Disclosure Statement

Carolina Village, Inc.

Provider: Carolina Village, Inc.

Date of Disclosure Statement: March 31, 2026

Last Date for Delivery: September 7, 2027

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

Financial Snapshot: Key Ratios for Carolina Village, Inc.

Fiscal Year Ended: March 31, 2026 (FY)

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*	NC 25th %[1]	NC 50th%[1]	NC 75th %[1]
DCOH	276	236	241	*258*	*284*	*313*	—	—	—
CUSH	5.0x	4.4x	4.3x	*8.9x*	*7.5x*	*8.6x*	—	—	—
OR	115%	107%	104%	*113%*	*113%*	*112%*	—	—	—
NOM	-12.4%	-5.9%	-5.7%	*-3.0%*	*-4.3%*	*-4.0%*	—	—	—
NOM-A	30.0%	26.9%	30.5%	*27.8%*	*23.9%*	*24.9%*	—	—	—
DSCR	3.10x	2.11x	2.68x	*5.54x*	*3.39x*	*3.69x*	—	—	—
CD	.46x	.41x	.45x	*.36x*	*.15x*	*.17x*	—	—	—
CED	2.35x	1.53x	1.86x	*3.72x*	*8.48x*	*10.00x*	—	—	—

Liquidity Ratios:

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

Profitability Ratios:

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

Capital Structure Ratios:

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

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

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

Table of Contents

1. Provider Identification and Basic Information

Item	Information
Provider Name:	Carolina Village, Inc.
Business Address:	600 Carolina Village Road, Suite Z, Hendersonville, North Carolina 28792
Telephone Number:	(828) 692-6275
Legal Entity Type:	North Carolina nonprofit corporation
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Private nonprofit corporation; no individual or corporation has an equity position or controlling interest in Carolina Village, Inc. Carolina Village, Inc. is not publicly held or publicly traded.
Tax Filing Status:	Current on all required federal and state tax filings.
Affiliation:	Carolina Village, Inc. is not affiliated with any religious, charitable, or other organization. Carolina Village, Inc., has no parent organization and operates as a standalone nonprofit corporation.

2. Organizational Structure

2.1 Multi-Entity Organization Status

Carolina Village, Inc., is not part of a multi-entity organization. It is a North Carolina standalone nonprofit corporation formed in 1972 to develop and operate a life-care facility for senior citizens in Hendersonville, North Carolina.

2.2 Consolidation of Financial Statements

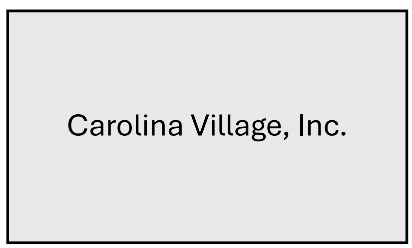
N/A- Carolina Village Inc. is a standalone nonprofit corporation. Therefore, the audited financial statements are not consolidated.

2.3 Controlling Person

Item	Information
Name:	Carolina Village, Inc.
Business Address:	600 Carolina Village Road, Suite Z, Hendersonville, North Carolina 28792
Telephone Number:	(828) 692-6275
Explanation:	Carolina Village, Inc., does not have a controlling person. The Board of Directors are charged with governance of Carolina Village, Inc.

2.4 Company Structure Chart

Carolina Village Inc. is a standalone nonprofit corporation.



Accessible Text Equivalent:

- **Carolina Village, Inc.** (no parent or controlling person; nonprofit corporation)

3. Key Persons and Management

Definitions (for purposes of this Section):

- **Outside Interests**: Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of $5,000 or more. If none, the provider discloses "None."

- **Adverse Disclosures**: Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses "None."

3.1 Senior Officers of Carolina Village, Inc.

Name / Role	Education	Experience	Length of Service
Kevin Parries – President & Chief Executive Officer (CEO)	MBA, Wingate University; B.S, Mars Hill College; Nursing Home Administrator, Assisted Living Certified, Certified Gerontologist, Certified Aging Service Professional	37 years in senior-living operations; former administrator of SNF at Carolina Village Inc.	22 years 11 months (since 09/15/2003); serves as President & Chief Executive Officer of Carolina Village, Inc.; employed by Carolina Village, Inc.
Amber Anderson – Chief Financial Officer (CFO)	MAcc, WCU; B.S. Accounting, WCU; CPA (NC)	14 years in nonprofit healthcare finance; former auditor of CCRCs, SNFs and hospital systems	7 years 3 months (since 06/03/2019); serves as Chief Financial Officer of Carolina Village, Inc.; employed by Carolina Village Inc.

Business Address: 600 Carolina Village Road Suite Z, Hendersonville, NC 28792

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

3.2 Community Management – Carolina Village, Inc.

Name / Role	Education	Experience	Length of Service
Jon Renegar – Chief Operating Officer (COO)	MBA, App State; B.S. App State; Nursing Home Administrator, Certified Aging Professional	22 years in long term care; 13 years as administrator	14 years 9 months (since 11/21/2011); employed by Carolina Village Inc.; serves as Chief Operating Officer
Alex Tucker-Healthcare Administrator	Masters in Sociology, Northern Arizona University; B.S. in Sociology, BYU; Nursing Home Administrator, Certified Aging Professional, Assisted Living Certified	17 years in long term care; 14 years as administrator	14 years 8 months (since 12/12/2011); employed by Carolina Village Inc.; serves as Healthcare Administrator
Holly Styles-Director of Nursing	Associate's Degree in Nursing, Blue Ridge Community College; Certified Resident Assessment Coordinator, Assisted Living Certified	18 years as a Registered Nurse; 2 years as Director of Nursing	17 years 2 months (since 06/23/2009); employed by Carolina Village Inc.; serves as Director of Nursing

Business Address: 600 Carolina Village Road Suite Z, Hendersonville, NC 28792

Disclosure: No Management Team Members have reported any Outside Interests or Adverse Disclosures.

3.3 Board of Directors — Carolina Village, Inc.

Name / Role	Education	Experience	Length of Service
Mark Morse-President	B.S. Engineering- University of Illinois, MBA- University of Michigan	Local Executive	5 years (Since 2021)
Elizabeth Whitten – Vice-President	MBA- Wake Forest University	Local Executive, CFO	1 year (Since 2025)

Name / Role	Education	Experience	Length of Service
Terry Andersen – Treasurer	B.A. UNC Chapel Hill; CPA (NC)	Practicing CPA	17 years (Since 2009)
Tim Kriegel – Assistant Treasurer	B.S.B.A. Clarion State University	Retired Local Executive, CPA	2 years (Since 2024)
Justin Ward – Secretary	B.S. Fire Services Administration- Fayetteville State University	Deputy Fire Chief of Hendersonville	6 years (Since 2020)
Rick Wood – Assistant Secretary	B.S. PE & Health Education- Auburn University	Retired Educator, Coach	1 year (Since 2020)
Dick Bobb – Director	B.S. Ohio State University	Retired Financial Executive / Resident	7 years (Since 2019)
Robbie Chenault – Director	B.S. Marketing & Management Information Systems- University of North Alabama	Local Executive, Aging Services	3 years (Since 2023)
David Fluech – Director	B.S. Physical Therapy- Medical College of Georgia; Masters Physicians Assistant- Wingate University	Physician Assistant	3 years (Since 2023)
Bill Gold – Director	B.A. Management- Villanova University	Local Executive, Wealth Advisory Firm	4 years (Since 2022)
Dr. Wilder Glover Little – Director	Emory University School of Medicine	Physician	5 years (Since 2021)
Renita McDougal – Director	PHD, Education- University of Tennessee	Retired Investment Advisor	2 years (Since 2024)

Name / Role	Education	Experience	Length of Service
Mark Packard - Director	B.A. Business Management- NC State University	Retired Finance Executive	2 months (Since 2026)
Sherri Metzger – Director	B.S. University of Missouri	Retired Realtor / Resident	7 years (Since 2019)
Sissy Rogers – Director	M.S. Human Resource, Western Carolina University	Local Executive, HR	1 year (Since 2025)
Adam Shealy – Director	University of Georgia School of Law	Local Attorney	11 years (Since 2015)
Trina Stokes – Director	MBA, University of Tennessee	Local Executive	6 years (Since 2020)
Steven Young – Director	M.S. Information Systems Carnegie Mellon University	VP of Technology, Blue Ridge Community College	3 years (Since 2023)

Business Address: 600 Carolina Village Rd. Suite Z, Hendersonville, NC 28792

Disclosure: None of the directors of Carolina Village, Inc. have reported any Outside Interests or Adverse Disclosures.

3.4 Board of Directors — (Controlling Person) (None)

Name / Role	Education	Experience	Length of Service

Business Address: No controlling persons.

Disclosure: No controlling persons.

3.5 Management Entity — N/A

Carolina Village, Inc. does not have a management company.

3.6 Individuals Holding ≥10% Equity or Beneficial Interest in Provider or Controlling Person-N/A

Carolina Village, Inc. is a nonprofit corporation and therefore has no equity ownership interests. No individual holds a ten percent (10%) or greater equity or beneficial interest in Carolina Village, Inc.

4. Governing Body and Oversight

4.1 Provider Governing Body

Carolina Village, Inc. is governed by a Board of Directors consisting of eighteen members. The Board is responsible for the overall direction and oversight of Carolina Village, Inc.'s operations, financial condition, and resident welfare. Its duties include:

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

4.1.1 Selection of Members

Person nominated by the Board Development Committee shall be eligible for election as directors by the Board of Directors. Directors serve three-year terms and may be reappointed for up to two consecutive terms. After serving two consecutive terms, they must take one year off from the board before becoming eligible to be reelected. Officers of the Board (Chair, Vice Chair, Treasurer, and Secretary) are elected annually by the Board from among its members.

4.1.2 Oversight of Management and Operations

The Board delegates day-to-day operations of Carolina Village, Inc. to the CEO, CFO, COO and senior management employed by Carolina Village, Inc. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital projects, and debt issuances.
- Monthly board meetings and periodic committee reports.
- Evaluation of the President/CEO.

4.1.3 Committees

The Carolina Village, Inc. Board maintains standing committees for:

- **Executive:** ensures board is operating effectively and efficiently and has oversight for executive compensation
- **Finance**: oversees overall financial health, reviews and approves financial reporting, budgets, independent audit of financial statements, and debt covenant compliance.
- **Quality First:** quality of resident care, regulatory compliance, and resident engagement.
- **Investment**: investment policy and oversight of investment portfolio
- **Strategic Planning/Buildings & Grounds**: long-term planning, market development, and risk management.
- **Personnel:** personnel and human resource oversight
- **Board Development:** identify potential new board members, board member education and development

4.2 Controlling Person Governing Body

There are no controlling persons of Carolina Village, Inc.

4.2.1 Selection of Members- N/A

4.2.2 Oversight of Management and Operations- N/A

4.2.3 Committees- N/A

4.3 Division of Responsibilities

To avoid duplication and ensure effective oversight:

- The Carolina Village, Inc. Board focuses on both system level matters and resident-level matters, including community operations, quality of care, resident satisfaction, financial performance, appointment of directors, debt covenant compliance, and long-term strategic planning.

5. Related Parties

Carolina Village, Inc. has no related parties.

6. Relationships with Religious, Charitable, or Other Organizations

The disclosures in this section address organizational relationships and are distinct from the related-party transactions reported in Section 5.

Carolina Village, Inc. is a nonprofit corporation governed by its Board of Directors.

Carolina Village, Inc. does not have a relationship with a sponsoring religious denomination, faith-based community, charitable organization or educational institution. Memberships in industry organizations such as LeadingAge and LeadingAge North Carolina are limited to networking and professional development and carry no governance authority or financial support.

7. Other Persons Responsible for Provider Obligations

No other person or entity is responsible, directly or indirectly, for the financial or contractual obligations of Carolina Village, Inc.

8. Obligated Groups

Carolina Village, Inc. is the sole member of an obligated group created under the terms of bond indentures and related financing agreements. Carolina Village, Inc., as the sole member of the obligated group, is solely responsible for repayment of bonded indebtedness and for compliance with related bond covenants.

The audited financial statements of Carolina Village, Inc. in Appendix A represent the obligated group.

9. Debt Covenants and Compliance

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

As of March 31, 2026, Carolina Village, Inc. (the obligated group) was in full compliance with all covenants contained in debt agreements.

10. Third-Party Management

Carolina Village, Inc., does not employ a third-party manager to operate the continuing care retirement community. Day-to-day operations are carried out by the CEO, CFO, COO and senior management employed by Carolina Village, Inc.

11. Leases of Real Property

Carolina Village, Inc. does not lease any part of the real property of the continuing care community.

12. Endowment Funds

Carolina Village, Inc. maintains endowment funds directly. These include donor restricted funds and the earnings, including net appreciation on these funds that are to be spent on those donor-restricted purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

These endowment funds are restricted by the donors and to be used towards resident financial assistance, quality of care and educational scholarships. Distributions from the endowment funds must be approved by the CEO and CFO to ensure that these funds are being used for their intended purposes.

13. Description and Location of Property

Carolina Village, Inc. is located at 600 Carolina Village Road, Hendersonville, North Carolina 28792 and was incorporated in 1972 and opened in 1974. The community is a gated property located on approximately 95 acres.

The original campus included apartments, cottages, a dining venue, common areas and a healthcare center. In 1998 and 2003 a total additional 54 independent living cottages and a new skilled nursing facility were added to the campus. Another major expansion in 2008 added 63 independent living apartments and a new assisted living facility. In 2012 the dining room, kitchen and Main Street were completely renovated, the wellness center and indoor pool were also constructed. Carolina Village expanded again in January 2020 when 54 cottages and a 36-unit apartment building were constructed. A permanent gatehouse, three new dining venues, employee break area and administrative offices were constructed during 2023, along with complete renovations to the Fireplace Lounge, the Library, Village Hall and Main Street. During 2024, our skilled nursing facility underwent an extensive renovation.

Shared amenities include fitness facilities, pool, Main Street, multipurpose meeting rooms, a media room, business center, clubhouse, pharmacy, market, dining room, fast casual dining, destination dining, cafe, lounges, libraries, personal laundry facilities, craft centers, landscaped courtyards, walking trails, dog park, and gardens.

The future expansion project includes substantial renovations to the original independent living apartment buildings, including exterior re-skinning, addition of balconies, interior hallway improvements and upgrades to major mechanical and building systems. In addition, Carolina Village, Inc. is planning the development of a new 60-unit independent living apartment building on campus to accommodate growing demand. Assuming all conditions are met to Carolina Village’s satisfaction (including financial projections, pre-sales, construction contract, etc.) financing for the expansion project and construction is expected to occur in the 2nd or 3rd quarter of 2027.

14. Number of Living Units

As of March 31, 2026, Carolina Village, Inc. included:

- 370 independent living units (235 apartments and 135 cottages)
- 60 assisted living units
- 58 skilled nursing beds

15. Continuing Care at Home Program-N/A

Carolina Village, Inc. does not operate a continuing care at home program.

15.1 Program Description- N/A

15.2 Geographic Areas Served- N/A

15.3 Enrollment- N/A

15.4 Staffing and Resources- N/A

16. Resident Population

As of March 31, 2026, the census at Carolina Village, Inc. was:

- 470 residents in independent living
- 59 residents assisted living
- 36 residents in skilled nursing

As of March 31, 2026, Carolina Village, Inc. maintained a waitlist for admission to independent living consisting of 1,054 households. Individuals on the waitlist are prospective residents and are not current residents until they have executed an Occupancy Agreement.

To be placed on the independent living waitlist, prospective residents are required to submit a $1,000 waitlist deposit and execute the Waiting List Agreement. They also receive a current Disclosure Statement. The $1,000 waitlist deposit is non-refundable. If the prospective residents later enters into an Occupancy Agreement, the waitlist deposit is applied toward the required entrance fee at that time.

The payment of the waitlist fee does not guarantee admission nor the amount of the entrance fee that may be applicable when the unit is available for contract.

17. Occupancy Rates

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

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
03/31/2026	95.3%	94.9%	80.3%
03/31/2025	96.3%	94.6%	81.6%
03/31/2024	95.2%	85.4%	66.2%
03/31/2023	92.0%	89.4%	67.4%
03/31/2022	92.4%	88.2%	86.7%

18. Semiannual Resident Meetings

Carolina Village, Inc. holds meetings with residents at least twice each year, as required by law.

Fiscal Year 2026 Meeting Dates

- February 26, 2026
- July 22, 2025

As required by law, an independent board member was present at each of the meetings. Several board members attended the July 22, 2025 meeting, including Trina Stokes and Terry Andersen. Tim Kriegel, Dick Bobb, Sherri Metzger and Robbie Chenault attended the February 26, 2026 meeting.

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Carolina Village, Inc. Carolina Village, Inc. retains full ownership and control of the property. Residency and access to services are governed solely by the continuing care contract (Occupancy Agreement).

20. Services Provided

Carolina Village, Inc. offer services under the continuing care contract (Occupancy Agreement). The monthly service fee includes access to assisted living and skilled nursing services without an increase in the monthly service fee, except for additional meals, drugs, supplies, deductibles, coinsurance, copays, and ordered therapy services. The following describes the services included in the Occupancy Agreement, as well as those available for an additional charge.

20.1 Health Care Services

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

20.2 Continuing Care Contracts (CCRC)

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

20.2.1 Services Included in Monthly Fees

- Housing in independent living
- Access to Assisted Living & Skilled Nursing Services without increase in monthly service fee (except meals, drugs, supplies, deductibles, co-insurance and/or co-pays and therapy services ordered by resident's personal physician)
- Flexible meal plan
- All utilities, except for phone service
- Cable television
- Internet/Private network
- 24-hour Maintenance of the unit (interior and exterior)
- Trash pick up
- Grounds keeping
- Semi-monthly housekeeping service
- Weekly flat laundry service
- Free lighted parking for residents and their guests
- Emergency call system
- On-site Wellness Coordinator and multiple fitness areas
- Planned activities--social, cultural, recreational, intellectual, vocational, and spiritual
- Shuttle bus with regular schedule
- Use community amenities
- Care coordination for transitions between levels of care

20.2.2 Services Available at Additional Charge

- Private transportation
- Expanded television service
- On-site pharmacy services
- Beauty and barber shop services
- Additional meals while in the Medical Center or Care Center
- Drugs and supplies
- Coinsurance, co-pays, deductibles, and therapy services not covered by Medicare or insurance
- Private physician charges

Any services for which the Village receives payment from Medicare will not be charged to the resident. Carolina Village residents are not charged co-insurance while in the Medical Center under Medicare Inpatient Part A Covered Stay. Hospital and normal physician charges are the personal obligation of the resident.

20.3 Continuing Care at Home (CCaH) Contracts-N/A

Carolina Village does not offer or have Continuing Care at Home Contracts.

20.3.1 Services Included in Monthly Fees -N/A

20.3.2 Services Available at Additional Charge – N/A

20.4 Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by Carolina Village, Inc. Therapies (physical, occupational, and speech) are also provided by Carolina Village, Inc. employees.

21. Resident Fees

Nonancillary fees at Carolina Village, Inc. consist of required, ongoing fees such as entrance fees and monthly service fees. The following tables show Carolina Village, Inc.'s current fee schedules, along with historical information on entrance fee and monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

When an independent living unit selected by the applicant becomes available, it will be offered in chronological order (based on date of Waiting List Agreement) to names on the waiting list for that particular size of unit. In other words, the applicant longest on the waiting list for the type of unit available will be offered occupancy before any others. If occupancy is declined, then the applicant next longest on the waiting list will be offered occupancy. Offers will continue to be made in sequential order until occupancy is accepted. When the applicant indicates acceptance of the living unit offered, the applicant will be required to submit a medical statement from his or her personal physician indicating that the applicant's physical and mental health meets the requirement for entry into Carolina Village and also submit a financial statement indicating that he or she can meet the financial obligations that will be incurred during his or her period of residency. After these statements are completed and indicate that the applicant qualifies to become a resident of Carolina Village, the applicant and Carolina Village will enter into a formal Reservation Agreement for that specific independent living unit, and the applicant will pay a $25,000 reservation deposit. The $25,000 reservation deposit is applied to the Entrance Fee when the applicant moves in. The applicant also receives a current Disclosure Statement. Once the applicant and Carolina Village enter into the Reservation Agreement, the applicant will have a period of not more than 90 days to assume occupancy. A new resident may move in prior to 90 days but adequate time must be given to the Village to refurbish the unit.

When the independent living unit is ready for occupancy, the applicant and Carolina Village will enter into a formal Occupancy Agreement and payment of the Entrance Fee is made to Carolina Village. The payment of the entrance fee allows the privilege of occupying said living unit throughout the lifetime of the occupant unless cancelled in the manner provided within the terms and provisions of the Occupancy Agreement. The full Entrance Fee is payable at or before assuming occupancy. No portion of the Entrance Fee may be paid until the unit is ready for occupancy.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at Carolina Village.

Table 21.1: Current Monthly Fees (CCRC Contract)

Unit Type	Single Occupant	Couple Occupant
Pisgah Apartments		
1-Bedroom Standard	$2,783	$4,437
1-Bedroom Deluxe	$3,057	$4,711
Summit Apartments		
1-Bedroom	$3,760	$5,414
1-Bedroom + Den	$4,678	$6,332
Blue Ridge Apartments		
2-Bedroom Standard	$3,057	$4,711
2-Bedroom Expanded	$3,452	$5,106

Unit Type	Single Occupant	Couple Occupant
2-Bedroom Custom	$3,738	$5,392
2-Bedroom Deluxe	$4,074	$5,728
Pinnacle Apartments		
2-Bedroom	$4,799	$6,453
2-Bedroom Corner	$5,460	$7,114
2-Bedroom + Den	$5,432	$7,086
2-Bedroom Corner + Den	$5,835	$7,489
Smoky Mountain Apartments		
1-Bedroom + Den	$4,465	$6,119
2-Bedroom	$5,192	$6,846
2-Bedroom + Den	$6,273	$7,927
Woods Cottages		
2-Bedroom Expanded	$3,534	$5,188
2-Bedroom Custom	$3,805	$5,459
2-Bedroom Deluxe	$4,113	$5,767
Garden Cottages		
2-Bedroom Standard	$4,681	$6,335
2-Bedroom Expanded	$4,921	$6,575
2-Bedroom Custom	$5,180	$6,834
Meadows Cottages		
2-Bedroom Standard	$4,375	$6,029
2-Bedroom Expanded	$4,667	$6,321
2- Bedroom Custom + Den	$4,789	$6,443
2-Bedroom Deluxe + Den	$5,083	$6,737
Clear Creek Cottages		
1-Bedroom + Den	$4,393	$6,047
2-Bedroom Terrace	$4,680	$6,334
2-Bedroom Duplex	$5,159	$6,813

Unit Type	Single Occupant	Couple Occupant
2-Bedroom + Den	$5,671	$7,325

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

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

Fiscal Year-End	Average % Increase	Average $ Increase	Frequency
03/31/2026	5.00%	$250	Annual
03/31/2025	4.25%	$204	Annual
03/31/2024	4.50%	$206	Annual
03/31/2023	9.50%	$399	Annual
03/31/2022	3.90%	$150	Annual

Table 21.3: Current Entrance Fees (CCRC Contracts)

Unit Type	Entrance Fee (Single)	Entrance Fee (Couple)
Pisgah Apartments		
1-Bedroom Standard	$241,900	$333,700
1-Bedroom Deluxe	$278,500	$370,300
Summit Apartments		
1-Bedroom	$319,100	$410,900
1-Bedroom + Den	$404,700	$496,500
Blue Ridge Apartments		
2-Bedroom Standard	$278,500	$370,300
2-Bedroom Expanded	$321,500	$413,300
2-Bedroom Custom	$371,800	$463,600
2-Bedroom Deluxe	$428,400	$520,200
Pinnacle Apartments		

Unit Type	Entrance Fee (Single)	Entrance Fee (Couple)
2-Bedroom	$438,700	$530,500
2-Bedroom Corner	$516,800	$608,600
2-Bedroom + Den	$519,800	$611,600
2-Bedroom Corner + Den	$582,400	$674,200
Smoky Mountain Apartments		
1-Bedroom + Den	$440,200	$532,000
2-Bedroom	$518,700	$610,500
2-Bedroom + Den	$625,100	$716,900
Woods Cottages		
2-Bedroom Expanded	$379,600	$471,400
2-Bedroom Custom	$437,200	$529,000
2-Bedroom Deluxe	$504,900	$596,700
Garden Cottages		
2-Bedroom Standard	$576,200	$668,000
2-Bedroom Expanded	$626,800	$718,600
2-Bedroom Custom	$677,400	$769,200
Meadows Cottages		
2-Bedroom Standard	$513,900	$605,700
2-Bedroom Expanded	$553,000	$644,800
2- Bedroom Custom +Den	$584,600	$676,400
2-Bedroom Deluxe + Den	$622,900	$714,700
Clear Creek Cottages		
1-Bedroom + Den	$480,900	$572,700
2-Bedroom Terrace	$518,300	$610,100
2-Bedroom Duplex	$576,800	$668,600
2-Bedroom + Den	$639,700	$731,500

Refundability terms vary by contract and are disclosed in Section 22. Entrance fees are reviewed annually and may be adjusted. Adjustments are subject to board approval, with no contractual cap on increases.

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

Fiscal Year-End	Average % Increase	Average $ Increase	Frequency
03/31/2026	8.00%	$39,097	Annual
03/31/2025	8.10%	$36,841	Annual
03/31/2024	8.70%	$36,307	Annual
03/31/2023	17.80%	$63,393	Annual
03/31/2022	4.00%	$16,686	Annual

21.2 CCaH Contracts-N/A

Carolina Village does not offer Continuing Care at Home (CCaH) contracts.

Table 21.5: Current Monthly Fees (CCaH Contracts)- N/A

Table 21.6: Historical increases in Monthly Fees (CCaH contracts)- N/A

Table 21.7: Current Entrance Fees (CCaH Contracts)- N/A

Table 21.8 - Historical Increases in Entrance Fees (CCaH contracts)- N/A

21.3 Household Composition Changes

If a resident marries (or otherwise increases the number of people residing in a independent living unit) a non-resident, the new spouse must meet the same age, health, and financial standards required of other applicants, and, in addition, pay an added entrance fee equal to the current second person entrance fee. The monthly service fee is adjusted to the couple rate. If the additional applicant does not meet the admission requirements, they may not be admitted under a continuing care contract.

If two residents marry each other, they may occupy the living unit of either resident. No refund or credit will be given for the vacated living unit. If the vacated unit was occupied for less than 10 years, there will be a redecorating fee due, which is pro-rated based on the length of occupancy. The vacated unit must be vacated within 14 days of the marriage. The monthly service fee charged for the living unit occupied will be at the current couple occupancy rate for that specific unit type.

If at any time a cohabitating party decides to separate into different units, there will be no refund granted, even if a resident moves to a smaller unit. Any additional fee will be calculated based on the new unit(s) the resident(s) select, which will be subject to availability. The vacated unit must be vacated within 14 days of the new unit(s) being available for occupancy. There may be a redecorating fee due for the vacated unit, if that unit was occupied for less than 10 years.

21.4 Transfer Fees and Resale Fees

All internal moves within independent living are subject to a redecorating fee for an independent living unit that has been occupied for less than 10 years. A resident may be due an entrance fee refund as a result of moving to a smaller unit. The refund would be calculated as described in the resident's Occupancy Agreement, with the intention to true up the entrance fee, as though the resident had originally moved into the smaller unit. If a resident needs to utilize skilled nursing or assisted living within 12 months of moving to a smaller independent living unit, the monthly service fee will revert back to the fee associated with the original, larger independent living unit, while the resident resides in the Medical Center and/or Care Center.

A resident moving to a larger unit will pay the entrance fee applicable to the larger unit at the time of the move, less a credit for the current entrance fee applicable to the unit being vacated. The resident will pay the current monthly service charge applicable to the new unit being occupied. Priority order for assignment of larger units will be determined based on the date entered on the waiting list.

When a death occurs within a couple and the surviving resident moves to another unit any refund, if due, will be calculated based on a single entrance fee of the unit being vacated.

Any move within independent living must be accomplished within 14 days from the date the unit is ready for occupancy.

Permanent moves from independent living to assisted living or skilled nursing must be accomplished within 30 days from the date of the permanency.

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

22. Refundable Entrance Fees

22.1 Conditions for Refunds

Carolina Village offers a declining-balance continuing care contract under which 10% of the entrance fee amortizes upon executing the Occupancy Agreement and continues to amortize at the rate of 2% per month, resulting in no refundable balance after 45 months. Once the 45-month amortization period has elapsed, no refund is payable upon termination of the contract or death of the resident. The contract therefore does not create a refundable entrance fee obligation beyond 45 months.

22.2 Refund Obligations as of March 31, 2026

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	0	$0
Refunds currently due (including amounts 30+ days past due)	0	$0

As of March 31, 2026, Carolina Village, Inc. had $39,890,000 total contractual refund obligations (that is if all residents with a refundable balance were to have terminated their contracts). No refunds were contractually due or past due at year-end.

23. Policies for Residents in Financial Hardship

23.1 Policies for Residents Unable to Pay

It is the policy of Carolina Village, Inc. to permit residents to remain in the community if they become unable to pay monthly service fees through no fault of their own, provided they have first fully applied their available assets and income. Residents are not discharged solely due to financial hardship once admitted under a continuing care contract. If the resident becomes insolvent, they may apply for financial assistance to clearly demonstrate an involuntary hardship. The resident, if residing in independent living, must also agree to relocate to a 1-bedroom standard apartment.

23.2 Sources of Financial Support

- **Residents in Need Endowment Fund**: Carolina Village, Inc. maintains the Residents In Need Endowment fund to provide benevolent assistance to those residents that qualify. This fund is funded by donor-restricted contributions with no limit in place for the duration or amount a single resident may receive. This assistance is applied directly to the resident's account.

23.3 Conditions or Limitations

- Eligibility for benevolent care is determined through a confidential financial review conducted by Carolina Village, Inc., senior management with oversight from the Board of Directors, on a case-by-case basis.
- Assistance is subject to the availability of endowment funds and is not guaranteed.

23.4 Narrative

In 2026, Carolina Village, Inc. provided approximately $95,000 in benevolent assistance

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Carolina Village, Inc. may terminate a continuing care contract:

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

24.2 Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances**:**

- Before occupancy or commencement of services:

  The Occupancy Agreement may be rescinded within 30 days following the later of the execution of the Occupancy Agreement or the receipt of the Disclosure Statement and the applicant is not required to move in during the recission period. The refund of all money transferred by the applicant, less non-standard feature costs requested by the applicant and a nonrefundable administrative fee equal to 10% of the Entrance Fee, will be made to the applicant within 5 business days.

In the event the applicant finds it necessary to cancel the Occupancy Agreement for good reason before occupancy, and after expiration of the 30-day period, Carolina Village shall be allowed to retain the administrative fee equal to 10% of the Entrance Fee and all costs of non-standard features requested by the applicant and shall reduce the amount refunded to the applicant and made to the applicant within 5 business days.

The Occupancy Agreement shall be automatically canceled due to death, illness, injury, or incapacity prior to occupancy that would preclude the applicant from occupying an independent living unit. A refund of the Entrance Fee paid less the administrative fee of 10% of the Entrance Fee and any costs of non-standard features as requested by the applicant shall be made to the applicant within 5 business days.

- After occupancy or commencement of services**:**

  The resident shall not under any circumstance terminate this agreement without serving the Village with 90-day written notice of intention to so terminate (or as otherwise stated in the resident's Occupancy Agreement). The resident will be charged with the established monthly service fee until the close of the 90-day period mentioned above.

  In the event the Occupancy Agreement is terminated as provided in the Occupancy Agreement, the departing resident will be reimbursed for the amount of the Entrance Fee paid less an appropriate charge for the period of occupancy as stated below. The refund will be made within 30 business days from the end of the 90-day notice.

  If a resident moves out with notice, the amount retained by the Village shall be 10% of the entrance fee plus two percent (2%) per month of occupancy plus the cost of non-standard features requested by the occupant (or as otherwise stated in the resident's Occupancy Agreement). In addition, any medical charges, incurred for the resident's care during residency and any other periodic charges, including any charges occurring during the 90-day notice period, shall be considered as credit to Carolina Village.

  After occupancy, there is no refund at death.

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fees.
- Nonrefundable portions of entrance fees are retained by Carolina Village, Inc.

- Prepaid monthly fees are prorated to the date the living unit is vacated, services cease or the 90-day notice ends, whichever is later, and any remaining balance is refunded.

24.4 Refunds Upon Death

- **Before occupancy or commencement of services**:

  The Occupancy Agreement shall be automatically canceled due to death, illness, injury, or incapacity prior to occupancy that would preclude the applicant from occupying an independent living unit. A refund of the Entrance Fee paid less the administrative fee of 10% of the Entrance Fee and any costs of non-standard features as requested by the applicant shall be made to the applicant within 5 business days.

- **After occupancy or commencement of services**:

  After occupancy there is no refund after death.

25. Re-occupancy of Vacated Living Units

A living unit at Carolina Village, Inc. may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

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

25.2 Provider-Initiated Vacating

- The Occupancy Agreement further provides the circumstances under which Carolina Village can cancel the Occupancy Agreement and reassign the living unit to a new resident. Please refer to section 24.1

25.3 Temporary Absences

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

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fees. The entrance fee and any prepaid monthly service fees are refunded in accordance with the Occupancy Agreement.

26. Resident Relocation to Another Living Unit

Residents of Carolina Village, Inc. may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

- **Health-Related Transfer**: When a resident's medical condition requires a move to a more supportive level of care, such as assisted living or skilled nursing.
- **Safety and Accessibility**: When the current living unit no longer meets the resident's safety or accessibility.

26.2 Provider Needs

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

26.3 Process

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

26.4 Financial Obligations

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

27. Health and Financial Admission / Continuation Standards

27.1 Admission Requirements

Admission to Carolina Village is subject to age, health, financial responsibility, and insurance requirements described in the Occupancy Agreement and related admission materials.

27.1.1 CCRC Contracts (Campus-Based)

- **Financial Standards**: The applicant will be required to file a financial statement of net worth and income to assure Carolina Village that the applicant can reasonably be expected to meet financial commitments while a resident at Carolina Village.
- **Age -** At the time of assuming residency, resident(s) must be at least 62 years of age. If one member of a couple being offered occupancy is less than 62 years of age the question of admission will be approved or denied by the Board of Directors
- **Health Standards**: The applicant must furnish a current medical report along with their medical history from his or her physician showing that the applicant is in good health and can live indepdendently. Further, the applicant must agree to be examined by a physician selected by Carolina Village to determine that the status of the applicant's health will permit him or her to live independently in the living unit upon occupancy. The applicant must be ambulatory and have mental status conducive to living in an independent living unit.
- **Insurance Coverage -** Applicants will be required to maintain coverage by Medicare A & B insurance or the equivalent insurance coverage by other insurance policies.

27.1.2 CCaH Contracts (Continuing Care at Home)- N/A

27.2 Continuation Requirements

- **CCRC Contracts**: Once admitted, residents may remain at the community regardless of changes in health or financial status, subject to the hardship policies described in Section 23 – Policies for Residents in Financial Hardship. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation to Another Unit) if their health needs can no longer be met safely in their current living unit.
- **CCaH Contracts**: Carolina Village, Inc., does not offer CCaH contracts.

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts**: If a resident's health materially declines between signing a contract and the date of initial occupancy, the provider may re-evaluate eligibility for independent living and may require admission to a higher level of care.
- **CCaH Contracts**: Carolina Village, Inc. does not offer CCaH contracts.

28. Age and Insurance Requirements for Admission

28.1 Age Requirements

- At the time of assuming residency, resident(s) must be at least 62 years of age.
- If one member of a couple offered occupancy is less than 62 years of age, admission will be approved or denied by the Board of Directors.

28.2 Insurance Requirements

Applicants for both CCRC and CCaH contracts must:

- Applicants are required to carry Medicare Parts A and B or equivalent insurance coverage.
- Additional coverage is recommended, but not required, to cover hospital or medical expenses not covered by Medicare.
- Residents under age 65 who are not covered by Medicare must have other insurance coverage equivalent to Medicare.

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

28.3 Special Conditions

- Exceptions to the minimum age requirement may be considered on a case-by-case basis if a younger applicant is married to or partnered with an eligible applicant, or if otherwise required to maintain household composition.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of March 31, 2026, Carolina Village, Inc. held $21,724,000 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 241 days, representing approximately eight months of projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- **Oversight Body**: Investment Committee of the Board of Directors of Carolina Village, Inc.
- **Day-to-Day Management**: Chief Financial Officer (CFO).
- **Experience**: Finance Committee members average 30 years of financial and investment policy oversight. The Chief Financial Officer has over 14 years of experience in financial services for non-profit continuing care retirement community. Certified professional investment advisors manage the long-term investment portfolio.
- **Policy and Controls**: Investments are managed under a Board-approved policy. Permitted holdings include cash equivalents, fixed income, US and international equities, mutual funds and ETFs. The funds are held with a professional investment firm(s). Quarterly meetings and presentations are held with the Carolina Village investment committee.

29.3 Statutory Operating Reserve Requirement

As of March 31, 2026, Carolina Village's 12-month rolling average independent living unit occupancy was 95.3%. Based on this level of occupancy, the required statutory operating reserve was 25% of projected operating costs for the next 12 months. This can be reduced to 12.5% in situations where the debt service coverage ratio also exceeds 2.0.

Table 29.1: Statutory Operating Reserve Calculation (as of March 31, 2027)

Component	Amount
Total projected operating expenses	$40,098,000
Add: Debt service (principal and interest)	$27,368,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	($30,477,000)
Less: Depreciation and amortization	($4,919,000)
Net projected operating costs	**$32,070,000**
Applicable reserve percentage based on occupancy	12.5%

Component	Amount
Required operating reserve	**$4,009,000**
Unrestricted cash & investments on hand	$21,724,000
Excess above required reserve	**$17,715,000**

Summary: The required statutory operating reserve was $4.01 million. Carolina Village, Inc. held $21.7 million in unrestricted cash and investments, providing an excess cushion of $17.7 million above the statutory minimum.

29.4 Refund Security (Entrance Fee Refunds) N/A

Entrance fee refund obligations are supported by unrestricted liquidity above the statutory operating reserve of $17,715,000. As of March 31, 2026, there were no refund obligations due.

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

Carolina Village, Inc. is not required by statute to escrow entrance fees and none are maintained in escrow.

Table 29.2: Unrestricted Cash and Investment Summary as of March 31, 2026

Category	Amount	Notes
Total unrestricted cash & investments	$21,724,000	All liquid balances (cash and investments)
Less: Required operating reserve	($4,009,000)	Must be maintained; release requires regulatory approval
Excess unrestricted cash and investments above operating reserve requirement	**$17,715,000**	Available for operations and refund needs (outside of designated reserves)

30. Expansion or Renovation Plans

As of March 31, 2026, the Board of Directors of Carolina Village, Inc. has approved preliminary plans to (a) complete substantial renovations to the original independent living apartment buildings, including exterior re-skinning, addition of balconies, interior hallway improvements, and upgrades to major mechanical and building systems, and (b) the development of a new 60-unit independent living apartment building on campus to accommodate growing demand. Pre-sales for the new independent living units began less than 30 days ago, and 63% are already presold with deposits.

The project is contingent upon satisfactory projections reflecting the performance of both existing operations and new development. Key factors influencing Carolina Village's decision to proceed include the successful negotiation of a guaranteed maximum price construction contract, receipt of all required regulatory approvals and strong pre-sale demand. If these conditions are satisfied, financing and construction for the project is expected to occur in the second or third quarter of 2027. Construction of the new independent living units is expected to take 27 months to complete. Renovations of the original independent living apartment buildings is expected to take approximately 1 year per building.

This project will increase the number of independent living units available to future residents. It will not alter existing residents' contracts or current fee structures. During construction, temporary activity may affect access and noise levels in nearby areas of the campus. Residents will be informed in advance of any significant disruptions.

31. Audit Opinion and Timeliness

The financial statements of Carolina Village, Inc., for the fiscal year ended March 31, 2026, were audited by Forvis Mazars , LLP (Asheville, NC).

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

32. Audited Financial Statements

The audited financial statements of Carolina Village, Inc. for the fiscal year ended March 31, 2026, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations and changes in net assets, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Carolina Village, Inc. for the period 2027 through 2031 are attached hereto as Appendix B. These statements were prepared and compiled by Clifton Larson Allen, LLP (Charlotte, NC), and include a summary of significant assumptions and accounting policies.

34. Explanation of Variances from Projections

For the fiscal year ended March 31, 2026, management reviewed the results of operations for Carolina Village, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 03/31/26

Category	Projected Amount	Actual Amount	Variance	Explanation
Investment Income (Realized & Unrealized Gains)	$336,000	$1,639,000	$1,303,000	Rate of return for investments was much higher than what was projected due to market conditions.
Property & Equipment, Net	$109,040,000	$114,046,000	$5,006,000	Pre-construction costs for project were not originally projected.

35. Key Financial Metrics

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

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

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

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

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

Table 35.1: Liquidity Ratios – Carolina Village, Inc.

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DCOH	276	236	241	*258*	*284*	*313*
CUSH	5.0x	4.4x	4.3x	*8.9x*	*7.5x*	*8.6x*

Narrative – Carolina Village, Inc.:

Liquidity ratios will remain consistent until FY+1 when ratios improve as a result of financing for the project and restructuring existing debt.

Table 35.1A: Liquidity Ratios – Obligated Group- Same as Table 35.1

35.2 Profitability Ratios

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Table 35.2: Profitability Ratios – Carolina Village, Inc.

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
OR	115%	107%	104%	*113%*	*113%*	*112%*
NOM	-12.4%	-5.9%	-5.7%	*-3.0%*	*-4.3%*	*-4.0%*
NOM-A	30.0%	26.9%	30.5%	*27.8%*	*23.9%*	*24.9%*

Narrative – Carolina Village, Inc.:

Profitability margins decline slightly beginning in FY+1 as construction on the project begins.

Management projects continued modest improvement after FY+3 as the new units stabilize and monthly service fee inflows support profitability.

Table 35.2A: Profitability Ratios – Obligated Group- Same as Table 35.2

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

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

Table 35.3: Capital Structure Ratios – Carolina Village, Inc.

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DSCR	3.10x	2.11x	2.68x	*5.54x*	*3.39x*	*3.69x*
CD	.46x	.41x	.45x	*.36x*	*.15x*	*.17x*
CED	2.35x	1.53x	1.86x	*3.72x*	*8.48x*	*10.00x*

Narrative – Carolina Village, Inc.:

DSCR remains strong and improves after FY due to restructuring of existing debt.. CD is projected to decrease beginning in FY+1 due to the assumption of increased long-term debt related to the expansion project. CED ratio remains at or above 1.0× and increases significantly beginning in FY+1 due to the expansion project, indicating adequate reinvestment in campus infrastructure.

These ratios fluctuate in the forecasted fiscal years due to the beginning of the capital reinvestment project and associated financing.

Table 35.3A: Capital Structure Ratios – Obligated Group- Same as Table 35.3

35.4 Overall Summary

Carolina Village demonstrates sound liquidity, improving profitability, and conservative leverage. System-level ratios confirm that Carolina Village, Inc. operates within a financially resilient network that provides additional stability and access to reserves. Projected performance indicates stable or modestly improving results through FY 2031, with sufficient capacity to fund operations, service debt, and support ongoing capital renewal.

36. Actuarial Opinion and Balance

The opinion of a qualified independent actuary is attached hereto as Appendix C. The actuarial report evaluates Carolina Village, Inc.'s current and projected financial position and determines whether Carolina Village, Inc. is in satisfactory actuarial balance. Key assumptions included mortality, morbidity, resident entrance and withdrawal rates, fee increase patterns, and long-term investment return.

37. Most Recent Examination Report

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

38. Other Material Information

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

39. Continuing Care and Continuing Care at Home Contracts

Carolina Village, Inc. offers a singular continuing care contract. Representative form of the continuing care contract attached hereto as Appendix D.

39.1 Continuing Care Contracts

Carolina Village, Inc. offers one form of continuing care contracts and is outlined below.

- **Declining Balance Contract (0% Refundable)** – If a resident moves out with notice, the amount retained by Carolina Village shall be 10% of the entrance fee plus two percent (2%) per month of Occupancy plus the cost of non-standard features requested by the Occupant (or as otherwise stated in the resident's Occupancy Agreement). In addition, any medical charges, incurred for resident's care during residency and any other periodic charges, including any charges occurring during the 90-day notice period, shall be considered as credit to the Village.

All other terms and conditions of the independent living contracts are substantially similar. A representative form of this contract is included in Appendix D.

39.2 Continuing Care at Home (CCaH) Contracts

Carolina Village, Inc. does not offer CCaH contracts.

Appendix Index

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

Appendix A — Audited Financial Statements

Carolina Village, Inc.

Independent Auditor's Report, and Financial Statements

March 31, 2026 and 2025

Contents

March 31, 2026 and 2025

Forvis Mazars, LLP
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Independent Auditor's Report

Board of Directors
Carolina Village, Inc.
Hendersonville, North Carolina

Opinion

We have audited the financial statements of Carolina Village, Inc. (the "Village"), which comprise the balance sheets as of March 31, 2026 and 2025, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as of March 31, 2026 and 2025 and the results of its operations and changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Village 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 Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

Forvis Mazars, LLP

Asheville, North Carolina
June 23, 2026

Carolina Village, Inc.
Balance Sheets
March 31, 2026 and 2025

	2026	2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,063,113	$ 5,416,653
Investments in marketable securities	8,274,713	7,123,774
Accounts receivable, residents, net	236,848	253,138
Accounts receivable, entrance fees	428,850	1,841,300
Accounts receivable, other	850,624	968,462
Supplies, inventories, and prepaid expenses	751,499	565,243
Total Current Assets	15,605,647	16,168,570
Assets Limited as to Use		
Funds held by a trustee under bond indenture	1,778,125	1,778,125
Endowment funds	362,192	362,192
Investments restricted for statutory operating reserve	8,386,000	7,589,000
Assets held in charitable remainder trusts	133,198	83,080
Assets held for deferred compensation	2,137,220	2,016,835
Other donor restricted assets held	1,227,427	1,368,257
Total Assets Limited as to Use	14,024,162	13,197,489
Employee Retention Credit receivable	1,756,165	1,756,165
Property and Equipment, Net	114,045,852	109,740,427
Total Noncurrent Assets	129,826,179	124,694,081
Total Assets	$ 145,431,826	$ 140,862,651

	2026	2025
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable–trade	$ 1,518,356	$ 877,975
Accounts payable–construction	601,018	237,602
Accrued payroll and related withholdings	187,478	716,180
Accrued vacation	1,264,442	1,224,611
Deposits on contracts	104,000	521,800
Current maturities of		
Charitable remainder trust annuities payable	5,175	4,331
Refundable entrance fees	506,416	423,053
Current maturities of long-term debt	2,637,789	2,549,131
Total Current Liabilities	6,824,674	6,554,683
Long-term Liabilities		
Exclusive of current maturities:		
Long-term debt, net	51,884,194	52,976,985
Charitable remainder trust annuities payable	9,582	12,561
Deferred compensation	2,137,220	2,016,835
Deferred revenue from entrance fees	71,853,383	69,919,872
Total Long-term Liabilities	125,884,379	124,926,253
Total Liabilities	132,709,053	131,480,936
Net Assets		
Without donor restriction	10,999,956	7,568,186
With donor restriction	1,722,817	1,813,529
Total Net Assets	12,722,773	9,381,715
Total Liabilities and Net Assets	$ 145,431,826	$ 140,862,651

Carolina Village, Inc.
Statements of Operations and Changes in Net Assets
Years Ended March 31, 2026 and 2025

	2026	2025
Revenues, Gains, and Other Support		
Revenues		
Apartments:		
Service fees	$ 16,337,855	$ 15,544,414
Entrance fee amortization	7,301,959	7,128,850
Entrance fee forfeitures	2,048,383	1,789,844
Administration fee	1,461,060	855,640
Other apartments revenue	241,752	257,568
Medical Center	4,388,070	4,302,201
Care Center	2,697,459	2,315,243
Dietary	2,192,086	2,144,186
Dietary–Care Center and Medical Center	1,801,742	1,685,130
Net assets released from restrictions for operations	546,736	708,870
Miscellaneous	757,226	639,658
Total Revenues	39,774,328	37,371,604
Expenses		
General and administrative	3,893,787	3,828,401
Operation of plant	5,988,726	5,869,063
Housekeeping	1,197,898	1,116,310
Medical Center	7,431,545	6,983,153
Care Center	3,385,727	3,035,645
Dietary	4,901,304	4,671,064
Dietary–Care Center and Medical Center	2,339,948	2,148,025
Independent living support	1,384,551	1,309,018
Annuity expenditures	5,175	5,464
Depreciation	4,979,394	4,712,250
Interest	2,474,052	2,255,340
Total Expenses	37,982,107	35,933,733
Operating Income	1,792,221	1,437,871
Non-operating Income (Expense)		
Unrealized gain on investments	436,271	108,376
Realized gain on investments	1,202,278	690,102
Gain (loss) on sale of property and equipment	1,000	(21,498)
Excess of Revenues over Expenses	$ 3,431,770	$ 2,214,851

	2026	2025
Net assets with Donor Restrictions		
Split interest agreement	$ 2,135	$ 14,451
Contributions	268,167	604,929
Interest and dividends	50,617	38,269
Unrealized gain (loss) on investments	20,691	(17,942)
Realized gain on investments	114,414	72,964
Net assets released from restrictions for operations	(546,736)	(708,870)
Change in Net Assets with Donor Restrictions	(90,712)	3,801
Change in Net Assets	3,341,058	2,218,652
Net Assets – Beginning of Year	9,381,715	7,163,063
Net Assets – End of Year	$ 12,722,773	$ 9,381,715

Carolina Village, Inc.
Statements of Cash Flows
Years Ended March 31, 2026 and 2025

	2026	2025
Operating Activities		
Change in net assets	$ 3,341,058	$ 2,218,652
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,979,394	4,712,250
Unrealized gain on investments	(456,962)	(90,434)
Realized gain on investments	(1,316,692)	(763,066)
Amortization of deferred loan costs	84,257	78,909
Amortization of bond discount	7,224	7,224
Amortization of bond premium	(18,480)	(18,480)
(Gain) loss on sale of property and equipment	(1,000)	21,498
Change in value of split interest agreements	3,040	(8,987)
Entrance fee amortization [1]	(10,027,343)	(8,998,251)
Entrance fee forfeitures	(2,048,383)	(1,789,844)
Entrance fees–new occupancy contracts–existing units	16,018,251	12,931,575
Restricted contributions	(268,167)	(604,929)
Changes in operating assets and liabilities:		
Accounts receivable–residents	16,290	(98,529)
Accounts receivable–other	117,838	(351,032)
Supplies, inventories and prepaid expenses	(186,256)	(27,135)
Accounts payable–trade	640,381	79,501
Accrued payroll	(528,702)	89,304
Accrued vacation	39,831	96,407
Deferred compensation	120,385	68,187
Deposits on contracts–existing units	(417,800)	18,800
Net Cash Provided by Operating Activities	10,098,164	7,571,620
Investing Activities		
Purchase of investments	(2,141,270)	(4,509,768)
Sale of investments	1,937,311	7,200,560
Proceeds from sale of property and equipment	1,000	2,077
Purchase of property and equipment	(8,921,403)	(7,655,725)
Net Cash Used by Investing Activities	(9,124,362)	(4,962,856)

Carolina Village, Inc.
Statements of Cash Flows
Years Ended March 31, 2026 and 2025 **(Continued)**

	2026	2025
Financing Activities		
Payments on long-term debt	$ (2,549,633)	$ (2,467,471)
Payments for financing costs	(27,500)	-
Proceeds from long-term debt	1,500,000	-
Annuity payments	(5,175)	(5,464)
Refunds of entrance fees	(513,201)	(624,275)
Proceeds from restricted contributions	268,167	604,929
Net Cash used by Financing Activities	(1,327,342)	(2,492,281)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(353,540)	116,483
Cash, Cash Equivalents, and Restricted Cash – Beginning of Year	7,194,778	7,078,295
Cash, Cash Equivalents, and Restricted Cash – End of Year	$ 6,841,238	$ 7,194,778
Interest Paid	$ 2,390,143	$ 2,173,677
Non-Cash Investing Activities		
Purchase of property and equipment in accounts payable at year-end	$ 601,018	$ 237,602

Reconciliation of Cash, Cash Equivalents, and Restricted Cash reported within the Balance Sheets that sum to the Total of the same such Amounts in the Statements of Cash Flows:

	2026	2025
Cash and cash equivalents	$ 5,063,113	$ 5,416,653
Funds held by a trustee under bond indenture	1,778,125	1,778,125
Cash, Cash Equivalents, and Restricted Cash–End of Year	$ 6,841,238	$ 7,194,778

(1) Includes entrance fee amortization related to the Medical Center and Care Center.

Note 1. Summary of Significant Accounting Policies

Organization

Carolina Village, Inc. (the "Village") was incorporated as a non-profit corporation on June 2, 1972 pursuant to the laws of the State of North Carolina. The objective of the Village is to provide lifetime care and shelter for retirees. The Village is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

The facility contains 235 apartment units, 135 cottage units, a 58 bed skilled nursing facility and a 60 bed assisted living center. Residents purchase the privilege of occupying a specific living unit and the accompanying medical care for their lifetime. The agreement states that it is not a lease and does not create any interest in the real estate or property.

Basis of Presentation

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

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

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

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Estimates also affect the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates and assumptions.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited.

Assets Limited as to Use

Assets limited as to use represent: (1) funds required by the Village's bond documents to be held by a Trustee, (2) funds that have been restricted by donors including endowment funds, (3) investments designated by the board for the statutory operating reserve, (4) assets held in charitable remainder trusts and (5) assets held under deferred compensation agreements.

Accounts Receivable

Doubtful accounts are accounted for using the allowance method. The allowance is increased or decreased, based upon management's evaluation, by provisions to bad debt expense charged against income. Uncollectible balances are written off against the allowance. Recoveries of previously written off balances are credited to income. Generally, no finance charges are assessed on trade receivables. The Village believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses.

Accounts Receivable–Entrance Fees

Entrance fees receivable consist of promissory notes signed by residents where a portion of the entrance fee was paid upon signing the residency agreement and the remaining balance is due within 12 months. These notes are charged an interest rate equal to Prime, annually for the first 12 months and after that are charged Prime plus 5 percent annually. The Village expects to collect the entrance fees receivable in the next 12 months.

Supplies and Inventories

Supplies and inventories are recorded at the lower of cost or net realizable value as determined by the first-in, first-out method.

Fair Value Measurements

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

Property and Equipment

Property and equipment are recorded at cost if purchased and fair value if donated. The Village capitalizes all assets over $500. Major renewals and improvements are recorded to the property accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed as incurred. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives:

Land improvements	5 – 40 years
Buildings and improvements	5 – 40 years
Cottages and improvements	5 – 40 years
Kitchen equipment	5 – 10 years
Medical and care centers equipment	5 – 10 years
Furniture and fixtures	5 – 10 years
Motor vehicles	5 – 10 years

Capitalized Interest

Interest costs incurred on borrowed funds during the period of capital asset construction are capitalized as a component of the cost of acquisition and were approximately $3,699 and $0 for the years ended March 31, 2026 and 2025, respectively.

Deferred Revenue from Entrance Fees

Fees paid by a resident upon entering into a contract agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Subject to certain exceptions, entrance fees, less 10 percent of the fee, are initially refundable, but become non-refundable at the rate of 2 percent per month until becoming fully non-refundable after 45 months. Refunds are paid 30 business days after termination of the contract agreement. Total contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) totaled approximately $39,890,000 and $40,416,000 at March 31, 2026 and 2025, respectively. Based on historical experience, the estimated amount of the contractual refund obligations that are expected to be refunded in the coming year is $506,416 and $423,053 at March 31, 2026 and 2025, respectively, and is classified as a current liability on the balance sheets.

Contributions and Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restriction and reported in the statements of operations as net assets released from restrictions.

Resident Revenue

The Village is certified under the Medicare Program and is entitled to reimbursement for services provided to residents who are qualified and approved to be covered by these plans. Daily and prospective rates based upon costs incurred are used to determine the amounts claimed by the nursing facility for services provided to qualified residents. Income recognized and recorded on this basis is subject to adjustment based upon the final determination by the Medicare Program or its designated intermediary. The adjustment is reflected in the year made.

Benevolent Assistance

The Village provides benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The Village utilized certain net assets with donor restrictions, as well as earnings from certain net assets with donor restrictions and board designated net assets, to partially fund the care of such residents. The Village provided approximately $95,000 and $102,800 in benevolent assistance during the years ended March 31, 2026 and 2025, respectively.

Social Accountability

The Village provided office space to the Hendersonville Fire Department and Pharm Save Pharmacy rent free in 2025. In 2026, the Village continues to provide rent free office space to Pharm Save Pharmacy. The Hendersonville Fire Department and Pharm Save Pharmacy serve the Village residents and the greater community. The dollar amount of space provided based upon local fair market value rental rates is approximately $163,000 and $505,000 for the years ended March 31, 2026 and 2025, respectively. Carolina Village also provides numerous community benefits which include charitable donations and tuition assistance in the amounts of $105,000 and $101,000 for the years ended March 31, 2026 and 2025, respectively. These contribution amounts are reflected in the statements of operations and changes in net assets as general and administrative expenses. The Village also provides meals to the Council on Aging of Hendersonville County and Hendersonville Rescue Mission every day. Approximately 11,400 and 11,700 meals were donated for each of the years ended March 31, 2026 and 2025, respectively.

Obligation to Provide Future Services to Residents

The Village enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Village specifying the services and facilities to be provided to a resident over his or her remaining life for a monthly fee. Under the contracts, the Village has the ability to increase fees as deemed necessary. The Village annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. There was no obligation at March 31, 2026 or 2025.

Statements of Operations

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

Income Tax

The Village is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Village has determined that it does not have any material unrecognized tax benefits or obligations as of March 31, 2026.

Methods Used for Allocation of Expenses Among Programs and Supporting Services

The Village has presented a schedule of expenses by both function and nature in Note 16. The Village allocates expenses on a functional basis among its various programs and supporting services. The schedule of expenses in Note 16 reports certain categories of expenses that are attributable to one or more program or supporting services of the retirement community. These expenses include salaries and benefits, interest, and depreciation. Salaries and benefits are allocated based on an estimate of time spent on each activity and interest and depreciation are estimated based on square footage.

Concentration of Credit Risk

Financial instruments that potentially subject the Village to concentration of credit risk consist principally of cash, accounts receivable and investments. The Village maintains its cash in bank accounts which, at times, may exceed federally depository insurance (“FDIC”) limits. Management believes the credit risk associated with these deposits is minimal.

Subsequent Events

The Village evaluated the effect subsequent events would have on the financial statements through June 23, 2026, which is the date the financial statements were issued.

Note 2. Revenue Recognition

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

Monthly service fees:

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

Entrance fees:

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the balance sheets until the performance obligations are satisfied. Management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the estimated life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606.

Health care services:

The Village provides assisted and nursing care to residents who are covered by government and commercial payers. The Village is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the third-party payors. Most rates are predetermined from Medicare. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

The Village disaggregates its revenue from contracts with customers by payor source, as the Village believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

	March 31, 2026			
	Independent Living	Care Center	Medical Center	Total
Private pay	$ 18,529,941	$ 3,688,436	$ 1,817,573	$ 24,035,950
Government reimbursement	-	-	3,381,262	3,381,262
Total	$ 18,529,941	$ 3,688,436	$ 5,198,835	$ 27,417,212

	March 31, 2025			
	Independent Living	Care Center	Medical Center	Total
Private pay	$ 17,688,600	$ 3,258,303	$ 1,495,478	$ 22,442,381
Government reimbursement	-	-	3,548,793	3,548,793
Total	$ 17,688,600	$ 3,258,303	$ 5,044,271	$ 25,991,174

Note 3. Fair Value of Financial Assets and Liabilities

Prices for certain investments are readily available in the active markets in which those securities are traded and the resulting fair values are categorized as Level 1. Prices for other investments are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and the resulting fair values are categorized as Level 2. Prices for other investments that have unobservable inputs about which little or no market data exists are categorized as Level 3 and require an entity to develop its own assumptions.

There were no changes during the years ended March 31, 2026 and 2025 to the Village’s valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level within the fair value hierarchy the Village's financial assets and liabilities accounted for at fair value on a recurring basis as of March 31, 2026 and 2025. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Village's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Assets and liabilities at fair value as of March 31, 2026 and 2025 consist of the following:

	Assets and Liabilities at Fair Value as of March 31, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments and assets limited as to use:				
Mutual funds - index funds	$ 10,953,981	$ -	$ -	$ 10,953,981
Stocks (1)	6,001,848	-	-	6,001,848
Corporate bonds	-	1,776,755	-	1,776,755
Government and agency securities	-	1,851,143	-	1,851,143
Total investments and assets limited as to use	$ 16,955,829	$ 3,627,898	$ -	$ 20,583,727
Liabilities:				
Charitable remainder trust annuities	$ -	$ -	$ 14,757	$ -
Total liabilities	$ -	$ -	$ 14,757	$ -

(1) These assets consist of the following: 67% domestic stocks and 33% international stocks.

	Assets and Liabilities at Fair Value as of March 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments and assets limited as to use:				
Mutual funds - index funds	$ 9,822,135	$ -	$ -	$ 9,822,135
Stocks (1)	5,473,443	-	-	5,473,443
Corporate bonds	-	1,757,051	-	1,757,051
Government and agency securities	-	1,674,760	-	1,674,760
Total investments and assets limited as to use	$ 15,295,578	$ 3,431,811	$ -	$ 18,727,389
Liabilities:				
Charitable remainder trust annuities	$ -	$ -	$ 16,892	$ -
Total liabilities	$ -	$ -	$ 16,892	$ -

(1) These assets consist of the following sectors: 67% domestic stocks and 33% international stocks.

The Village has $1,715,148 and $1,593,874 of money market funds included in investments and assets limited as to use on the balance sheets as of March 31, 2026 and 2025, respectively, which is not classified as a level as prescribed within the provision.

The Village recognizes transfers between the levels as of the beginning of the reporting period. There were no gross transfers between the levels for the years ended March 31, 2026 and 2025.

The determination of fair value above incorporates various factors. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Village's non-performance risk on its liabilities.

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

The following table illustrates the activity of Level 3 assets measured at fair value on a recurring basis from March 31, 2024 to March 31, 2026:

	Charitable Remainder Trust Annuity
Balance, March 31, 2024	31,343
Unrealized activity, payments made and other	(14,451)
Balance, March 31, 2025	16,892
Unrealized activity, payments made and other	(2,135)
Balance, March 31, 2026	$ 14,757

Note 4. Funds Held by a Trustee

Funds held by a Trustee are comprised of unspent monies received from bond issuances. The fixed rate bond issuance debt service reserve fund is required to be set aside until the last year of the 30-year term for the retirement of that issuance.

Funds held by Trustee consist of the following at March 31:

	2026	2025
Total assets limited as to use	$ 1,778,125	$ 1,778,125

Note 5. Property and Equipment

Property and equipment consist of the following at March 31:

	2026	2025
Land and improvements	$ 6,513,296	$ 5,951,190
Buildings and improvements	124,021,178	120,672,118
Cottages and improvements	45,955,323	44,075,939
Kitchen equipment	2,360,251	2,331,852
Medical and care centers equipment	2,399,628	2,311,727
Furniture and fixtures	4,472,526	3,956,925
Motor vehicles	660,560	683,589
Total property and equipment	186,382,762	179,983,340
Less: accumulated depreciation	(76,079,594)	(71,107,043)
	110,303,168	108,876,297
Construction in progress	3,742,684	864,130
Total	$ 114,045,852	$ 109,740,427

As of March 31, 2026, the Village has two contracts with an architect for a planned future project and other renovations for fees of up to approximately $8,500,000, and one contract with a general contractor to complete a sewer relining project with a balance to finish the project of approximately $2,500,000.

Note 6. Long-term Debt

The Village is obligated under the following bonds payable and long-term notes, all collateralized by a deed of trust, at March 31:

	2026	2025
Series 2017 A bonds:		
Direct purchase bank loan with principal payments beginning fiscal year 2018 through 2038 with a fixed interest rate at 4.550%, payable on the first of every month with principal payments ranging from $100,000 to $220,000.	$ 26,590,000	$ 28,390,000
Series 2017 B bonds:		
Bonds with interest stated below and payable each April 1 and October 1. Principal payments beginning fiscal year 2038 through 2048 ranging from $800,000 to $2,360,000.		
4.250% Serial Bonds	7,200,000	7,200,000
5.000% Serial Bonds	11,745,000	11,745,000
Series 2021 A Note:		
Construction loan with interest payable the 24th of each month. Principal payments of $47,129 beginning fiscal year 2024 through 2037. Interest rate at 3.620% for the first 24 payments then 3.500% for the remaining payments.	4,852,575	5,238,411

Series 2021 B Note:		
Construction loan with interest payable the 24th of each month. Principal payments of $41,419 beginning fiscal year 2024 through 2034. Fixed interest rate at 3.800%.	3,258,378	3,622,176
Construction loan with interest payable the 24th of each month. Principal payable at maturity or upon conversion. Interest at the 30 day SOFR plus 2.250%.	1,500,000	-
	55,145,953	56,195,587
Less: current maturities	(2,637,789)	(2,549,131)
Less: original issue discount	(86,215)	(93,439)
Less: net unamortized debt issuance costs	(907,552)	(963,762)
Plus: net unamortized bond premium	369,797	387,730
	$ 51,884,194	$ 52,976,985

In December 2017, the Village issued North Carolina Medical Care Commission (the “Commission”) First Mortgage Refunding and Revenue Bonds, Series 2017, in the amount of $83,830,000. The proceeds of the bonds and trusteed funds on hand were used to refund the outstanding long-term debt related to the First Citizens Bank construction loan, Series 2008A bonds, and the Series 2013A bonds, pay the termination payment for the interest rate swap, and provide initial funds for the construction of the expansion project. The Series 2017 bonds are collateralized through mortgaged property.

The Village opened a $5,000,000 construction loan with First Citizens Bank & Trust Company on August 27, 2025 which is unsecured. There was a $1,500,000 outstanding balance at March 31, 2026.

The Village opened a $2,500,000 unsecured line of credit with First Citizens Bank & Trust Company on July 29, 2019. This line of credit bears a variable interest rate based on the Prime Rate and is due November 1, 2026. There was no outstanding balance at March 31, 2026.

In June 2021, the Village issued two draw-down construction notes with First Citizens Bank & Trust Company which are collateralized through mortgaged property. Note 2021 A was issued in the amount of $5,881,470 and Note 2021 B was issued in the amount of $4,118,530. These notes were used to fund construction of the dining room renovation project. As of March 31, 2024, the notes were fully drawn.

The trust indentures and loan agreements underlying the Series 2017 bonds, 2021 notes, and line of credit contain certain financial covenants and restrictions.

The aggregate annual principal maturities of long-term debt at March 31 are as follows:

2027	$ 2,637,789
2028	2,726,775
2029	4,317,399
2030	2,908,887
2031	3,001,562
Thereafter	39,553,541
	$ 55,145,953

Note 7. Other Funds

Several other funds have been established. These funds have been combined on the balance sheets with activity reflected in net assets.

Charitable Remainder Annuity Trust Fund

The Village acts as trustee under several charitable remainder annuity trusts. These trusts are given to the Village with the condition that a specified payment is made to the contributor over his or her life or until the trust agreement expires, whichever comes first. A liability is established based on the present value of the payments to be made. The anticipated remainder interest is recorded as a contribution. All variances in income earned and changes to life expectancy are recorded as changes in value of split interest agreements annually.

Endowment Fund

The Carolina Village Endowment Fund was established to receive gifts, devises, bequests, and other conveyances and to use them for property maintenance or improvements, for specific program needs of the Village, and to provide economic assistance to residents or to persons desiring to be residents.

Quality Assurance Fund

The Carolina Village Quality Assurance Fund was established as part of the endowment fund. The earnings will be used (in $5,000 minimum amounts) to fund projects, which improve or maintain the residents' quality of life.

Operating Reserve Fund

The Carolina Village Operating Reserve Fund will be used to comply with the operating reserve requirements of N.C. General Statute Chapter 58, Article 64A-33. The fund is included in investments restricted for statutory operating reserve on the balance sheets.

Note 8. Net Assets With Donor Restrictions

As disclosed in Note 1, contributions are accounted for based on donor-imposed restrictions. The following is a summary of net assets with donor restrictions at March 31:

	2026	2025
Charitable remainder trust annuities	$ 118,440	$ 66,186
Endowment fund earnings	942,480	798,706
Endowment funds	362,192	362,192
Quality assurance fund	74,672	73,413
Other restrictions	225,033	513,032
Total	$ 1,722,817	$ 1,813,529

Note 9. Endowment Funds

The endowment funds include donor-restricted funds and the earnings, including net appreciation, on these funds that are to be spent on those purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Village has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the "Act") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Village has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulated is added to the fund. Amounts are appropriated for expenditure by the Village in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Village considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Village has adopted investment and spending policies for endowment assets that are intended to provide an ongoing stream of funding for financial assistance that is supported by the endowment. Endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as earnings that have not yet been appropriated. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Village expects its endowment funds, over time, to achieve a rate of return, after fees, which exceeds the inflation rate as measured by the Consumer Price Index ("CPI"), by two percentage points per year and is consistent with the level of risk assumed by the Village portfolio. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

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

The Village's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. During the years ended March 31, 2026 and 2025, the Village expended earnings on the endowment of $59,000 and $59,800, respectively.

Changes in endowment net assets for the year ended March 31, 2026 are as follows:

	Earnings	Endowment	Total
Endowment net assets March 31, 2025	$ 798,706	$ 362,192	$ 1,160,898
Contributions	79,477	-	79,477
Investment earnings	32,407	-	32,407
Net appreciation	90,731	-	90,731
Appropriation of endowment assets for expenditure	(59,000)	-	(59,000)
Endowment net assets March 31, 2026	$ 942,321	$ 362,192	$ 1,304,513

Changes in endowment net assets for the year ended March 31, 2025 are as follows:

	Earnings	Endowment	Total
Endowment net assets March 31, 2024	$ 707,868	$ 362,192	$ 1,070,060
Contributions	89,694	-	89,694
Investment earnings	20,047	-	20,047
Net appreciation	40,897	-	40,897
Appropriation of endowment assets for expenditure	(59,800)	-	(59,800)
Endowment net assets March 31, 2025	$ 798,706	$ 362,192	$ 1,160,898

Note 10. Statutory Operating Reserve Requirement

In accordance with the requirements of North Carolina General Statute 58, Article 64A-33, management computes an annual operating reserve for its continuing care facilities licensed in North Carolina. At March 31, 2026, The Village was in compliance with this statute. The operating reserve is approximately $8,386,000 and $7,589,000 at March 31, 2026 and 2025, respectively.

Note 11. Employee Benefit Plans

The Village sponsors a retirement plan, which is available to substantially all employees. The plan is a tax shelter annuity 403(b) plan, which the employees can contribute compensation, as defined in the plan document. The Village then matches employee contributions, up to a maximum rate set by the Board of Directors. The matching rate was up to 4 percent of gross employee earnings. The total matching portion expensed was $345,000 and $295,000 for the years ended March 31, 2026 and 2025, respectively.

The Village also has a qualified Welfare Benefit Plan providing comprehensive health care coverage. The Plan includes coverage provided by the Plan underwriter as well as self-funded coverage provided by the Village. The Village's self-funded liability is limited to $90,000 per person per year. The liability for estimated unpaid claims was approximately $317,000 and $257,000 at March 31, 2026 and 2025, respectively, and is included in accounts payable—trade on the balance sheets.

Note 12. Deferred Compensation

The Village has a deferred compensation agreement with certain key employees. The agreement is to make contributions to their account at the discretion of the Board of Directors with an intention to provide annual funding equal to at least 10 percent of the employee's annual compensation. The employee will be entitled to the funds upon the attainment of a minimum age of 62 and retirement, death, or disability. Deferred compensation expense was $114,000 and $112,000 for the years ended March 31, 2026 and 2025, respectively. The long-term deferred compensation liability at March 31, 2026 and 2025 was $2,137,000 and $2,016,000, respectively with current maturities of approximately $275,000 and $150,000 at March 31, 2026 and 2025, respectively, which is included in accounts payable—trade on the balance sheets.

Note 13. Contingencies

The Village has in place occurrence basis insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims including medical malpractice. Management believes that claims, if asserted, would be settled within the limits of coverage. The Village believes that they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Note 14. COVID-19 Pandemic

Employee Retention Credit

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit ("ERC"). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2020 and 2021. In calendar year 2021, the credit is available for 70 percent of qualified wages with a maximum potential credit per qualified employee of $21,000.

The Village qualifies for the ERC based on a partial shutdown and has elected to account for the ERC as a government grant by analogy to ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. From July 1, 2021 through September 30, 2021, the Village incurred qualifying wages and has recognized $1,756,165 associated with the ERC as grant income on the statement of operations and changes in net assets and a corresponding receivable on the balance sheet for the year ended March 31, 2024. The related funds have not been received as of March 31, 2026.

Note 15. Liquidity and Availability

As part of its liquidity management, the Village has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

The following schedule reflects the Village's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months.

The Village also has the ability to draw on a $2,500,000 line of credit (as discussed in Note 6). The Village seeks to maintain sufficient liquid assets to cover three months' operating and capital expenses.

	2026	2025
Cash and cash equivalents	$ 5,063,113	$ 5,416,653
Investments	8,274,713	7,123,774
Accounts receivable, residents, net	236,848	253,138
Accounts receivable, entrance fees	428,850	1,841,300
Accounts receivable, other	850,624	968,462
	$ 14,854,148	$ 15,603,327

Note 16. Schedule of Expenses by Nature and Function

The following is a schedule of expenses by both nature and function for the years ended March 31, 2026 and 2025:

	2026			
	Program Services	Administrative and General	Marketing and Fundraising	Total
Salaries and benefits	$ 18,314,525	$ 2,588,743	$ -	$ 20,903,268
Advertising	-	-	239,671	239,671
Supplies and other expenses	8,157,551	1,228,171	-	9,385,722
Depreciation	4,531,249	448,145	-	4,979,394
Interest	2,251,387	222,665	-	2,474,052
Total expenses	$ 33,254,712	$ 4,487,724	$ 239,671	$ 37,982,107

	2025			
	Program Services	Administrative and General	Marketing and Fundraising	Total
Salaries and benefits	$ 17,097,289	$ 2,425,819	$ -	$ 19,523,108
Advertising	-	-	267,482	267,482
Supplies and other expenses	7,955,078	1,220,475	-	9,175,553
Depreciation	4,288,147	424,103	-	4,712,250
Interest	2,052,359	202,981	-	2,255,340
Total expenses	$ 31,392,873	$ 4,273,378	$ 267,482	$ 35,933,733

Note 17. Subsequent Event Footnote Disclosure

Carolina Village plans to issue Series 2026 bonds to refund the Series 2017A Bank Loan, fund pre-development costs for a planned future project, including capitalized interest, a debt service reserve fund and other costs of issuance. The total Series 2026 bonds is expected to total approximately $50,000,000 with an estimated closing date in July 2026.

Appendix B — Five-Year Prospective Financial Statements

CAROLINA VILLAGE, INC.

COMPILATION OF A FINANCIAL PROJECTION

FOR THE YEARS ENDING MARCH 31, 2027, THROUGH MARCH 31, 2031

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CAROLINA VILLAGE, INC.
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INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Carolina Village, Inc.
Hendersonville, North Carolina

Management is responsible for the accompanying projected financial statements of Carolina Village, Inc. (the "Corporation"), which comprise the projected balance sheets as of March 31, 2027, 2028, 2029, 2030 and 2031, and the related projected statements of operations and changes in net assets, projected statements of cash flows for each of the five years then ending (the "Projection Period"), including the related summaries of significant assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these projected financial statements or the assumptions. Furthermore, even if the Corporation is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the "Hypothetical Assumptions"), the projected results may not be achieved, as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projection and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
August 19, 2026

CAROLINA VILLAGE, INC.
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDING MARCH 31, 2027 THROUGH 2031
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 6
(IN THOUSANDS OF DOLLARS)

	2027	2028	2029	2030	2031
OPERATING REVENUES					
Apartments:					
Service Fees	$ 17,304	$ 17,609	$ 18,225	$ 21,796	$ 24,987
Entrance Fee Amortization	7,488	7,713	7,713	9,812	12,001
Entrance Fee Forfeitures	1,548	1,602	1,658	1,716	1,776
Administration Fee	1,500	1,545	1,646	6,849	1,950
Other Apartments Revenue	251	259	269	307	342
Medical Center	4,638	5,081	5,540	5,685	5,834
Care Center	2,863	2,963	3,067	3,174	3,286
Dietary	2,189	2,229	2,307	2,719	3,088
Dietary - Care Center and Medical Center	1,839	1,903	1,970	2,039	2,110
Net Assets Released from Restrictions	292	297	303	309	316
Miscellaneous	274	284	294	304	315
Total Operating Revenues	40,186	41,485	42,992	54,710	56,005
OPERATING EXPENSES					
General and Administrative	4,170	4,524	4,744	5,073	5,386
Operation of Plant	6,318	6,539	6,768	7,376	7,634
Housekeeping	1,257	1,301	1,346	1,595	1,650
Medical Center	7,671	8,090	8,547	8,846	9,156
Care Center	3,610	3,737	3,867	4,003	4,143
Dietary	5,100	5,279	5,463	5,810	6,143
Dietary - Care Center and Medical Center	2,480	2,566	2,656	2,749	2,845
Independent Living Support	1,464	1,515	1,568	1,756	1,818
Depreciation	4,841	5,072	5,317	8,415	9,650
Interest Expense	3,187	2,698	2,654	5,439	9,094
Total Operating Expenses	40,098	41,321	42,930	51,062	57,519
OPERATING INCOME (LOSS)	88	164	62	3,648	(1,514)
NONOPERATING REVENUES					
Investment Income	909	1,069	1,308	1,570	2,021
Total Nonoperating Revenues, Net	909	1,069	1,308	1,570	2,021
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES / CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	997	1,233	1,370	5,218	507
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	292	297	303	309	316
Net Assets Released from Donor Restrictions	(292)	(297)	(303)	(309)	(316)
Change in Net Assets With Donor Restrictions	-	-	-	-	-
CHANGE IN NET ASSETS	997	1,233	1,370	5,218	507
NET ASSETS - BEGINNING OF YEAR	12,723	13,720	14,953	16,323	21,541
NET ASSETS - END OF YEAR	$ 13,720	$ 14,953	$ 16,323	$ 21,541	$ 22,048

CAROLINA VILLAGE, INC.
PROJECTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING MARCH 31, 2027 THROUGH 2031
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 6
(IN THOUSANDS OF DOLLARS)

	2027	2028	2029	2030	2031
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	$ 997	$ 1,233	$ 1,370	$ 5,218	$ 507
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses and Increase (Decrease) in Net Assets Without Donor Restrictions to Net Cash Provided (Used) by Operating Activities:					
Depreciation	4,841	5,072	5,317	8,415	9,650
Amortization of Bond Premium	(18)	(18)	(18)	(18)	(18)
Amortization of Bond Discount	5	5	5	5	5
Amortization of Deferred Financing Costs	91	91	91	269	222
Amortization of Entrance Fees	(7,488)	(7,713)	(7,713)	(9,812)	(12,001)
Entrance Fee Forfeitures	(1,548)	(1,602)	(1,658)	(1,716)	(1,776)
Administration Fee	(1,500)	(1,545)	(1,646)	(6,849)	(1,950)
Nonrefundable Proceeds from Entrance Fees	17,706	15,452	16,455	18,762	20,149
Marketing Costs Funded with Bond Proceeds	-	208	277	115	-
Change in Assets and Liabilities:					
Accounts Receivable	(85)	(39)	(54)	(367)	37
Inventories, Prepaid Expenses, and Other Receivables	105	(47)	(39)	(61)	(45)
Accounts Payable	(988)	81	69	107	79
Accrued Expenses and Other Liabilities	2,233	66	68	(1,665)	80
Accrued Interest Payable	1,679	3,928	170	(1,348)	(101)
Net Cash Provided by Operating Activities	16,030	15,172	12,694	11,055	14,838
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of Property and Equipment - Routine	(5,250)	(5,300)	(5,600)	(5,900)	(6,200)
Payment of Project Costs	(12,742)	(37,697)	(47,555)	(29,793)	(3,479)
(Increase) Decrease in Funded Interest Fund - Series 2026 Bonds	(507)	507	-	-	-
(Increase) Decrease in Funded Interest Fund - Series 2027 Bonds	-	(16,365)	5,452	7,324	3,589
(Increase) Decrease in Project Fund - Series 2026 Bonds	(2,727)	2,727	-	-	-
(Increase) Decrease in Project Fund - Series 2027 Bonds	-	(70,052)	41,263	25,310	3,479
(Increase) Decrease in Debt Service Reserve Fund - Series 2026 Bonds	(2,939)	-	-	-	-
(Increase) Decrease in Debt Service Reserve Fund - Series 2027 Bonds	-	(8,691)	1	1	2,475
(Increase) Decrease in Entrance Fee Fund	-	-	-	(11,242)	11,242
(Increase) Decrease in Resident Deposits (Project)	(1,784)	-	-	1,784	-
(Increase) Decrease in Bond Fund	(1,627)	(476)	(2)	(8)	(3,163)
(Increase) Decrease in Investments Restricted for Statutory Operating Reserve	4,377	(185)	(176)	(4,889)	4,427
Change in Investments	(7,360)	(3,040)	(3,760)	(1,395)	(18,080)
Net Cash Provided (Used) by Investing Activities	(30,559)	(138,572)	(10,377)	(18,808)	(5,710)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Issuance of Series 2026 Bonds	45,600	-	-	-	-
Original Issuance Discount	126	-	-	-	-
Payment of Financing Costs for Series 2026 Bonds	(889)	-	-	-	-
Proceeds from Issuance of Series 2027 Bonds	-	128,090	-	-	-
Payment of Financing Costs for Series 2027 Bonds	-	(2,562)	-	-	-
Principal Payments on Existing Debt	(27,368)	(807)	(837)	(868)	(901)
Proceeds from Construction Loan	3,500	-	-	-	-
Repayment of Construction Loan	(5,000)	-	-	-	-
Principal Payments on Series 2026 Bonds	-	(350)	(365)	(375)	(390)
Principal Payments on Series 2027 Bonds	-	-	-	(39,240)	(5,760)
Marketing Costs Funded with Bond Proceeds	-	(208)	(277)	(115)	-
Initial Entrance Fee Proceeds	-	-	-	50,482	-
Refunds Paid on Entrance Fees	(721)	(617)	(595)	(1,334)	(1,206)
Net Cash Provided (Used) by Financing Activities	15,248	123,546	(2,074)	8,550	(8,257)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	719	146	243	797	871
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	6,841	7,560	7,706	7,949	8,746
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 7,560	$ 7,706	$ 7,949	$ 8,746	$ 9,617
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Interest Payments, Net of Capitalized	$ 2,640	$ 3,405	$ 3,515	$ 5,966	$ 8,889
Cash, Cash Equivalents and Restricted Cash:					
Cash and Cash Equivalents	$ 5,782	$ 5,928	$ 6,171	$ 6,968	$ 7,839
Funds Held by a Trustee Under Bond Indenture	1,778	1,778	1,778	1,778	1,778
Total Cash, Cash Equivalents, and Restricted Cash	$ 7,560	$ 7,706	$ 7,949	$ 8,746	$ 9,617

CAROLINA VILLAGE, INC.
PROJECTED BALANCE SHEETS
MARCH 31, 2027 THROUGH 2031
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 6
(IN THOUSANDS OF DOLLARS)

	2027	2028	2029	2030	2031
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 5,782	$ 5,928	$ 6,171	$ 6,968	$ 7,839
Investment in Marketable Securities	15,635	18,675	22,435	23,830	41,910
Accounts Receivable, Residents, Net	251	260	271	350	342
Accounts Receivable, Entrance Fees	429	429	429	429	429
Accounts Receivable, Other	922	952	995	1,283	1,254
Supplies, Inventories, and Prepaids	646	693	732	793	838
Current Portion of Assets Limited As to Use	1,627	2,103	2,105	2,113	5,276
Total Current Assets	25,292	29,040	33,138	35,766	57,888
ASSETS LIMITED AS TO USE, NET OF CURRENT PORTION					
Funds Held by a Trustee Under Bond Indenture	1,778	1,778	1,778	1,778	1,778
Debt Service Reserve Fund - Series 2026 Bonds	2,939	2,939	2,939	2,939	2,939
Debt Service Reserve Fund - Series 2027 Bonds	-	8,691	8,690	8,689	6,214
Endowment Funds	362	362	362	362	362
Investments Restricted for Statutory Operating Reserve	4,009	4,194	4,370	9,259	4,832
Assets Held in Charitable Remainder Trusts	133	133	133	133	133
Assets Held for Deferred Compensation	2,137	2,137	2,137	2,137	2,137
Other Donor Restricted Assets Held	1,227	1,227	1,227	1,227	1,227
Bond Fund	1,627	2,103	2,105	2,113	5,276
Funded Interest Fund - Series 2026 Bonds	507	-	-	-	-
Funded Interest Fund - Series 2027 Bonds	-	16,365	10,913	3,589	-
Project Fund - Series 2026 Bonds	2,727	-	-	-	-
Project Fund - Series 2027 Bonds	-	70,052	28,789	3,479	-
Resident Project Deposits	1,784	1,784	1,784	-	-
Entrance Fee Fund	-	-	-	11,242	-
Total Assets Limited As to Use	19,230	111,765	65,227	46,947	24,898
Less: Current Portion of Assets Limited As to Use	1,627	2,103	2,105	2,113	5,276
Assets Limited As to Use, Net of Current Portion	17,603	109,662	63,122	44,834	19,622
PROPERTY AND EQUIPMENT, NET					
Property and Equipment	208,119	251,380	304,886	340,755	350,434
Less: Accumulated Depreciation	(80,921)	(85,993)	(91,310)	(99,725)	(109,375)
Total Property and Equipment, Net	127,198	165,387	213,576	241,030	241,059
OTHER ASSETS					
Employee Retention Credit Receivable	1,756	1,756	1,756	1,756	1,756
Total Non-Current Assets	1,756	1,756	1,756	1,756	1,756
Total Assets	$ 171,849	$ 305,845	$ 311,592	$ 323,386	$ 320,325

CAROLINA VILLAGE, INC.
PROJECTED BALANCE SHEETS
MARCH 31, 2027 THROUGH 2031
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 6
(IN THOUSANDS OF DOLLARS)

	2027	2028	2029	2030	2031
LIABILITIES AND NET DEFICIT					
CURRENT LIABILITIES					
Accounts Payable - Trade	$ 1,131	$ 1,212	$ 1,281	$ 1,388	$ 1,467
Accrued Payroll and Realted Withholdings	609	631	653	689	713
Accrued Vacation	1,401	1,450	1,501	1,584	1,640
Deposits on Contracts	1,784	1,784	1,784	-	-
Accrued Interest Payable	1,679	5,607	5,777	4,429	4,328
Current Maturities of Charitable Remainder Trust Annuities Payable	5	5	-	-	-
Refundable Entrance Fees	506	506	506	506	506
Current Portion of Long-Term Debt - Existing Long-Term Debt	807	837	868	901	935
Current Portion of Long-Term Debt - Series 2026 Bonds	350	365	375	390	410
Current Portion of Long-Term Debt - Series 2027 Bonds	-	-	-		460
Total Current Liabilities	8,272	12,397	12,745	9,887	10,459
LONG-TERM DEBT, NET OF CURRENT PORTION					
Existing Long-Term Debt, Net of Current Portion, Deferred Financing Costs and Unamortized Bond Premium	24,920	24,156	23,361	22,533	21,671
Series 2026 Bonds, Net of Current Portion, and Deferred Financing Costs	44,493	44,137	43,771	43,393	42,997
Series 2027 Bonds, Net of Current Portion, and Deferred Financing Costs	-	125,788	126,135	87,242	81,144
Total Long-Term Debt, Net of Current Portion	69,413	194,081	193,267	153,168	145,812
CHARITABLE REMAINDER TRUST ANNUITIES PAYABLE	5	-	-	-	-
DEFERRED COMPENSATION	2,137	2,137	2,137	2,137	2,137
DEFERRED REVENUE FROM ENTRANCE FEES	78,302	82,277	87,120	136,653	139,869
Total Liabilities	158,129	290,892	295,269	301,845	298,277
NET ASSETS					
Without Donor Restrictions	11,997	13,230	14,600	19,818	20,325
With Donor Restrictions	1,723	1,723	1,723	1,723	1,723
Total Net Assets	13,720	14,953	16,323	21,541	22,048
Total Liabilities and Net Assets	$ 171,849	$ 305,845	$ 311,592	$ 323,386	$ 320,325

BACKGROUND AND INFORMATION

Basis of Presentation

The financial projection presents, to the best of management's ("Management") knowledge and belief the Corporation's expected balance sheets, statements of operations and changes in net assets and cash flows as of and for each of the five years ending March 31, 2027 through 2031 (the "Projection Period").

Carolina Village, Inc. (the "Corporation) owns and operates a continuing care retirement community ("CCRC") know as Carolina Village (the "Community"). The Corporation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is, therefore exempt from federal and state income taxes.

Accordingly, the financial projection reflects Management's assumptions as of August 19, 2026 the date of this projection, of the expected conditions and its expected course of action. The assumptions disclosed herein are the assumptions which Management believes are significant to the financial projection. However, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

Hypothetical Assumptions

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

- Construction of the Project (as defined herein) consists of the following:
  - Developing, constructing, and operating the 60 new independent living units (the "New Independent Living Units") on the existing campus; and
  - Substantial renovations to three of the legacy independent living apartment buildings, including exterior re-skinning, addition of balconies, interior hallway improvements, and upgrades to major mechanical and building systems.
- Management is able to secure financing through the issuance of the Series 2027 Bonds in the approximate amount of $128,090,000 consistent with their plans presented in the Summary of Significant Projection Assumptions;
- Construction, development, marketing, and other costs associated with the Project would approximate $116,000,000, of which approximately $15,000,000 is being funded by a portion of the proceeds from the Series 2016 Bonds (as defined hereinafter);
- Construction of the Project is constructed on the timeline assumed by Management and at the costs as presented by the projected Project budgets;
- The New Independent Living Units are successfully marketed and occupied as projected;
- All regulatory approvals are received in accordance with the timeline detailed here; and

- Management is able to achieve the projected operating revenue inflationary rate increases and operating expense inflationary increases, as described hereinafter.

This financial projection is intended solely for the information and use of Management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and 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.

Background of Community

Carolina Village, Inc.

Carolina Village, Inc. is a North Carolina nonprofit corporation incorporated in 1972 for the purpose of owning and operating a continuing care retirement community known as Carolina Village. The Community is located in Hendersonville, North Carolina. The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and is not a private foundation under Section 509(a) of the Code.

Carolina Village, Inc.'s objective is to provide lifetime care and shelter for retirees.

The Community

The Community is located on an approximate 95-acre campus and consists of 369 independent living apartment and cottage units (the "Independent Living Units"), a 60-unit assisted living facility (the "Assisted Living Units"), and 58 Medicare certified skilled nursing beds (the "Skilled Nursing Beds"), along with supportive common areas.

An expansion and renovation to the Community's dining venues, certain common areas and office space was completed in November 2023. Renovations to the Community's medical center for room and common area refurbishments were completed in August 2024.

The Community offers a variety of programs geared toward the delivery of residential and healthcare services for seniors residing at the Community and currently derives its revenues from (i) an entrance fee paid when a resident moves into an Independent Living Unit (the "Entrance Fee") (ii) monthly service fees paid by such residents in the Independent Living Units, Assisted Living Units and Skilled Nursing Beds (the "Monthly Service Fees").

Independent Living Units

The Community currently consists of 234 independent living apartments and 135 independent living cottages (collectively, the "Existing Independent Living Units"), which is detailed further in the following table.

Table 1
Existing Independent Living Units
Unit Mix, Square Footage and Fees
Effective as of April 1, 2026

Unit Type	Number of Units	Square Footage	Entrance Fee (1)	Monthly Service Fee (1)(2)
Studios				
Smoky Mountain - Efficiency	3	440	N/A	$2,379
Sub-Total / Weighted Average	3	440		$2,379
One Bedroom Apartments				
Pisgah - One Bedroom Standard	29	600	$241,900	$2,783
Pisgah - One Bedroom Deluxe	29	740	$278,500	$3,057
Summit - One Bedroom	12	814	$319,100	$3,760
Summit - One Bedroom with Den	12	1,050	$404,700	4,678
Smoky Mountain - One Bedroom with Den	24	1,134	$440,200	$4,465
Sub-Total / Weighted Average	106	834	$323,981	3,564
Two Bedroom Apartments				
Blue Ridge - Two Bedroom Standard	18	740	$278,500	$3,057
Blue Ridge - Two Bedroom Expanded	24	900	$321,500	$3,452
Blue Ridge - Two Bedroom Custom	26	1,040	$371,800	$3,738
Blue Ridge - Two Bedroom Deluxe	6	1,200	$428,400	$4,074
Pinnacle - Two Bedroom	27	1,160	$438,700	$4,799
Pinnacle - Two Bedroom with Den	3	1,372	$519,800	$5,432
Pinnacle - Two Bedroom Corner	3	1,366	$516,800	$5,460
Pinnacle - Two Bedroom Corner with Den	6	1,541	$582,400	$5,835
Smoky Mountain - Two Bedroom	8	1,335	$518,700	$5,192
Smoky Mountain - Two Bedroom with Den	4	1,609	$625,100	$6,273
Sub-Total / Weighted Average	125	1,080	$400,522	$4,187
Cottages				
Woods	27	945 - 1,260	$379,600 - 504,900	$3,534 - $4,113
Garden	27	1,482 - 1,742	$576,200 - 677,400	$4,681 - $5,180
Meadows	27	1,322 - 1,604	$513,900 - 622,900	$4,375 - $5,083
Clear Creek	54	1,180 - 1,570	$480,900 - 639,700	$4,393 - $5,671
Subtotal/Weighted Average	135	1,382	$550,269	$4,689
Total/Weighted Average	369	$1,115	$430,064	$4,177
Second Person (2)			*$91,800*	*$1,654*

Source: Management
Notes:
(1) Fees are adjusted on April 1 of each year.
(2) Included in the monthly service fee noted above is a declining balance meal plan equivalent to one meal per day ($472 for single; $944 for couple).

Assisted Living and Skilled Nursing

The Community currently operates 60 Assisted Living Units and 58 Skilled Nursing Beds. All Assisted Living Units and Skilled Nursing Beds are private rooms.

The unit configuration and daily fees ("Daily Service Fees") for the Assisted Living Units (the "Care Center") and the Skilled Nursing Beds (the "Medical Center") (collectively, the "Healthcare Center") are summarized in the following table.

Table 2
Healthcare Center
Unit Mix, Square Footage and Average Daily Fees for Direct Admits
Effective as of April 1, 2026

Total Beds	Total Beds	Square Footage	Daily Service Fee (1)
Assisted Living Units	60	443	$285
Skilled Nurisng Beds	58	250	480
Total/Weighted Average	118	348	$381

Source: Management
Note:
(1) Daily service fees are effective April 1, 2026 through the fiscal year ending March 31, 2027. These rates reflect private pay rates for direct admit residents.

Occupancy Agreement

Reservation Process

Prospective residents of the Community complete the following process to reserve an Independent Living Unit.

Prospective residents pay $1,000 to be added to the waitlist. In order to reserve an Independent Living Unit, a prospective resident must execute a reservation agreement (the "Reservation Agreement"), provide recent medical history, provide a self-disclosure of his or her finances, and place a deposit equal to $25,000 (the "Deposit") on the selected Independent Living Unit. The occupancy agreement ("Occupancy Agreement") is executed and the Entrance Fee is due on or before the occupancy date (the "Occupancy Date") of the Independent Living Unit.

Under the terms of the Occupancy Agreement, the Corporation generally accepts as a resident ("Resident") persons at least 62 years of age at the time of occupancy who are able to care for themselves with limited or no assistance and are able to demonstrate the necessary financial resources to meet the Corporation's minimum fee requirements. As defined in the Occupancy Agreement, a Resident is required to pay an initial Entrance Fee and ongoing Monthly Service Fees. Payment of these amounts entitles the Resident to occupy and use the residence, common areas, amenities, programs, and services of the Corporation during the term of the Occupancy Agreement.

The Corporation offers the following services, which are included in the Monthly Service Fee:

- Access to assisted living and skilled nursing services without an increase in the Monthly Service Fee (except additional meals, drugs, supplies, coinsurance or co-pay and therapy services ordered by resident's personal physician);
- Flexible meal plan;
- All utilities, except for phone service;
- 24-hour maintenance;
- Semi-monthly housekeeping service;
- Weekly flat laundry service;
- Free parking for residents and their guests;
- Emergency call system;
- On-site wellness coordinator and multiple fitness areas;
- Planned activities--social, cultural, recreational, intellectual, vocational, and spiritual; and
- Shuttle bus with regular schedule.

In addition to the items included in the Monthly Service Fee, certain services are available to Residents for an additional charge. These services include, but are not limited to:

- Barber and beauty services;
- Personal care and assistance services;
- Personal laundry or dry cleaning;
- Private transportation;
- Guest meals and personalized catering events;
- Additional meals while utilizing the Healthcare Center;
- On-site pharmacy services;
- On-site specialty services including psychological service; and
- Other additional maintenance and housekeeping services performed beyond the normal scope of services offered by the Corporation.

Entrance Fees

The Corporation offers one Entrance Fee plan for occupancy of an Independent Living Unit. The Resident agrees to pay an Entrance Fee as a condition of becoming a Resident under a zero percent refundable Entrance Fee plan. An administrative fee equal to 10 percent of the Entrance Fee is non- refundable and retained by the Corporation. The remaining 90 percent of the Entrance Fee amortizes at the rate of 2 percent per month for a period of 45 months, after which time the Entrance Fee is no longer refundable. In the event the Resident moves out in less than 45 months, the unamortized portion of the Entrance Fee is refunded.

Health Care Benefit

If a Resident is unable to live independently within the range of the services provided in the Independent Living Units, as determined by the staff in appropriate consultation with the medical director of the Community and in conjunction with the Resident's physician and family, the Resident shall be transferred to the Healthcare Center, on either a temporary or permanent basis.

Under the Occupancy Agreement, the Corporation shall provide services above those covered by Medicare or other third-party insurance to the Resident in the Healthcare Center at the Resident's current Monthly Service Fee.

The Resident shall pay for additional meals not covered in the Monthly Service Fee at the then current rate for additional meals and any extra charges for additional services as described in the Occupancy Agreement.

Terminations and Refunds

The Resident may terminate the Occupancy Agreement within thirty (30) days of execution of the Occupancy Agreement or the receipt of a Disclosure Statement that meets the requirements of N.C.G.S. § 58-64-20 (the "30-Day Rescission Period"). The Resident shall not be required to move into an Independent Living Unit before the expiration of this 30-Day Rescission Period. In the event of rescission, the Resident shall receive a refund of all monies transferred less (i) periodic charges specified in the Occupancy Agreement and applicable only to the period an Independent Living Unit was actually occupied by the Resident; and (ii) any non-standard costs specifically incurred by the Corporation at the Resident's request and described in the Occupancy Agreement, or any amendment signed by the Resident.

The Resident may also voluntarily terminate the Occupancy Agreement after the 30-Day Rescission Period, and prior to the date of occupancy, provided that the Resident gives written notice of such termination. Any such refund paid will be paid in accordance with the Resident's Occupancy Agreement.

Following expiration of the 30-Day Rescission Period and after the Resident's occupancy of the Independent Living Unit, the Occupancy Agreement may be terminated at any time by the Resident by providing at least ninety (90) days' written notice. The amount of refund due would be the Entrance Fee paid, less 10 percent (10%) of the Entrance Fee, less two percent (2%) per month of occupancy, less the cost of special features requested by the Resident and any medical charges incurred for the Resident's care and any other periodic charges, including those incurred during the 90-day notice period. If a Resident, on account of illness, injury, incapacity, or other good reason acceptable to the Board, would be precluded from occupying an Independent Living Unit, the amount retained by the Corporation would be the cost of any non-standard improvements requested by the Resident. After occupancy there is no refund at death.

Services Provided for Care Center Units

Care Center residents receive three meals per day, activity programs and housekeeping in private accommodations. Services designed to assist with the activities of daily living are delivered in accordance with applicable North Carolina statutes. Services include dressing, eating, bathing, toileting, and ambulating.

The resident is required to pay any additional charges for services and meals that are not covered in the applicable Monthly Service Fee.

Services Provided for Medical Center Units

Medical Center residents receive comprehensive 24-hour nursing services in private accommodations, special activity programs, social service programs, housekeeping and three meals per day.

The resident is required to pay any additional charges for services and meals that are not covered in the applicable Monthly Service Fee.

Expansion Plans: The Project

The Corporation has projected the Project to consist of construction and operations of the New Independent Living Units and substantial renovations to three of the legacy independent living apartment buildings of the Community.

The Project is projected to consist of the following:

- Developing, constructing, and operating the New Independent Living Units on the existing campus.
- Substantial renovations to three of the legacy independent living apartment buildings, including exterior re-skinning, addition of balconies, interior hallway improvements, and upgrades to major mechanical and building systems.

Each New Independent Living Unit will consist of one-bedroom or two-bedroom apartments.

Following the completion of the Project the total Independent Living Units at the Community will increase from 369 to 429.

Project Configuration and Pricing

The following table summarizes Management's projected unit configuration and pricing for the Project's New Independent Living Units. The Monthly Service Fees are presented in fiscal year 2026 dollars and are projected to increase by 3.5% annually. The Entrance Fees noted below are presented at the fees that will be marketed and sold to the depositors of the Project. The Entrance Fees are anticipated to increase 3.5% percent annually upon opening of the Project and unit turnover.

Table 3
New Independent Living Units
Projected Unit Configuration, Sizes and Pricing
Effective as of April 1, 2026

Unit Type	Number of Units	Avg Sq Ft of Units	Monthly Service Fee (1)	Entrance Fee
One Bedroom	8	1,089	$ 5,069	$ 612,700
Two Bedroom	30	1,442	6,222	766,900
Two Bedroom	14	1,776	7,531	939,200
Two Bedroom	8	1,856	7,791	983,200
Total/Weighted Average	60	1,528	$ 6,583	$ 815,383
Second Person (1)			*$1,654*	*$105,400*

Source: Management
Note:
(1) Included in the monthly service fee noted above is a declining balance meal plan equivalent to one meal per day ($472 for single; $944 for couple).

Project Timeline

A proposed timeline for the construction and fill-up of the Project, as provided by Management, is presented below.

Table 4
Project Timeline

Date	Item
July 2026	Series 2026 Bonds are issued (1)
July 2027	Series 2027 Bonds are issued and construction begins on the New Independent Living Units and major renovations begin on three of the legacy independent living apartment buildings (2)
August 2029	Construction of the New Independent Living Units is complete and fill-up begins
February 2030	New Independent Living Units achieve stabilized occupancy (95%)
April 2030	Renovations are complete on the three legacy independent living buildings

Source: Management
Note:
(1) The Series 2026 Bonds were issued to refund the Series 2017A Bonds as well as fund approximately $15,000,000 of pre-construction and development costs and site-work improvements associated with the Project.
(2) Management has projected that the renovations on each of the legacy independent living buildings would take approximately 16 months in total duration to complete with exterior renovations taking approximately 9 months to complete and interior renovations taking approximately 10 months to complete. Management has projected the interior renovations to begin approximately 2 to 3 months prior to exterior renovations being completed. Management has projected renovation completions would be around approximately October 2028, July 2029, and April 2030 for each of the three legacy independent living buildings being renovated.

Plan of Finance

Series 2026 Bonds and Series 2027 Bonds

The total financial requirements of the Project, along with the refinancing of the Series 2017A Bonds, as defined hereinafter, are projected to approximate $173,816,000. The Corporation expects to fund this requirement primarily through the issuance of the Series 2026 Bonds, which were issued on July 29, 2026, the projected issuance of the Series 2027 Bonds, and initial entrance fee receipts from occupancy of the New Independent Living Units.

A summary of the projected sources and uses of funds for the Series 2026 Bonds and Series 2027 Bonds is provided in the following table based upon data provided by Management and the Underwriter.

Table 5
Series 2026 Bonds and Series 2027 Bonds
Sources and Uses of Funds
(Dollars in Thousands)

Sources of Funds:	Series 2026	Series 2027	Total	
Series 2026A Bonds	$ 28,565	$ -	$ 28,565	(1)
Series 2026B Bonds	17,035	-	17,035	(1)
Series 2027A Bonds	-	83,090	83,090	(2)
Series 2027B Bonds	-	45,000	45,000	(2)
Series 2026 Net Premium	126	-	126	(3)
Total Sources of Funds	**$ 45,726**	**$ 128,090**	**$ 173,816**	
Uses of Funds:	**Series 2026**	**Series 2027**	**Total**	
Refunding Series 2017A Bonds	$ 26,391	$ -	$ 26,391	(4)
Project Costs			-	
Existing Campus Renovation Project	15,000	41,745	56,745	(5)
New Independent Living Project	-	59,255	59,255	(6)
Total Project Costs	15,000	101,000	116,000	
Funded Interest	507	15,837	16,344	(7)
Debt Service Reserve Fund	2,939	8,691	11,630	(8)
Cost of Issuance and Other Finance Costs	889	2,562	3,451	(9)
Total Uses of Funds	**$ 45,726**	**$ 128,090**	**$ 173,816**	

Source: Management and Underwriter

Notes to Table 5:

1) The Corporation received proceeds from the Series 2026 Bonds of approximately $45,600,000 which were generated utilizing the following structure and terms. The responsibility for payment of the debt service on the Series 2026 Bonds is expected to be solely that of the Corporation.

   - $28,565,000 of tax-exempt fixed-rate bonds (the “Series 2026A Bonds”) issued with a coupon rate ranging from 4.25 percent to percent 5.50 and having a maturity date of April 1, 2052. Interest on the Series 2026A Bonds is payable semi-annually beginning October 1, 2027.

   - $17,035,000 of tax-exempt fixed-rate bonds (the “Series 2026B Bonds”) issued with a coupon of 5.50 percent and having a maturity date of April 1, 2056. Interest on the Series 2026B Bonds is payable semi-annually beginning October 1, 2026.

2) The Corporation has projected total proceeds from the Series 2027 Bonds, totaling approximately $128,090,000 are planned to be generated utilizing the following structure and terms. The responsibility for payment of the debt service on the Series 2027 Bonds is expected to be solely that of the Corporation.

   - $83,090,000 of tax-exempt fixed-rate bonds (the "Series 2027A Bonds") issued with a coupon rate of 6.50 percent and having a maturity date of April 1, 2062. Interest on the Series 2027A Bonds is projected to be payable semi-annually beginning October 1, 2027.

   - $45,000,000 of tax-exempt fixed-rate bonds (the "Series 2027B Bonds") assumed to be issued with a coupon of 5.50 percent and having a maturity date of April 1, 2032. The Series 2027B Bonds are expected to be repaid in advance of the stated maturity with proceeds from the Initial Entrance Fees of the Project. Interest on the Series 2027B Bonds is projected to be payable semi-annually beginning October 1, 2027.

3) The Series 2026 Bonds were issued at a premium of approximately $126,000.

4) $26,391,000 was used to redeem the outstanding principal and pre-payment premium on the 2017A Bonds.

5) Management has projected Project costs related to the legacy independent living apartment buildings renovation project to be approximately $56,745,000.

6) Management has projected Project costs related to the New Independent Living Units to be approximately $59,255,000.

7) Represents the amount Management projects to be utilized to pay project related debt service during construction.

8) Represents the amounts Management projects to be deposited into a debt service reserve fund.

9) Represents the amount Management estimate related legal fees, accounting fees and other costs associated with the issuance of the Series 2026 Bonds and proposed issuance of the Series 2027 Bonds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation maintains its accounting and financial records according to the accrual basis of accounting. Management's projection has been presented in conformity with guidelines for presentation of a projection established by the American Institute of Certified Public Accountants.

Use of Estimates

The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Basis of Presentation

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts who use is limited.

Restricted Cash

Restricted cash includes debt service reserve funds held by the trustee under the bond indenture.

Investments

Investments are carried at fair value. The fair value of marketable equity securities, bonds, and other investments is based on quoted market prices. Realized gains and losses on the sale of investments are determined based on the cost of the specific investment sold. The Corporation includes unrealized gains and losses on investments in the excess of revenues, gains, and other support over expenses. Management has not projected any unrealized gains or losses during the Projection Period.

Assets Limited as to Use

Assets limited as to use includes funds required by the bond documents to be held by a trustee, funds that have been restricted by donors including endowment funds, investments designated by the Board of Directors for the statutory operating reserve, assets held in charitable remainder trusts, and assets held under deferred compensation agreements.

Accounts Receivable

Estimated credit losses are accounted for using an allowance method. The allowance is increased or decreased, based upon management's evaluation, by provisions to bad debt expense charged against income. Uncollectible balances are written off against the allowance. Recoveries of previously written off balances are credited to income. Generally, no finance charges are assessed on trade receivables. The Corporation believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. As of March 31, 2026, the allowance for expected credit losses was approximately $376,000 and Management has projected maintaining a consistent allowance for expected credit losses during the Projection Period.

Accounts Receivable – Entrance Fees

Entrance fees receivable consist of promissory notes signed by residents where a portion of the entrance fee was paid upon signing the residency agreement and the remaining balance is due within 12 months. These notes are charged an interest rate equal to Prime, annually for the first 12 months and after that are charged Prime plus 5 percent annually. Management has projected maintaining a consistent balance during the Projection Period.

Property, Equipment and Depreciation

Property and equipment are recorded at cost if purchased and fair value if donated. The Corporation capitalizes all assets over $500. Major renewals and improvements are recorded to the property accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed as incurred. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives:

Land improvements 5 – 40 years
Buildings and improvements 5 – 40 years
Cottages and improvements 5 – 40 years
Kitchen equipment 5 – 10 years
Medical and care centers equipment 5 – 10 years
Furniture and fixtures 5 – 10 years
Motor vehicles 5 – 10 years

Capitalized Interest

Interest costs incurred on borrowed funds during the period of capital asset construction are capitalized as a component of the cost of acquisition.

Financing Costs

Financing costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related indebtedness, which approximates the effective interest method. Amortization expense is included with interest expense on the projected statement of operations and changes in net assets.

Original Issuance Premium

Bond premium incurred in connection with the issuance of long-term debt is assumed to be recorded as a direct addition to the carrying amount of the debt and over the term of the related indebtedness, which approximates the effective interest method. Amortization expense is included with interest expense on the projected statement of operations and changes in net assets.

Deferred Revenue from Entrance Fees

Fees paid by a resident upon entering into a contract agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Subject to certain exceptions, entrance fees, less 10 percent of the fee, are initially refundable, but become non-refundable at the rate of 2 percent per month until becoming fully non-refundable after 45 months. Refunds are paid 30 business days after termination of the contract agreement. The estimated amount of the contractual refund obligations that are expected to be refunded in a subsequent year are classified as a current liability on the projected balance sheet. In the event of death of the resident after occupying the Independent Living Unit, no refund is due and the unamortized refundable portion is amortized into income as entrance fee forfeitures.

Obligations to Provide Future Services

The Corporation enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Corporation specifying the services and facilities to be provided to a resident over his or her remaining life for a monthly fee. Under the contracts, the Corporation has the ability to increase fees as deemed necessary. The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. There was no obligation to provide future services as of March 31, 2026 and Management has projected there will be no obligation to provide future services during Projection Period.

Resident Service Revenue

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

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

Because all of its performance obligations have a duration of less than one year, the Corporation 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.

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

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

Medicare
The Corporation’s licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities are paid under the Patient Driven Payment Model (PDPM). Under PDPM, therapy minutes were removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement.

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

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

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

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

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

Financing Component

The Corporation 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 its 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.

Benevolent Assistance

The Corporation provides benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The Corporation utilized certain net assets with donor restrictions, as well as earnings from certain net assets with donor restrictions and board designated net assets, to partially fund the care of such residents.

Statement of Operations

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

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying projected financial statements do not reflect a provision or liability for federal and state income taxes. The Corporation has determined that it does not have any material unrecognizable tax benefits or obligations as of March 31, 2026 and Management has not projected any change to this during the Projection Period.

Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash, accounts receivable and investments. The Corporation maintains its cash in bank accounts which, at times, may exceed federally depository insurance ("FDIC") limits. Management believes the credit risk associated with these deposits is minimal.

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE AND ENTRANCE FEES

Resident Services and Healthcare Service Revenue

Resident Services Revenue includes revenue from utilization and Monthly Service Fees in the Independent Living Units and utilization and Daily Service Fees in the Assisted Living Units and Skilled Nursing Beds, as well as ancillary revenue, and other resident revenue.

Projected revenues for the Independent Living Units are primarily based on the Monthly Service Fees planned to be charged to the Independent Living Unit residents and the planned utilization of the Independent Living Units.

Projected assisted living and nursing revenues are planned to primarily consist of funds generated from services provided to residents either transferring from the Independent Living Units to the Assisted Living Units or Skilled Nursing Beds as well as from direct admissions.

Management has projected the following occupancy for the Independent Living Units.

Table 6
Independent Living Units
Projected Average Occupancy (1)
For the Years Ending March 31,

Average Occupied Units	2027	2028	2029	2030	2031
Existing Independent Living Units	357.0	351.0	351.0	351.0	351.0
New Independent Living Units	N/A	N/A	N/A	31.7	57.0
Average Occupied Units	357.0	351.0	351.0	382.7	408.0
Average Available Units	**2027**	**2028**	**2029**	**2030**	**2031**
Existing Independent Living Units	369.0	369.0	369.0	369.0	369.0
New Independent Living Units	N/A	N/A	N/A	45.0	60.0
Average Available Units	369.0	369.0	369.0	414.0	429.0
Average Percent Occupied	96.7%	95.1%	95.1%	92.4%	95.1%

Source: Management
Note:
(1) Management has projected the New Independent Living Units to be available for occupancy beginning in August 2029.

Management has projected second person occupancy to be 35 percent for Existing Independent Living Units and 67 percent for the New Independent Living Units during Projection Period.

Projected occupancy for the New Independent Living Units is based upon Management's assumed move-in schedule for the New Independent Living Units, as depicted in the following table:

Table 7
New Independent Living Units Move-In Schedule

	New Independent Living Units			
			Cumulative Occupancy	
Fiscal Month / Year	Total Available Units	Net Move-Ins	Number	Percent
2030				
August	60	8.1	8.1	13.6%
September	60	8.1	16.3	27.1%
October	60	8.1	24.4	40.7%
November	60	8.1	32.6	54.3%
December	60	8.1	40.7	67.9%
January	60	8.1	48.9	81.4%
February	60	8.1	57.0	95.0%
Thereafter	60		57.0	95.0%

Source: Management

Independent Living Units

The following table summarizes the projected average monthly service fees for the Independent Living Units during the Projection Period.

Table 8
Independent Living Units
Projected Weighted Average Monthly Occupancy Fees (1)(2)
For the Years Ending March 31,

	2027	2028	2029	2030	2031
First Person Weighted Average Monthly Occupancy Fees					
Existing Independent Living Units	$3,629	$3,756	$3,887	$4,023	$4,164
New Independent Living Units	N/A	N/A	N/A	$6,775	$7,012
Second Person Weighted Average Monthly Occupancy Fees					
Existing Independent Living Units	$1,172	$1,214	$1,256	$1,300	$1,345
New Independent Living Units	N/A	N/A	N/A	$1,300	$1,345

Source: Management
Notes:
(1) The projected average monthly occupancy fees presented above the weighted average of the units available and occupied during each year and any projected premiums, discounts, additional revenue, etc. The monthly occupancy fees presented above are those fees, from the Monthly Service Fee, that is included in Service Fees revenue on the projected statement of operations and changes in net assets. The above fees do not include the portion of the Monthly Service Fee related to the meal plan revenue that is included in Dietary Revenue on the projected statement of operations and changes in net assets.
(2) Management has projected occupancy of the New Independent Living Units beginning in August 2029. The projected average monthly occupancy fees represent the weighted average of the unit types available and occupied during each year.

Monthly Service Fees for the Independent Living Units are projected to inflate by 3.5 percent beginning in 2028 and annually thereafter during the Projection Period.

Assisted Living

Projected assisted living revenue consists of revenue from operating the Assisted Living Units during the Projection Period. Management has projected this revenue based upon its historical experience during the Projection Period.

Management has projected occupancy of the Assisted Living Units during the Projection Period as shown in the table below.

Table 9
Assisted Living Units
Projected Average Occupancy
For the Years Ending March 31,

	2027	2028	2029	2030	2031
Average Available Units:					
Assisted Living Units	60.0	60.0	60.0	60.0	60.0
Total Average Available Units	60.0	60.0	60.0	60.0	60.0
Average Occupied Units:					
Lifecare - Permanent	55.7	55.7	55.7	55.7	55.7
Lifecare - Temporary	0.8	0.8	0.8	0.8	0.8
Private Pay	1.0	1.0	1.0	1.0	1.0
Total Average Occupied Units	57.5	57.5	57.5	57.5	57.5
Average Percent Occupied	95.8%	95.8%	95.8%	95.8%	95.8%

Source: Management

Management has projected the following daily fee for direct admit residents for the Assisted Living Units during the Projection Period.

Table 10
Assisted Living Units
Projected Weighted Average Daily Service Fee (1)
For the Years Ending March 31,

	2027	2028	2029	2030	2031
Weighted Average Daily Service Fee	$188	$194	$201	$208	$216

Source: Management
Note:
(1) The projected average Daily Service Fee for the Assisted Living Units represents the total weighted average of the units occupied for all resident types.

Management has projected the Daily Service Fee for the Assisted Living Units to inflate by 3.5 percent beginning in 2028 and annually thereafter during the Projection Period.

Skilled Nursing

Management has projected patient services revenue from the Skilled Nursing Beds based upon Management's historical experience operating the Skilled Nursing Beds. Management has projected the average payor mix and average daily rates of the Skilled Nursing Beds during the Projection Period as shown in the tables below:

Table 11
Skilled Nursing Beds
Projected Average Payor Mix (by Days)

	2027	2028	2029	2030	2031
Average Available Skilled Nursing Beds	58.0	58.0	58.0	58.0	58.0
Average Occupied Skilled Nursing Beds	46.4	47.9	49.4	49.4	49.4
Average Percent Occupied	80.1%	82.7%	85.2%	85.2%	85.2%
Payor Mix:					
Medicare	12.0	13.5	15.0	15.0	15.0
Lifecare - Permanent	22.2	22.2	22.2	22.2	22.2
Lifecare - Temporary	11.3	11.3	11.3	11.3	11.3
Private Pay	1.0	1.0	1.0	1.0	1.0
Total Average Occupied Skilled Nursing Beds	46.4	47.9	49.4	49.4	49.4

Source: Management

Table 12
Skilled Nursing Beds
Projected Weighted Average Daily Service Fees (1)
For the Years Ending March 31,

	2027	2028	2029	2030	2031
Medicare	$ 569	$ 580	$ 592	$ 604	$ 616
Lifecare	121	125	129	134	138
Private Pay	480	497	514	532	551
Weighted Average	$ 244	$ 261	$ 277	$ 284	$ 291

Source: Management
Note:
(1) The projected average Daily Service Fee for the Skilled Nursing Beds represents the weighted average of the units occupied.

Daily fees for the Skilled Nursing Beds are assumed to increase at an average of 3.5 percent for all private pay residents and 2.0 percent for all Medicare residents for fiscal year 2028 and annually thereafter for the remainder of the Projection Period.

Entrance Fee Receipts and Refunds

Entrance Fees may be generated from Independent Living Units turning over without a corresponding refund because the resident has not withdrawn from the Community but has permanently transferred to the Assisted Living Units or Skilled Nursing Beds. Refunds of the Entrance Fees are generated upon termination of the Residency Agreement and withdrawal from the Community, subject to the refund terms and timing previously disclosed. Entrance Fees are projected to inflate at 3.5 percent annually during the Projection Period, beginning in 2028.

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

Table 13
Entrance Fee Receipts and Total Entrance Fee Refunds
For the Years Ending March 31,
(Dollars in Thousands)

	2027	2028	2029	2030	2031
Initial Entrance Fees					
New Independent Living Units	$ -	$ -	$ -	$ 50,482	$ -
Total Initial Entrance Fees	$ -	$ -	$ -	$ 50,482	$ -
Number of Initial Entrants	0.0	0.0	0.0	57.0	0.0
Turnover Entrance Fees					
Existing Independent Living Units					
Entrance Fees Received For Unit Turnover	$ 17,706	$ 15,452	$ 16,455	$ 17,356	$ 18,208
Entrance Fees Refunded For Unit Turnover	(721)	(617)	(595)	(582)	(556)
Subtotal Net Turnover Entrance Fees	16,985	14,835	15,860	16,774	17,652
New Independent Living Units					
Entrance Fees Received For Unit Turnover	-	-	-	1,406	1,941
Entrance Fees Refunded For Unit Turnover	-	-	-	(752)	(650)
Subtotal Net Turnover Entrance Fees	-	-	-	654	1,291
Total Net Turnover Entrance Fees	$ 16,985	$ 14,835	$ 15,860	$ 17,428	$ 18,943
Total Entrance Fees Received, Net of Refunds	$ 16,985	$ 14,835	$ 15,860	$ 67,910	$ 18,943
Existing Independent Living Units - Turnover Entrants	39.0	33.0	34.0	34.0	34.0
New Independent Living Units - Turnover Entrants	0.0	0.0	0.0	2.0	3.0
Refunds Paid	3.4	3.1	2.7	3.8	3.5

Source: Management and Actuary (as defined herein)

Other Revenue

Management assumes meal revenue and other miscellaneous revenue to increase approximately 3.5 percent annually throughout the Projection Period.

Contributions

Management has projected contributions based upon their experience at the Community. Projected contributions consist of amounts received from external contributions designed for use within the Corporation.

Investment Return

Investment income consists of interest, dividends, and net realized gains earned on available cash, investments and assets limited as to use. The following table reflects Management's assumed investment earning rates during the Projection Period.

The following table reflects Management's projected investment earning rates during the Projection Period.

Table 14
Projected Investment Earning Rates

	2027	2028	2029	2030	2031
Cash and Cash Equivalents	0.50%	0.50%	0.50%	0.50%	0.50%
Investment in Marketable Securities	4.00%	4.00%	4.00%	4.00%	4.00%
Funds Held by a Trustee Under Bond Indenture	3.00%	3.00%	3.00%	3.00%	3.00%
Debt Service Reserve Fund - Series 2026 Bonds	0.00%	0.00%	3.00%	3.00%	3.00%
Debt Service Reserve Fund - Series 2027 Bonds	N/A	0.00%	0.00%	0.00%	0.00%
Endowment Funds	3.00%	3.00%	3.00%	3.00%	3.00%
Investments Held for Statutory Operating Reserve Fund	4.00%	4.00%	4.00%	4.00%	4.00%
Assets Held for Deferred Compensation	3.00%	3.00%	3.00%	3.00%	3.00%
Other Donor Restricted Assets Held	0.50%	0.50%	0.50%	0.50%	0.50%
Bond Fund	3.00%	3.00%	3.00%	3.00%	3.00%
Entrance Fee Fund	N/A	N/A	N/A	1.00%	1.00%

Source: Management
N/A: Not Applicable

Management has not projected any unrealized gains or losses on investments during the Projection Period.

MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES

Operating Expenses

Operating expenses have been projected to be recognized during the month incurred. Management has projected operating expenses based upon Management's operating plans, including changes associated with operating the Project when it becomes available. In general, operating expenses, including salaries and hourly wages, are projected to increase by 3.5 percent annually throughout the Projection Period for inflation.

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

Salaries, Wages, and Benefits

A full time equivalent ("FTE") is assumed to represent 2,080 hours of time paid annually. Salaries and wages are projected to increase by 3.5 percent annually during the Projection Period.

Employee benefits costs include FICA, unemployment taxes, medical insurance, life insurance, retirement contributions and other miscellaneous benefits. Management has projected that these benefit costs are approximately 37.7% percent of salaries and wages during the Projection Period.

The table below presents a summary of projected FTEs by department and the average wage rates during the Projection Period.

Table 15
Projected Staffing and Average Hourly Rates
For the Years Ending March 31,
(In Full-Time Equivalents)

	2027		2028		2029		2030		2031	
Departments	# of FTEs	Avg. Hourly Rate	# of FTEs	Avg. Hourly Rate	# of FTEs	Avg. Hourly Rate	# of FTEs	Avg. Hourly Rate	# of FTEs	Avg. Hourly Rate
General and Administrative	18.0	$ 60.57	18.0	$ 62.69	18.0	$ 64.88	18.0	$ 67.15	18.0	$ 69.50
Independent Living Services	18.0	$ 27.63	18.0	$ 28.60	18.0	$ 29.60	21.0	$ 29.40	21.0	$ 30.43
Dining Services	87.7	$ 21.65	87.7	$ 22.41	87.7	$ 23.19	87.7	$ 24.00	87.7	$ 24.84
Operation of Plant	29.0	$ 25.04	29.0	$ 25.92	29.0	$ 26.83	31.0	$ 27.39	31.0	$ 28.35
Housekeeping	18.0	$ 18.80	18.0	$ 19.46	18.0	$ 20.14	21.0	$ 20.73	21.0	$ 21.45
Medical Center	83.0	$ 30.09	83.0	$ 31.15	83.0	$ 32.24	83.0	$ 33.36	83.0	$ 34.53
Care Center	48.0	$ 25.65	48.0	$ 26.55	48.0	$ 27.48	48.0	$ 28.44	48.0	$ 29.43
Total/Weighted Average	301.7	$ 27.44	301.7	$ 28.41	301.7	$ 29.40	309.7	$ 30.19	309.7	$ 31.25

Source: Management
Note:
(1) Management has projected 8 additional FTEs will be added as a result of the New Independent Living Units opening in 2030.

Non-Salary Operating Costs

Other non-salary operating expenses are assumed to include ongoing marketing costs, utilities, supplies, property taxes, maintenance, security, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.5 percent annually throughout the Projection Period.

Depreciation and Amortization

Property and equipment have been projected to be depreciated over their estimated useful lives by the straight-line method.

Interest and Amortization

Interest and financing expense is projected based upon the terms of the Series 2017 Bonds, Series 2021 Notes, Construction Loan, the Series 2026 Bonds, and the Series 2027 Bonds, and the related amortization of the associated deferred debt issuance costs associated with the Series 2017 Bonds, Series 2021 Notes, Series 2026 Bonds and Series 2027 Bonds, the associated premium with the Series 2026 Bonds, and the issuing authority/trustee fees. Management has projected capitalizing interest expense related to the Project during the construction period, net of interest income on the related trustee-held funds.

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

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

Investments in Marketable Securities

Management has projected the investments in marketable securities balance based on Management's intended cash and cash equivalents balance during the Projection Period.

Accounts Receivable, Residents, Net

Accounts receivable, residents, net been projected based upon Management's estimate and historical activity, which is approximately 3 days of revenue from resident fees earned.

Accounts Receivable, Entrance Fees

Management has projected the accounts receivable, entrance fees for the Projection Period based upon historical balances.

Accounts Receivable, Other

Accounts receivable, other, has been projected based upon Management's estimate of approximately 11 days of operating expenses excluding depreciation, and interest and financing expenses throughout the Projection Period.

Supplies, Inventories, and Prepaid Expenses

Supplies, inventories, and prepaid expenses have been projected based upon Management's estimate of approximately 24 days of operating expenses excluding depreciation, and interest and financing expenses throughout the Projection Period.

Accounts Payable – Trade

Accounts payable - trade have been projected based upon Management's estimate of approximately 42 days of operating expenses excluding depreciation, and interest and financing expenses throughout the Projection Period.

Accrued Payroll and Related Withholdings

Accrued payroll and related withholdings has been projected based upon Management's estimate of approximately 10 days of salaries, employee taxes and benefits throughout the Projection Period.

Accrued Vacation

Accrued vacation has been projected based upon Management's estimate of approximately 23 days of salaries, employee taxes and benefits throughout the Projection Period.

Deposits on Contracts

Management has projected the Deposits on Contracts liability based upon the historical balance.

Accrued Interest Payable

Accrued interest has been projected based upon the terms of existing indebtedness and the Series 2026 Bonds and Series 2027 Bonds during the Projection Period.

Refundable Entrance Fees

Management has projected the Refundable Entrance Fees liability based upon the historical balance.

Assets Limited as to Use

Held by Trustee

The following funds have been projected to be held by the trustee of the Series 2017 Bonds, Series 2026 Bonds and the Series 2027 Bonds in the name of the Corporation:

Debt Service Reserve Funds — The Corporation is projected to maintain reserve funds related to the Series 2017 Bonds, the Series 2026 Bonds and the Series 2027 Bonds, which was funded from proceeds of the Series 2017 Bonds, Series 2026 Bonds and Series 2027 Bonds. Management has projected Debt Service Reserve Funds related to the Series 2027B Bonds will be released upon repayment of the Series 2027B Bonds from initial entrance fees in 2031.

Bond Fund – Represents monthly advance payments of bond principal and interest made by the Corporation to the trustee relating to outstanding Series 2017B Bonds, Series 2026 Bonds, and the Series 2027 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.

Funded Interest Fund – A portion of the proceeds of the Series 2026 Bonds and Series 2027 Bonds are projected to be deposited into a funded interest fund for payment of interest during Project construction.

Project Funds – A portion of the proceeds of the Series 2026 Bonds and Series 2027 Bonds are projected to be deposited into a project fund for construction and related costs of the Project.

Resident Project Deposits – Represents ten-percent deposits on future entrance fees that have been received and deposited into an escrow account.

Entrance Fee Fund – Initial Entrance Fees related to the New Independent Living Units are planned to be deposited into the Entrance Fee Fund. Amounts on deposit in the Entrance Fee Fund are assumed to be used to re-pay the Series 2027B Bonds.

Not Held by Trustee

Endowment Funds - include investments that carry a donor-imposed restriction that permits the Corporation to use or expend the donated investments as specified and is satisfied by the passage of time or the actions of the Corporation. Management has not projected any changes during the Projection Period.

Assets Held in Charitable Remainder Trusts - those which the Corporation acts as trustee under several charitable remainder annuity trusts. These trusts are given to the Corporation with the condition that a specified payment is made to the contributor over his or her life or until the trust agreement expires. A liability is established based on the present value of the payments to be made. The anticipated remainder interest is recorded as a contribution. Management has not projected any changes during the Projection Period.

Assets Held for Deferred Compensation - includes contributions under a deferred compensation agreement between the Corporation and key employees. The Corporation is to make contributions at the discretion of the Board with an intention to provide annual funding equal to at least 10 percent of the employees' annual compensation. Management has not projected any changes during the Projection Period.

Other Donor Restricted Assets Held - include other funds and accounts that have been received by donors. These funds and accounts are donor-restricted as specified by the donor and is satisfied by the passage of time or the actions of the Corporation. Management has not projected any changes during the Projection Period.

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

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

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

The following table sets forth the projected calculation of the operating reserve.

Table 16
North Carolina Statutory Operating Reserve
For the Years Ending March 31,

	2027	2028	2029	2030	2031
Statutory Operating Reserve Calculation (Expenses in Thousands):					
Total Operating Expenses	$ 40,098	$ 41,321	$ 42,930	$ 51,062	$ 57,519
Include:					
Bond Principal Payments (1)	27,368	1,157	1,202	40,483	7,051
Exclude:					
Depreciation	(4,841)	(5,072)	(5,317)	(8,415)	(9,650)
Amortization of Bond Issuance Costs, Bond Discount, and Bond Premium	(78)	(78)	(78)	(256)	(209)
Principal Paid from Initial Entrance Fee Receipts	-	-	-	(39,240)	(5,760)
Principal Paid from Refinancing	(26,590)	-	-	-	-
Interest Set Aside in Debt Service Reserve Fund	(3,109)	(2,620)	(2,576)	(5,356)	(9,007)
Principal Set Aside in Debt Service Reserve Fund	(778)	(1,157)	(1,202)	(1,243)	(1,291)
Total Operating Costs	$ 32,070	$ 33,551	$ 34,959	$ 37,035	$ 38,653
Required Reserve	12.50%	12.50%	12.50%	25.00%	12.50%
Required Operating Reserve	$ 4,009	$ 4,194	$ 4,370	$ 9,259	$ 4,832
Average Available Units for the year ending March 31:					
Independent Living Units - Existing	369	369	369	369	369
Independent Living Units - Project	N/A	N/A	N/A	45	60
Total Available Units	369	369	369	414	429
Average Occupied Units for the year ending March 31:					
Independent Living Units - Existing	357	351	351	351	351
Independent Living Units - Project	N/A	N/A	N/A	32	57
Total Occupied Units	357	351	351	383	408
Average Occupancy for the year ending March 31:	96.75%	95.12%	95.12%	92.43%	95.10%

Source: Management
Note:
(1) Gross bond principal payments shown on all outstanding debt are reduced by principal paid from initial entrance fee receipts and principal paid from refinancing below.

Property and Equipment, Net

Property and equipment balances, net of accumulated depreciation, are projected based on the cost of the existing facility and the projected costs of constructing the Project, and other routine property and equipment additions during the Projection Period, reduced by estimated annual depreciation.

The following table reflects the project related costs, capitalized interest, net of interest earnings, and other routine capital additions during the Projection Period:

Table 17
Projected Property and Equipment Additions
For the Years Ending March 31,
(Dollars in Thousands)

	2027	2028	2029	2030	2031
Property and Equipment, Beginning	$ 190,126	$ 208,119	$ 251,380	$ 304,886	$ 340,755
Project Costs	12,273	33,467	40,986	25,195	3,479
Project Capitalized Interest	469	4,230	6,569	4,598	-
Capitalized Deferred Financing Costs	6	269	356	178	-
Capitalized Bond Premium	(5)	(5)	(5)	(2)	-
Routine Additions	5,250	5,300	5,600	5,900	6,200
Property and Equipment, Ending	$ 208,119	$ 251,380	$ 304,886	$ 340,755	$ 350,434

Source: Management

Employee Retention Credit Receivable

The Corporation qualified for the Employee Retention Credit (“ERC”) based on a partial shutdown in 2021. As of March 31, 2026 there was approximately $1,756,000 still outstanding and Management has not projected the receipt of any ERC funds during the Projection Period.

Long-Term Liabilities

Long-Term Debt

During the Projection Period, the Corporation’s long-term debt is planned to be comprised of the Series 2017 Bonds, the Series 2021 Notes, the Construction Loan, the Series 2026 Bonds, and the Series 2027 Bonds. The terms of the Series 2026 Bonds and Series 2027 Bonds are more fully described in the notes to Table 4.

At March 31, 2026, the Corporation’s outstanding long-term debt totaled approximately $55,145,953 which was comprised of Series 2017 Bonds, Series 2021 Notes and the Construction Loan.

Series 2017 Bonds

- $26,590,000 of long-term debt was related to a direct purchase bank loan (the “Series 2017A Bonds”). The Series 2017A Bonds were issued in December 2017 at a par amount of approximately $39,885,000 with an average interest rate of 4.55 percent per annum and a rate reset every 7 years. Interest on the Series 2017A Bonds is to be paid monthly. Principal on the Series 2017A Bonds is paid monthly, with a final maturity on April 1, 2038. The Series 2017A Bonds were paid off as part of the issuance of the Series 2026 Bonds.
- $18,945,000 of long-term debt was related to North Carolina Medical Care Commission First Mortgage Refunding and Revenue Bonds, Series 2017 (the “Series 2017B Bonds”). The Series 2017B Bonds include serial bonds issued at both a discount and a premium, with interest rates ranging from 4.25 to 5.00 percent per annum. Interest on the Series 2017B Bonds is to be paid semi-annually on April 1 and October 1 of each year. Principal on the Series 2017B Bonds is to be paid annually commencing on April 1, 2037, with a final maturity on April 1, 2047.

Series 2021 Notes

- $4,852,575 construction loan (the "Series 2021A Note"). The Series 2021A Note was issued in June 2021 with an interest rate of 3.620 percent for the first 24 payments then 3.500% thereafter. Interest on the Series 2021A Note is to be paid monthly. Principal on the Series 2021A Note is paid monthly from fiscal year 2024 through 2037.
- $3,258,378 construction loan (the "Series 2021B Note"). The Series 2021B Note was issued in June 2021 with a fixed interest rate of 3.800 percent. Interest on the Series 2021B Note is to be paid monthly. Principal on the Series 2021B Note is paid monthly beginning fiscal year 2024 through 2034.

Construction Loan

In August 2025, the Corporation opened a $5,000,000 construction loan (the "Construction Loan") with First Citizens Bank & Trust Company, with an interest rate at the 30 day SOFR plus 2.250 percent per annum. Interest on the Construction Loan is paid monthly. Principal on the Construction Loans is payable at maturity or upon conversion. As of March 31, 2026, approximately $1,500,000 of the Construction Loan had been drawn down.

During 2027, the Corporation drew an additional $3,500,000 down on the Construction Loan and the Construction Loan was subsequently paid in full during 2027.

The following table summarizes the existing debt obligations of the Corporation.

Table 18
Projected Principal Payments on Long-Term Debt
(In Thousands)

Fiscal Year Ending March 31,	Series 2017A Bonds (1)	Series 2017B Bonds	Series 2021A Bonds	Series 2021B Bonds	Construction Loan (2)	Series 2026A Bonds	Series 2026B Bonds	Series 2027A Bonds	Series 2027B Bonds (3)	Total
2027										
Payment	$ -	$ -	$ -	$ 378	$ 5,000	$ -	$ -	$ -	$ -	$ 5,378
Refinance	26,590	-	400	-	-	-	-	-	-	26,990
Total	26,590	-	400	378	5,000	-	-	-	-	32,368
2028	-	-	414	393	-	350	-	-	-	1,157
2029	-	-	429	408	-	365	-	-	-	1,202
2030	-	-	444	424	-	375	-	-	39,240	40,483
2031	-	-	460	441	-	390	-	-	5,760	7,051
Thereafter	-	18,945	2,706	1,214	-	27,085	17,035	83,090	-	150,075
	$ 26,590	$ 18,945	$ 4,853	$ 3,258	$ 5,000	$ 28,565	$ 17,035	$ 83,090	$ 45,000	$ 232,336

Source: Management and Underwriter

Notes:

1) The Series 2017A Bonds were repaid from part of the proceeds from the Series 2026 Bonds.
2) The Construction Loan was repaid in full during 2027.
3) Management has projected the above payments based upon the projected availability of the Initial Entrance Fees of the New Independent Living Units.

Deferred Compensation

The Corporation has a deferred compensation agreement with certain key employees. Management has projected the Deferred Compensation liability based upon the historical balance as of March 31, 2026.

Net Assets without Donor Restriction

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

Future Plans

Management is currently planning to perform substantial renovations to two additional legacy independent living apartment buildings upon completion of the Project. However, as of the date of this projection, renovation plans, including scope, costs, and timing, were still being evaluated and as such, have not been included in the Projection.

Global

INDEPENDENT
NETWORK MEMBER

Appendix C — Statement of Actuarial Opinion

ACTUARIAL COMPILATION REPORT

FOR

CAROLINA VILLAGE

AS OF MARCH 31, 2026

prepared
July 8, 2026

1604 Hilltop West Executive Ctr., Suite 311
Virginia Beach, Virginia 23451
404.845.0360
fax 404.845.0361
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July 8, 2026

Ms. Amber Anderson, CPA
Chief Financial Officer
Carolina Village
600 Carolina Village Road
Hendersonville, NC 28792

Dear Ms. Anderson:

We have prepared a compilation of actuarial tables and projections for Carolina Village based on census data as of March 31, 2026, audited financial statements as of March 31, 2026, and the fiscal year 2027 operating and capital budgets, all of which were provided by you. Enclosed are several tables that show the results of this compilation. It is our opinion that the financial condition of Carolina Village is in satisfactory actuarial balance as defined by Actuarial Standards of Practice No. 3 and Carolina Village has earned the AVP exemplary recognition seal.

A.V. Powell & Associates' actuarial compilation report includes the following items:

- A projection of future population flows and independent living turnover
- An actuarial valuation of reserves held on behalf of current residents
- An actuarial pricing analysis of fees charged to new entrants
- A cash flow projection of future cash sources and uses

These projections, evaluated together, provide a reasonable basis for determining whether the CCRC contracts are priced adequately. Due to the long-term nature of CCRC contracts, and uncertainties regarding health care and refund guarantees, sound financial management requires integration of actuarial methods into CCRC financial projections.

By applying actuarial techniques, management can quantify a policy to minimize intergenerational subsidies. This means that the fee structure is expected to be self-supporting for each generation of residents. Contracts are priced, and evaluated, with a goal of matching the annual increase in monthly and entry fees to the rate of increase in the CCRC's expenses. The internal inflation rate includes increasing costs related to adding programs and services as well as normal expense inflation. An adequately priced fee structure will automatically result in the accumulation of funds to cover the future shortfall between fees and deferred liabilities.

Population Projection

The population projection (refer to Table 2.1) shows expected independent living turnover and health center utilization by contractholders for the next 20 years.

The population projection indicates that independent living turnover is expected to average about 33 units per year. The actuarial projection indicates that turnover is likely to range from about 25 units per year to 43 units per year due to random fluctuation in experience.

The population projection shows that Carolina Village has sufficient health center (assisted living and nursing care) capacity to meet expected contractholder needs. This projection does not include any direct admits to assisted living or nursing care in the starting census, nor does it assume any future direct admits into these care levels. The health care utilization only reflects residents who originated in independent living. Assisted living utilization is projected to peak at 59 beds in 2027, and then level off near 56 beds per year by the end of the 20-year projection period. Nursing care utilization is projected to remain level at 38 to 40 beds per year throughout the 20-year projection period.

These projections are based on the March 31, 2026, census (refer to Table 0.1.1) and increasing occupancy from 348 independent living units as of March 31, 2026, to 355 units as of March 31, 2027, and level thereafter. The average age of the current census is 85 years (refer to Table 0.1.2) and the assumed weighted average entry age is 80 years (refer to Table 1.4). The life expectancy is 10.6 years for the typical female entrant and 8.3 years for the typical male entrant (refer to Table 1.3); these values are based on actuarial decrement assumptions that were developed from an analysis of Carolina Village experience. The assumptions regarding rates of death, move-out and health center utilization have been updated since the prior actuarial study. The new assumptions result in longer total life expectancies, with more time in all levels of care for females, and more time in independent living and less time in assisted living for males.

Our health care utilization projections are consistent with the historical practices at Carolina Village and other similar CCRCs around the country. Health care utilization can be influenced by several factors, including management's philosophy regarding aging-in-place, the number and mix of health care beds, and the availability of home care services and private duty nurses. Therefore, if transfer policies change in the future, actual utilization could be different than projected.

Actuarial Valuation

The purpose of the actuarial valuation is to determine whether Carolina Village has adequate reserves to fund its contractual obligation to residents as of the valuation date (refer to Table 4.1). The actuarial valuation provides an early warning of deficiencies in pricing policies, far in advance of a financial crisis.

The funded status of Carolina Village is 98.7%. The funded status as of March 31, 2025 was 97.8%. The funded status increased due to increase in net assets. The funded status represents the portion of liabilities (future expenses) covered by assets (future monthly fees and reserves). A funded status of 100% means the liability is fully funded. A funded status of 105% to 110% is desirable to assure an appropriate surplus. For CCRCs reviewed by A.V. Powell & Associates the median funded status is 103.0%. The funded status for Carolina Village places it in the second quartile (between the 25th and 50th percentiles) of CCRCs in our database.

The funded status is based on the original cost of fixed assets and may be revalued if new entrant fees generate a surplus. If an alternative fixed asset value and corresponding liabilities are used, then the funded status may be higher. The revaluation is discussed in the "Evaluation of ASOP#3 Conditions".

Actuarial reserves should be sufficient to offset the difference between future revenues and future expenses. Actuarial reserves consist of liquid assets, such as cash and investments, and non-liquid assets, such as land and physical plant minus specific liabilities and the actuarial present value of long-term debt. Reserves total $107.5 million as of March 31, 2026 (refer to Table 4.4).

Another statistic related to the actuarial valuation is the liquid reserve ratio (LRR). The LRR measures the degree by which actuarial liabilities are covered by liquid assets. It is neither necessary nor desirable that a CCRC show a 100% LRR. Often, the LRR will be lower in the earlier operating years of a CCRC. It is expected to increase over time as the physical plant ages. The median LRR for CCRCs reviewed by AVP is 48.0%. The LRR for Carolina Village is 18.8%, which places it in the bottom quartile (below the 25th percentile) of CCRCs in our database.

New Entrant Pricing

The new entrant pricing analysis (refer to Table 5.1) indicates whether the entrance fee and monthly fees charged to new entrants are expected to cover the cost of care associated with the contract.

The pricing analysis shows a surplus of 17.6% for the current lifecare contract that is offered by Carolina Village. The median surplus for CCRCs reviewed by AVP is 12.1%. The surplus for the contracts offered by Carolina Village places it in the third quartile (between the 50th and 75th percentiles) of CCRCs in our database.

The actuarial surplus for singles and couples for the nonrefundable contract shows that couples generate lower surpluses than singles within each unit type, which indicates that second person fees do not cover the additional costs associated with another person in the unit. The actuarial analysis also shows that larger units subsidize smaller units since their actuarial surplus is higher. This result is common within the CCRC industry.

We recommend that future monthly fee increases be no less than budgeted expense increases to ensure that the combination of monthly fees and entry fees are sufficient to cover future costs. Moreover, this condition is necessary to validate the implicit assumption underlying the actuarial valuation that fees for new entrants are adequate to cover their share of costs and in this case to help reduce the unfunded liability on behalf of current residents. If fees are not increased to match internal expense inflation, it is likely that the funded status of Carolina Village will decline in future actuarial valuations.

Cash Flow Projection

The 20-year cash flow projection (refer to Tables 6.1 and 4.5) indicates whether positive cash and investment balances will be maintained and debt covenants will be met. Reserves must increase at an average annual rate at least equal to the inflation rate in order to maintain the balance between increasing liabilities and revenues.

The cash flow projection for Carolina Village shows increasing cash and investment balances for all years. The median 10-year reserve accumulation factor for CCRCs reviewed by AVP is 2.37. The 10-year reserve accumulation factor for Carolina Village is 4.12, placing it in the top quartile (above the 75th percentile) of CCRCs in our database.

This analysis integrates the population projection with financial information. Each projection year includes the projected independent living turnover and new entrance fees, projected population movements and likely health care utilization by contractholders, and the appropriate revenues associated with the projected living status.

Evaluation of ASOP#3 Conditions

In the Actuarial Standards of Practice No. 3 ("ASOP#3"), the American Academy of Actuaries defines three conditions to determine whether or not a CCRC is in satisfactory actuarial balance ("SAB"). Condition 1 is adequate reserves for current residents and requires an actuarial calculation that determines whether or not the CCRC will be able to meet its long-term contractual obligations to residents. Condition 2 is adequate fee structure for a cohort of new entrants and requires an actuarial calculation to determine whether or not the combination of the entry fee plus future monthly fees will cover the operating and capital costs of care and pay refunds, if any, to a typical group of entrants. Condition 3 is positive projected cash and investment balances and uses an actuarially-based resident census projection by level of care to determine whether or not future cash balances will be increasing and if bond covenants will be met, if applicable.

In addition to testing for these three conditions, the actuary should review the assumptions used in their calculations in regard to reasonableness, both individually and in aggregate, with consideration given to the level of surplus available for adverse fluctuations in experience and explicit or implicit contingency margins for uncertainty in the actuarial assumptions.

Our experience during the past 30 years shows that approximately 50-to-60% of our actuarial studies generated results where clients pass Conditions 1 and 2 using actuarial book values for fixed assets whereas other investment assets are reflected at current, or averaged, market values. For the other 40-to-50% of clients, most fail Condition 1 adequate reserves but pass Condition 2 adequate fees and a few (less than 5% of total) pass Condition 1 adequate reserves but fail Condition 2. In these latter two cases, if the results show that a positive actuarial surplus exists for either the new entrant cohort fee structure or reserves for current residents, then it is appropriate and necessary for the actuary to combine the individual results of Conditions 1 and 2 to make an evaluation that determines if this surplus associated with the passed condition is sufficient to fund the deficit associated with the failed condition and therefore support the finding/opinion that the

CCRC is in satisfactory actuarial balance. We refer to the resulting value as the "unified funded status" and it is calculated by replacing the actuarial book value of fixed assets with the actuarial appraisal value of fixed assets and the corresponding actuarial depreciation.

For those cases where either Condition 1 or 2 are not met based on actuarial book values of fixed assets and their corresponding actuarial depreciation expenses, the unified funded status is used as an alternative solution to determine whether or not a community is in satisfactory actuarial balance. If the unified funded status exceeds 100% by a sufficient amount that the actuary deems is appropriate for adequate surplus, then the community meets Condition 1. It should be noted that the unified funded status implicitly confirms that the new entrant cohort pricing is 0% so that Condition 2 is satisfied. In cases where Condition 1 and 2 are met based on actuarial book value of fixed assets, the unified funded status will also show the community to be in satisfactory actuarial balance. However, unified funded status has explanatory value for all communities. Use of this metric allows the actuary to provide consistent opinions regarding satisfactory actuarial balance among various CCRCs as well as for the same CCRCs over time.

Using ASOP#3 and techniques previously described, AV Powell & Associates has established four categories of findings for our clients' comprehensive actuarial study results:

(1) "Not in satisfactory actuarial balance" for CCRCs who fail one or more of the three ASOP#3 conditions since their unified funded status is less than 100% or their cash balances are projected to be negative;

(2) "In satisfactory actuarial balance with qualifications about surplus and contingency margins" for CCRCs who pass all three ASOP#3 conditions since their unified funded status is greater than or equal to 100%, but their unified funded status does not generate sufficient margins for surplus and contingencies in accordance with AVP internal guidelines;

(3) "In satisfactory actuarial balance" for CCRCs who pass all three ASOP#3 conditions since their unified funded status is greater than or equal to 100%, and their unified funded status does generate sufficient margins for surplus and contingencies; and

(4) "In satisfactory actuarial balance with AVP seal" for a limited number of CCRCs, typically less than 50% annually, who pass all three ASOP#3 conditions since their unified funded status is greater than or equal to 100%, and their unified funded status does generate sufficient margins for surplus and contingencies and exceeds the AVP benchmarks for the

current year. Designation of this status is documented by the inclusion of the AVP exemplary recognition seal in the actuarial report opinion statement.

CCRCs must have positive and increasing cash balances to be categorized in satisfactory actuarial balance (categories two through four).

Table 4.3 shows a unified funded status of 115.8% based on an actuarial appraisal value for fixed assets plus deferred costs of $239.0 million versus the actuarial book value for fixed assets plus deferred costs of $138.1 million (the corresponding GAAP book value for fixed assets plus deferred costs is $115.0 million). This places Carolina Village in the AVP actuarial opinion Category 4. The median unified funded status for CCRCs reviewed by AVP is 113.5%. The unified funded status for Carolina Village places it in the third quartile (between the 50th and 75th percentiles) of CCRCs in our database.

<u>Actuarial Opinion</u>

It is our opinion that the financial condition of Carolina Village is in satisfactory actuarial balance as defined by ASOP#3 and Carolina Village has earned the AVP exemplary recognition seal, provided that future experience substantially follows the underlying assumptions that are contained in this actuarial report. The key assumptions are:

a) increases in monthly fees will match assumed increases in operating expenses;
b) all residents are able to pay the fees charged without significant subsidies for financial aid;
c) the difference between interest earnings/discount rate and revenue/expense inflation ("real rate-of-return") is 1.5%;
d) occupancy reaches assumed levels for all levels of care;
e) capital expenditures are adequate to maintain the market position of the community; and
f) 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.

AVP believes that the assumptions and projections in this report form a reasonable basis for evaluating the long-term financial condition of Carolina Village. We also believe that the methods employed in developing these calculations are consistent with sound actuarial principles and practices. Provision has been made for all actuarial liabilities and related statement items that ought to be recognized, except no assessment has been made of potential liabilities for residents' inability to pay their fees.

In order to monitor the appropriate level of fees required to maintain the long-term financial solvency of Carolina Village, we recommend that actuarial studies be conducted regularly. It should be noted that any number of variations from the underlying assumptions may occur and such variations could have a material impact on the projections and observations contained herein.

This report is submitted only for use by the management of Carolina Village. **Any other distribution or reference to the report is expressly prohibited**.

The undersigned credentialed actuary is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

BY: Michael K. Hopper, CPA
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Coleman M. Naughton, FSA, MAAA
Responsible actuary
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Enclosures

Appendix D — Representative Continuing Care Contract

INCORPORATED

600 Carolina Village Road, Suite Z Hendersonville, NC 28792
(828) 692-6275 Fax: (828) 692-7876 www.carolinavillage.com

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

OCCUPANCY AGREEMENT

This agreement made and entered into this ______ day of _________________________, __________, by and between Carolina Village, Inc., hereinafter referred to as “the Village,” and ____, hereafter referred to as Occupant.

WITNESSETH:

(1) THE OCCUPANT, having made application for residence number ___________, a ______________________________, at Carolina Village, and the Village, having accepted Occupant’s application, agree that the Occupant shall comply with policies and operating procedures now existing or as hereinafter amended by the Village. It is further agreed that such residence shall be subject to the following terms and conditions. A copy of Occupant’s financial disclosure is attached hereto and by this reference made a part of hereof.

(2) THE OCCUPANT agrees to pay the Village an Entrance Fee in the amount of $____________________ for the particular living unit selected by the Occupant. The full Entrance Fee is payable at the signing of this Occupancy Agreement. Also, at that time, the Occupant assumes control of the residence.

(3) THE PRIVILEGE of occupying said living unit shall continue throughout the lifetime of the Occupant unless canceled in the manner hereinafter provided. It being understood, however, and agreed that this Agreement is neither a lease nor shall it inure to the use or benefit of the heirs, assignees, or representatives of the Occupant.

(4) A MONTHLY service fee shall be paid by the Occupant upon receipt of a statement from the Village for the month to follow, in such amounts as determined by the Board of Directors of the Village for which the Village proposes to provide the following services and facilities:

- Access to Assisted Living & Skilled Nursing Services without increase in monthly service fee (except meals, drugs, supplies, any applicable deductible, co-payment, and/or co-insurance amounts not paid by the resident’s Medicare and supplemental or replacement plans and therapy services ordered by resident’s personal physician)
- Flexible meal plan
- All utilities, except for phone service
- Cable television
- Internet/Private Network

- 24-hour Maintenance
- Semi-monthly housekeeping service
- Weekly flat laundry service
- Free parking for residents and their guests
- Emergency call system
- On-site Wellness Coordinator and multiple fitness areas
- Planned activities--social, cultural, recreational, intellectual, vocational, spiritual
- Shuttle bus with regular schedule
- Private transportation (Additional cost)
- On-site pharmacy (Additional cost)
- Beauty/Barber Shop available (Additional cost)

(4a) The monthly service fee will begin ninety (90) days from the date of the Occupant's Reservation Agreement or at the time of occupancy, whichever is earlier, and shall be $____________. The Village will provide thirty (30) days' notice before rate changes.

(4b) The Village reserves the right to change or adjust the monthly service fee according to the living costs incurred and other economic necessities as they arise.

(4c) Upon timely payment of the aforesaid monthly service fee, Occupant shall be entitled to utilize all of the physical facilities that are generally made available to other residents of the Village whether such facilities exist on the date of this Agreement or not.

(5) IT IS UNDERSTOOD that The Village, a North Carolina Not-For-Profit Corporation, has no stockholders and governed by a volunteer local Board of Directors. The Board of Directors of the Village are non-salaried personnel and offer their services gratuitously for the express purpose of permitting the Village to operate at the lowest possible cost with resulting savings in the payment of the monthly service fee. The Village is not affiliated with any religious or charitable organization that could be considered responsible for the financial or contractual obligations of the Village.

(6) THE VILLAGE will designate a member in good standing of the North Carolina Medical Board as Medical Director who will treat Occupants on an emergency basis only and will be available for consultation with the Village staff. The Occupant, at his/her own expense, will engage the services of a personal physician and will update the Village on any changes in the status of his/her health or a change in personal physician.

(7) FURNISHINGS WITHIN the individual living units will be provided by the Occupant. Occupant further agrees to keep unit in a neat and orderly fashion to avoid fire and health hazards. The Village does not insure any of Occupant's personal property and recommends that the Occupant maintains renter's insurance to cover their personal items in case of damage.

(8) THE OCCUPANT shall maintain, at Occupant's expense, Medicare Part A and Medicare Part B, or equivalent, insurance coverage acceptable to the Village, and shall furnish the Village with evidence of such coverage upon request.

(9) IN THE EVENT the personal physician and/or the Medical Director determines in his/her sole judgment that the Occupant is infected with a dangerous or contagious disease, or that the Occupant has become mentally or emotionally disturbed to the degree that his/her presence in the Village shall be deemed detrimental to the health or peace of other residents, or is adjudged incapacitated or incompetent by virtue of any disease or condition for which the

Village is not permitted to provide care, the Village shall have authority to immediately transfer the Occupant to an appropriate hospital or other care facility that can, in the sole opinion of the Village, meet the Occupant's needs. In the event the Village cannot meet the Occupant's needs pursuant to this paragraph, reimbursement to the Occupant will be made as determined in Section 11c.

If Occupant has been transferred to another facility as provided in this paragraph and Occupant's personal physician certifies in writing that Occupant is no longer infectious or contagious or has recovered from such mental or emotional disturbance to the degree that his/her presence in the Village no longer poses any risk of detriment to the health or peace of other residents and that the Village can provide the appropriate level of care, Occupant will be allowed to return to his/her most recent place of residency at the Village, if Occupant did not receive a reimbursement as determined in Section 11c

Changes in the location of an occupant's living unit or in services provided may be required if, in the judgment of the Medical Director, the health or safety or general interest or welfare of the Village or its residents would be best served by such change in location or services or if the level of services necessary to care for the Occupant can be better provided in a different living unit or area within the Village or cannot be provided by the Village.

The Village is not capable of providing care to severely cognitively impaired occupants and has no locked unit. The Village will not provide any one-on-one care or sitters. In addition, the Village does not have the facilities to offer all medical treatment and care, such as dialysis, care for ventilator-dependent patients or care for patients with a tracheotomy. If, in the sole judgment of the Medical Director, the Occupant is cognitively impaired to the degree that or in need of treatment such that (i) the Occupant cannot be kept safe at any of the facilities within the Village; (ii) the Occupant presents a risk to other occupants at or employees of the Village; OR (iii) the appropriate care needed for the Occupant is not available at the Village, the Village can require the Occupant to move from the Village into another more appropriate care/living environment.

Occupant is expected to live independently for at least the first twelve (12) full months of occupancy. If an Occupant requires a permanent move to the Medical and/or Care Center within the first twelve (12) months of occupancy, the Occupant shall thereafter pay the private daily rate in effect at the time of admission into the Medical and/or Care Center.

If there are two Occupants in an independent living unit: Should one Occupant require a permanent move to the Medical and/or Care Center during the first twelve (12) months of occupancy and the other Occupant remains in the independent living unit, the Occupant who is in the Medical and/or Care Center will be charged the private daily rate that is in effect for the Medical and/or Care Center at the time of admission, and the Occupant who remains in the independent living unit will be charged the single monthly service fee in effect. If both Occupants require a permanent move to the Medical and/or Care Center during the first twelve (12) months of occupancy, both Occupants will be charged the private daily rate for the Medical and/or Care Center respectively that is in effect at the time of admission. After twelve (12) consecutive months of occupancy, the rate for the Occupant(s) in the Medical and/or Care Center will revert to the couple's monthly service fee.

(10) THE CONTRACT may be rescinded within 30 days following the later of the execution of the contract or the receipt of a Disclosure Statement and the Occupant is not required to move in

during the rescission period. The refund of all money or property transferred shall be made to the Occupant, or the Occupant's legal representative less periodic charges applicable to any period a unit was occupied, non-standard feature costs requested by the Occupant, and nonrefundable administrative fee set out in paragraph 11 of this Agreement.

(11) THE OCCUPANT shall have the right to terminate this Agreement after assuming residency in the Village for reasons under the following terms and conditions:

(11a) The Occupant shall not under any circumstance terminate this agreement after Occupancy without serving the Village with ninety (90) days' written notice of intention to so terminate. The Occupant will be charged with the established monthly service fee until the expiration of the 90-day period mentioned above.

(11b) In the event Occupancy is terminated by an Occupant who is competent to make a valid decision as provided in this paragraph, or his or her confirmed Power of Attorney or guardian, the departing Occupant will be reimbursed for the amount of the Entrance Fee paid less an appropriate charge for the period of Occupancy as stated in 11c. The refund will be made within 30 business days from the date when the 90-day notice period expires.

(11c) An administrative fee in an amount equal to ten percent (10%) of the entrance fee is non-refundable and will be retained by the Village. In addition, any costs of non-standard features requested by the Occupant, any medical charges incurred for Occupant's care during residency and any other periodic charges, including any charges occurring during the ninety (90)-day notice period shall be considered as credit to the Village and shall reduce the amount refunded to Occupant. In addition to these reductions, the refundable portion of the entrance fee will amortize and become nonrefundable at the rate of two percent (2%) per month for a period of forty-five (45) months from the date of occupancy or the date of this occupancy agreement, whichever is earlier. After the forty-five (45) month period, there will be no refund of the entrance fee.

(11d) If residents move in as a couple and one resident passes away and the surviving Occupant requests to move out, any reimbursement of the entrance fee amount will be calculated using the single-person entrance fee that was in place at the time of the move in date for the Occupant's specific unit type. The calculation of the reimbursement of the single-person entrance fee will follow the calculation stated in 11c.

(11e) After Occupancy there is no refund in the event of the death of Occupant.

(11f) In the event the Occupant finds it necessary to cancel the agreement for good reason before Occupancy, and after expiration of the thirty (30)-day period provided in paragraph 9 herein above, the Village shall be allowed to retain the administrative fee and all costs of non-standard improvements requested by the resident and shall reduce the amount refunded to the Occupant.

(11g) Nothing in this paragraph 11 shall be construed to limit or modify Occupant's right to rescind this contract as provided in paragraph 10 herein above.

(12) If residents move in as a couple and one resident passes away, the monthly service fee will be adjusted to the single rate.

(13) THE VILLAGE shall not be responsible for the loss or damage suffered by the Village as a result of negligence or actions of the Occupant. The Occupant agrees to indemnify and hold harmless

the Village for any injury to the person or property of others resulting from the negligence or intentional act of the Occupant.

(14) OCCUPANT AGREES to provide the Village provisions for final testamentary disposition of all furniture, possessions and property located on the property of the Village should be made by Occupant. In the event such disposition is not made or in the event removal is not accomplished within 30 days after termination of occupancy by reason of death or otherwise, the Village shall have the right to remove and store the said furniture, possessions and property at the expense of the Occupant or the Occupant's estate.

(15) THE VILLAGE may terminate the Occupant's residency upon a showing of good cause that the Occupant is not complying with the operating procedures and/or is creating a disturbance within the Village detrimental to the health or peaceful lodging of others. In the event the Occupant's residency is terminated as provided in this paragraph 15, reimbursement shall be made as described in Section 11 (except for the 90-day notice which shall not be required).

(16) OCCUPANT AGREES to make payment herein provided for at the time and in the manner specified by the Village. Upon failure to do so, the Board of Directors shall have the right to terminate and cancel this Agreement if any such payment shall be in default for more than ninety (90) days, without any obligation to make any refunds of monies. It is the declared policy of the Village that an Occupant's residence shall not be terminated solely by reason of the financial inability of the Occupant to pay monthly fees. The Occupant must apply for and establish facts to justify special financial consideration and dispensation provided such application can be granted (within the sole discretion of the Board of Directors of the Village) without impairing the ability of the Village to operate on a sound financial basis. The Village does not require residents to apply for public assistance programs such as Medicaid. The Occupant must move to a smaller size living unit upon receiving special financial consideration.

(17) VILLAGE AND OCCUPANT recognize that a situation may arise where it may become necessary for Occupant to be admitted to the Medical or Care Center for an extended period of time, and the parties hereto further recognize that it is not economically possible for Village to provide unlimited Medical or Care Center care while at the same time allowing Occupant to retain his/her independent living unit indefinitely. Accordingly, the parties hereto agree that at such time as Village shall be advised by the Occupant's physician that in his/her medical opinion, Occupant will not be able to return permanently to his/her independent living unit to live, then and in that event, Village shall make such information, together with all other facts and circumstances, known to its Board of Directors which shall be authorized to reacquire possession of said unit from Occupant for reassigning, and upon such approval being obtained, Village shall be authorized to forfeit Occupant's interest in said unit and to reassign the same; provided, that in the event Occupant's condition becomes such that Occupant's physician certifies that Occupant may return to a living unit, Village will provide Occupant a living unit substantially equivalent to the one formerly possessed by Occupant within such period of time as Village may reasonably have such unit available. However, no provision of this paragraph shall be construed to deprive a Co-Occupant of his/her use of the living unit unless said Co-Occupant also becomes admitted to the Medical or Care Center according to the terms of this paragraph.

(18) THE OCCUPANT agrees that his/her rights under this agreement shall at all times be subordinate and junior to the lien of all mortgages executed by the Village covering the real estate known as Carolina Village.

(19) THE INVALIDITY of a restriction, condition, or other provisions of this agreement, or any part of the same, shall not impair or affect in any way the validity, enforceability, or effect of the rest of this agreement.

(20) NO AMENDMENT between the parties hereto is valid unless contained in writing executed by the Village and Occupant.

(21) THE CONTRACT shall be automatically canceled due to death, illness, injury, or incapacity prior to occupancy that would preclude the Occupant from occupying a living unit. The resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those standard and non-standard feature costs specifically incurred by the provider or facility at the request of the resident and described in the selection sheet signed by the resident; (ii) nonrefundable fees, if set out in the contract.

(22) Notwithstanding anything contained herein to the contrary, the Village shall have the right to impose any reasonable rule, regulation or restriction which is necessary, in the discretion of the Village, to protect the health and safety of all residents of the Village. Any such restriction, rule or regulation shall supersede the terms of this Agreement.

(23) THE EXECUTION of this contract vests the privilege in the Occupant to change his/her mind within the first 30 days of execution of this contract or receipt of a Disclosure Statement as provided in paragraph 10 herein above.

The execution of this contract is also contingent upon the receipt by the Village of (1) financial statement from the Occupant that he/she has financial resources sufficient to meet his/her obligations during the years of residency in the Village and (2) the receipt of a certificate of health signed by his/her physician indicating that the applicant meets the physical and mental requirements of the Village that the applicant must be ambulatory and have mental status permitting living in an independent living unit.

(24) THE EXECUTION of this contract is Occupant's warranty and representation that all of the information contained in the Occupant's Medical Report, the financial confidential data, and other information provided by Occupant therewith are true, complete, and accurate.

IN WITNESS WHEREOF, the Parties have hereto affixed their signatures, the day and year first mentioned above.

___________________________________ ___________________________________

ATTEST OCCUPANT

___________________________________ ___________________________________

ATTEST OCCUPANT

CAROLINA VILLAGE, INC.

BY:________________________________

PRESIDENT OF BOARD OF DIRECTORS

Appendix E — Examination Report

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

Appendix F — Statutory Ratio and Supporting Definitions

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

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

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

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

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

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

Debt Service Coverage Ratio. *"A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness."* (G.S. 58-64A-5(17))

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

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

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

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

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

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

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

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

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). Subsequent amendments, if enacted, supersede the text reproduced herein.