>(2)</sup> | Advance Fee <sup>(2)</sup> |
|---|----------------------|----------------------------|----------------|--|----------------------------|
| <b>Hybrid Homes:</b>                            |                      |                            |                |  |                            |
| Redwood   | Two bedroom with den | 12                         | 2,320          | \$4,640                                  | \$881,000                  |
| Poplar  | Two bedroom with den | 8                          | 2,329          | 4,530                                    | 824,300                    |
| Laurel  | Two bedroom with den | 12                         | 2,192          | 4,478                                    | 777,900                    |
| Aspen   | Two bedroom with den | 8                          | 2,082          | 4,459                                    | 746,200                    |
| Total / Weighted Average                        |                      | 40                         | 2,236          | \$4,533                                  | \$811,770                  |
| <b>Villas:</b>                                  |                      |                            |                |  |                            |
| Montgomery                                      | Two bedroom with den | 29                         | 2,213          | \$4,440                                  | \$800,400                  |
| Madison   | Two bedroom          | 3                          | 2,011          | 4,365                                    | 730,100                    |
| Hanover   | Two bedroom          | 12                         | 1,898          | 4,354                                    | 691,000                    |
| Caldwell  | Two bedroom          | 14                         | 1,741          | 4,301                                    | 641,200                    |
| Regent  | Two bedroom with den | 69                         | 1,822          | 4,268                                    | 638,300                    |
| Fairfax   | Two bedroom          | 17                         | 1,775          | 4,196                                    | 622,900                    |
| Manchester                                      | Two bedroom          | 2                          | 1,722          | 4,194                                    | 604,200                    |
| Chatham   | Two bedroom          | 16                         | 1,656          | 4,185                                    | 554,800                    |
| Davidson  | Two bedroom with den | 42                         | 1,584          | 4,163                                    | 507,600                    |
| Brunswick                                       | Two bedroom          | 26                         | 1,566          | 4,161                                    | 484,500                    |
| Cumberland                                      | Two bedroom          | 26                         | 1,502          | 4,154                                    | 462,800                    |
| Albemarle                                       | One bedroom with den | 24                         | 1,180          | 4,093                                    | 354,200                    |
| Total / Weighted Average                        |                      | 280                        | 1,706          | \$4,231                                  | \$577,992                  |
| <b>Apartments:</b>                              |                      |                            |                |  |                            |
| Kinston   | Two bedroom with den | 9                          | 1,607          | \$4,103                                  | \$430,300                  |
| Kinston Extended                                | Two bedroom expanded | 1                          | 1,434          | 4,078                                    | 380,500                    |
| Halifax   | Two bedroom          | 6                          | 1,312          | 4,046                                    | 345,800                    |
| Julian  | Two bedroom with den | 12                         | 1,302          | 4,046                                    | 344,200                    |
| Iredell   | Two bedroom          | 60                         | 1,187          | 3,998                                    | 306,500                    |
| Forsyth   | One bedroom with den | 42                         | 1,007          | 3,663                                    | 235,600                    |
| Lenoir  | One bedroom expanded | 15                         | 790            | 3,635                                    | 167,200                    |
| Edgecombe                                       | One bedroom          | 11                         | 717            | 3,528                                    | 147,300                    |
| Total / Weighted Average                        |                      | 156                        | 1,107          | \$3,852                                  | \$274,820                  |
| Independent Living Units Total/Weighted Average |                      | 476                        | 1,554          | \$4,132                                  | \$498,278                  |
| Second Person Fees:                             |                      |                            |                | \$1,163                                  | \$15,000                   |

Source: Management

Notes:

(1) Although there are a total of 481 Independent Living Units, four apartments are currently used for guests and one is used for marketing, resulting in 476 available Independent Living Units. The four guest apartments could be sold to new residents in the future at Management's discretion.

(2) Prices reflect the rates charged to new residents, which the Corporation refers to as Tier 4 Pricing. Existing residents who moved in prior to 2016 pay a lower monthly accommodation fee at Tier 1, Tier 2, or Tier 3 rates, depending on their original move-in dates. See Table 8 for Management's assumptions related to forecasted revenue by Tier.

### **Assisted Living Units**

As noted previously herein, the Assisted Living Units includes 64 apartments plus 15 beds in 14 rooms for memory care services.

The following table presents a summary of the number of units, square footage, and monthly accommodation fees as of January 1, 2025 for the Assisted Living Units.

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

**Table 2**  
**Assisted Living Units**  
**Unit Mix, Square Footage and Daily Per Diem Fees**  
**As of January 1, 2025 through December 31, 2025**

| Unit Name                | Unit Type            | Total Units <sup>(2)</sup> | Square Footage | Daily Per Diem Fee <sup>(4)</sup> |
|--------------------------|----------------------|----------------------------|----------------|-----------------------------------|
| Charlotte                | One bedroom          | 48                         | 550            | \$283                             |
| Wilmington               | Two bedroom          | 4                          | 915            | 455                               |
| Raleigh <sup>(3)</sup>   | One bedroom expanded | 4                          | 620            | 318                               |
| Asheville <sup>(3)</sup> | One bedroom expanded | 8                          | 765            | 318                               |
| The Green <sup>(1)</sup> | One bedroom          | 14                         | 350            | 360                               |
| Total / Weighted Average |                      | 78                         | 558            | \$311                             |

Source: Management

Notes:

(1) The Green has one unit that consists of 2 beds for a total of 15 beds specifically licensed for memory care services.

(2) Twenty of the 95 licensed adult care beds are not subject to the Certificate of Need restrictions and thus available for outside direct admission. For these units, a \$65,000 Direct Admit Fee is required prior to move-in and subsequently fully amortized over a 50-month period, unless the unit is vacated during this period.

(3) The Raleigh and Asheville units are available for 2025 daily fees for singles at \$318 and for couples at \$422.

(4) Fees are adjusted on January 1 of each year and disclosed to residents in November of the prior year.

### ***Existing Skilled Nursing Beds***

Carolina Meadows currently operates 86 Existing Skilled Nursing Beds in the Skilled Nursing Facility but is licensed for 90.

The following table presents a summary of the unit mix and daily rates effective January 1, 2025 for residents of the Existing Skilled Nursing Beds:

**Table 3**  
**Existing Skilled Nursing Beds**  
**Unit Mix and Daily Rates**  
**As of January 1, 2025 through December 31, 2025**

| Unit Type                   | Total Units | Total Beds | Square Footage <sup>(1)</sup> | Per Diem <sup>(2)</sup> |
|-----------------------------|-------------|------------|-------------------------------|-------------------------|
| Private                     | 66          | 66         | 300 +/-                       | \$437                   |
| Semi-Private <sup>(3)</sup> | 12          | 20         | 570 +/-                       | \$415                   |
| Total                       | 78          | 86         | 342                           | \$432                   |

Source: Management

Notes:

(1) Represents an approximate square footage amount for private and semi-private units.

(2) Fees are adjusted on January 1 of each year and disclosed to residents in November of the prior year.

(3) Although licensed for 90 skilled nursing beds, the Corporation operates only 86 beds, with four of the semi-private beds offline.

### **The Project**

The Corporation will use a portion of the proceeds of the Series 2024 Bonds to construct a replacement nursing facility (the "Project"). The Project will be a four-story approximately 121,000 square feet building located approximately 1,000 feet from the current existing nursing facility location on the same CCRC campus and will house a total of ninety (90) licensed nursing beds upon completion. Upon completion of the Project and receipt of the occupancy certificate, existing residents will be transferred to the Project. The Project will replace the existing nursing facility building. The Board and its Master Planning Committee recently completed a comprehensive Master Plan in May 2025, establishing a long-range vision for the future of the campus. The plan includes a concept to develop new independent living apartments to be built following the demolition of the Pines Health Center, along with

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

a broad range of indoor and outdoor amenity improvements and enhancements to pedestrian access and campus walkability. The Existing Skilled Nursing Beds and the New Skilled Nursing Beds are referred to collectively as the “Skilled Nursing Beds”.

The Project design is based on the small household model with neighborhoods of generally twelve beds in each neighborhood with social and activity spaces, outdoor gardening areas, physical and occupational therapy areas, and spa/bathing facilities per floor as well as smaller finishing kitchens with dining areas for each small household. This design will optimize aesthetic appeal, person-centered resident care in a more home-like environment and will foster the ability to provide innovative programs and services for the residents.

Level one will house underbuilding parking, a reception lobby with administrative office spaces, a grab and go food area, central kitchen, staff center, mechanical and storage areas. Level two will have one household of 12 beds and two households of 13 beds configured in one semi-private and eleven private rooms, for a total of 38 beds. Levels three and four will be identical with two households of thirteen beds each for a total of 52 beds. All rooms will have private bathrooms, including showers.

The Project will not increase the number of licensed beds and is intended to be a bed for bed license transfer to equate with the existing ninety licensed beds.

### ***Unit Configuration Before and After Completion of the Project***

The following table summarizes the number of units/beds at the Retirement Facility before and after the completion of the Project.

**Table 4**  
**Number of Available Beds/Units**  
**Before and After the Completion of the Project**

| Level of Care                           | As of<br>January 1,<br>2025 | Eliminations<br>Due to<br>Project <sup>(2)</sup> | Additions Due<br>to Project | Upon Project<br>Completion |
|---|-----------------------------|--|-----------------------------|----------------------------|
| Independent Living Units <sup>(1)</sup> | 476                         | -  | -                           | 476                        |
| Assisted Living Units                   | 78                          | -  | -                           | 78                         |
| Skilled Nursing Beds                    | 86                          | (86)   | 90                          | 90                         |
| Total Units/Beds                        | 640                         | (86)   | 90                          | 644                        |

Source: Management

(1) As of the date of this forecast, four apartments that are used as guest suites and 1 unit that is used as a marketing showroom have been excluded, resulting in the 476 Independent Living Units presented in the above table. The guest apartments could be available for sale at Management's discretion.

(2) Management has not forecasted the cost of demolition of the Existing Skilled Nursing Beds as that is not part of the current Project.

### **Project Timeline**

A proposed timeline for financing and construction, as provided by Management, is presented below.

**Table 5**  
**Project Timeline**

| Event   | Date                 |
|---|----------------------|
| New Skilled Nursing Beds Substantially Complete <sup>(1)</sup>                    | June 2026            |
| Residents Transfer from Existing Skilled Nursing Beds to New Skilled Nursing Beds | July and August 2026 |

Source: Management

(1) Construction of the Project began with issuance of the Series 2024 Bonds, as defined hereinafter, which occurred July 2024.

## Refund Agreement Types

The Corporation offers two types of Refund Agreements.

**Equity Advantage Refund Agreement:** Under this agreement, residents have an opportunity to share in the appreciation of their living unit as Advance Fees may increase annually at amounts determined by the Corporation. Any amount in excess of the resident's original Advance Fee, not including the second person entry fee that is non-refundable, after deducting marketing and refurbishing costs at the then prevailing amounts, is split equally between the Corporation and the resident or their estate. The resident or their estate is responsible for 100% of negative appreciation, if any. Any such refund will not be paid to the resident (or their estate) until the resident is occupied by a new resident and within 30 days receipt of such new resident's Advance Fee.

**Seventy-Five percent (75%) Return of Equity Refund Agreement:** Under this agreement, a non-refundable administrative fee equal to 1% of the advance fee is due upon signing the agreement. The advance fee is then amortized 2% per month or partial month over the next 12 months. At the end of the 12 months amortization period, the advance fee refund is guaranteed to be 75% of the original advance fee paid, excluding the second person advance fee, which is non-refundable, and less any unpaid fees and expenses owed to the Corporation by the resident. After 12 months, the advance fee refund will not be paid to the resident (or their estate) until the residence is occupied by a new resident and within 30 days receipt of such new resident's advance fee. There are no remarketing and refurbishment costs associated with the 75% refundable contract. The 75% Return of Equity Refund Agreement provides a predictable refund at the time of entry into the community.

## Advance Fee Residence Agreement Plan Utilization

The following table summarizes the percentage of residents utilizing each Residence Agreement plan type as of December 31, 2024 and the forecasted utilization of each plan type for turnover residents of the Independent Living Units throughout the Forecast Period:

**Table 6**  
**Independent Living Units**  
**Residence Agreement Plan Type Utilization**

|                             | Existing Residents<br>as of December 31,<br>2024 | Forecasted<br>Utilization for<br>Turnover Residents |
|-----------------------------|--|---|
| Resident Advance Fee Plans  | Percent of Total                                 | Percent of Total                                    |
| Equity Advantage Refund     | 100%   | 100%  |
| 75% Return of Equity Refund | 0%   | 0%  |
| Total / Percentage          | 100%   | 100%  |

Source: Management

Note:

(1) The 75% Return of Equity Refund Agreement is available but not yet utilized; however, Management has forecasted this will become the only available agreement beginning January 1, 2029.

Management expects to offer only a lower refundable agreement to incoming residents beginning January 2029.

## Management Agreement

The Corporation and Carolina Meadows Senior Communities & Services, Inc. (the "Parent") entered into a Management Services Agreement (the "Management Agreement") that began in 2024 for an initial term that ran through December 31, 2024 (the "Initial Term"). Pursuant to the Management



Agreement, the Parent is required to manage and perform the general day-to-day operational responsibilities of the Corporation in a prudent and businesslike manner in order to protect and enhance the reputation of Carolina Meadows, ensure compliance with all applicable standards, licenses, bond documents and all other binding agreements, and to maintain the sound financial status and continued growth of the Corporation. After the Initial Term, the Management Agreement will automatically renew annually unless terminated sooner in accordance with the provisions of the Management Agreement. The Agreement may be terminated by either party upon 30 days' notice for certain stated reasons such as failure to pay or loss of licensure, upon 60 days' notice for failure to properly perform other material obligations imposed upon it under the Management Agreement and upon 90 days' notice for any reason. Management has not forecasted the termination of the Management Agreement during the Forecast Period. Effective January 1, 2024, the Management Agreement provides for the Corporation to pay the Parent an annual management fee equal to 5% of the annual budgeted operating revenues in 12 monthly installments based on the current budget in place at the beginning of each renewal term. The Parent and Retirement Facility Boards have the discretion to reduce the management fee below 5% of the annual budgeted operating revenues, if necessary, to align with overall annual budget objectives. In 2025, Management has forecasted a management fee of \$1,200,000 and has inflated the management fee by 4.0% beginning in 2026 and each year thereafter during the Forecast Period. Management has included the management fee in Administrative Services on the Forecasted Statements of Operations and Change in Net Assets and has based the management fee owed and paid to the Parent upon the operating results of each respective fiscal year presented.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Presentation**

The Corporation's forecasted financial statements are prepared on the accrual basis of accounting pursuant to accounting principles generally accepted in the United States of America.

**Deficit of Revenues Under Expenses**

The forecasted statements of operations and changes in net assets (deficit) include deficit of revenues under expenses, which Carolina Meadows uses as its measure of operations. The performance indicator includes all changes in net assets without donor restrictions. The performance indicator excludes equity contributions to related parties as well as restricted contributions and restricted returns on investments.

**Net Assets (Deficit)**

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets consisting of all resources that have no donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

**Accounts Receivable**

Resident accounts receivable consists of resident monthly accommodation fees. Carolina Meadows 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 due upon receipt of invoice or claim submitted. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance, as necessary. As of December 31, 2024, Management had determined it did not require an allowance for

## **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

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expected credit loss. Management has not forecasted an allowance for expected credit losses during the Forecast Period.

### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments are included in the excess (deficit) of revenues over (under) expenses.

### **Assets Limited as to Use**

Assets limited as to use include assets set aside by the board of directors for resident assistance payments, resident funds held in agency accounts, bond funds, and contingencies over which the board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64-33 and amounts restricted under bond indenture agreements.

### **Derivatives**

Derivatives and hedging instruments are recorded at fair value in the forecasted financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying forecasted balance sheets at estimated fair value. Carolina Meadows does not hold or issue financial instruments for trading purposes. Management has not forecasted any change in the value of derivatives during the Forecast Period.

### **Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Depreciation of new construction begins the month following the date the facilities are placed in service.

### **Early Advantage Program**

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow’s campus amenities and the same access to health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on the financial statements and five-year forecast. Carolina Meadows had 102 residents under contract in the Early Advantage program as of December 31, 2024.

### **Advance Fees**

Under the terms of the residency and care agreement, each resident pays an Advance Fee. A deposit of 5% or 10% of the Advance Fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net Advance Fees, along with monthly accommodation fees, primarily pay for the cost of services provided to residents.

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable Advance Fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees from the Early Advantage Program are amortized into revenue as amortization of advance fees using the straight-line method based on the terms of the contract. The unamortized portion of the advance fees from the Early Advantage Program are shown on the forecasted balance sheets as deferred revenue. Refundable advance fees are recorded as Advance Fee Liability on the forecasted balance sheet.

### **Deferred Costs**

Carolina Meadows presents bond issue costs as a direct deduction from the face amount of the related borrowings, amortizes bond issue costs using the effective interest method over the life of the debt and records the amortization as a component of interest expense. Unamortized bond issuance costs related to Carolina Meadows’ long-term debt are being amortized over the maturity of the related bonds.

### **Resident Service Revenue**

Performance obligations are determined based on the nature of the services provided by Carolina Meadows. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Carolina Meadows 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 living at Carolina Meadows receiving independent living, assisted living or other healthcare services. Carolina Meadows considers daily services provided to residents of assisted living and the health center, and monthly fees charged to residents living in independent living,

as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable Advance Fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable Advance Fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, meals or guest rooms) and Carolina Meadows does not believe it is required to provide additional goods or services related to that sale.

Carolina Meadows determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with Carolina Meadows' policy, and/or implicit price concessions provided to residents. Carolina Meadows determines its estimate of implicit price concessions based on its historical collection experience.

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

Resident revenue is primarily private pay during the Forecast Period.

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

Carolina Meadows has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Carolina Meadows's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Carolina Meadows 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.

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

There is no impact to the contractual language on residency and care agreements or the calculation of refunds to former occupants upon re-occupancy.

### **Income Tax Status**

Carolina Meadows, Inc. is a nonprofit, tax-exempt organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying forecasted financial statements do not reflect a provision or liability for federal and state income taxes.

Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise or other taxes. Management has not forecasted any changes to the tax-exempt status of Carolina Meadows during the Forecast Period.

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. Carolina Meadows has determined that it does not have any

## **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

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material unrecognized tax benefit or obligation as of December 31, 2024 and has not forecasted any unrecognized tax benefit or obligation during the Forecast Period.

### **Estimates**

The preparation of the forecasted financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the forecasted financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**BASIS FOR FORECAST OF REVENUES AND ADVANCE FEES**

**Resident Fees Earned**

Forecasted revenue from residents consists of revenue from operating the Retirement Facility during the Forecast Period. Management projects this revenue based upon its historical experience operating the Retirement Facility and its plans for operating the Retirement Facility during the Forecast Period. Included in resident fees earned are monthly accommodation fees from the Independent Living Units and Assisted Living Units, daily per diem fees from the Skilled Nursing Beds, and Early Advantage resident fees.

***Independent Living***

Independent living monthly accommodation fees consists of revenue from operating the Independent Living Units during the Forecast Period.

Management has forecasted the following occupancy of the Independent Living Units during the Forecast Period.

**Table 7  
Independent Living Units  
Forecasted Average Occupancy  
For the Years Ending December 31,**

| <b>First Person</b>                    | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Average Available Units <sup>(1)</sup> | 476.0       | 476.0       | 476.0       | 476.0       | 476.0       |
| Average Occupied Units                 | 457.0       | 457.0       | 457.0       | 457.0       | 457.0       |
| Average Percent Occupied               | 96.0%       | 96.0%       | 96.0%       | 96.0%       | 96.0%       |
| Occupied Units with Second Person      | 181.0       | 174.3       | 170.1       | 167.7       | 166.9       |

Source: Management

(1) As of the date of this forecast, four units that are used as guest suites and 1 unit that is used as a marketing showroom have been excluded from the 476 Independent Living Units presented in the above table.

The following table summarizes the forecasted weighted average monthly accommodation fees for the Independent Living Units during the Forecast Period.

**Table 8  
Independent Living Units  
Forecasted Weighted Average Monthly Accommodation Fees <sup>(1)(2)</sup>  
For the Years Ending December 31,**

|  | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>First Person Weighted Average Monthly Accommodation Fees</b>    |             |             |             |             |             |
| Weighted Average Tier 1-3 Monthly Accommodation Fee <sup>(1)</sup> | \$ 3,814    | \$ 3,986    | \$ 4,145    | \$ 4,311    | \$ 4,483    |
| Weighted Average Tier 4 Monthly Accommodation Fee                  | 4,044       | 4,226       | 4,395       | 4,571       | 4,754       |
| Total Weighted Average Monthly Accommodation Fee <sup>(2)</sup>    | \$ 3,945    | \$ 4,141    | \$ 4,326    | \$ 4,520    | \$ 4,722    |
| <b>First Person Occupancy by Tier</b>                              |             |             |             |             |             |
| Tier 1 - 3 Occupants   | 196.5       | 162.0       | 126.4       | 89.9        | 53.0        |
| Tier 4 Occupants   | 260.5       | 295.0       | 330.6       | 367.1       | 404.0       |
| Total Independent Living - First Person Occupants                  | 457.0       | 457.0       | 457.0       | 457.0       | 457.0       |
| <b>Second Person Monthly Accommodation Fees</b>                    |             |             |             |             |             |
| Independent Living Units   | \$ 985      | \$ 1,029    | \$ 1,070    | \$ 1,113    | \$ 1,158    |

Source: Management

Notes:

(1) The Tier 1-3 monthly accommodation fee refers to the prior pricing that is grandfathered in based on original move-in dates to the Carolina Meadows campus. Management has forecasted approximately 43 percent of residents with Tier 1-3 contracts

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

in 2025. Management has forecasted the amount of residents with the Tier 1-3 contracts to decrease by 7 to 8 percent annually during the Forecast Period due to forecasted resident turnover.

(2) The weighted average is based on the forecasted units occupied.

Management has forecasted that monthly accommodation fees for the Independent Living Units will be increased by 4.5 percent per year in 2026 and then 4 percent per year throughout the remainder of the Forecast Period.

### ***Assisted Living***

Assisted living daily per diem consists of revenue from operating the Assisted Living Units during the Forecast Period.

Management has forecasted the following occupancy and per daily per diem of the Assisted Living Units during the Forecast Period.

**Table 9**  
**Assisted Living Units**  
**Forecasted Average Occupancy and Daily Per Diem**  
**For the Years Ending December 31,**

|                                 | 2025   | 2026   | 2027   | 2028   | 2029   |
|---------------------------------|--------|--------|--------|--------|--------|
| Average Available Units         | 78.0   | 78.0   | 78.0   | 78.0   | 78.0   |
| Average Occupied Units          | 68.0   | 68.0   | 68.0   | 68.0   | 68.0   |
| Average Percent Occupied        | 87.2%  | 87.2%  | 87.2%  | 87.2%  | 87.2%  |
| Weighted Average Daily Per Diem | \$ 309 | \$ 321 | \$ 334 | \$ 347 | \$ 361 |

Source: Management

Management has forecasted that daily per diem for the Assisted Living Units will be increased by 4.0 percent per year throughout the Forecast Period beginning in fiscal year 2026.

### ***Skilled Nursing***

Management has forecasted the following occupancy and average daily per diem of the Skilled Nursing Beds during the Forecast Period.

**Table 10**  
**Skilled Nursing Beds**  
**Forecasted Average Occupancy and Average Daily Per Diem**  
**For the Years Ending December 31,**

|  | 2025   | 2026   | 2027   | 2028   | 2029   |
|--|--------|--------|--------|--------|--------|
| Average Available Units <sup>(1)</sup> | 86.0   | 88.0   | 90.0   | 90.0   | 90.0   |
| Average Occupied Units <sup>(2)</sup>  | 71.0   | 71.0   | 72.0   | 73.0   | 73.0   |
| Average Percent Occupied               | 82.6%  | 80.7%  | 80.0%  | 81.1%  | 81.1%  |
| Weighted Average Daily Per Diem        | \$ 427 | \$ 444 | \$ 462 | \$ 480 | \$ 500 |

Source: Management

Notes:

(1) The New Skilled Nursing Beds are forecasted to open July 2026.

(2) Management has forecasted an increase of occupied units when the New Skilled Nursing Beds are open. All the residents in the Existing Skilled Nursing Beds are forecasted to transition over to the New Skilled Nursing Beds.

Management has forecasted that the daily per diem for the Skilled Nursing Beds will be increased by 4.0 percent per year throughout the Forecast Period, beginning in fiscal year 2026.

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

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### ***Early Advantage Resident Fees***

Management has forecasted 102 people in the early advantage program throughout the Forecast Period. The monthly fee is forecasted at \$630 in 2025 and is forecasted to increase by 4 percent per year throughout the Forecast Period, beginning in fiscal year 2026.

### ***Advance Fees***

Advance Fee receipts and refunds are forecasted based upon Management's historical operating experience and information obtained from its actuary ("Actuary").

The following table presents a summary of the forecasted Advance Fees from turnover residents of the Independent Living Units, net of refunds paid to residents during the Forecast Period.

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**Table 11**  
**Independent Living Units**  
**Forecasted Advance Fee Receipts and Refunds**  
**For the Years Ending December 31,**  
**(In Thousands)**

| <b>For the Year Ending December 31,</b>                | <b>2025</b>     | <b>2026</b>     | <b>2027</b>     | <b>2028</b>     | <b>2029</b>     |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Independent Living Units:</b>                       |                 |                 |                 |                 |                 |
| Advance Fee Receipts from Unit Turnover                | \$ 15,696       | \$ 16,687       | \$ 17,841       | \$ 18,838       | \$ 19,850       |
| Advance Fee Refunded from Unit Turnover                | (12,217)        | (12,899)        | (13,722)        | (14,381)        | (14,973)        |
| <b>Total Entrance Fee Received, Net of Refunds</b>     | <b>\$ 3,479</b> | <b>\$ 3,788</b> | <b>\$ 4,119</b> | <b>\$ 4,457</b> | <b>\$ 4,877</b> |
| <b>Entrants Generating Entrance Fees:</b>              |                 |                 |                 |                 |                 |
| Number of Turnover Entrants - Independent Living Units | 34              | 35              | 36              | 37              | 37              |

Source: Management and Actuary

### ***Other Resident Revenue***

Management has forecasted other resident revenue to include dining services, maintenance services, housekeeping services, resident services, medical and ancillary charges, and other miscellaneous income. Management has forecasted other resident revenue to approximate \$4,306,000 in 2025 and to increase by 4 percent per year throughout the Forecast Period.

### **Remarketing Income**

Remarketing income is forecasted at 5 percent of Advance Fee receipts forecasted to be collected.

### **Refurbishment Revenue**

Refurbishment revenue is cost associated with the residents share of the refurbishments done on the Independent Living Units when updates are made. Refurbishment revenue is forecasted to increase by 4 percent per year throughout the Forecast Period.

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

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### Investment Income

Investment income is forecasted to consist of interest earned on available cash and cash equivalents, investments and assets limited as to use.

The following table reflects Management's assumed realized investment earning rates during the Forecast Period.

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**Table 12**  
**Forecasted Investment Earning Rates**  
**For the Years Ending December 31,**

|                               | 2025  | 2026  | 2027  | 2028  | 2029  |
|-------------------------------|-------|-------|-------|-------|-------|
| Cash and Cash Equivalents     | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Statutory Operating Reserve   | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| By Board Designation          | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Resident Funds Held in Escrow | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Funded Interest Account       | 4.50% | 4.50% | N/A   | N/A   | N/A   |
| Constuction Account           | 4.50% | 4.50% | N/A   | N/A   | N/A   |
| Bond Fund                     | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Investments                   | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |

Source: Management

N/A: Not Applicable

Management has not forecasted any unrealized gains or losses from the valuation or sale of investments during the Forecast Period.

**BASIS FOR FORECAST OF EXPENSES****Operating Expenses**

Operating expenses are forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon its historical experience operating the Retirement Facility and its plans for operating the Retirement Facility during the Forecast Period. In general, operating expenses have been forecasted to increase by 4.0 percent for inflation annually throughout the Forecast Period, beginning in fiscal year 2026. Employee taxes and benefits have been forecasted to approximate 26.1 percent of salaries and wages during the Forecast Period. Upon opening of the Project, Management has forecasted incremental operating expenses within Dining Services, Housekeeping and Laundry Services, Plant Operations and Nursing Services related to an additional 9.4 full time equivalent personal and other non-salary operating expenses. The specific basis for major expense items were formulated by Management and are discussed below.

***Shared Appreciation Expense***

Shared appreciation expense is the residents share of the net appreciation that is calculated when a refund is generated. When an independent living unit entry fee is refunded to the outgoing resident, calculated net proceeds represent the current entry fee less remarketing and refurbishment costs. The difference between the net proceeds and the original equity paid is the shared appreciation, either positive or negative, that the residence unit has realized since payment of the original entry fee. Residents receive 50% of any positive appreciation or are charged 100% of any negative appreciation.

***Depreciation***

Property and equipment have been forecasted to be depreciated over their estimated useful lives by the straight-line method. In 2026, Management has forecasted an additional \$700,000 of depreciation related to the acceleration of depreciation on the Pines Health Center that will no longer be in service after the Project opens and residents move is completed. Management has not forecasted the demolition of the Pines Health Center.

***Interest and Financing***

Interest and financing expense is forecasted based upon the terms of the Series 2024 Bonds and the Series 2019 Bonds, related amortization of the associated deferred debt issuance costs and premium associated with the Series 2024 Bonds and the Series 2019 Bonds, and the issuing authority/trustee fees. Management has forecasted capitalizing interest expense related to the Project during the development and construction period, net of interest income on the related trustee-held funds.

**BASIS FOR FORECAST OF OTHER ITEMS****Current Assets and Current Liabilities*****Cash and Cash Equivalents***

Cash and cash equivalent balances for the Forecast Period are based on the results of the forecasted statements of cash flows and reflect net cash flows during the Forecast Period.

***Accounts Receivables***

Accounts receivable, net has been forecasted based upon Management's estimate and historical activity, which is approximately 21 days of revenue from resident fees earned.

***Sales Tax Refund Receivable***

Management has forecasted sales tax refund receivable based upon the historical balance. Management has not forecasted any change during the Forecast Period.

***Inventories***

Inventories has been forecasted based upon Management's estimate of approximately 3 days of operating expenses excluding salaries, employee taxes and benefits, depreciation, and interest and financing expenses throughout the Forecast Period.

***Prepaid Expenses***

Prepaid expenses have been forecasted based upon Management's estimate of approximately 9 days of operating expenses excluding salaries, employee taxes and benefits, depreciation, and interest and financing expenses throughout the Forecast Period.

***Accounts Payable***

Accounts payable have been forecasted based upon Management's estimate of approximately 28 days of operating expenses excluding salaries, employee taxes and benefits, depreciation, and interest and financing expenses throughout the Forecast Period.

***Accrued Expenses***

Accrued expenses has been forecasted based upon Management's estimate of approximately 36 days of salaries, employee taxes and benefits throughout the Forecast Period.

***Accrued Interest***

Accrued interest has been forecasted based upon the terms of existing indebtedness during the Forecast Period.

**Assets Limited as to Use*****Held by Trustee***

The following funds have been forecasted to be held by the trustee of the Series 2024 Bonds in the name of the Corporation:



## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

**Construction Account** – A portion of the proceeds from the Series 2024 Bonds were deposited into a project fund account for construction of the Project.

**Funded Interest Account** – The funded interest account is forecasted to be funded to pay for interest expense on the Series 2024 Bonds for approximately 30 months after the issuance of the Series 2024 Bonds.

**Bond Funds** – Represents monthly advance payments of bond principal and interest made by the Corporation to the trustee relating to outstanding Series 2024 Bonds. The funds held in these bond funds are expected to be used by the trustee to make principal and interest payments to owners of the outstanding bonds when due.

### Not Held by Trustee

**Statutory Operating Reserve** - North Carolina Statutory Operating Reserve– Section 58-64-33 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 58-64-33) (or 25 percent of the total operating costs if such facilities maintain an occupancy level in excess of 90 percent and the North Carolina Commissioner of Insurance so approves) for the twelve-month period related to the calculation. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. Management has forecasted, based on its forecasted occupancies, meeting the North Carolina Department of Insurance 25 percent operating reserve requirement for all years of the Forecast Period.

**Table 13**  
**Forecasted Statutory Operating Reserve**  
**For the Years Ending December 31,**

|   | 2025      | 2026      | 2027      | 2028      | 2029      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>Statutory Operating Reserve Calculation:</b> |           |           |           |           |           |
| Total Operating Expenses                        | \$ 52,765 | \$ 57,245 | \$ 63,065 | \$ 65,751 | \$ 68,388 |
| Add: Principal Payment on Long-Term Debt        | 785       | 810       | 1,655     | 1,710     | 1,770     |
| Add: Amortization of Bond Premium               | 147       | 147       | 147       | 145       | 143       |
| Less: Depreciation                              | (7,074)   | (7,508)   | (9,171)   | (9,796)   | (10,281)  |
| Less: Amortization on Bond Issuance Costs       | (100)     | (100)     | (100)     | (99)      | (88)      |
| Total Operating Costs                           | \$ 46,523 | \$ 50,594 | \$ 55,596 | \$ 57,711 | \$ 59,932 |
| Required Reserve                                | 25%       | 25%       | 25%       | 25%       | 25%       |
| Required Operating Reserve                      | \$ 11,631 | \$ 12,649 | \$ 13,899 | \$ 14,428 | \$ 14,983 |
| <b>Average Available Units at December 31:</b>  |           |           |           |           |           |
| Independent Living Units                        | 476       | 476       | 476       | 476       | 476       |
| Assisted Living Units                           | 78        | 78        | 78        | 78        | 78        |
| Total Available Units                           | 554       | 554       | 554       | 554       | 554       |
| <b>Average Occupied Units at December 31:</b>   |           |           |           |           |           |
| Independent Living Units                        | 457       | 457       | 457       | 457       | 457       |
| Assisted Living Units                           | 68        | 68        | 68        | 68        | 68        |
| Total Occupied Units                            | 525       | 525       | 525       | 525       | 525       |
| Average Occupancy at December 31                | 94.8%     | 94.8%     | 94.8%     | 94.8%     | 94.8%     |
| Source: Management                              |           |           |           |           |           |

**Board Designated Funds** — These funds represent amounts that have been designated by the Board.

**Resident Funds Held in Escrow** – Resident funds held in agency accounts represent Advance Fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents' behalf in certificates of deposit or money market funds with a financial institution.

## SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

### Due from Related Party

Management has forecasted due from related party based upon the historical balance. Management has not forecasted any change during the Forecast Period.

### Fair Value of Interest Rate Swap

Carolina Meadows has entered into two interest rate swap agreements with Truist related to the Series 2019 Bonds described below to reduce the impact of changes in interest rates. Both swap agreements had an original notional amount of \$5,987,500. Each became effective December 22, 2020 and terminates on December 1, 2034. These agreements effectively limit Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44% and 0.86%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements; however, Carolina Meadows does not anticipate nonperformance by the counterparty. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging and does not hold instruments for speculative or investment purposes. The fair value of the interest rate swaps was approximately \$936,000 as of December 31, 2024. Management has not forecasted any change in the value of the interest rate swaps during the Forecast Period.

### Property and Equipment, Net

Property and equipment balances, net of accumulated depreciation, are forecasted based on assumed costs of constructing the Project, and other routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

The following table reflects the cost of these projects, capitalized interest, net of interest earnings, and other routine capital additions during the Forecast Period.

**Table 14**  
**Forecasted Property and Equipment Additions**  
**For the Years Ending December 31,**  
**(In Thousands)**

|   | 2025             | 2026             | 2027            | 2028            | 2029            |
|---|------------------|------------------|-----------------|-----------------|-----------------|
| Project Costs   | \$ 34,291        | \$ 26,190        | \$ -            | \$ -            | \$ -            |
| Capitalized Interest, Net of Interest Earnings, During Project Construction | 2,332            | 1,090            | -               | -               | -               |
| Routine Capital Additions   | 6,137            | 6,381            | 6,650           | 6,920           | 7,178           |
| <b>Total</b>  | <b>\$ 42,760</b> | <b>\$ 33,661</b> | <b>\$ 6,650</b> | <b>\$ 6,920</b> | <b>\$ 7,178</b> |

Source: Management

**Table 15**  
**Forecasted Property and Equipment**  
**For the Years Ending December 31,**  
**(In Thousands)**

|   | 2025              | 2026              | 2027              | 2028              | 2029              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Land  | \$ 2,470          | \$ 2,470          | \$ 2,470          | \$ 2,470          | \$ 2,470          |
| Land Improvements   | 7,792             | 7,792             | 7,792             | 7,792             | 7,792             |
| Buildings   | 179,181           | 262,840           | 268,811           | 275,025           | 281,470           |
| Furniture and Equipment   | 20,364            | 21,015            | 21,694            | 22,400            | 23,133            |
| <b>Total Before Accumulated Depreciation and Construction in Progress</b> | <b>209,807</b>    | <b>294,117</b>    | <b>300,767</b>    | <b>307,687</b>    | <b>314,865</b>    |
| Less Accumulated Depreciation   | (106,448)         | (113,956)         | (123,127)         | (132,923)         | (143,204)         |
| Construction in Progress  | 50,649            | -                 | -                 | -                 | -                 |
| <b>Net Property and Equipment</b>   | <b>\$ 154,008</b> | <b>\$ 180,161</b> | <b>\$ 177,640</b> | <b>\$ 174,764</b> | <b>\$ 171,661</b> |

Source: Management

**Long-Term Liabilities*****Long-Term Debt***

The Corporation's long-term debt is forecasted to be comprised of the Series 2024 Bonds and the Series 2019 Bonds.

**Series 2024 Bonds**

On July 24, 2024, Carolina Meadows entered into a loan agreement with the North Carolina Medical Care Commission. This agreement was part of the Commission's bond offering aimed at providing funds to Carolina Meadows, Inc. for project costs, paying interest on the bonds, and covering issuance expenses. The proceeds from this offering were placed in trust, and the trustee will manage funds according to the terms of the Trust Agreement. Starting December 1, 2024, interest on the Series 2024 Bonds is payable semi-annually on December 1 and June 1. Starting on December 1, 2027, principal payments are due annually through maturity in 2034. Interest on the Series 2024 Bonds is payable monthly with interest rates ranging between 4.00% to 5.25%.

**Series 2019 Bonds**

On November 1, 2019, Carolina Meadows entered into a loan agreement with the Public Finance Authority for purposes of refunding the North Carolina Medical Care Commission Weekly Adjustable-Rate Revenue Bonds, Series 2004 (the "Series 2024 Bonds") and pay certain expenses incurred in connection with the issuance of the Series 2019 Bond. Proceeds of the Series 2019 Bonds refunded the Series 2004 Bonds on November 21, 2019, thereby relieving Carolina Meadows of its liability for the outstanding Series 2004 Bonds. Beginning December 1, 2019, Carolina Meadows was required to make the first monthly payment of principal in the amount of \$55,000. Interest on the Series 2019 Bond is payable monthly with an interest rate of Secured Overnight Financing Rate (SOFR) plus 1.05%.

Forecasted principal payments on the Corporation's long-term debt are presented in the following table.

---

**Table 16**  
**Forecasted Principal Payments on Long-Term Debt**  
**(In Thousands)**

| <b>For the Years Ending December 31,</b> | <b>Series 2019<br/>Bonds</b> | <b>Series 2024<br/>Bonds</b> | <b>Total</b> |
|--|------------------------------|------------------------------|--------------|
| 2025                                     | 785                          | -                            | 785          |
| 2026                                     | 810                          | -                            | 810          |
| 2027                                     | 835                          | 820                          | 1,655        |
| 2028                                     | 860                          | 850                          | 1,710        |
| 2029                                     | 890                          | 880                          | 1,770        |
| 2030                                     | 920                          | 915                          | 1,835        |
| 2031                                     | 945                          | 955                          | 1,900        |
| 2032                                     | 980                          | 985                          | 1,965        |
| 2033                                     | 1,010                        | 1,025                        | 2,035        |
| Thereafter                               | 1,040                        | 69,740                       | 70,780       |
| Gross Principal                          | \$ 9,075                     | \$ 76,170                    | \$ 85,245    |

Source: Management

***Deferred Revenue from Advance Fees***

The nonrefundable portion of Advance Fee receipts is initially recorded as deferred revenue and amortized over the life expectancy of the resident. Management projects deferred Advance Fees based

upon the historical balance as of December 31, 2024, and the forecasted nonrefundable Advance Fees received and amortization of these nonrefundable Advance Fees during the Forecast Period.

***Deferred Revenue from Modification Revenue***

Management projects deferred modification revenue based upon the historical balance as of December 31, 2024, and the forecasted modification revenue received annually and amortization over 10 years during the Forecast Period. Modification revenue is forecasted based on historical experience and increased annually by 4.0 percent for inflation.

***Advance Fee Liability***

Management has forecasted the Advance Fee liability based upon the historical balance as of December 31, 2024, and the estimated refundable portion of advance fees received during the Forecast Period.

***Other Deferred Revenue***

Management has forecasted other deferred revenue to be consistent with the historical balance at December 31, 2024.

***Deposits on Occupied Units***

Management has forecasted deposits on occupied units to be consistent with the historical balance at December 31, 2024.

***Agency Funds Due to Residents***

Management has forecasted agency funds due to residents to be consistent with the historical balance at December 31, 2024.

***Net Assets without Donor Restriction***

Management has forecasted net assets without donor restriction based upon the results of the forecasted statements of operations and changes in net assets.



## **Attachment 5: Most Recent Actuarial Report**



## Summary of Actuarial Analysis for Carolina Meadows

The Board and management of Carolina Meadows have adopted the financial management philosophy to set fees and maintain reserves that are actuarially sound in accordance with Actuarial Standards of Practice No. 3 (ASOP#3). ASOP#3 defines three conditions to evaluate the financial solvency of a CCRC: (1) fully funded status for actuarial reserves associated with current residents; (2) sufficient margins for fees charged to new entrants; and (3) long-term cash flows that are positive and meet bond covenants. If all three conditions are met, then Carolina Meadows is considered to be in satisfactory actuarial balance (SAB). Many in the CCRC space consider the goal of reaching satisfactory actuarial balance a “best practice” since ASOP#3 requirements go beyond simply meeting or exceeding only the third condition that confirms positive cash flows and/or payment of outstanding debt.

**ASOP#3 satisfactory actuarial balance.** Each year Carolina Meadows engages A. V. Powell & Associates, LLC, a nationally recognized actuarial firm, to update our assumptions and test our status in regard to the Board’s objective to comply with ASOP#3. The most recent update as of December 31, 2023, shows Carolina Meadows is in satisfactory actuarial balance, provided future experience substantially follows the underlying assumptions contained in the actuarial report.

**Source: Actuarial Study Report as of December 31, 2023, dated November 27,  
2024**

| Actuarial Criteria and Opinions                        | 12.31.2023 | 12.31.2021 | AVP<br>Median | ASOP#3<br>Minimum |
|--|------------|------------|---------------|-------------------|
| 1. Funded Status                                       | 101.5%     | 101.2%     | 103.1%        | 100.0%            |
| 2. New Entrant Pricing                                 | 20.0%      | 21.8%      | 9.9%          | 0.0%              |
| 3. 10-Year Reserve Increase Factor                     | 4.79       | 2.79       | 2.33          | >\$0 balance      |
| Unified Funded Status<br>(Combines Criteria #1 and #2) | 110.8%     | 114.1%     | 111.5%        | 100.0%            |
| Satisfactory Actuarial Balance?                        | Yes        | Yes        |               |                   |
| AVP Seal?  | No         | No         |               |                   |
| Health Care Capacity Adequate?                         | Yes        | Yes        |               |                   |

The reader should be aware of the following baseline assumptions that were used to prepare the actuarial study and were developed based on reaching a consensus with the management of Carolina Meadows, who agreed such assumptions were reasonable.

1. Average annual independent living unit occupancy remains constant at 95.8% (457 units out of 477 units throughout the 20-year projection period. During the prior three years, average independent living unit occupancy was 95.2%, 97.3%, and 96.1%.
2. Average annual assisted living/memory care occupancy remains constant at 86.1% and average annual nursing care occupancy remains constant at 82.6%.
3. In prior fiscal year, average occupancy for independent living unit was 95.2%; for assisted living/memory care was 87.2%; and for nursing care was 80.7%.
4. Entry fees for CCRC residents moving into independent living units are assumed to increase 2.5% annually. All new entrants in fiscal year 2024 are assumed to select the Contract Tier 4 appreciation contract.
5. Monthly fee increases for independent living are assumed to be 0.5% above average expense increase during the first five years, thereafter all monthly and per diem rate increases for independent living, assisted living, memory care and nursing care are assumed to match the average expense increases of 4%. Budgeted operating expenses excluding interest and depreciation for fiscal year 2024 were 4.4% over audited operating expenses for fiscal year 2023 and are assumed to increase by 4.0% annually.
6. Residents are assumed to be able to pay projected monthly fees, and assessment of this capability was beyond the scope of the actuarial study engagement. Management believes this assumption is valid or that other funds not accounted for in the actuarial study will be sufficient to cover any shortfall.
7. The difference between interest earnings/discount rate and expense inflation (“real rate-of-return”) is 1.5%.
8. Projected capital expenditures are adequate to maintain the market position of the community and total \$39.5 million during the next 10 years.
9. Projected accumulated cash balances are all available for the exclusive benefit of contractholders and all cash outflows have been reflected in the report to the best of our knowledge.

It should be noted while unfavorable variation in these baseline assumptions will reduce the current and future funded status as well as erode the future new entrant pricing margin, it is possible if such variations occur Carolina Meadows will still exceed the defined bond covenant debt service coverage ratio minimum threshold. Also, favorable experience variations associated with any of the assumptions used to prepare the actuarial analysis, such as lower operating expenses, lower health care utilization, or higher average occupancy may occur such that their impact will mitigate any adverse variation in previously listed baseline assumptions.

## **Caveats for Third-Party Readers of the Actuarial Analysis Summary for Carolina Meadows**

This summary is prepared for use as statutory disclosure of the actuarial study conducted on Carolina Meadows as of December 31, 2023, and submitted to the Board of Carolina Meadows on November 27, 2024. Any reader of this summary should be made aware that this actuarial summary was prepared for users of the report who are familiar with the proposed operations of Carolina Meadows and the environment in which a CCRC operates. The consulting staff of A.V. Powell & Associates, LLC are available, at the reader's expense and with written permission from Carolina Meadows, to further explain the assumptions, implications and appropriate interpretations of this summary. In particular, the reader is alerted to the context that the actuarial opinion is only valid for the unique and extensive set of actuarial, financial, demographic, operational, and new entrant assumptions that were used to prepare the actuarial report and content therein.

In accordance with Section 3.3 Special Circumstances in Actuarial Standards of Practice No. 41 for Actuarial Communications, all third-party readers should be aware that this actuarial summary was developed with constraint limitations on its content. This means that the content of this actuarial summary deviates from including all of the information suggested by the [Actuarial Standards of Practice No. 3 for CCRCs](#) and [Actuarial Standards of Practice No. 41 for Actuarial Communications](#). Such information is not included because it has been made available to the Board and management of Carolina Meadows for whom the actuarial report was prepared.

Each third-party reader should recognize that this actuarial summary was based on results of a limited use actuarial study and will place no reliance on the actuarial summary nor any data contained herein which would result in the creation of any duty or liability by A.V. Powell & Associates, LLC to them or other parties using any report prepared by them.

**Attachment 6: 75% Refund Option Residence and Services Agreement**



## **Residence and Services Agreement**

**75% Refund Option**

## Contents

|   |           |
|---|-----------|
| <b>75% Refund Option .....</b>  | <b>3</b>  |
| <b>Introduction .....</b>   | <b>3</b>  |
| <b>Section 1: Your Residence and Date of Financial Occupancy .....</b>  | <b>3</b>  |
| <b>Section 2: Monthly Accommodation Fee.....</b>  | <b>4</b>  |
| <b>Section 3: Services We Provide and Duties We Acknowledge .....</b>   | <b>5</b>  |
| <b>Section 4: Additional Available Services .....</b>   | <b>6</b>  |
| <b>Section 5: Your Right to Rescind within 30 Days .....</b>  | <b>6</b>  |
| <b>Section 6: Termination Prior to Occupancy and After the Thirty Day Rescission Period Has Expired ....</b>                  | <b>7</b>  |
| <b>Section 8: Moving to Another Residence and Changes in Levels of Care .....</b>   | <b>9</b>  |
| <b>Section 9: Your Refund under the 75% Refund Agreement .....</b>  | <b>11</b> |
| <b>Section 10: Your Obligations as a Carolina Meadows Resident.....</b>   | <b>12</b> |
| <b>Section 11: Tobacco and Smoke Free Campus .....</b>  | <b>16</b> |
| <b>Section 12: Amendments and Partial Invalidation .....</b>  | <b>16</b> |
| <b>Section 13: Dual Occupancy or Co-Residency.....</b>  | <b>16</b> |
| <b>Section 14: Financial Assistance .....</b>   | <b>17</b> |
| <b>Section 15: No Unauthorized Assignment.....</b>  | <b>18</b> |
| <b>Section 16: Visitors.....</b>  | <b>18</b> |
| <b>Section 17: Private Duty Nurses and Companions.....</b>  | <b>19</b> |
| <b>Section 18: Pet Policy .....</b>   | <b>19</b> |
| <b>Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services .....</b> | <b>19</b> |
| <b>Section 20: Miscellaneous Provisions .....</b>   | <b>20</b> |
| <b>Section 21: Entire Agreement .....</b>   | <b>20</b> |
| <b>Section 22: Signature Section.....</b>   | <b>21</b> |



# Residence and Services Agreement

## 75% Refund Option

### Introduction

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This Residence and Services Agreement (the "Agreement") takes effect on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. The Agreement is between Carolina Meadows, Inc., and you. In this paragraph and throughout the rest of the Agreement, the words "we", "us", "our" or "Carolina Meadows" refer to Carolina Meadows, Inc., and the words "you", "your", "Resident" or "Co-Resident" refers to \_\_\_\_\_. All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement. At least one party to the Agreement must be at least 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to the right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree as follows:

### Section 1: Your Residence and Date of Financial Occupancy

---

You shall have the exclusive right to occupy, use, and enjoy Residence number \_\_\_\_\_, model \_\_\_\_\_, an independent living unit that hereinafter will be referred to as your "Residence", until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven, microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable laws. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina



Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

1.1 The Entry Fee is \$\_\_\_\_\_, and if applicable, a non-refundable Second Person Entry Fee of \$\_\_\_\_\_. An administrative fee equal to 1% of the Entry Fee is nonrefundable upon signing this agreement. The Entry Fee(s) applies only to the Residence specified in this in this Agreement and consists of the following payments:

1.1a A Reservation Deposit of \$\_\_\_\_\_, paid on \_\_\_\_\_.

1.1b The balance of the Entry Fee of \$\_\_\_\_\_, is due on or before \_\_\_\_\_.

1.1c A Second Person Entry Fee, if applicable, of \$\_\_\_\_\_, is due on or before \_\_\_\_\_.

1.2 A Resident Assistance Fee of \$\_\_\_\_\_ is to be paid when you pay the balance of the Entry Fee on or before \_\_\_\_\_. This fee is separate from the Entry Fee. The Resident Assistance Fee and Second Person Entry Fee are refundable only if you cancel this Agreement within the 30 day Rescission period described in Section 5.

1.3 The Date of Financial Occupancy is defined as the mutually agreed date when our obligation to provide you with services begins, and when your obligation to pay for services begins. Should your desired modifications delay your ability to physically occupy your Residence beyond the Date of Financial Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Financial Occupancy. Your Date of Financial Occupancy is \_\_\_\_\_. Your Date of Physical Occupancy is \_\_\_\_\_.

1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

## Section 2: Monthly Accommodation Fee

---

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. Your current Monthly Accommodation Fee is \$\_\_\_\_\_ (single or double occupancy). We may increase the Monthly Accommodation Fee from time to time to

reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

### **Section 3: Services We Provide and Duties We Acknowledge**

---

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
  - B. Professional management of the community and its facilities
  - C. Regularly scheduled transportation
  - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
  - E. Repair of all equipment and appliances that we provide
  - F. Housekeeping in hallways, elevators, restrooms, lounges, and other communal areas
  - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage
  - H. 24-hour security
  - I. Water and sewer services; all utilities in communal areas; standard television service
  - J. Removal of trash and recyclables deposited by residents as designated by us
  - K. Use of the enclosed swimming pool and exercise room
  - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
  - M. Wireless Internet availability in designated areas throughout the campus
- 3.2 We will pay the property taxes on your Residence and the taxes on communal areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the "Monthly Meal Minimum") currently \$\_\_\_\_\_ per resident per month, in our dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We

may periodically adjust the Meal Minimum. You are welcome to use your Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a non-resident surcharge and will be billed against your Meal Minimum or may be paid by credit card at the time of service.

## **Section 4: Additional Available Services**

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You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. Charges for each of these additional services may be adjusted from time to time as part of the annual budgetary process or due to unanticipated changes in operational costs:

- A. Care in the Pines Health Center (private or semi-private accommodations)
- B. Care in the Fairways Assisted Living
- C. Medical treatment in the onsite Medical Practice
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Transportation services
- G. Personal fitness training
- H. Housekeeping services
- I. Maintenance services
- J. Home meal delivery
- K. Meals or catering that exceed your monthly Meal Minimum
- L. Guest meals for your visitors
- M. Home Care assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

## **Section 5: Your Right to Rescind within 30 Days**

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- 5.1 **Termination by You During the 30-Day Rescission Period:** You have a thirty (30) day Rescission Period in which to terminate this Agreement by giving us written notice of your decision to terminate. You may, but are not required to, move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever occurs last. If you rescind during the Rescission Period, we will refund, without interest, the Entrance Fee and Resident Assistance Fee paid under Sections 1.1 and 1.2 minus any non-standard charges incurred by Carolina Meadows at your request. We will refund

6



the Entrance Fee and Resident Assistance Fee within sixty (60) days after we receive written notice of your desire to terminate this Agreement or, if you already have moved into your Residence, sixty (60) days after you have completely vacated the Residence, whichever happens later. Any costs for modifications to your Residence are non-refundable.

## **Section 6: Termination Prior to Occupancy and After the Thirty Day Rescission Period Has Expired**

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- 6.1 **Termination by You Before Occupancy:** You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received. Monthly Accommodation Fees in Section 2 and Monthly Meal Minimum fees in Section 3.3 shall apply during the sixty (60) day notice period after written notice of intent to terminate is received. Entrance Fee Refunds will be paid within sixty (60) days, without interest, after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.
- 6.2 **Termination by Carolina Meadows Before Occupancy:** Carolina Meadows may terminate this Agreement any time by giving you sixty (60) days written notice if (i) you misrepresent or omit material financial, or other information given during the application process; (ii) your financial status changes such that you no longer meet the financial requirements for admission; or (iii) your health status changes such that independent living is no longer possible. Entrance Fee refunds will be paid within sixty (60) days, without interest and less an administrative fee not to exceed the greater of one thousand (\$1,000) dollars or 2% of the Entrance fee, after your Residence has been reserved by a new resident and all fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.
- 6.3 **Death, Illness, or Incapacity Before Occupancy:** If you, your spouse, or partner dies prior to occupying your Residence or you, your spouse, or partner becomes ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be automatically terminated upon our

receipt of notice of your death, incapacity, illness or written notice from a surviving spouse or partner, if any, to terminate this Agreement. Monthly Accommodation Fees in Section 2 and Monthly Meal Minimum fees in Section 3.3 shall apply from the Date of Financial Occupancy until your date of death, incapacity, illness or written notice to terminate is received. We will refund, without interest, the Entrance Fee and Resident Assistance Fee paid under Sections 1.1 and 1.2, minus any non-standard charges incurred by Carolina Meadows at your request. The refund will be issued within thirty (30) days from the date of automatic termination or written notice to terminate has been received.

## **Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period Has Expired**

- 7.1 Termination by You after Occupancy:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice to terminate this agreement. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Accommodation Fee and Monthly Meal Minimum fee. All fees shall continue until the Residence has been completely vacated. Modification costs to your Residence are non-refundable. Refunds will be paid within sixty (60) days, without interest, after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.
- 7.2 Termination by Carolina Meadows after Occupancy:** Carolina Meadows may cancel the Residence and Services Agreement with a sixty (60) day written notice if you fail to pay the Monthly Accommodation Fee, the monthly meal minimum, or ancillary charges within sixty (60) days of when it is due or fail to follow the standard written rules and regulations of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents or employees are jeopardized because of your activities or conduct, or if you misrepresented or omitted financial, required medical, or other material information, we can terminate this Agreement at any time. Carolina Meadows may cancel the Agreement if you fail to abide by the terms of the Agreement, including refusing to receive health care services if such services are determined by Carolina Meadows to be in your best interest. Carolina Meadows may cancel the Agreement if you refuse to move to assisted living or the health center or obtain sufficient health care

support at home if determined by Carolina Meadows' care coordination team to be in your best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement. If Carolina Meadows terminates your Agreement, you are responsible for the Monthly Accommodation Fee and Monthly Meal Minimum until the Residence has been completely vacated, and any equipment returned that may belong to Carolina Meadows. Refunds will be paid within sixty (60) days, without interest, after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.

- 7.3 **Death, Illness, or Incapacity after Occupancy:** If you, your spouse, or partner dies after occupying your Residence or you, your spouse, or partner becomes ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be automatically terminated upon our receipt of notice of your death, incapacity, illness or written notice to terminate this Agreement from a surviving spouse or partner, if any. The Monthly Accommodation Fee and Monthly Meal Minimum fee shall continue until the Residence has been completely vacated. Refunds will be paid without interest within sixty (60) days after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.

## **Section 8: Moving to Another Residence and Changes in Levels of Care**

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- 8.1 **Moving to Another Residence at Your Request:** You may request to move to another independent living Residence at Carolina Meadows. Final approval of any such request is in our sole judgment and discretion. The calculation and refund, if any, of any amounts due to you following the resale of the Residence you move from will proceed as outlined in Section 9.
- 8.2 **Temporary Move to Another Residence or Guest Room:** If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fee and Monthly Meal

Minimum fee will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.

- 8.3 **Permanent Move to Another Residence if Requested by Carolina Meadows:** You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least sixty (60) days' notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with the same floor plan or similar Residence whenever possible. Your Monthly Accommodation Fee and Monthly Meal Minimum fee shall continue at the same amount for the Residence you are moving from unless the Residence you are moving to is smaller than the Residence you are moving from, in which case the Monthly Accommodation Fee will be the prevailing Fee for that Residence floor plan. Any improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence. Your Monthly Accommodation Fee and Monthly Meal Minimum fee shall continue.
- 8.4 **Temporary Transfer to a Higher Care Level:** If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide 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 care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.
- 8.5 **Permanent Transfer to Another Level of Care:** Should you permanently move from independent living to assisted living or skilled care, you agree to enter into an addendum to this agreement for the level of care to which you are moving. The addendum will provide the rights and responsibilities as well as the daily per diem rates for the specific level of care you move to.



- 8.6 **No Refund for Changes in Levels of Care:** You acknowledge and agree that any temporary or permanent transfer from independent living to assisted living or skilled nursing care will not terminate this agreement and will not entitle you to a refund of your entry fee as long as you continue to remain a resident of Carolina Meadows living in any level of care.

## Section 9: Your Refund under the 75% Refund Agreement

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- 9.1 **Payment of Entrance Fee Refund:** All Entrance Fee refunds will be paid to you or your estate without interest. However, you may direct payment of a refund to your trust or a designated beneficiary by an addendum to this Agreement. Entrance Fee refunds will be paid within sixty (60) days after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months of the date of termination, whichever occurs first.
- 9.2 **Nonrefundable Portion of Your Entrance Fee:** An administrative fee equal to 1% of the initial Entrance Fee paid is nonrefundable upon signing this agreement and second person Entrance Fees are nonrefundable. The administrative fee and second-person Entrance Fee are only refundable during the thirty (30) Recission Period under Section 5.1.
- 9.3 **Calculation of the Refundable Portion of your Entrance Fee:** The refundable portion of the Entrance Fee, exclusive of a nonrefundable second-person Entrance Fee, is reduced by 2% each month or partial month over the next 12 months for a total of 25% that is nonrefundable at the end of the 12-month period. Should you or we terminate this Agreement within the first 12 months of occupancy pursuant to Sections 6 or 7, or in the event of your death (the death of the survivor if there are two of you), we will refund the Entrance Fee paid less the administrative fee of 1% and less any of the Entry Fee previously amortized at 2% per month. After 12 months of occupancy, your Entrance Fee refund shall be 75% of the original Entrance fee paid.

Your refund is calculated according to the following formula:

|  |                   |
|--|-------------------|
| Your Entry Fee paid (Section 1.1)                                | \$XXX,XXX         |
| Less: 1% nonrefundable administrative fee upon signing agreement | (\$XX,XXX)        |
| Less: 2% per month or partial month up to 12 months              | <u>(\$XX,XXX)</u> |

|  |                         |
|--|-------------------------|
| <b>Equals: 75% of original Entrance Fee</b>              | <b><u>\$XXX,XXX</u></b> |
| Less: Offset of unpaid fees (Section 9.4)                | (\$XX,XXX)              |
| Less: Extraordinary damage charges, if any (Section 9.5) | <u>(\$XX,XXX)</u>       |
| <b>Equals: Your Net Refund</b>                           | <b><u>\$XXX,XXX</u></b> |

9.4 **Unpaid Fees and Other Amounts Outstanding:** We will withhold from your Entrance Fee refund such amounts as may be required to pay any unpaid fees, charges, or other amounts for services provided to you at Carolina Meadows which we are entitled to under this Agreement.

9.5 **Extraordinary Damage to Residence:** We will withhold from your Entrance Fee refund the costs to repair extraordinary damage to your Residence. Extraordinary damage is defined as damage that is excessive, avoidable, and potentially due to negligence, misuse, intentional harm, or customized improvements you made that must be removed to resale the Residence as determined in Carolina Meadows' sole discretion. You must pay the reasonable costs and expenses of removing any customized improvements that you made to the Residence unless we specifically agree in writing to accept those improvements for re-issuance to a new resident.

By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or odors, stains, or damage due to smoking in the Residence.

Carolina Meadows will perform ordinary and customary refurbishment work to clean and restore the vacated Residence and will cover the reasonable costs and expenses of work that is due to ordinary wear and tear. Irrespective of the length of occupancy, if there is extraordinary damage to your unit, you will be responsible for all associated costs necessary to repair any extraordinary damage.

## Section 10: Your Obligations as a Carolina Meadows Resident

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10.1 **Carolina Meadows' Policies and Rules:** You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations, and policies.

10.2 **Information Needed Prior to Occupancy:** You agree to provide Carolina Meadows with the following information prior to occupancy:

- Emergency contact information for people to notify in an emergency.

- Name of your local physician.
- Names of persons having the right of entry into your Residence.
- Copy of current Durable Power of Attorney.
- Copy of current Health Care Power of Attorney.
- Copy of any Advance Directives.
- Name, address, and phone number of funeral director (prior arrangements are encouraged).
- Information necessary to complete a death certificate.
- Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving Co-Resident.
- Name and address of the executor of your Estate.

- 10.3 **Periodic Health Assessments:** You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 **Additions, Alterations, and Improvements to Your Residence:** You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain a part of the Residence after you leave. You may have to pay to restore the Residence to its original condition, at the sole discretion of Carolina Meadows.
- 10.5 **Notification Prior to Being Away from Campus:** You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 **Residence Assess:** You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 **Community Culture:** You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and good will,

and agree to abide by rules designed to promote the safety, comfort, and security of all residents.

- 10.8 **Furnishing Your Residence:** You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments.
- 10.9 **Funeral and Burial Expenses:** You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 **Liability for Losses, Damages, or Injuries and Your Own Insurance Coverage:** You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property, you agree that you will file a claim under your applicable insurance policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.
- 10.11 **Agreement to Pay Your Own Expenses:** You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.12 **Medicare and Medicare Supplemental Coverage:** You agree to maintain your Medicare coverage, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.13 **Long-term Care Insurance:** While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we will require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage

remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any future financial assistance in the event your finances become depleted or are insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

If you carry long-term care insurance at the time you execute this Agreement and your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish to no longer maintain your long-term care policy.

- 10.14 **Privacy of Decisions between Carolina Meadows and Residents:** You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 10.15 **Timely Payment of All Fees and Allowances Due Carolina Meadows:** You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
- 10.16 **Representations and Warranties of Information Provided by You:** You represent and warrant that all the information you have provided about yourself is accurate and agree that serious omissions or false statements are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.17 **Indemnification for Your Own Negligence:** You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence or misrepresentations or false statements made either intentionally or unintentionally.
- 10.18 **Pledging of Assets and Lender's Security Interest:** We do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your

right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.

**10.19 Periodic Updated Financial Information:** You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

**10.20 Financial Responsibility:** You agree that you are financially responsible for all services provided and you agree to pay for services when billed. If you have insurance that reimburses for any service provided by Carolina Meadows or its affiliates, you agree that payment to Carolina Meadows is not contingent on first receiving insurance reimbursement and all services billed by Carolina Meadows are due upon receipt. Carolina Meadows agrees to provide any necessary information to facilitate reimbursement on your behalf.

## **Section 11: Tobacco and Smoke Free Campus**

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Carolina Meadows is a tobacco, smoke, and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

## **Section 12: Amendments and Partial Invalidation**

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This Agreement can be changed only by mutual written consent. However, we may make changes without your consent (i) to Exhibit A, Exhibit B and Exhibit C as described in Sections 8.5, 8.6 and 8.7, respectively, and (ii) to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

## **Section 13: Dual Occupancy or Co-Residency**

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- 13.1 In cases of dual or co-residency, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all your duties and obligations under this Agreement.
- 13.2 If you and your Co-Resident – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.3 If you and a non-related Co-Resident live together in a Residence at Carolina Meadows, and your Co-Resident dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new Co-Resident will be accepted as a resident only after going through the following standard qualification and application procedures:
- A. Co-residents must be qualified to become a Carolina Meadows resident.
  - B. Co-residents must complete all application forms and go through the standard approval process.
  - C. Co-residents must execute a Residence and Services Agreement acceptable to us.
  - D. Co-residents must pay an Application Fee, a Resident Assistance Fee, and a non-refundable Second Person Entry Fee.
  - E. Co-residents must agree to pay Monthly Accommodation Fees and monthly meal allowances and abide by the rules and regulations of the Carolina Meadows community.

## **Section 14: Financial Assistance**

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Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance is determined on an individual basis and there is no guarantee of assistance to any individual



Resident. However, if you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Accommodation Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Accommodation Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you, and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Accommodation Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets to keep your account on a current basis before applying for and receiving any financial assistance.

- 14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.
- 14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows.

## **Section 15: No Unauthorized Assignment**

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Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

## **Section 16: Visitors**

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Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. School age children under the age 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

## **Section 17: Private Duty Nurses and Companions**

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Carolina Meadows offers a list of preferred service providers including Carolina Meadows Home Care. You agree to abide by all Carolina Meadows policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such provider or providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

## **Section 18: Pet Policy**

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"Pets" shall be defined as household dogs, cats, tropical fish, and caged birds. No other animals will be permitted without the approval of Management. Carolina Meadows requires that no pet shall be a nuisance or health threat to other residents or staff and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pets. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to always have your pet in control when outside your Residence.

## **Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services**

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Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be

transferred to another facility capable of managing your condition(s) or terminate your Residence and Services Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residence and Services Agreement and vacate your residence or unit.

## **Section 20: Miscellaneous Provisions**

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- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it— or if we fail to do something and you overlook it, nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.
- 20.3 Carolina Meadows will stand behind all 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.

## **Section 21: Entire Agreement**

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This Agreement, including any exhibits, schedules and amendments attached hereto, constitutes the entire Agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules, and amendments. This Agreement shall not be altered, amended, or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

## Section 22: Signature Section

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### NOTICE

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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**CAROLINA MEADOWS, INC.**

**RESIDENT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**Attachment 7: Equity Advantage Residence and Services Agreement:**



## **Residence and Services Agreement**

**Equity Advantage Refund Option**

## Contents

|   |           |
|---|-----------|
| <b>Equity Advantage Refund Option .....</b>   | <b>3</b>  |
| <b>Introduction .....</b>   | <b>3</b>  |
| <b>Section 1: Your Residence and Date of Financial Occupancy .....</b>  | <b>3</b>  |
| <b>Section 2: Monthly Accommodation Fee.....</b>  | <b>4</b>  |
| <b>Section 3: Services We Provide and Duties We Acknowledge .....</b>   | <b>5</b>  |
| <b>Section 4: Additional Available Services .....</b>   | <b>6</b>  |
| <b>Section 5: Your Right to Rescind within 30 Days .....</b>  | <b>6</b>  |
| <b>Section 6: Termination Prior to Occupancy and After the Thirty Day Rescission Period Has Expired ....</b>                  | <b>7</b>  |
| <b>Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period Has Expired.....</b>   | <b>8</b>  |
| <b>Section 9: Your Refund under The Equity Advantage Program .....</b>  | <b>11</b> |
| <b>Section 10: Your Obligations as a Carolina Meadows Resident.....</b>   | <b>13</b> |
| <b>Section 11: Tobacco and Smoke Free Campus .....</b>  | <b>17</b> |
| <b>Section 12: Amendments and Partial Invalidation .....</b>  | <b>17</b> |
| <b>Section 13: Dual Occupancy or Co-Residency.....</b>  | <b>17</b> |
| <b>Section 14: Financial Assistance .....</b>   | <b>18</b> |
| <b>Section 15: No Unauthorized Assignment.....</b>  | <b>19</b> |
| <b>Section 16: Visitors.....</b>  | <b>19</b> |
| <b>Section 17: Private Duty Nurses and Companions.....</b>  | <b>19</b> |
| <b>Section 18: Pet Policy .....</b>   | <b>20</b> |
| <b>Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services .....</b> | <b>20</b> |
| <b>Section 20: Miscellaneous Provisions .....</b>   | <b>20</b> |
| <b>Section 21: Entire Agreement .....</b>   | <b>21</b> |
| <b>Section 22: Signature Section.....</b>   | <b>22</b> |



# Residence and Services Agreement

## Equity Advantage Refund Option

### Introduction

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This Residence and Services Agreement (the “Agreement”) takes effect on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. The Agreement is between Carolina Meadows, Inc., and you. In this paragraph and throughout the rest of the Agreement, the words “we”, “us”, “our” or “Carolina Meadows” refer to Carolina Meadows, Inc., and the words “you”, “your”, “Resident” or “Co-Resident” refers to \_\_\_\_\_. All Residents that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement. At least one party to the Agreement must be at least 62 or older.

You desire to become a resident of Carolina Meadows and to use and enjoy the facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. To that end, you shall have the exclusive right to occupy, use, and enjoy a specific Residence at Carolina Meadows, and you want to obtain related contractual services as described later in this Agreement. This Agreement entitles you to the right to occupy your chosen Residence until this Agreement is terminated as provided below. Your specific rights and responsibilities are detailed in this Agreement.

You and Carolina Meadows agree as follows:

### Section 1: Your Residence and Date of Financial Occupancy

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You shall have the exclusive right to occupy, use, and enjoy Residence number \_\_\_\_\_, model \_\_\_\_\_, an independent living unit that hereinafter will be referred to as your “Residence”, until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with wall-to-wall flooring, range with oven, microwave oven, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide window treatments for the Residence. Your Residence is to be used for personal living purposes only and shall not be used for any business or profession or in a manner that violates zoning restrictions or other applicable laws. Nothing in this Agreement shall be construed to create any interest in the real property of Carolina

Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

- 1.1 The Entry Fee is \$\_\_\_\_\_, and if applicable, a non-refundable Second Person Entry Fee of \$\_\_\_\_\_. The Entry Fee(s) applies only to the Residence specified in this Agreement and consists of the following payments:
  - 1.1a A Reservation Deposit of \$\_\_\_\_\_, paid on \_\_\_\_\_.
  - 1.1b The balance of the Entry Fee of \$\_\_\_\_\_, is due on or before \_\_\_\_\_.
  - 1.1c The balance of the non-refundable Second Person Entry Fee, of \$\_\_\_\_\_, is due on or before \_\_\_\_\_.
- 1.2 Resident Assistance Fee of \$\_\_\_\_\_ is to be paid when you pay the balance of the Entry Fee on or before \_\_\_\_\_. This fee is separate from the Entry Fee and, if applicable, Second Person Entry Fee, and is refundable only if you cancel this Agreement within the 30-day Rescission period
- 1.3 The Date of Financial Occupancy is defined as the mutually agreed upon date when our obligation to provide you with services begins, and when your obligation to pay for services begins. Should your desired modifications delay your ability to physically occupy your Residence beyond the Date of Financial Occupancy, you agree to begin paying your Monthly Accommodation Fee, as described in Section 2 below, on the Date of Financial Occupancy. Your Date of Financial Occupancy is \_\_\_\_\_. Your Date of Physical Occupancy is \_\_\_\_\_.
- 1.4 You will be responsible for paying for your monthly meals as provided in Section 3.3.

## Section 2: Monthly Accommodation Fee

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In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. Your current Monthly Accommodation Fee is \$\_\_\_\_\_ (single or double occupancy). We may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the

Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

### **Section 3: Services We Provide and Duties We Acknowledge**

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- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
  - B. Professional management of the community and its facilities
  - C. Regularly scheduled transportation
  - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
  - E. Repair of all equipment and appliances that we provide
  - F. Housekeeping in hallways, elevators, restrooms, lounges, and other communal areas
  - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage
  - H. 24-hour security
  - I. Water and sewer services; all utilities in communal areas; standard television service
  - J. Removal of trash and recyclables deposited by residents as designated by us
  - K. Use of the enclosed swimming pool and exercise room
  - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
  - M. Wireless Internet availability in designated areas throughout the campus
- 3.2 We will pay the property taxes on your Residence and the taxes on communal areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the "Meal Minimum") currently \$\_\_\_\_\_ per resident per month, in our dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Meal Minimum. You are welcome to use your Meal

Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a non-resident surcharge and will be billed against your Meal Minimum or may be paid by credit card at the time of service.

## **Section 4: Additional Available Services**

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You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. The specific charge for each of these additional services may be changed by us from time to time as deemed appropriate in our discretion:

- A. Care in the Pines Health Center (private or semi-private accommodations)
- B. Care in the Fairways Assisted Living
- C. Medical treatment in the onsite Medical Practice
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Transportation services
- G. Personal fitness training
- H. Housekeeping services
- I. Maintenance services
- J. Home meal delivery
- K. Meals or catering that exceed your monthly Meal Minimum
- L. Guest meals for your visitors
- M. Home Care assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

## **Section 5: Your Right to Rescind within 30 Days**

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- 5.1 **Termination by You During the 30 Day Rescission Period:** You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. You may but are not required to move into the Residence prior to the expiration of this thirty (30) day Rescission Period. The Rescission Period begins when you sign the Agreement, or when you receive from us the state-required disclosure statement, whichever occurs last. If you rescind during the Rescission Period, we will refund, without interest, the Entrance Fee under Sections 1.1, 1.1a, 1.1b, 1.1c, and 1.2 minus (i) any non-standard charges incurred by Carolina Meadows at your request and (ii) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of

6



the Entrance Fee paid. We will refund the Entrance Fee and Resident Assistance Fee within sixty (60) days after we receive written notice of your desire to terminate this Agreement or, if you already have moved into your Residence, sixty (60) days after you have completely vacated the Residence, whichever happens later. Any costs for modifications to your Residence are non-refundable.

## **Section 6: Termination Prior to Occupancy and After the Thirty Day Rescission Period Has Expired**

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- 6.1 Termination by You Before Occupancy:** You may terminate this Agreement for any reason after the thirty (30) day Rescission Period but before occupying your Residence by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as your written notice is received. Monthly Accommodation Fees in Section 2 and Monthly Meal Minimum fees in Section 3.3 shall apply during the sixty (60) day notice period after written notice of intent to terminate is received. Entrance Fee Refunds will be paid within sixty (60) days, without interest, after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.
- 6.2 Termination by Carolina Meadows Before Occupancy:** Carolina Meadows may terminate this Agreement any time by giving you sixty (60) days written notice if (i) you misrepresent or omit material financial, or other information given during the application process; (ii) your financial status changes such that you no longer meet the financial requirements for admission; or (iii) your health status changes such that independent living is no longer possible. Entrance Fee refunds will be paid within sixty (60) days, without interest and less an administrative fee not to exceed the greater of one thousand (\$1,000) dollars or 2% of the Entrance fee, after your Residence has been reserved by a new resident and all fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.
- 6.3 Death, Illness, or Incapacity Before Occupancy:** If you, your spouse, or partner dies prior to occupying your Residence or you, your spouse, or partner becomes ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be automatically terminated upon our

receipt of notice of your death, incapacity, illness or written notice from a surviving spouse or partner, if any, to terminate this Agreement. Monthly Accommodation Fees in Section 2 and Monthly Meal Minimum fees in Section 3.3 shall apply from the Date of Financial Occupancy until your date of death, incapacity, illness or written notice to terminate is received. We will refund, without interest, the Entrance Fee and Resident Assistance Fee paid under Sections 1.1 and 1.2, minus any non-standard charges incurred by Carolina Meadows at your request. The refund will be issued within thirty (30) days from the date of automatic termination or written notice to terminate has been received.

## **Section 7: Termination of This Agreement After Occupancy and After the Thirty Day Rescission Period Has Expired**

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- 7.1 **Termination by You after Occupancy:** You may terminate this Agreement for any reason by giving Carolina Meadows sixty (60) days written notice to terminate this agreement. Your right to occupy the Residence will have been legally assigned back to Carolina Meadows as soon as we receive the notice; however, unless some other arrangement is agreed to, you retain the right to occupy your Residence during the notice period, provided you stay current with your Monthly Accommodation Fee and Monthly Meal Minimum fee. All fees shall continue until the Residence has been completely vacated. Modification costs to your Residence are non-refundable. Refunds will be paid within sixty (60) days, without interest, after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.
- 7.2 **Termination by Carolina Meadows after Occupancy:** Carolina Meadows may cancel the Residence and Services Agreement with a sixty (60) day written notice if you fail to pay the Monthly Accommodation Fee, the monthly meal minimum, or ancillary charges within sixty (60) days of when it is due or fail to follow the standard written rules and regulations of Carolina Meadows. If we determine, in our judgment, that the interests of other Carolina Meadows residents or employees are jeopardized because of your activities or conduct, or if you misrepresented or omitted financial, required medical, or other material information, we can terminate this Agreement at any time. Carolina Meadows may cancel the Agreement if you fail to abide by the terms of the Agreement, including refusing to receive health care services if such services are determined by Carolina Meadows to be in your best interest. Carolina Meadows may cancel the Agreement if you

refuse to move to assisted living or the health center or obtain sufficient health care support at home if determined by Carolina Meadows' care coordination team to be in your best interest. Carolina Meadows is required to give you sixty (60) days written notice of our intent to terminate your Agreement. If Carolina Meadows terminates your Agreement, you are responsible for the Monthly Accommodation Fee and Monthly Meal Minimum until the Residence has been completely vacated, and any equipment returned that may belong to Carolina Meadows. Refunds will be paid within sixty (60) days, without interest, after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.

- 7.3 **Death, Illness, or Incapacity after Occupancy:** If you, your spouse, or partner dies after occupying your Residence or you, your spouse, or partner becomes ill or incapacitated such that you are no longer able to occupy any Residence at Carolina Meadows, this Agreement shall be automatically terminated upon our receipt of notice of your death, incapacity, illness or written notice to terminate this Agreement from a surviving spouse or partner, if any. The Monthly Accommodation Fee and Monthly Meal Minimum fee shall continue until the Residence has been completely vacated. Refunds will be paid without interest within sixty (60) days after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months from the date of termination, whichever occurs first. Refunds will be calculated per section 9.

## **Section 8: Moving to Another Residence at Carolina Meadows**

- 8.1 **Moving to Another Residence at Your Request:** You may request to move to another Residence at Carolina Meadows. Final approval of any such request is in our sole judgment and discretion. If we approve the move, we will begin reasonable efforts to re-market occupancy rights to your original Residence at the then current Entry Fee. You will be responsible for the cost of refurbishing the Residence you vacate, and a re-marketing fee based on the then current Entry Fee. The calculation and refund of any amounts due to you following the assignment of occupancy rights to your original Residence will proceed as outlined in Section 9.
- 8.2 **Temporary Move to Another Residence or Guest Room:** If Carolina Meadows determines that your Residence must be temporarily unoccupied for more than



one (1) day for an emergency, to meet a law or regulation, for reasons of health or safety, for inspection, for purposes of modifications or repairs, or for some other purpose, you agree to transfer to a temporary accommodation arranged by Carolina Meadows. Your Monthly Accommodation Fee and Monthly Meal Minimum fee will continue but the costs of transfer and of the temporary accommodation will be paid by Carolina Meadows unless the reason for the transfer was caused by actions or inactions by you, your guests, or your non-Carolina Meadows service providers.

- 8.3 **Permanent Move to Another Residence if Requested by Carolina Meadows:** You agree to move to a different Residence if changes implemented by Carolina Meadows will eliminate or significantly change Your Residence. Such a move would only be required when deemed necessary by Carolina Meadows for the welfare of current or future Residents or for the continued successful operation of Carolina Meadows. You will be given at least sixty (60) days' notice. All costs for your move will be paid by Carolina Meadows. Carolina Meadows will endeavor to provide you with the same floor plan or similar Residence whenever possible. Your Monthly Accommodation Fee and Monthly Meal Minimum fee shall continue at the same amount for the Residence you are moving from unless the Residence you are moving to is smaller than the Residence you are moving from, in which case the Monthly Accommodation Fee will be the prevailing Fee for that Residence floor plan. Any improvements that you have made to your Residence that you are vacating will be reimbursed by Carolina Meadows based on fair market value or, at Carolina Meadows' option and expense, relocated or replicated in your new Residence. Your Monthly Accommodation Fee and Monthly Meal Minimum fee shall continue.
- 8.4 **Temporary Transfer to a Higher Care Level:** If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary transfer to Carolina Meadows' Fairways Assisted Living or Pines Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide 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 care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.

- 8.5 **Permanent Transfer to Another Level of Care:** Should you permanently move from independent living to assisted living or skilled care, you agree to enter into an addendum to this agreement for the level of care to which you are moving. The addendum will provide the rights and responsibilities as well as the daily per diem rates for the specific level of care you move to.

## **Section 9: Your Refund under The Equity Advantage Program**

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- 9.1 **Payment of Entrance Fee Refund:** All Entrance Fee refunds will be paid to you or your estate without interest. However, you may direct payment of a refund to your trust or a designated beneficiary by an addendum to this Agreement. Entrance Fee refunds will be paid within sixty (60) days after your Residence has been reserved by a new resident and all applicable fees have been paid by the new resident or within eighteen (18) months of the date of termination, whichever occurs first.
- 9.2 **Removal of Personal Property after Termination of Agreement:** You or the personal representative of your estate shall remove your personal property not later than thirty (30) days after the date you permanently vacate. Permanent vacancy is defined as the date of permanent admission to the Pines Health Center, or date of permanent admission to the Fairways Assisted Living, or The Green memory care, or the date of your death, or the date you permanently move out of the Carolina Meadows community, whichever occurs first. You or your estate shall be responsible for the Monthly Accommodation fee or a prorated portion of the Monthly Accommodation fee until all personal belongings have been removed from the Residence and all equipment belonging to Carolina Meadows, if any, has been returned. If said equipment is not returned, Carolina Meadows reserves the right to charge you for the cost of replacing the equipment including internet/TV equipment such as routers, remotes, and modems.

Carolina Meadows may enter your Residence, remove your property, and store it at your expense if you or the personal representative of your estate fails to remove your personal property within the allotted thirty (30) day period or if your Monthly Accommodation Fee goes unpaid for 30 days or more. A trash removal fee may be charged for removal of excessive trash and items abandoned in the Residence.

9.3 **Unpaid Fees and Other Amounts Outstanding:** We will withhold from your Entrance Fee refund such amounts as may be required to pay any unpaid fees, charges, or other amounts for services provided to you for which Carolina Meadows is entitled to under this Agreement.

9.4 **Extraordinary Damage to Residence:** We will withhold from your Entrance Fee refund the costs to repair extraordinary damage to your Residence. Extraordinary damage is defined as damage that is excessive, avoidable, and potentially due to negligence, misuse, intentional harm, or customized improvements you made that must be removed to resale the Residence as determined in Carolina Meadows' sole discretion. You must pay the reasonable costs and expenses of removing any customized improvements that you made to the Residence unless we specifically agree in writing to accept those improvements for re-issuance to a new resident.

By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or odors, stains, or damage due to smoking in the Residence.

9.5 **Refurbishment Costs:** Refurbishment costs are charged to and withheld from the future Entrance Fee refund. Irrespective of the length of occupancy, Carolina Meadows will, in its sole discretion, perform work to clean, refurbish and restore the Residence back to a like-new condition. This work will generally include, but is not limited to, replacement of carpet and flooring, spackling and/or painting of walls, removal of any customized improvements, replacement of fixtures, replacement of appliances, and any other repairs as a result of extraordinary damage, if any. The amount of the refurbishment costs will vary depending on the Residence type and overall refurbishment costs necessary to remarket and sale the Residence, as exclusively determined by Carolina Meadows.

9.6 **Refund Calculation:** Your refund will be calculated by taking the Current Entry Fee for your Residence and subtracting the then current re-marketing fee, currently 5%, based on the Current Entry Fee. In addition, refurbishment costs and costs for extraordinary damages, if any, required to restore your Residence to the current market standard will be subtracted from the Current Entry Fee. In addition, any unpaid charges specified in this Agreement or any amendment to this Agreement for the period the Residence was occupied will be deducted. After subtracting the re-marketing fee, the refurbishment costs, and any unpaid charges, the result is the Net Proceeds. The difference between the Net Proceeds and your Entry Fee

paid in Section 1.1 is the appreciation (positive or negative) your Residence has realized since you paid your Entry Fee. The Second Person Entry Fee is non-refundable and not factored into the refund calculation. You are entitled to fifty percent (50%) of the positive appreciation, if any, or charged one hundred (100%) of the negative appreciation, if any. Your refund is calculated according to the following Refund Calculation formula:

| <b>Refund Calculation</b>                           |                          |
|---|--------------------------|
| Current Entry Fee                                   | \$XXX, XXX               |
| Less: Re-marketing Fee                              | (\$XX, XXX)              |
| Less: Refurbishment Costs and Extraordinary Damages | (\$XX, XXX)              |
| Equals: Net Proceeds                                | <u>\$XXX, XXX</u>        |
| Net Proceeds  | \$XXX, XXX               |
| Less: Your Entry Fee Paid (Section 1.1)             | (\$XXX, XXX)             |
| Equals: Net Appreciation or Negative Appreciation   | <u>\$XX, XXX</u>         |
| Your Share of Net Appreciation at 50%               | \$XX, XXX                |
| Or your Negative Appreciation at 100%               | (\$XX, XXX)              |
| Original Entry Fee                                  | <u>\$XXX, XXX</u>        |
| Equals: Your Refund                                 | <u>\$XXX, XXX</u>        |
| Less: Unpaid Charges, if any                        | (XX, XXX)                |
| Net Refund  | <u><u>\$XXX, XXX</u></u> |

## **Section 10: Your Obligations as a Carolina Meadows Resident**

- 10.1 **Carolina Meadows' Policies and Rules:** You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations, and policies.
- 10.2 **Information Needed Prior to Occupancy:** You agree to provide Carolina Meadows with the following information prior to occupancy:
- Emergency contact information for people to notify in an emergency.
  - Name of your local physician.
  - Names of persons having the right of entry into your Residence.
  - Copy of current Durable Power of Attorney.
  - Copy of current Health Care Power of Attorney.

- Copy of any Advance Directives.
- Name, address, and phone number of funeral director (prior arrangements are encouraged).
- Information necessary to complete a death certificate.
- Copies of relevant portions of Trusts indicating where any refunds should be sent if not to the Estate or surviving Co-Resident.
- Name and address of the executor of your Estate.

- 10.3 **Periodic Health Assessments:** You agree, upon admission and approximately annually thereafter, to participate in an assessment of your health and medical status for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency.
- 10.4 **Additions, Alterations, and Improvements to Your Residence:** You agree to cooperate in keeping your Residence and your surroundings in good repair, safe and sanitary, making alterations or additions only with the written consent of Carolina Meadows and always at your own expense. Permanent improvements or modifications made to your Residence become the property of Carolina Meadows and may remain a part of the Residence after you leave. You may have to pay to restore the Residence to its original condition, at the sole discretion of Carolina Meadows.
- 10.5 **Notification Prior to Being Away from Campus:** You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.6 **Residence Assess:** You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.7 **Community Culture:** You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and good will, and agree to abide by rules designed to promote the safety, comfort, and security of all residents.
- 10.8 **Furnishing Your Residence:** You agree to furnish your own Residence, except for the fixtures and appliances we provide, and to select window treatments.

- 10.9 **Funeral and Burial Expenses:** You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.10 **Liability for Losses, Damages, or Injuries and Your Own Insurance Coverage:** You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property, you agree that you will file a claim under your applicable insurance policy to cover the costs of the damage with Carolina Meadows as the named beneficiary. You further agree that if your policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.
- 10.11 **Agreement to Pay Your Own Expenses:** You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.12 **Medicare and Medicare Supplemental Coverage:** You agree to maintain your Medicare coverage, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.13 **Long-term Care Insurance:** While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we will require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any future financial assistance in the event your finances become depleted or are insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

If you carry long-term care insurance at the time you execute this Agreement and your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish to no longer maintain your long-term care policy.

- 10.14 **Privacy of Decisions between Carolina Meadows and Residents:** You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 10.15 **Timely Payment of All Fees and Allowances Due Carolina Meadows:** You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.
- 10.16 **Representations and Warranties of Information Provided by You:** You represent and warrant that all the information you have provided about yourself is accurate and agree that serious omissions or false statements are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.17 **Indemnification for Your Own Negligence:** You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence or misrepresentations or false statements made either intentionally or unintentionally.
- 10.18 **Pledging of Assets and Lender's Security Interest:** We do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign whatever forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.19 **Periodic Updated Financial Information:** You agree to provide updated financial information every two years, or as reasonably requested, for the purpose of



determining the adequacy of the Residents' Assistance Fund created to assist residents who become unable to pay their fees. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

- 10.20 **Financial Responsibility:** You agree that you are financially responsible for all services provided and you agree to pay for services when billed. If you have insurance that reimburses for any service provided by Carolina Meadows or its affiliates, you agree that payment to Carolina Meadows is not contingent on first receiving insurance reimbursement and all services billed by Carolina Meadows are due upon receipt. Carolina Meadows agrees to provide any necessary information to facilitate reimbursement on your behalf.

## **Section 11: Tobacco and Smoke Free Campus**

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Carolina Meadows is a tobacco, smoke, and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

## **Section 12: Amendments and Partial Invalidation**

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This Agreement can be changed only by mutual written consent. However, we may make changes without your consent to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.

## **Section 13: Dual Occupancy or Co-Residency**

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- 13.1 In cases of dual or co-residency, each of you is required to sign this Agreement, and each of you is jointly and severally responsible for all your duties and obligations under this Agreement.
- 13.2 If you and your spouse – or you and a blood relative such as a brother or sister – live together in a Residence at Carolina Meadows, and your spouse or relative dies, you can continue to live in the Residence until you die or leave, at which time you or your estate will be the sole beneficiary of any refund or other amount due

under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.

- 13.3 If you and a non-related Co-Resident live together in a Residence at Carolina Meadows, and your Co-Resident dies, you can continue to live in the Residence until you die or leave, at which time the two of you (or your respective estates) become the beneficiaries of equal shares of any refund or other amount due under Section 9 of this Agreement unless otherwise specified through a separate addendum to this Agreement.
- 13.4 If, while a resident of Carolina Meadows, you desire to marry a non-resident or share your Residence with a non-resident, your new Co-Resident will be accepted as a resident only after going through the following standard qualification and application procedures:
- A. Co-residents must be qualified to become a Carolina Meadows resident.
  - B. Co-residents must complete all application forms and go through the standard approval process.
  - C. Co-residents must execute a Residence and Services Agreement acceptable to us.
  - D. Co-residents must pay an Application Fee, a Resident Assistance Fee, and a non-refundable Second Person Entry Fee.
  - E. Co-residents must agree to pay Monthly Accommodation Fees and monthly meal allowances and abide by the rules and regulations of the Carolina Meadows community.

## **Section 14: Financial Assistance**

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Carolina Meadows has established a Resident Assistance Fund to allow a limited number of residents to continue living at Carolina Meadows if, due to circumstances beyond their control, they can no longer pay the fees and charges due to us. Financial assistance needed is determined on an individual basis and there is no guarantee of assistance to any individual Resident. However, if you have acted in good faith in your dealings with Carolina Meadows, and we determine that the facts justify special consideration, we will do our best to work with you toward a confidential plan that will assist in your continued residency. Before providing any new financial assistance, Carolina Meadows will consider the adequacy of the Residents' Assistance Fund and our ability to maintain sound financial operations as a result of providing any new assistance or continuing any existing financial assistance.

Your Entry Fee is a condition of entrance into your Residence. Your Monthly Accommodation Fee is necessary to support the ongoing operations of Carolina Meadows. Your acceptance into Carolina Meadows has been based on facts recorded by you as part of your confidential application. If you weaken your financial position or your ability to pay the Monthly Accommodation Fees or other charges because you have made gifts to others or misused personal wealth after submitting such financial information, you may not be eligible for any financial assistance. Carolina Meadows will request a current financial statement from you, and you agree to provide supporting documentation to confirm the data in your financial statement. Should you find your current income insufficient to meet your Monthly Accommodation Fees or other charges, you agree to take necessary steps to liquidate investments or capital assets to keep your account on a current basis before applying for and receiving any financial assistance.

- 14.1 Understand that if you need financial assistance, it is your responsibility to notify us before your account becomes in arrears and you agree to apply for financial assistance under the Financial Assistance Policy established by Carolina Meadows.
- 14.2 If you are approved for financial assistance and for the purpose of determining all future financial assistance, you agree to provide periodic updated financial information under this Agreement and the Financial Assistance Policy as reasonably requested by Carolina Meadows.

## **Section 15: No Unauthorized Assignment**

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Your contract grants certain occupancy rights and privileges to you only. You may not assign or otherwise transfer these rights and privileges at any time to anyone else.

## **Section 16: Visitors**

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Your visitors may not visit for more than fourteen (14) consecutive days in your Residence or in approved guest quarters on campus; however, no person(s) other than you may reside in your Residence without the express written approval of Carolina Meadows. Children under the age of 18 are prohibited from living or staying on campus for more than fourteen (14) days in any consecutive twelve (12) month period.

## **Section 17: Private Duty Nurses and Companions**

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Carolina Meadows offers a list of preferred service providers including Carolina Meadows Home Care. You agree to abide by all Carolina Meadows' policies and procedures for use of such providers. Carolina Meadows reserves the right to limit or prohibit access to its property by such providers if Carolina Meadows determines there is a risk or potential risk. You agree to indemnify and hold harmless Carolina Meadows for any claim, loss or expense resulting from the actions of such providers. Such providers are not considered Visitors as described in Section 16 above.

## **Section 18: Pet Policy**

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"Pets" shall be defined as household dogs, cats, tropical fish, and caged birds. No other animals will be permitted without the approval of Management. Carolina Meadows requires that no pet should be a nuisance or health threat to other residents or staff and must be properly cared for at all times. Failure to comply with any policies regarding pets may necessitate the removal of such pets. If a pet is not removed after a request has been made for such removal, Carolina Meadows reserves the right to terminate this Agreement. You agree to be responsible for all damage caused by your pet and you agree to always have your pet in control when outside your Residence.

## **Section 19: Illnesses or Conditions for which Carolina Meadows is Not Responsible for Providing Care or Services**

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Carolina Meadows does not provide services or care for the following conditions:

- Drug or alcohol abuse or addiction
- Dangerous Communicable Diseases
- Severe psychiatric or mental health disorders

In the event any of these conditions are such that your continued health and safety or that of other residents may be compromised, Carolina Meadows may require you to be transferred to another facility capable of managing your condition(s) or terminate your Residence and Services Agreement if you do not agree to be transferred. You agree to be responsible for the cost of care in an outside facility as well as continuing to pay your monthly fees as if you were living at Carolina Meadows unless you terminate your Residence and Services Agreement and vacate your residence or unit.

## **Section 20: Miscellaneous Provisions**

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- 20.1 If you fail to honor some provision in this Agreement and we do nothing about it— or if we fail to do something and you overlook it, nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.
- 20.2 This Agreement will not be considered valid until we have received medical and financial documents as requested. By signing this Agreement, you authorize the release to Carolina Meadows of any information we may request.
- 20.3 Carolina Meadows will stand behind all 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.

## **Section 21: Entire Agreement**

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All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules, and addenda. This Agreement shall not be altered, amended, or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

## Section 22: Signature Section

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### NOTICE

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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**CAROLINA MEADOWS, INC.**

**RESIDENT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## **Attachment 8: Early Advantage Agreement**





## Early Advantage Agreement

This Early Advantage Agreement (the "Agreement") takes effect on the \_\_\_\_ day of \_\_\_\_\_. The Agreement is between **Carolina Meadows, Inc.** and you. In this paragraph and throughout the rest of the Agreement, the words "we", "us", "our" or "Carolina Meadows" refer to Carolina Meadows, Inc., and the words "you", "your", and Member refer to \_\_\_\_\_. All Members that are parties to this Agreement shall be jointly and severally liable for payment of all fees and charges under this Agreement.

Carolina Meadows is a North Carolina non-profit corporation. We are a Life Plan Community licensed as a continuing care retirement community organized to provide housing, recreation, health care and other services to people after they reach retirement age or older. Carolina Meadows is located in Chatham County, at 100 Carolina Meadows, Chapel Hill, North Carolina, 27517.

You desire to become a member of Carolina Meadows Early Advantage program and to use and enjoy the common facilities, programs and services provided by Carolina Meadows subject to the terms and conditions of this Agreement. You have access to related contractual services as described later in this Agreement. Your specific rights and responsibilities are detailed in this Agreement.

During the time that you are a Carolina Meadows Early Advantage member, but not yet residing on campus, Carolina Meadows will offer an annual in-home visit by a Carolina Meadows staff member. If more frequent in-home visits are needed, or if any needs are identified that may require subsequent in-home services, Carolina Meadows staff will refer you to our partner providers.

As a member of Carolina Meadows Early Advantage program, you will remain on our Ready List. Your priority number will remain \_\_\_\_\_, which was provided at the original date of application.

At the time you choose to reserve an apartment or villa on our campus, having already been accepted as a member of Carolina Meadows Early Advantage program, you will not have to repeat an admission process. Based on the passage of time from the date of your original acceptance, we reserve the right to seek updated medical and financial information in order to determine your ability to live independently and to have maintained sufficient assets for any additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Your acceptance as a member of Carolina Meadows Early Advantage program, however, will continue to remain in effect.

You and Carolina Meadows agree as follows:

**1. YOUR MEMBERSHIP.**

- 1.1 The Early Advantage Entry Fee is\_\_\_\_\_.  
Less previous deposits of\_\_\_\_\_.  
Remaining balance due\_\_\_\_\_.  
If previous deposits exceed the remaining balance due, the excess of \_\_\_\_\_ will be applied to future Entry Fees upon moving on campus.  
The Entry Fee amortizes over 25 months after which no refund will be made. However, if you later move into Carolina Meadows, your full entry fee will be applied toward the then current entry fee for your desired home.
- 1.2 You will begin paying your Monthly Membership Fee as described in Section 2 on\_\_\_\_\_.
- 1.3 Upon moving to campus, your Early Advantage Entry Fee will be credited towards your Independent Living Entry Fee. If you move directly to a higher level of care on campus without paying an Independent Living Entry Fee first, your Early Advantage Fee will continue to amortize in accordance with this agreement.

- 2. MONTHLY MEMBERSHIP FEE.** When you sign this Agreement, you agree to begin paying the Monthly Membership Fee. The Monthly Membership Fee is currently\_\_\_\_\_, but we may raise it from time to time to reflect changes in operating expenses and benefits. You are responsible for paying the Monthly Membership Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

**3. MEMBERSHIP SERVICES AND BENEFITS WE PROVIDE.**

- 3.1 We will provide these benefits in the manner we deem appropriate for all the members of the Early Advantage program of Carolina Meadows on a non-exclusive basis:
- A. Priority access to Assisted Living or Health Center should a change in health status require a move onto campus
  - B. Five (5) free days of room and board a year (up to ten (10) lifetime total available) for the Pines Health Center prior to moving into Carolina Meadows
  - C. Access to our on-site primary care medical practice
  - D. Care Coordination provided by a member of our Care Coordination Team, including an in home annual visit by a Carolina Meadows staff member. Social services, counseling and support programs are coordinated by the Care Coordination team

- E. Access to the Resident website portal
- F. Participation in all social, educational, recreational and cultural activities
- G. Regularly scheduled transportation from campus, including shopping and events
- H. Two scheduled medical transportation trips per month
- I. Access to our numerous dining venues, as well as Gourmet-to-Go pick-up from campus
- J. Use of campus amenities including wellness center, indoor pool and Jacuzzi, library, craft and art studio, woodworking shop and resident business center
- K. Use of the Carolina Meadows golf course and other outdoor sport venues including tennis courts, bocce courts, dog park and walking trails. You may be required to pay a greens fee to play the Carolina Meadows golf course
- L. Wireless internet availability in designated areas throughout the campus
- M. Concierge services on campus, including notary, basic Information Technology services and postage and shipping assistance from campus
- N. Access to on-site gift shop and beauty salon

#### **4. ADDITIONAL AVAILABLE BENEFITS.**

4.1 You may purchase the following on campus additional services on an *a la carte basis*, separate from the Monthly Membership Fee. These additional services are not included in the benefits covered by the Monthly Membership Fee. The specific charge for each of these additional benefits may be changed by us from time to time as deemed appropriate in our discretion:

- A. Pines Health Center short-term stay (private or semi-private accommodations)
- B. Medical treatment in the on-site primary care medical practice. Medical specialty services (podiatry, dermatology, audiology and mental health services) provided by independent licensed practitioners
- C. Rehabilitation services
- D. Personal fitness training
- E. Guest meals for your visitors
- F. Fee-for-Service Concierge services
- G. Temporary assistance by a nurse or aide through a licensed home care or home health agency as medically required
- H. Nutrition and diet counseling
- I. Access to integrative health therapies, including massage and acupuncture
- J. Access to partner providers, including home care agencies

#### **5. CARE COORDINATION AND TRANSFER TO ASSISTED LIVING OR THE HEALTH CENTER.**

- 5.1 Carolina Meadows shall furnish Care Coordination services to you by qualified staff who will partner with you (i) assess your needs; (ii) develop a transition plan; (iii) help identify reputable local providers to meet your needs; and (iv) follow up to ensure that your needs are appropriately met.
- 5.2 You hereby acknowledge and agree that Carolina Meadows is not responsible for providing medical or other personal care services in your home. All decisions regarding your Care Coordination plan, including the prospect of your need for support services in your home, temporary or permanent transfer to Assisted Living or Health Center, or outside facilities will be made after consultation with you and, when appropriate, with your family or designee. Any support services in your home would be your financial responsibility.
- 5.3 If it is determined by Carolina Meadows' Care Coordination team that your needs require temporary or permanent transfer to Carolina Meadows' Assisted Living or Health Center facilities, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. You will be financially responsible for these additional services. 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 care at Carolina Meadows, or we will have the right to terminate this Agreement. Carolina Meadows' decision will be binding.
- 5.4 Carolina Meadows does not provide services or care for the following conditions but may direct you to providers who do:
- Drug or alcohol abuse or addiction
  - Dangerous Communicable Diseases
  - Severe psychiatric or mental health disorders

## **6. YOUR RIGHT TO RESCIND THIS AGREEMENT WITHIN 30 DAYS.**

You have a thirty (30) day Rescission Period in which to cancel this Agreement by giving us written notice of your decision to rescind. The Rescission Period begins when you sign this Agreement. If you rescind during the Rescission Period, we will refund, without interest, the money you paid under Sections 1.1 minus a service charge not to exceed \$1,000 or 2% of the Entry Fee. We will issue your refund within 30 days after we receive written notice of your desire to void this Agreement.

## **7. TERMINATION AND REFUNDS.**

- 7.1 Termination by you: You may terminate this Agreement for any reason after the thirty (30) day Rescission Period by giving Carolina Meadows sixty (60) days advance written notice of intent to terminate. You may be entitled to a prorated refund of the Entry Fee.

- 7.2 Termination by Carolina Meadows: Carolina Meadows may terminate this Agreement if (i) you die; (ii) you misrepresent or omit material, financial, medical or other information requested during the application process; (iii) you fail to pay the Monthly Membership Fee for three consecutive months; (iv) your financial status changes such that you no longer meet the financial requirements for membership; or (iv) you no longer qualify for independent living and fail to follow recommendations of the Carolina Meadows Care Coordination Team including moving to a higher level of care or obtaining sufficient support in the home.
- 7.3 In the event of your death at any time after the Date of Early Advantage this Agreement will terminate upon the date of death. Your estate may be entitled to a prorated refund of the Entry Fee.
- 7.4 Your refund, without interest, of the Entry Fee you have paid will be calculated on a pro-rated basis. The twenty-five (25) month period begins with signing of this document. 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) any amounts due to Carolina Meadows. After twenty-five (25) months there is no refund of the Entry Fee. Refund payment, if any, shall be made within thirty (30) Days of written notice of termination.
- 7.5 Should you not move on campus, any excess deposits above the Early Advantage Fee will be refunded to you or your estate.

## **8. YOUR OBLIGATIONS AS A CAROLINA MEADOWS EARLY ADVANTAGE RESIDENT.**

- 8.1 You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations and policies.
- 8.2 You agree to provide Carolina Meadows with the following information prior to occupancy:

- Emergency contact information for persons to notify in an emergency
  - Name of your local physician
  - Copy of current Durable Power of Attorney
  - Copy of current Health Care Power of Attorney
  - Copy of any Advance Directives
  - Copies of relevant portions of trusts indicating where any refunds should be sent if not to the estate or surviving spouse.
  - Name of the executor of your Estate
- 8.3 You agree, upon membership and approximately annually thereafter, to participate in an in-home visit for the purpose of identifying any goals or needs for which we may be of assistance as well as providing some basic but vital information for our use in the event of an emergency. You have the right to access your health information.
- 8.4 You accept the community's ideals of neighborliness, cooperation and good will, and agree to abide by rules designed to promote the safety, comfort and security of all residents.
- 8.5 You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 8.6 You agree to maintain a Medicare A and B policy, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement.
- 8.7 While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we require you to maintain the coverage. You agree to provide periodic, and as reasonably requested, proof that your coverage remains in effect after you execute this Agreement. If you later choose to move on-campus into any level of care and if you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any financial assistance in the event your finances become depleted or insufficient to cover the Monthly Fees and other costs associated with living at Carolina Meadows.

- 8.8 If you carry long-term care insurance at the time you execute this Agreement and Section 8.7 does not apply because your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days (30) prior to allowing your coverage to lapse in the event you wish no longer to maintain your long-term care policy.
- 8.9 You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.
- 8.10 You agree to pay, in full and on time, all fees due to Carolina Meadows. You will be charged a late fee of eighteen percent (18%) per year of the unpaid balance on any fees not paid on time, as specified in this Agreement.  
\_\_\_\_\_initial
- 8.11 You represent and warrant that all of the information you have provided about yourself is accurate and agree that serious omissions or untruths are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 8.12 You agree to indemnify and hold Carolina Meadows harmless from and against all claims, losses and expenses resulting from your own negligence, acts or omissions.
- 8.13 You agree to provide updated financial information every two years, or as reasonably requested.
- 8.14 Upon permanently moving on campus to any Carolina Meadows' level of care, you must execute a Residence and Services Agreement and become subject to the terms of that Agreement. This Early Advantage Agreement shall terminate upon execution of a Residence and Services Agreement.

**9. AMENDMENTS AND PARTIAL INVALIDATION.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep this Agreement in compliance with applicable laws and regulations – provided that the changes we make do not substantially reduce your benefits under this Agreement. We will notify you of any such change. If any provision in this Agreement is invalidated, all other provisions will remain in force.



**10. NO ASSIGNMENT.** The rights and privileges granted to you under this agreement are specific to you and may not be assigned to anyone else.

**11. MISCELLANEOUS PROVISIONS.**

11.1 If you fail to honor some provision in this Agreement and we do nothing about it – or if we fail to do something and you overlook it – nothing in this Agreement changes. In other words, nothing old is waived; nothing new is authorized. The Agreement will remain fully enforceable.

11.2 By signing this Agreement, you authorize the release to Carolina Meadows any information we might reasonably need or request. \_\_\_\_\_initial

11.3 Carolina Meadows 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. \_\_\_\_\_initial

**12. ENTIRE AGREEMENT.** All exhibits, schedules and addenda attached to this Agreement are incorporated herein and made a part hereof by reference. This Agreement, including any exhibits, schedules and addenda attached hereto, constitutes the entire agreement between Carolina Meadows and you and supersedes all prior written or prior contemporaneous oral understandings or agreements between Carolina Meadows and you. Carolina Meadows shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Carolina Meadows, unless such statements, representations, or promises are set forth in this Agreement or its exhibits, schedules and addenda. This Agreement shall not be altered, amended or modified except in writing and duly executed by you and Carolina Meadows. This Agreement is governed by the laws of the State of North Carolina.

You have carefully read or had your legal or financial counsel review this agreement before signing. \_\_\_\_\_initial

*(Signature Page Follows)*

### NOTICE

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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**CAROLINA MEADOWS, INC.**

**RESIDENT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



# DISCLOSURE STATEMENT

MAY 30, 2025

CAROLINA MEADOWS, INC.

100 Carolina Meadows  
Chapel Hill, NC 27517-8505  
(919) 942-4014

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## RECEIPT OF DISCLOSURE STATEMENT

The undersigned hereby acknowledges receipt of a Disclosure Statement dated May 30, 2025 from Carolina Meadows, Inc.:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_